

บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)

Seafresh Industry Public Company Limited



รายงานประจำปี 2562
Annual Report 2019



**Sustainable Business Growth
Through Core Value Practices**

Social Responsibility

Ethic & Integrity

Transparency

BOARD OF DIRECTORS



Mr. Chintat Chia-apat
Director and Chief Overseas
Business Officer



Mr. Narongrit Chiarawongvanit
Director



Mrs. Tassanee Youngmeevithya
Director and Deputy Chief
Executive Officer



Mr. Narit Chia-apat
Chairman of the Board and
Chief Executive Officer



Dr. Kamales Santivejkul
Independent Director and
Chairman of Audit Committee



Dr. Sorachai Bhisalbutra
Independent Director and
Member of Audit Committee



Dr. Worapong Leewattanakit
Independent Director and
Member of Audit Committee



Mrs. Supanee Punnasri
Independent Director

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Message from the Chairman

In 2019, the overall Thai shrimp production was close to that of the previous year due to farmer still force to shrimp disease while the global shrimp production increase by about 6 percent, causing an inevitably higher cost of raw material in Thailand. Besides, the Baht appreciation is about 7% compared to the same period of last year and stronger than competing countries. As a result, Thailand's shrimp export volume decrease by approximately 13 percent.

In addition, the European market, which is the main market of Seafresh Group, is also affected by the unclear UK withdrawal from the European Union (Brexit) and the delay in trade agreements negotiation between Thailand and the European Union. Shrimp import duty from Thailand to Europe is therefore higher than the competing countries.

Among the negative factors, however, Seafresh continues to focus on product quality, food safety, traceability, on-time delivery, and cost controls. The Company also focuses on supply chain management. As a part of pride, the company has won the Sustainability awards of Honor from the Stock Exchange of Thailand, which is an award given to listed companies that have received the Best Sustainability Award and be part of create value to social and environment.

For the business outlook in 2020, The Company focus own shrimp farming to reduce risk and shrimp raw material impact. Meanwhile, the company also focuses on product efficiency, quality, safety, accuracy, law, social and environment.

Finally, we would like to thank all our shareholders, customers, business partners and employees who have always trusted and supported our operations.

A handwritten signature in black ink, consisting of a large, stylized 'N' and 'C' intertwined, with a horizontal line extending to the right.

(Mr. Narit Chia-apar)
Chairman of the Board of Directors

Board of Directors and Executives

Mr. Narit Chia-apar	Chairman of the Board of Directors Chief Executive Officer Chairman of Executive Committee		
Age	61 years old		
Date of appointment as Director	29 November 1982		
Education	College, Malaysia		
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)		
Professional experience	1982 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies	<ul style="list-style-type: none"> - Subsidiary by Seafresh Industry PCL. : 4 companies - Listed Company : Nil - Non-Listed Company : 2 companies - Other companies with conflict of interests : Nil 		
Relationship with Management	Mrs. Tassanee Youngmeevithya's spouse Mr. Chintat Chia-apar's father		
Shareholding ¹	By Mr. Narit Chia-apar	23.26%	
	By Mrs. Tassanee Youngmeevithya (Spouse)	22.91%	
Mrs. Tassanee Youngmeevithya	Director Deputy Chief Executive Officer Chairman of Risk Management Committee Chairman of Corporate Governance Committee Member of Nomination and Remuneration Committee Deputy Chairman of Executive Committee		
Age	64 years old		
Date of appointment as Director	29 November 1982		
Education	B.S (Economics)		
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)		
Professional experience	1982 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies	<ul style="list-style-type: none"> - Subsidiary by Seafresh Industry PCL. : 4 companies - Listed Company : Nil - Non-Listed Company : 2 companies - Other companies with conflict of interests : Nil 		
Relationship with Management	Mr. Narit Chia-apar's spouse Mr. Chintat Chia-apar's mother		
Shareholding ¹	By Mrs. Tassanee Youngmeevithya	22.91%	
	By Mr. Narit Chia-apar (Spouse)	23.26%	
Mr. Chintat Chia-apar	Director Member of Risk Management Committee Member of Corporate Governance Committee Member of Executive Committee Chief Overseas Business Officer		
Age	35 years old		
Date of appointment as Director	28 April 2015		

Board of Directors and Executives (Cont.)

Education	Management MSc, Brunel University, UK Finance and Investment MSc, BPP business school, UK Bachelor Degree of Arts in Economics, Srinakarinwirot University	
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)	
Professional experience	2011 - Present Seafresh Industry Public Company Limited	
Positions as director/executive office in other companies		
- Subsidiary by Seafresh Industry PCL.		: 5 companies
- Listed Company		: Nil
- Non-Listed Company		: 1 companies
- Other companies with conflict of interests		: Nil
Son of Mr. Narit Chia-apar and Mrs. Tassanee Youngmeevithya		
Shareholding ¹	By Mr. Chintat Chia-apar	14.47%
	By Spouse or immature children	- Nil -
 Dr. Kamales Santivejkul		
	Independent Director Chairman of Audit Committee Chairman of Nomination and Remuneration Committee	
Age	68 years old	
Date of appointment as Director	27 July 1993	
Education	Ph.D. (Business Admin.) Oklahoma State University, USA	
Directorship Course	DCP: Director Certification Program By Thai Institute of Director (IOD)	
Professional experience		
2015 - Present	Advisor of Computer Center Faculty of Commerce and Accountancy, Chulalongkorn University	
2012 - 2015	Director of Computer Center Faculty of Commerce and Accountancy, Chulalongkorn University	
2008 - 2012	Associate Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University	
2004 - 2008	Deputy Dean & CIO, Chulalongkorn University	
1988 - 2007	Assistant Professor Department of Banking and Finance, Faculty of Commerce and Accountancy, Chulalongkorn University	
1995 - 2003	Director: Centers of Academic Resources, Chulalongkorn University	
1997 - 2000	Director: Office of Information Technology, Chulalongkorn University	
1986 - 2004	Director: Computer center, Faculty of Commerce and Accountancy, Chulalongkorn University	
Positions as director/executive office in other companies		
- Subsidiary by Seafresh Industry PCL.		: Nil
- Listed Company		: 2 companies
- Non-Listed Company		: 2 companies
- Other companies with conflict of interests		: Nil
Relationship with Management	None	
Shareholding ¹	By Dr. Kamales Santivejkul	0.22%
	By Spouse or immature children	- Nil -

Board of Directors and Executives (Cont.)

Dr.Sorachai Bhisalbutra		Independent Director
		Member of Audit Committee
		Member of Nomination and Remuneration Committee
Age		78 years old
Date of appointment as Director		27 July 1993
Education		Ph.D (Statistics) Oklahoma State University, USA
Directorship Course		DAP: Director Accreditation Program By Thai Institute of Director (IOD)
Professional experience		
2005 - 2016		Advisor to President and Vice President for Research and Academic Services, Dhurakijbundit University
1999 - 2005		Deputy Dean-Research & development Department, Dhurakijbundit University
1991 - 1998		Director of research center and business administration, Faculty of Commerce and Accountancy, Chulalongkorn University
1991 - 1998		Assistant Dean of research section, Faculty of Commerce and Accountancy, Chulalongkorn University
1995 - 1997		President of Thai Statistical Association, Statistical Association
Positions as director/executive office in other companies		
- Subsidiary by Seafresh Industry PCL.		: Nil
- Listed Company		: Nil
- Non-Listed Company		: Nil
- Other companies with conflict of interests		: Nil
Relationship with Management	None	
Shareholding ¹	By Dr. Sorachai Bhisalbutra	0.20%
	By Spouse or immature children	0.27%
Dr.Worapong Leewattanakit		Independent Director
		Member of Audit Committee
		Member of Nomination and Remuneration Committee
Age		49 years old
Date of appointment as Director		28 July 2005
Education		Ph.D (Computer Science), Vienna University of Technology, Austria
Directorship Course		DAP: Director Accreditation Program By Thai Institute of Director (IOD)
Professional experience		
1996 - Present		Instructor - Faculty of Commerce and Accountancy, Chulalongkorn University
2005 - 2008		Director of Office of Information Technology, Chulalongkorn University
Positions as director/executive office in other companies		
- Subsidiary by Seafresh Industry PCL.		: Nil
- Listed Company		: Nil
- Non-Listed Company		: Nil
- Other companies with conflict of interests		: Nil
Relationship with Management	None	
Shareholding ¹	By Dr. Worapong Leewattanakit	0.11%
	By Spouse or immature children	- Nil -

Board of Directors and Executives (Cont.)

Mrs. Supanee Punnasri	Independent Director		
Age	60 years old		
Date of appointment as Director	28 April 2006		
Education	Bachelor of Medical Science (Certificate of Medical)		
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)		
Professional experience			
1992 - 2012	Director: E.B. International Company Limited		
1984 - 1992	Medical Doctor: Samui, Chaingrai, Chulalongkorn Hospital		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.		: Nil	
- Listed Company		: Nil	
- Non-Listed Company		: Nil	
- Other companies with conflict of interests		: Nil	
Relationship with Management	None		
Shareholding ¹	By Mrs. Supanee Punnasri	0.12%	
	By Spouse or immature children	0.06%	
Mr. Narongrit Chiarawongvanit	Director		
Age	66 years old		
Date of appointment as Director	27 July 1993		
Education	College, Malaysia		
Directorship Course	DAP: Director Accreditation Program By Thai Institute of Director (IOD)		
Professional experience	1982 - Present Seafresh Industry Public Company Limited		
Positions as director/executive office in other companies			
- Subsidiary by Seafresh Industry PCL.		: Nil	
- Listed Company		: Nil	
- Non-Listed Company		: Nil	
- Other companies with conflict of interests		: Nil	
Relationship with Management	Mr. Narit Chia-apa's relative		
Shareholding ¹	By Mr. Narongrit Chiarawongvanit	0.56%	
	By Spouse or immature children	0.12%	
Mr. Chaisit Chuenchuwit	Chief Financial Officer		
	Member of Risk Management Committee		
	Member of Corporate Governance Committee		
	Company Secretary		
Age	41 years old		
Education	Master of Business Administration Bachelor of Business Administration Bachelor of Accounting		
Professional experience			
2015 – January 2020	Chief Financial Officer, Seafresh Industry Public Company Limited		
2010 – January 2020	Company Secretary, Seafresh Industry Public Company Limited		
2006 – January 2020	Strategic Planning and Investment Department Manager, Seafresh Industry Public Company Limited		

Board of Directors and Executives (Cont.)

Relationship with Management	None	
Shareholding ¹	By Mr. Chaisit Chuenchuwit	- Nil -
	By Spouse or immature children	- Nil -
Mr. Boonlert Foongvannaluck	Chief Commercial Officer	
	Member of Risk Management Committee	
Age	48 years old	
Education	Bachelor of Business Administration	
Professional experience	1996 - Present	Seafresh Industry Public Company Limited
Relationship with Management	None	
Shareholding ¹	By Mr. Boonlert Foongvannaluck	0.05%
	By Spouse or immature children	- Nil -
Mr. Pairoj Yangthong	Chief Operating Officer	
	Member of Corporate Governance Committee	
Age	49 years old	
Education	Master of Business Administration	
Professional experience	1994 - Present	Seafresh Industry Public Company Limited
Relationship with Management	None	
Shareholding ¹	By Mr. Pairoj Yangthong	0.01%
	By Spouse or immature children	0.004%
Mrs. Phongsri Nittipho	Accounting Department Manager	
Age	54 years old	
Education	Bachelor of Business Administration (Accounting)	
Professional experience	2008 - Present	Seafresh Industry Public Company Limited
Relationship with Management	None	
Shareholding ¹	By Mrs. Phongsri Nittipho	0.001%
	By Spouse or immature children	- Nil -

¹ Numbers of shares on March 16, 2020.

1. Policy and Business Operation Overview

Seafresh Industry Public Company Limited (CFRESH) and its subsidiaries is one of the leaders in frozen shrimp products. The company is operating business more than 30 years. We distribute products to all regions of the world such as North America, Europe, Asia, Africa and Oceania. The full capacity of production is over 30,000 tons per year with modern and standardized processes. The plant is located near large sources of raw materials. We have various products as the following frozen raw shrimp, frozen cooked shrimp, value-added shrimp products, other seafood products, and related products. The operation complied with food safety management, modern technology and reliable traceability systems. We have been committed to continually improve quality system, so CFRESH has received several international standard certifications such as GMP, HACCP, ISO 9001, ISO 14001, ISO 50001, FSSC 22000, BRC, BAP, ASC etc.

At present, the company established a new subsidiary to conduct aquaculture business to supply raw materials for the company to comprehensive supply chain from upstream to downstream according to emphasize sustainable business growth. The company has expanded investment in other countries. (5 Company's subsidiaries base in United Kingdom, 2 companies in United States and 1 affiliated company in Belize). These companies and farm can increase intimacy between consumer and distribution channel, and also strengthen the supply chain management of the company.

1.1 Company Performance Policy in Overview Defined by Board Committee

Mission: The best shrimp company

Vision: Sustainable business growth through core value practices

Core Value:

- Social Responsibility
- Ethic & Integrity
- Transparency

Business Policy:

S-Shareholders	: Safeguard the interests of shareholders by adding value to the business under the principles of good governance
U-Ultimate Results	: Results-based management where all departments must achieve their undertaking target in accordance to the strategic plan and business plan.
C-Customers	: Satisfy the customers by producing quality products and timely delivery.
C-Corporate Risk Management	: Manage various business risks by generally accepted standards.
E-Employees	: Manage human resources with efficiency and fairness in order to enhance the good environment and quality of work life that can yield its full potential.
S-Suppliers	: Select vendors who have management capabilities, possess approach that is consistent with the company policy, and have willingness to strengthen relations and strategic cooperation to jointly maximize business benefits.
S-Society and Environment	: Conduct business with regard to social responsibility, community and strict compliance with the law and environmental regulations.

Corporate Sustainability Drivers Strategies

S Sales Turnover and Revenue Growth with Sustainability

The company targets constantly growth in sales and revenues by focusing on fresh and safety product, which is the company's competitiveness, as well as oversea business and market expansion.

H Homeproud of Quality and Food Safety

The company has operated production follow the food safety principles by modern machines and technology. Also, the company has a reliable traceability system with international standards.

R Risk Management, Social Responsibility and Corporate Governance for Sustainability

The company accepts that emphasizes on risk management, responsibility to community, and good corporate governance will lead to corporate sustainability. Furthermore, the company also focuses in Supply Chain Management, Relationship management, and partnership with suppliers.

I Information Technology and Innovation to Improve Business Process and Strategic Decision Making

The company is focusing on development of information and communication technology and innovation which are the imperative elements for the business development and strategic decision making.

M Margin Management through Cost per Unit Reduction

The company emphasizes on controlling costs of sales to increase competitive pricing by reducing waste production and lead time.

P People and Organizational Development

The company highlights in human rights and strives to continuously enhance all employees' potential, good attitude in both life and work, including strong corporate culture and compliance with the company's Code of Conduct.

1.2 Key Changes and Development

In October 2011, CFRESH established a new subsidiary Seafresh Industry Invest Limited ("SII") registered in United Kingdom with the company hold 51 percent of the total paid-up capital. The purpose of investment is related to the production and distribution of processed food products.

In the same month, CFRESH and SII invested in Blue Earth Foods Limited ("BEF") which provide and distribute frozen food products and located in United Kingdom. CFRESH and SII hold 25% and 75% of the total paid-up capital, respectively. Furthermore, SII also purchased 3,750,000 of redeemable preference shares with par value of 1 pound.

In November 2011, SII established a new subsidiary Sea Farms Limited ("SF") which registered in United Kingdom and SII hold 100% of the total paid-up capital. The purpose of investment is food business trading and including import food product from CFRESH and other vendors. This is also for distribution in UK and European countries.

In August 2012, SII invested in Belize Aquaculture Limited ("BAL") which is fully integrated shrimp farm in Belize. BAL has hatchery, farming, and processing factory. SII holds 50% of the total paid-up capital.

In January 2013, CFRESH invested in Manufacturing System Implementation Company Limited (“MSI”) which located in Thailand. MSI provides consulting service and designed planning in computer systems in Oracle module. CFRESH holds 100% of the total paid-up capital.

In February 2013, CFRESH and SII established a new subsidiary Sea Farms, Inc. (“SFI”). The purposes of investment are purchase and distribute frozen food products. SFI registered in the United States of America. CFRESH and SII hold 25 and 65 percent of the total paid-up capital, respectively.

In March 2013, CFRESH and SII established a new subsidiary Prochaete Innovations Limited (“PCI”), which engages in research and production of fishmeal replacement product. PCI registered in United Kingdom. CFRESH and SII hold 25 and 35 percent of the total paid-up capital, respectively.

In November 2014, SII changed the company’s name to be Seafresh Group (Holdings) Limited (“SGH”).

In August 2015, CFRESH established a new subsidiary as Seafresh IHQ Limited (“SIHQ”) which the company held 100 percent of the total shares. SIHQ principally engaged in managerial services, technical, support services and financial management services to companies in the Group.

In January 2016, SIHQ has increased authorized share capital for 890 million THB that make authorized share capital moved from 10 million THB into 900 million THB.

In the midyear of 2016, CFRESH commenced shrimp farming which complies with requirements and International standard for producing high quality shrimp to meet the high-end customers.

In September 2016, the company and its subsidiaries (“the group”) established a new subsidiary Sea Farms Nutrition Limited (“SFN”) which engages in produce and sells animals feed and nutrition. SFN registered in United Kingdom. SGH and SIHQ hold 60 and 25 percent of the total paid-up capital, respectively.

In December 2017, CFRESH implemented the company group restructure by selling 12% of SGH paid-up shares held by CFRESH to SIHQ.

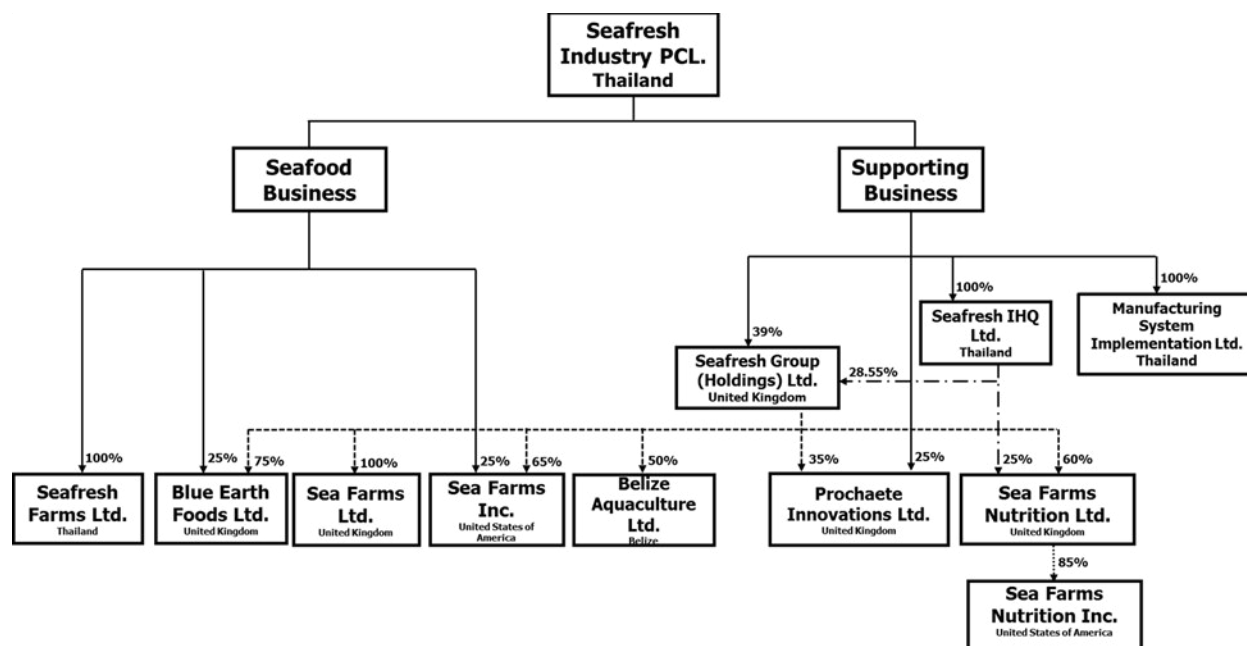
In January 2018, SIHQ purchased 16.55% of SGH paid-up shares held by other shareholders.

In early 2018, the company began to operate animal feed and animal feed supplements businesses in the United States through Sea Farms Nutrition, Inc. (SFNI), which is held by SFN, 85%.

In May 2018, CFRESH established a new subsidiary, Seafresh Farm Limited, located in Thailand to conduct aquaculture business to supply raw materials for the company. The Company holds 100% of the total paid-up capital.

In March 2019, the company approved to increase the registered capital of Seafresh Farm Company Limited by Baht 300 million from Baht 30 million to a total of Baht 330 million.

1.3 Shareholding Group's Structure



Name list and percentage of shareholding by business partner

1. Temchu Limited holds 32.45% of SGH.
2. Mike & David's Fish Company holds 10% of SFI.
3. Blue Aqua Consultancy Limited and Valemare Limited hold 40% of PCI.
4. The Estate of Sir Barry M. Bowen and Bowen & Bowen Limited hold 50% of BAL which all business partners are not related.
5. Valemare Limited holds 15% of SFN.

1.4 Relationship with Business Group of Major Shareholders

Company and its subsidiaries have relationship neither rely on nor complete with other businesses in major shareholder group business significantly.

2. Core Business

Revenue Structure

Revenue Structure ⁽¹⁾	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Frozen raw shrimp ⁽²⁾	1,040	19	1,260	16	1,429	19
Frozen cooked shrimp ⁽²⁾	715	13	1,237	16	1,109	15
Value added shrimp ⁽³⁾	2,909	53	4,427	56	4,226	56
Other seafood products and related products ⁽⁴⁾	810	15	987	12	698	9
Other Sales and Service ⁽⁵⁾	29	0	21	0	33	1
Other Incomes	29	0	21	0	27	0
Total ⁽⁶⁾	5,532	100	7,959	100	7,522	100

Note: ⁽¹⁾ All revenue already deducted related transaction

⁽²⁾ Operated by CFRESH, SF, SFI

⁽³⁾ Operated by CFRESH, BEF, SFI

⁽⁴⁾ Operated by CFRESH, BEF, SF, PCI, SFN, SFNI

⁽⁵⁾ Operated by MSI, SIHQ

⁽⁶⁾ Total revenue excluded gains and losses on exchange rate

2.1 Products

The 4 Group's main products of CFRESH and its subsidiaries are as follows:

Group 1 Frozen raw Shrimp product

Group 2 Frozen cooked Shrimp product

Group 3 Value added shrimp product such as breaded shrimp, tempura shrimp and sushi shrimp etc.

Group 4 Other seafood products such as raw seafood, ready-to-eat seafood.

The products will be distributed and exported covering overseas countries under "Seafresh", "Sea Angel", "Phoenix", "Thai Chia", "Go Go", "Ultra" trademark and customers' brand.

1) Promotional Privileges

1.1) Promotional privileges by the Board of Investment

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E.2520. Details of the promotion certificates are as follows:

<u>Certificate No.</u>	<u>Certificate's date</u>	<u>The promoted business</u>	<u>Date of first earning operating income</u>
1739(3)/2550	4 June 2007	The manufacture of frozen seafood, and frozen processed and semi-processed seafood products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	13 July 2019
1075(3)/2557	10 January 2014	The manufacture of frozen seafood products.	4 July 2019

Subject to certain imposed conditions, the privileges granted under the Company's promotion certificates include the following:

- a) Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.
- b) Exemption from import duty on machinery imported for use in production, as approved by the Board.
- c) Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation. (Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- d) Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.
- e) Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.

1.2) Other tax incentives

Seafresh IHQ Company Limited was granted an approval to operate as "International Headquarter" (IHQ) by the Revenue Department which shall be entitled to the reduction of income tax rate and the exemption of income tax for 15 accounting periods beginning from 1 January 2016 which the tax measures expired on June 1, 2019. In this regard, Seafresh IQ Company Limited has requested to change from the international headquarters (IHQ) to be an international business center (IBC) to receive tax privileges for the 15 accounting periods, which the company was approved by the Director-General of the Revenue Department on 20 June 2019. However, the tax benefits received are as follows:

1. Reducing corporate income tax rates for IBC's residual income, collecting 3, 5 or 8 percent as expenses 600 million, 300 million, 60 million respectively
2. Corporate income tax exemption for income from dividends received from affiliated enterprises.
3. Special business tax exemption for revenue from financial management services for affiliated enterprises.
4. Reduce the personal income tax rate for foreigners who work for IBC by 15 percent.
5. Corporate income tax exemption for income, dividends and interest that a company or juristic partnership established under foreign laws and not operating in Thailand receives from IBC.

1.3) Other Rights

Patent, concession, copyright, and other benefits
- Nil -

2) Business Restriction

- Nil -

2.2 Marketing and Competition

1) Marketing Strategy

1. Seafresh's factory is based in Chumphon. The location is near a lot of good quality shrimp farms, so the company can supply large quantities and high quality materials through the year and save cost of transportation.

2. The Company's major export markets are European Union, Japan, USA, Canada, Australia, and others. The Company's policy is diversify exports to each country in the right proportions for reduce the risk of dependence on a single market.

3. The Company's strategy to retain customers with on-time delivery and honesty to clients. The Company increases customer satisfaction by meet the agreement and focus on quality of products and great services.

4. The company focuses on shrimp products which make company expertise in shrimp. Moreover, the company also focuses on developing products resources with high quality and includes skill workers with expertise in the shrimp business. Therefore, the company can run operations smoothly and efficiently.

5. The company focuses on sustainable business with suppliers and environmentally friendly.

6. In accordance with the company business core value which emphasizes sustainable business growth, the company establishes own shrimp farm for the purpose of business expansion to comprehensive with supply chain. This farm is a model farm which certified high standard and meet customers' requirements. Furthermore, the farm can be a role model to shrimp farmers for developing their farms.

7. The company has expanded its investment overseas to increase marketing channels to be closer to consumers and strengthening the supply chain management.

8. The company starts expanded Domestic business by focusing set owned strategic as B2B, supply the quality raw material to re-processor factory, HoReCa and Distributor.

2) Marketing Policy

Company's policy is to produce high quality and high standards with advanced technology and high performance in order to maximize customers' satisfaction. In 2019, the company got 89% Satisfaction score from the customer's satisfaction survey.

The company has a policy of producing quality products and high standards with modern production technology and high efficiency, the company attaches importance to investment in machinery in the production process and focus on continuous development Including having a system to inspect product quality at every step, make the company's products has been certified at the international and national quality and food safety systems as follows:

- **Global Standard for Food Safety (BRC) Standard** is the standards that guarantee the standardization of quality, safety and operational criteria. The standard is developed by food industry experts from retailers, manufacturers and food service organizations from England and some countries of European Union to ensure it is rigorous and detailed.
- **FSSC 22000** from ANSI National Accreditation Board (ANAB) is a complete certification scheme for Food Safety Management Systems FSSC 22000 is a combination of two well-established standards: ISO 22000 and PAS 220 which there are 2 standards about food safety for food manufacturers.
- **Best Aquaculture Practices (BAP) Standard** from Global Aquaculture Alliance is the world's most trusted, comprehensive and proven third-party aquaculture certification program. The standard combines of food safety, traceability of supply chain and environmental, occupational health and safety management.
- **Aquaculture Stewardship Council (ASC) Chain of Custody Standard** from "Accreditation Services International (ASI)" is a sustainable aquaculture standard and be able to trace back source of seafood from the production to consumer.
- **Good Manufacturing Practice (GMP)** from Department of Fisheries, and GMP Codex Alimentarius from National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agriculture and Cooperatives as a standard of hygienic management in production and food safety.
- **Hazard Analysis Critical Control Point (HACCP)** or systems addresses food safety through the analysis and control of manufacturing food from Department of Fisheries and HACCP Codex Alimentarius from National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agriculture and Cooperatives as standard of food safety management for preventative approach to food safety and focus in production and distribution of food. It's the most significant aspects of quality and safety.

- **Q-Mark** from Department of Fisheries is certificate that the company has a quality system and product meets standard of Q-Mark.
- **ISO 9001** from ANSI National Accreditation Board (ANAB) is an international standard that business organizations around the world value. For quality excellence and the efficiency of operations within the organization.
- **Halal Standard** from The Central Islamic Council of Thailand is the integration process system from beginning to end of the "chain of production". Halal is complied with Islamic law and gets great hygienic food products with nutritional value.
- **ISO/IEC 17025** from "Bureau of Laboratory Quality Standards", Ministry of Public Health is the Accreditation of Laboratory system.

Customer Type

Customers are divided to 4 categories.

- Importer: import for distribute to wholesalers and restaurants.
- Wholesaler: import for sell to retailers and restaurants.
- Retailer: import for sell to the chain stores.
- Re-processor: import for raw or cooked shrimp to make new process or change new packaging.

Distribution and Distribute Channel

Most of Seafresh Industry Public Company Limited and its subsidiaries' products are sold abroad under company trademark and customers' trademark. The company deals directly with the customers who are the main retailers in each market. The company serves more than 100 clients who spread across the globe.

In 2019, The Company official launch Seafresh Outlet Bangkok at Charter Square Building and Seafresh Outlet Chumphon in front of Factory for Domestic customer as pilot.

Sales proportion value group by specific regions of Seafresh Industry Public Company Limited included its subsidiaries

Description	2019 (%)	2018 (%)	2017 (%)
1. European Union	63	68	69
2. U.S.A. and Canada	20	17	16
3. Asia	16	15	14
4. Australia, New Zealand and other	0	0	1
5. Thailand	1	n/a	n/a
Total	100	100	100

The company has some subsidiaries based in United Kingdom, so the sales portion in EU Market is quite high when compared with the other markets. However, the origins of products sold in the EU market have come from many regions. In 2019, the portion of Thai products sold to EU was only 3% of total sales revenues. It has reduced the risk in case that EU announced any trade policies to boycott any products from Thailand.

Market Competition

In 2019, shrimp production volume considerably increased 6% relative to the previous year because of production growth in main producer countries (Thai Shrimp Organization). The output from China is about 625,000 tons, Vietnam is 440,000 tons, India is about 580,000 tons, Indonesia is 260,000 tons, and Ecuador is 600,000 tons, while Thailand's output decreased 3% is about 300,000 tons compared to the same period of the previous year which is the result of Thai farmers increase

shrimp production in southern area but reducing shrimp farming in the center and Eastern of Thailand (Shrimp situation, Fishery department of Thailand).

Overall, the world shrimp industry of the year 2019 is still highly competitive. The main competitor is still India, Vietnam, Indonesia, Ecuador and the main import markets are China, America, Japan, Canada, and South Korea.

Shrimp Export during the year 2019

Europe Market

Overall shrimp imports to the EU have decreased slightly compared to the same period of previous year. In the part of the imports from Thailand accounted decreasing from the year 2018 around 7.62% because Thailand is still being disqualified from GSP: Generalized System of Preferences, by the EU (Customs duty of importing processed frozen shrimp has increased from 7% to be 20% since early 2014, and the import tax of raw frozen shrimp has increased from 4.2% to be 12% since early 2015). Thai exporters lost competitiveness with other competing countries that are still entitled to GSP or FTA: Free Trade Area with the EU. During the past year, Thailand was still in the yellow card status (warning) in case of Illegal fishing (IUU Fishing: Illegal Unreported and Unregulated Fishing). It has caused the value of Thai seafood exports decreased.

The company's export volume to the EU market has also decreased. However, the company has followed the policy and the customer terms by focusing on sustainable business operations throughout the supply chain. Also the company has expanded the investment by establishing subsidiaries in England. It helps strengthening the distribution channels and being closer to consumers, as a result the group sales in the EU market decreased by approximately 23%.

For the trend in 2019, The European Commission has resolved to lift Thailand from the group of "warned countries," known as "yellow card" as recognition of its progress in tackling illegal, unreported and unregulated fishing (IUU), which helps promote the better image of Thailand. In addition, after the election of Thailand, it is a good opportunity to lead the Thai FTA trade negotiations with the European Union. However, it still needs to monitor the progress of the Brexit.

North America Market

The more shrimp production volume in the global market was resulting to the more competition in the white shrimp market. Especially in the US market the demand has rising trend and shrimp imports increased by about 1.03%, with India still becoming the largest shrimp exporter to the US market and shrimp exports to the US followed by Indonesia, Ecuador, Vietnam respectively. All other countries has exports increasing while Thailand is ranked 5th.

However, the company has continued to focus on products that meet international standards, including the result of the company has expanded the investment by establishing subsidiaries in the US. It also helps strengthening the distribution channels and being closer to consumers

For the year 2020, the company still needs to closely monitor the progress of the trade war that may affect the export of Thai shrimp to the US.

Asia Market

Shrimp consumption in Japan continued to follow the festival. Shrimp consumption in Japan continued to follow the festival. Because of the price mechanism compared with chicken and pork which cheaper, the import volume of Japan in 2019 has decreased by 0.7% compared with the import volume of 2018, which the export value of the company has reduced in the same direction compared to the export value of 2018. The best-selling products in the Japan market is also a product in value added shrimp.

In October 29, 2019 the company agree to do strategic partner with Octogone (the large fish supplier in China with various channel of distribution) to increase business opportunity. China is the

blue ocean market, import value increase by 186% compared with 2018. (reference from Globefish Highlight, December 2019 : Food and Agriculture Organization of the United Nations)

The company continues to expand its new customer base in Asia by using the strategy of presenting quality and product standards to meet customers requirement at a reasonable and fair price, especially the Malaysian and Singapore markets, which have the potential and demand for shrimp products continuously increasing in order to be sufficient for Domestic demand and is the import for import and export to third countries.

2.3 Product and Service Management

Production

Seafresh Industry Public Company Limited (CFRESH) has a plant in Chumphon province and Blue Earth Foods Limited which a subsidiary has a plant located in United Kingdom. The total capacity for the major products in 2017-2019 as follows:

Full capacity and actual capacity (include subsidiary)

Capacity (Ton)	2019	2018	2017
Full capacity	30,000	30,000	30,000
Actual capacity			
Chilled and frozen seafood products	11,342	14,450	15,092
Capacity utilization (%)	37.81	48.17	50.31
Increase (Decrease) production rate (%)	(21.51)	(4.25)	10.54

Production policy depends on company's sales target which is estimated every year.

Raw Material and Suppliers

The origins of products of the company and its subsidiaries have come from many countries such as countries in America and Asia regions. However, the portion of origin from Thailand has been about one-third of total raw materials.

Regarding Thai shrimp products, raw material more than 99 % come from Thailand as Vannamei. Source of raw shrimp from farms covers areas in Chumphon, Surat Thani, Ranong, Prachuap Khiri Khan. All raw materials are purchased from domestic suppliers. The Company will purchase raw materials from almost 400 shrimp farmers

Nowadays, the company has established subsidiary companies in order to run their own aquaculture business for using as raw materials of production for the purpose of expanding business to comprehensive supply chain. In addition, this farm is the prototype farm which certified high standard and meet customer requirements.

In 2019, Raw materials not purchase from any suppliers exceeds 30 percent of the total raw material purchase order.

Average Raw material price (Vannamei) per kilogram, 2019 (70 pieces / kg)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Price/Baht	166	157	141	131	133	138	141	137	118	122	140	147

Raw Material Problem

Increasing of production from other shrimp exporting countries, such as India, Ecuador etc., affected to shrimp price in world market getting down extremely due to oversupply. Even if the price of Thai shrimp was more expensive than other countries but could not urge Thai farmers to raise more shrimps, therefore, the quantity of Thai shrimp production was close to the previous year. However, Thai farmers have been improving their shrimp farming continuously for high survival rate and risk reducing of disease. Expect that the production in year 2020 would be increased more than year 2019.

Environment Impact

Company's production processes do not have any environmental impact and comply with environmental management system ISO 14001. The resource management involves with resource efficiency resource management, sustainable energy utilize, waste management from the production and distribute in a form of debris. Regarding the pollution from production process, the company has a system for monitoring performance and installation wastewater treatment system under industry office control. The processes are followed with legal and compliance management system and continuous improvement. The company spent costs for wastewater treatment in year 2018 and 2019 are Baht 227,536 and Baht 134,562 respectively.

3. Risk Factors

The company recognizes the importance of risk at both the organizational and operational levels. Risks are caused by many factors that can occur at any time, whether within or beyond the predictions and controls of the company. When this happens, it may affect both short-term and long-term goals and objectives.

The company has established measures to address the risks in accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles and guidelines. The measures cover risk factors related to strategy, overseas investment, operation, finance, regulatory compliance, and also factors related to environment, society and corporate governance which are important risk factors affecting the long-term sustainability of the organization.

For effective risk management, the company integrates risk management with the corporate's strategy by working together between the risk owners, the Risk Management division, and the Risk Management Committee.

3.1 Strategic Risks

1) Market Competition

In 2019, the volume of farmed shrimp production of Thailand remained stable compared to the previous year because of the on-going impact of shrimp disease, fluctuating weather conditions, and unattractive shrimp prices on the local market. However, the shrimp production of competing countries, especially India and Ecuador, has significantly increased in the past few years with a lower production cost than Thailand.

Risk Management

The Company manages the above risk by:

- Creating and maintaining customer and stakeholder confidence in the Company's production process, food safety management, environmental management, labor practices, and traceability system, which are certified according to international standards such as HACCP (Hazard Analysis Critical Control Point), GMP, BRC Global Standard, BAP (Best Aquaculture Practices), IFS (International Featured Standard), Halal, ISO 9001, FSSC 22000, ISO/IEC 17025, ISO 14001, ISO 50001, OHSAS 18001, CSR-DIW, etc.
- Allowing flexibility to meet the requirements of each customer that are diverse in both products and service.
- Creating a unique product identity that is distinct from those products in the commodity market, especially the quality and freshness.
- Strengthening business relationships with customers.
- Continuously upgrading the machinery, equipment and production processes to improve production efficiency, productivity, and cost control.
- Developing and expanding overseas markets via subsidiaries in the European Union and the United States. This helps meeting our customers' requirements effectively, adapting to evolving market demand and taking opportunities of new market.
- Expanding investment overseas to increase marketing channels to be closer to consumers and strengthening the integration of supply chain management.
- Developing our own shrimp farming operation that meets international standards and requirements to produce high quality shrimp that meet the needs of environmentally conscious customers. In the past years our shrimp farms have obtained certification from the Aquaculture Stewardship Council (ASC), which is a global standard with the highest requirements on responsible aquaculture for mitigating all potential negative impacts on society and the environment.

2) Overseas investment

The company has invested in several overseas businesses since 2011 with the objective of diversifying risks and enhancing business opportunity beyond from frozen shrimp market, and improving

the long-term sustainability of the company. It enables the company to expand and strengthen trade in key markets through long-term relationships with customers based on an integrated supply chain from farm to retail that only international groups can offer.

However, after the investment decision in each country, the business operation may be affected by many factors such as economic conditions, political policy, fiscal and financial policy, cultural and trade barrier policy, demographic issues, natural catastrophes, terrorism, epidemics, and geopolitics risks such as trade wars and Brexit.

Risk management

The Company manages the above risk by:

- Appointing directors to oversee operations of subsidiaries and set up a subcommittee to closely review the operations of companies in the group at least once a month.
- Creating an information system and enterprise resource planning system that links the Company and its overseas subsidiaries, enabling quick access and review of information.
- Assigning staff members from various departments to work in group companies periodically.
- Holding a meeting between senior executives of the company and its subsidiaries average once a month. Business strategies and annual business plans are held throughout the group at least once a year.
- Following the situation of Brexit as well as trade war closely.
- Hiring expert consultants, such as lawyers and auditors, to verify that the subsidiaries perform to expectations and comply with relevant laws.

3.2 Operational Risk

1) Fluctuation of raw material price and quantity

In the year 2019, although the farm gate price of shrimp in Thailand has decreased, the price is still high when compared to competing production countries. Production volumes of other major shrimp producing countries increase while shrimp production in Thailand remains stable. Shrimp farmers in Thailand reduce the area of cultivation and intensity of farming due to unstable weather conditions and shrimp disease.

Risk Management

The Company manages the above risk by:

- Monitoring the price of shrimp raw material closely so that the purchase of raw material is done at the optimum period by considering the production, aquaculture and market cycle.
- Building inventories of raw materials for use in production to deliver to customers during the off season of raw materials.
- Accessing and purchasing raw materials directly from farmers in a wide area around our factory by our own staff teams.
- Maintaining a close and good relationship with farmers.
- Expanding the network of farmers certified to BAP (Best Aquaculture Practice) to increase the quantity of quality raw material sources that meet international market expectations by providing farmers with support on technical aspects, training, advice on improvements and sponsoring certification.
- Regularly updating shrimp farming data to help assessing the farm's productivity and to plan the purchase of the appropriate quantity, at the right price and time.
- Increasing shrimp farms and continuously improving company's farm operations to be a source of high quality raw materials.
- Diversifying the sourcing of shrimp of overseas subsidiaries from other counties in the Americas and Asia. The proportion of raw materials from these other countries account for 70% of total raw material value at group level.
- Selling via subsidiaries other seafood products in addition to shrimp, currently accounting for 12% of total group revenue.

2) Geographical concentration of customers

The company has invested in establishing subsidiaries in the UK, resulting for the group company in a large customer base in Europe. Any change in the economic, social, political, trade policy, and other aspects of the UK could affect the company's performance both positively and negatively. These factors are challenges that the company must manage to minimize the impact of potential risks or to capitalize on potential opportunities.

Risk Management

The Company manages such risks as follows:

- Expansion of new market to non-EU countries, especially to the Asia-Pacific region with high growth rate.
- In 2019, the export revenue of the company from Thailand to the European Union accounted for only 3% of the total distribution value which will be less affected if the European Union announced trade measures with products exported from Thailand.
- Develop the domestic market further from produced almost all products for export.

3.3 Financial Risk

1) Fluctuation of currency exchange rate

Most trading transactions of the company group are done in US dollars and pound sterling. The fluctuation of foreign exchange rates is a major risk factor affecting the financial management and operating results of the Company.

In 2019, the company group Affected by exchange rate fluctuations caused by:

- Thai baht against the US dollar, appreciating about 7% compared to last year due to changes in the view of the Federal Reserve interest rate and trade war.
- The Thai baht against the pound sterling appreciated about 8% compared to the previous year. This is a result of the British referendum that has decided to withdraw from the European Union (Brexit) since mid-2016.

Risk Management

The Company manages above risk by:

- Using derivative financial instruments as appropriate at each specific period. Foreign exchange forward contracts are used to manage exchange rate risk of export earnings in proportion to the revenue to prevent the risk that will affect the business not for speculation.
- Monitoring exchange rate fluctuations, the Brexit situation as well as trade war closely, and adjust quickly.

2) Fluctuation of interest rate

Fluctuation of interest rates is a risk that may affect the company's operating results if not handled properly. In 2019, the Federal Reserve cut interest rates in 3 occasions due to the US economic slowdown and the trade war between the United States and China. The company responded to this issue adequately and appropriately by maintaining a loan with floating interest rates.

Risk Management

The Company manages above risk by:

- Monitoring the money market and interest rate trends closely to determine appropriate financial instruments to manage risk arising from changes in interest rates.
- Issuing long-term debentures with fixed interest rates to reduce long-term interest rate volatility.
- Considering investment carefully including maintaining financial ratios such as debt to equity and liquidity ratio to the appropriate level in order to have a stable financial position.

3.4 Compliance Risk

1) Food safety regulation compliance

At present, both Thailand and importing countries have many food safety regulations in place covering raw materials, ingredients, production processes, personnel, machinery, equipment, facilities, the environment, packaging, storage and transportation to traceability process. Although we are giving an absolute priority to food safety and our company is well-versed in handling food safety compliance, we cannot underestimate the risk of new regulations or rules that change more rapidly and more rigorously to affect the legal compliance of our products.

Risk Management

The Company manages above risk by:

- Attaining international standards accreditation on food processing, food safety, quality management, labor, environment and energy, etc., such as HACCP (Hazard Analysis Critical Control Point), GMP, BRC Global Standard, ISO 9001, FSSC 22000, ISO/IEC 17025, ISO 4001, ISO 50001, BAP (Best Aquaculture Practices) Standard, OHSAS 18001, Q-Mark, Halal, CSR-DIW, etc. It has also been continuously monitored according to international customer standards from various countries throughout the year.
- Following the changes in laws and regulations regularly by the company, by deploying a tracking system to notify new or revised regulations to relevant parties.

2) Trade Measures of Importing Countries

The world's leading import countries of frozen shrimp have imposed trade measures in terms of import duties and non-tariff barriers which hinder Thailand's export of frozen shrimp. The barriers that the Thai frozen shrimp industry has experienced are as follows.

- The Illegal, Unreported and Unregulated (IUU) Fishing Regulation is an EU measure that focuses on the conservation of aquatic resources and the biodiversity of marine resources. Although the European Commission has lifted the yellow card for Thailand in recognition of the substantive progress that Thailand has made in tackling IUU in early 2019, the EU might reissue the yellow card if in the future Thailand does not continue complying with international regulations,. This may lead to the suspension of imports of aquatic products and frozen seafood products to the European Union.
- Anti-dumping duty is a measure that the United States has imposed on frozen shrimp from Thailand for more than 13 years and will continue for at least another 3 years. Thai exporters still have to face with the impact of duty fluctuations each year as duties are adjusted on an annual basis.
- The ranking in the Trafficking in Persons Report is another measure of the United States that has a significant impact on the country's reputation. In the 2019 Annual Report, Thailand remained in Tier 2 for the second consecutive year. If in the future this ranking is lowered for any reason as it happened in the recent years, the image of Thai products will be affected and there will be risks for the export sector of various industries, both directly and indirectly.

The above factors are only some of the conditions that are beyond the control of the company and adversely affect the competitive advantages compared to competitors from other countries as well as operators in the importing country.

Risk Management

The Company manages above risk by:

- Closely assessing trade information of importing countries and identify possible impacts in order to prepare necessary response actions in time.
- Expanding market channels in many countries and expand overseas investments to reduce dependency risk on any particular market.

- Collaborating and supporting independent organizations and institutions that help reducing the risk of human trafficking in Thailand, and support the company in recruiting and managing labor appropriately and ethically.
- Processing shrimp from aquaculture only, and work with organizations that address issues in fisheries (in relation to aqua feed ingredients of marine origin), to prevent possible violations of Illegal, Unreported and Unregulated (IUU) fishing regulations.

3.5 Risks related to environmental, social and governance

1) Environmental management

The company sets up the policies which emphasis on environment and society in order to preserve the ecosystem in the community. The company controls the effects of disposal transmit through environment by using process and material waste control for instance all the waste from production is introduced into wastewater treatment system and this program is under the supervise of Provincial Industry Office. The company has achieved ISO 9001 on quality management system and ISO 14001 on environmental management system.

Risk management

The Company manages above risk by:

- Manage and educate employees to strictly follow all the legal practice and regulation related to the environment.
- Control energy consumption and material usage in all the working process. Including, having effective waste management system to reduce the impact to environment.
- Set up the preparation on how to prevents and resolve the situation that could happen and harm the environment.
- Encourage employees to understand energy and resources conservation by reduce and reuse it.
- Inspire customers, vendors, and subcontractors participate in energy conservation.

2) Climate change

Climate fluctuations occur frequently, including floods, storms, and droughts, which affect a wide range of stakeholders, including factories, workers, transportation, shrimp farms, etc. Shrimp farmers then faced uneven production, fluctuating raw material prices, and increased risk of shrimp disease.

Risk Management

The Company manages above risk by:

- Giving importance to the development of a sustainable supply chain management system. The company has established Supply Chain Development team to share our knowhow on shrimp farming, so that supply farms can improve their production and the quality of their shrimp by applying international standards in an environmentally friendly way. The team is also responsible for continuously monitoring the operations to ensure that the company's supply chain have social responsibility.
- As a responsible manufacturer from "Farm to Plate", Seafresh has developed its own shrimp farm that was certified from Aquaculture Stewardship Council (ASC). It is one of the first three farms in Thailand to achieve this standard. This standard focuses on sustainable shrimp farming, traceability, responsibility for labor, the environment, and attention to the surrounding communities, such as protecting the environment, ecosystems and preserving biodiversity, including water quality and chemical usage to ensure a good and safe conditions for workers and those living in that area.
- Reducing greenhouse gas emissions, conserving natural resources and the environment including consuming energy efficiently according to ISO 14001 environmental management standards and ISO 50001 energy management standards, for example by investing and improving machinery to increase energy efficiency continuously, using R717 refrigerant which is environmentally friendly and does not destroy the atmosphere (without CFC).

- The company reduces the risk of water shortage, reduces the impact on the community in the use of tap water resources and reduces the pollution by recycling and reusing treated wastewater using Reverse Osmosis (RO) system. In 2019, the company increased its investment in the water production capacity with this system. As a result, the company can reduce the use of tap water by more than 260,000 cubic meters per year, an increase of 14% compared to the previous year. In addition, the amount of waste water per day is reduced to less than 300 cubic meters in 2019.

3) Human Rights

Respect for human rights is fundamental to ensure that human beings maintain their dignity, rights, freedom and that all are treated with equality. Nowadays, human rights issues are receiving increased attention from the media, consumers, governments, and non-profit organizations (NGOs), which may have a positive or negative impact on the image and reputation of the organization, industry, and the country.

Risk Management

The Company manages above risk as follows:

- The company sets as priority to protect human rights in its own operations and company's stakeholders or related persons or related organizations. The company operates without abuse of human right and sets regulations for vendors. We require all suppliers and subcontractors in the supply chain to commit to complying with the company Supplier Guide Principles, which include the non-use child or force labor, among other standard expectations based on international agreement.
- The company recruits a large number of workers, both Thai and migrants. For migrant workers, the company uses responsible recruitment policy that are licensed, strictly comply with migration and labor laws of both the country of origin and Thailand, and are ethical and professional. The company conducts regular audits to ensure compliance with regulations and legal requirements.
- All company's employees are free to apply for a job with other employers. Since 2017, every time the company recruits foreign workers, the company sends representatives to the country of origin to provide job seekers with company information such as job description, welfare, and rules and regulations, and employment contract details before they make a decision to join the company.
- The company is committed to treating all employees equally regardless of nationality, origin, gender and personal opinions. All employees receive an employment contract that specifies employment conditions in a clear and transparent manner, and in the language that foreign workers understand.
- The company collaborates with the Thai seafood industry through the Seafood Task Force, and also NGOs, and participates in responsible recruitment working groups in order to improve the recruitment practices in the Thai seafood industry and respond to international expectations.

4) Shareholders' Investment Risk

Chia-apar group and related parties hold 66.68 percent of company's total paid up shares. This enables an almost absolute control of shareholders' vote with an exception of at least 3 out of 4 voting in shareholders' meeting for significant decisions as required by law. Therefore, minority shareholders will be unable to gather enough votes to counterbalance the majority shareholders' proposals.

Risk Management

The company requires all important decisions to receive an approval from the Board of Directors. Not less than half of the members of the Board of Directors are independent directors who do not have a material relationship with the majority shareholders. Therefore, independent directors are able to act as an effective counterbalance to majority shareholders for the benefit of minority shareholders.

4. General Information and Other Important Information

4.1 General Information

Name of company	Seafresh Industry Public Company Limited or CFRESH
Register No	0107537000751
Head Office & Factory	402 Moo 8, Chumphon-Paknam Road, Paknam, Muang, Chumphon 86120, Thailand Telephone: +66 7752 1321-3 Fax: +66 7752 1007
Branch Office	152/25 Chartered Square Bldg., 31 st fl., North Sathon Rd., Silom, Bangrak, Bangkok 10500, Thailand Telephone: +66 2637 8888 Fax: +66 2637 8801
Homepage	www.seafresh.com
E-mail	seafresh@seafresh.com
Type of business	Manufacturing and Distributing Frozen Raw Shrimp, Frozen Cooked Shrimp, and Frozen Value-added Shrimp
Issued and paid-up share capital	463,549,600 shares of common stock, Par value: Baht 1 per share

4.2 Subsidiary/Associated Company which holding by CFRESH exceed 10 percent

1. Seafresh Group (Holdings) Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Investment in Manufacturing and Distributing Processed Food Products Business
Issued and paid-up share capital	20,000 shares of common stock, Par value: 0.50 pound per share
Percentage of shares holding by CFRESH	67.55% (CFRESH holds 39% and Seafresh IHQ Limited holds 28.55%)

2. Blue Earth Foods Limited

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 519 900 Fax: +44 1527 519 901
Type of business	Manufacturing and Distributing Chilled Food Products
Issued and paid-up share capital	30,000 shares of common stock, Par value: 0.10 pound per share
Percentage of shares holding by CFRESH	75.66% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 75%)

3. Sea Farms Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Importing and Distributing Seafood Products
Issued and paid-up share capital	1 share of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	67.55% (Seafresh Group (Holdings) Limited holds 100%)

4. Prochaete Innovations Limited

Head Office & Factory	Ocean House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460
Type of business	Research and produce fish meal replacement product.
Issued and paid-up share capital	100 shares of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	48.64% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 35%)

5. Belize Aquaculture Limited

Head Office & Factory	Mile 4, Placencia, Stann Creek District, Belize, Central America Telephone: + 501 521 2100 Fax: + 501 521 2190
Type of business	Fully integrated shrimp farming operation which start from hatchery, farming, and factory.
Issued and paid-up share capital	13,750,188 shares of common stock, Par value: 1 Belize dollar per share
Percentage of shares holding by CFRESH	50% (Seafresh Group (Holdings) Limited holds 50%)

6. Sea Farms, Inc

Head Office & Factory	2288 W Commodore Way, Suite # 110, Seattle, WA 98199 United States Telephone: +1 206 403 1417 Fax: +1 206 432 9940
Type of business	Import and Distribution Seafood Products.
Issued and paid-up share capital	10,000 shares of common stock, Par value: 1 US dollar per share
Percentage of shares holding by CFRESH	68.91% (CFRESH holds 25% and Seafresh Group (Holdings) Limited holds 65%)

7. Manufacturing Systems Implementation Company Limited (MSI)

Head Office & Factory	152 Chartered Square Building, 12 th A Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand Telephone: +66 2637 8453-5 Fax: +66 2637 8456
Type of business	Consultant and computer systems
Issued and paid-up share capital	50,000 shares of common stock, Paid value: Baht 60 per share
Percentage of shares holding by CFRESH	CFRESH holds 100%

8. Seafresh IHQ Company Limited (SIHQ)

Head Office & Factory	152/25 Chartered Square Bldg., 31 st Fl., North Sathon Rd, Silom, Bangrak, Bangkok 10500 Telephone: +66 2637 8888 Fax: +66 2637 8801-2
Type of business	Management, technical support and treasury services to Companies in the Group
Issued and paid-up share capital	180,000,000 shares of common stock, Paid value: Baht 5 per share
Percentage of shares holding by CFRESH	CFRESH holds 100%

9. Sea Farms Nutrition Limited

Head Office & Factory	Atlantic House, Oxleasow Road, East Moons Moat, Redditch, Worcestershire, United Kingdom B98 0RE Telephone: +44 1527 460 460 Fax: +44 1527 460 461
Type of business	Produce and sell animals feed and nutrition
Issued and paid-up share capital	10,000 shares of common stock, Par value: 1 pound per share
Percentage of shares holding by CFRESH	65.53% (Seafresh Group (Holdings) Limited holds 60% SIHQ holds 25%)

10. Seafresh Farm Limited

Head Office & Factory	402 Moo 8, Chumphon-Paknam Road, Paknam, Muang, Chumphon 86120, Thailand Telephone: +66 7752 1321-3 Fax: +66 7752 1007
Type of business	Aquaculture
Issued and paid-up share capital	66,000,000 shares of common stock, Par value: 5 baht per share
Percentage of shares holding	CFRESH holds 100

11. Sea Farms Nutrition, Inc

Head Office & Factory	13321 SW 135th Ave Tamiami Professional Centre, Miami, Florida - 33186, USA Telephone: +1 305 479 2854 Fax: +1 305 228 0388
Type of business	Sell animals feed and nutrition
Issued and paid-up share capital	1000 shares of common stock, Par value: 0.001 US dollar per are
Percentage of shares holding	55.70% (Seafresh Farms Nutrition Limiter holds 85%)

Other Reference

Auditor

Grant Thornton Company Limited
18th Fl., Capital Tower All Seasons Place,
87/1, Wireless Road, Lumpini, Pathumwan,
Bangkok 10330
Telephone: +66 2205 8222
Fax: +66 2654 3339

Share Register

Thailand Securities Depository Company Limited
93, 14th Fl., the Stock Exchange of Thailand Bldg.,
Ratchadapisek Rd., Dindaeng, Dindaeng, Bangkok
10400
Telephone: +66 2009 9000
Fax: +66 2009 9991

4.3 Other Important Information

Investors can find more information from company's annual statement (module 56-1) as listed on The Securities and Exchange Commission of Thailand's website or www.sec.or.th.

5. Shareholders

List of top 10 major shareholders

At the closing date of the shareholder registration book on 16 March 2020

Shareholders		Stock amount	%
1.	Chia-apar Group	200,322,700	43.21%
2.	Mrs. Tassanee Youngmeevithya	106,200,000	22.91%
3.	Mr. Chatchai Tangsricharoenporn	18,802,000	4.06%
4.	Thai N.V.D.R. Co.,Ltd	12,173,050	2.63%
5.	Mrs.Wijarinee Harikul	4,600,000	0.99%
6.	Mr. Pew Apiratikul	4,270,000	0.92%
7.	Mr. Kritsanapan Supanrode	3,333,000	0.72%
8.	Mr. Narongrit Chiarawongvanit	2,593,800	0.56%
9.	Mr. Sermkiat Lolak	2,508,800	0.54%
10.	Ms. Metta Wathanasawaswong	2,250,000	0.49%

Remarks: Chia-apar Group consists of:

1. Mr. Narit Chia-apar
2. Mr. Chintat Chia-apar
3. Miss Chankate Chia-apar

Related persons consist:

1. Mrs. Tassanee Youngmeevithya
2. Mr. Narongrit Chiarawongvanit

Shareholders able to visit website for updating information via <http://www.seafresh.com/investor> before the Annual General Meeting of Shareholders date.

Other Securities Issuance

1. Warrants

In 2015 the Company has allocated warrants (ESOP No.3) to the directors and employees 22,145,000 total amount of warrants is 22,145,000 units at Baht 0 per unit with a 4-year duration and the exercise right of Baht 12.00 per unit which is higher than the market price at that time. Furthermore, neither director nor employee is allowed the allocation of over 5% of the total amount of warrants which is offered to the employees and the directors. The Company has determined that June 28, 2019 is the last exercise date.

2. Debentures

2.1 Debentures of Seafresh Industry Public Company Limited No. 1/2016 Due date for 2021

Bond Type	: Name-Registered certificate of unsecured and unsubordinated debentures without debenture holders' representative
Offering	: Private placement to institutional investors and high net worth
Issuing amount	: Not exceeding 500,000 units
Outstanding amount	: Not exceeding Baht 500,000,000
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Coupon rate	: 4.30% Fixed rate per annum
Coupon frequency	: Semi-annually on Interest Payment Date
Tenor	: 5 years from the Issuing date
Issue date	: May 27, 2016
Maturity date	: May 27, 2021
Redemption (Put/Call Option)	: The Company ineligible to redeem debentures prior to the maturity date unless redemption defined in eligibility requirements and the debenture-holder ineligible to redeem the debentures prior to the maturity date.
Status of debenture	: Debentures constitute unsubordinated debt owned by the issuer and shall enjoy equal legal status for all units and the debenture holders are entitled to receive payment not less favorable than the ordinary creditors of the issuer at present and in the future, except for those obligations with preferential order of payment under law.
Registrar	: Siam Commercial Bank Public Company Limited
Issue rating	: The issuer had been rated "BBB" by TRIS Rating Company Limited as the date of April 26, 2016. The Issuer shall annually review company rating throughout the term of debenture to comply with SEC.

2.2 Debentures Seafresh Industry Public Company Limited No.1/2017 Due date at 2020

Bond Type	: Name-Registered certificate of unsecured and unsubordinated debentures without debenture holders' representative
Offering	: Private placement to institutional investors and high net worth
Issuing amount	: 500,000 units
Outstanding amount	: Baht 500,000,000
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Coupon rate	: 3.60% per annum
Coupon payment period	: Semi-annually
Issue term	: 3 years from the issuing date
Issue date	: November 9, 2017
Maturity date	: November 9, 2020
Put/Call option	: The Company ineligible to redeem debentures prior to the maturity date unless redemption defined in eligibility requirements and the debenture-holder ineligible to redeem the debentures prior to the maturity date.
Status of debenture	: Debentures constitute unsubordinated debt owned by the issuer and shall enjoy equal legal status for all units and the debenture holders are entitled to receive payment not less favorable than the ordinary creditors of the issuer at present and in the future, except for those obligations with preferential order of payment under law.
Registrar	: Siam Commercial Bank Public Company Limited
Issue rating	: The issuer had been rated "BBB" by TRIS Rating Company Limited as the date of April 7, 2017. The Issuer shall annually review company rating throughout the term of debenture to comply with SEC.

6. Dividend Payment Policy

The dividend payment policy is not less than 40% of net income after corporate income taxes and all types of reserved fund as required by law. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting.

The subsidiary company's policy is to make dividend payment of no less than 50% of the net profit after tax to the shareholders of the subsidiary company. Nevertheless, the dividend payment policy may change, depending on performance, cash flow, investment plan, and economic outlook. Moreover, dividend payment shall be proposed for final approval with subsidiary's shareholder meeting.

7. Management Structure

7.1 Board of Directors

Name	Position	Attendance/ No. of attendance
1. Mr. Narit Chia-apar	Chairman of the Board of Directors/ Chief Executive Officer/ Chairman of Executive Board	10/10
2. Mrs. Tassanee Youngmeevithya	Director/ Deputy Chief Executive Officer/ Chairman of Risk Management Committee/ Chairman of Corporate Governance Committee/ Member of Nomination and Remuneration Committee/ Deputy Chairman of Executive Board	9/10
3. Mr. Narongrit Chiarawongvanit	Director	10/10
4. Dr. Kamales Santivejkul	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	10/10
5. Dr. Sorachai Bhisalbutra	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	10/10
6. Dr. Worapong Leewattanakit	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	10/10
7. Mrs. Supanee Punnasri*	Independent Director	9/10
8. Mr. Chintat Chia-apar	Director / Member of Risk Management Committee/ Member of Corporate Governance Committee / Member of Executive Committee / Chief Overseas Business Officer	10/10

* Independent director with relevant business experiences.

1) Responsibility of the Board of Directors

1. In charge of company's good management by defining company's objectives, target, strategy, policies and resource management as well as monitoring, evaluation, and reporting in accordance with the aforementioned. Furthermore, the board is responsible to implement innovation and technology to add values for the company including overseeing of such information technology.
2. Consider and approve charter of Board of directors and sub committees, company policy, and others by follow the corporate governance principal.
3. Appoint the company secretary in order to provide various regulatory advices which the Board of Directors must know and perform duties in overseeing the activities of the Board of Directors including coordination for compliance with the Board's resolution.
4. Appoint the qualified Audit Committee as required by the securities and exchange act, notification of Capital Market Supervisory Board including the SET regulations.
5. Appoint the Risk Management Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee to help perform duties according to the responsibilities of the Board of Directors.
6. Appoint Chief Executive Officer as selected by the Nomination and Remuneration Committee.
7. In charge of company's competitiveness and performance with ethical business, respect right and responsible to shareholder and stakeholder, beneficial to social, develop or reduce environment impact and corporate resilience under uncertainty including creating corporate culture and behaving exemplary.
8. Ensure that all directors and management carry out their roles and responsibilities with duty of care and duty of loyalty to the organization in accordance with law, regulations and shareholder meeting resolution.

9. Determine remuneration in accordance with duties and responsibilities of the directors and based on performance of Chief Executive Officer including of set salary structure to motivate the employee to lead the company in meeting its objectives.
10. Ensure that there is a framework and mechanism to oversee the policies and operations of subsidiaries and other businesses that the company has significant investment. Such framework and mechanism should be appropriate with each company. Those subsidiaries and other businesses should have the same understanding of the policies and operations.
11. Determine and ensure that the company has effective and comprehensive framework of internal control as well as risk management.
12. Ensure that the company has a clear anti-corruption policy and guidelines and clearly communicate to all of staff level in the company, so that everyone will comply.
13. Ensure integrity of financial and non-financial information disclosure by involving with the department manager level.
14. Responsible for monitoring financial liquidity and debt services coverage, establishing a mechanism to support operations under tight financial constraints, and ensuring financial literacy education for employees.
15. Consider and approve the acquisition or disposal of assets unless such transaction must be approved by the shareholders' meeting. In this regard, such approval shall be in accordance with the notification of the Capital Market Supervisory Board and / or the relevant notifications, regulations and / or related regulations of the SET.
16. Approval of connected transactions unless such transaction must be approved by the shareholders' meeting. In this regard, such approval shall be in accordance with the notification of the Capital Market Supervisory Board and / or the relevant notifications, regulations and / or regulations of the SET.
17. Approve budget for annual operation and investment.
18. Consider and approve the interim dividend payment to shareholders when seeing that the company has enough profit to do so and report the dividend payment to the shareholders' meeting in the next shareholders' meeting.

2) Roles and Duties of Chairman of the Board of Directors

1. Oversee, monitor, and ensure that the board effectively carries out its duties.
2. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
3. Determine and approve meeting agenda with representative of Independent directors appointed by the board of directors and assign the Company Secretary sends meeting invitation letter to the Directors.
4. The Chairman of the Board of Directors shall ensure that directors receive effective information for each agenda.
5. Allocate adequate time for Department Manager level up to present in each agenda, and provide the enough time for the directors to freely and carefully discuss important matters.
6. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.
7. Ensure that the company has effective communication with Shareholders.

3) Ratio of director who represent shareholders

- Nil -

The Board of Directors comprise of 8 persons from 3 directors with executive role, 1 non-executive director, and 4 independent directors or 50% of the entire Board.

The board of directors has authority to consider who are authorized to sign along with the company's stamp.

The authorized director is Mr. Narit Chia-apar, Chairman, signing with the company seal affixed, or Mrs. Tassanee Youngmeevithya and Mr. Chintat Chia-apar, two directors jointly sign with the company seal, Only certifying true copies of documents of the Company or related to the Company, financial

statements, commercial contracts, export or import documents, and employee contracts, one of directors signing with the company seal affixed can bind the Company.

In case of the board of directors has authorized others to manage the business routine on their behalf, such authorization must be in accordance with the meeting resolutions. Such authorization must consist of clear limitations on roles and responsibilities and the authorized persons are not able to approve items that are in conflict of interest between themselves and the company, proxy, or other subsidiaries.

4) Independent Director's Qualification

In the selection of independent director, the Board has set the following qualification guidelines and definition of "Independent" in complies with the SET and SEC regulations as follows:

1. Holding not more than one percent of the total voting shares of the company, its subsidiary, associated company, juristic persons with potential of conflict of interest, major shareholder, or controlling person, with the number of shares held by the director's related persons being counted.
2. Being a director who is not or has never been an executive director, employee, staff member, salaried advisor, or controlling person of the company, its subsidiary, associated company, same-level subsidiary, juristic persons with potential of conflict of interest, major shareholder, or controlling person, unless such characteristics have lapsed for at least two years before being appointed.
3. Having no relationship by blood or by legal registration under the status of father, mother, spouse, sibling, and child, including the child's spouse, of other directors, executives, major shareholders, controlling persons, or persons who are being nominated for appointment as directors, executives, or controlling persons of the company or its subsidiary.
4. Not being or having been a shareholder or authority having control of the business relationship with the company, parent company, subsidiaries, affiliates, shareholders or controlling person of the company including professional service and business relationship which are specified by the Securities and Exchange Commission of Thailand unless the aforementioned status has passed for not less than 2 years prior to being appointed as Independent Director.
5. Being a director who is not or has never been an external auditor of the company, subsidiary, affiliate, major shareholder, or controlling person, and not a significant shareholder, controlling person, or partner of audit firm to which an external auditor of the company, subsidiary, affiliate, major shareholder, or controlling person belongs, except in case such characteristics have lapsed for at least 2 years before being appointed.
6. Being a director who is not or has never been a provider of any professional service including legal advisory service or financial advisory service with the service fee thereof exceeding Baht 2 million per year from the company, subsidiary, affiliate, major shareholder, or controlling person, and not a significant shareholder, controlling person, or stockholder of the provider of such professional service, except in case such characteristics have lapsed for at least 2 years before being appointed.
7. Being a director who is not appointed as representative of a director, major shareholder or shareholder with a relationship to a major shareholder of the company.
8. Not having or not having had a business with the same nature and in competition to the business of the Company, subsidiaries or not be a significant partner in a partnership company or director, employee, consultant who receives a regular salary or holds more than 1 percent of the total shares with voting rights of another company which has the same nature and in competition to the business of the company, subsidiaries, or affiliates.
9. Not having any other characteristics that may hinder the exercise of his/her independent judgment about the company's business operations.

5) The Board of Director's Performance Assessment

The Board of Directors had conducted performance assessment of the entire to accordance with SET guideline which requires to be conducted on a yearly basis which divided by principle as follows:

5.1) The Board of Directors and all Sub-committees comprising of the Audit Committee, Risk Management Committee, Corporate Governance Committee, and Nomination and Remuneration Committee, Executive Committee had conducted performance assessment as follows:

5.1.1) Performance assessment of the Board as a group under the subjects as follows:

1. Structure and Characteristics of the Board
2. Roles and Responsibilities of the Board
3. Board meetings attendance
4. Duties performance of the Boards
5. Relationship with management
6. Self-development of Directors and executives development

5.1.2) The Board of Director's individual self-assessments under the subjects as follows:

1. Structure and Characteristics of the Board
2. Roles and Responsibilities of the Board
3. Board meetings attendance

5.1.3) Performance assessment of each Sub-committee as a group under the subjects as follows:

1. Structure and Characteristics of Sub-committee
2. Roles and Responsibilities of Sub-committee
3. Sub-committee meetings attendance
4. Duties performance of Sub-committee
5. Relationship with management
6. Self-development of Sub-committee

5.1.4) Sub-committee's individual self-assessments under the subjects as follows:

1. Structure and Characteristics of Sub-committee
2. Roles and Responsibilities of Sub-committee
3. Sub-committee meetings attendance

5.2) All Directors and Sub-committees had proposed the results of both group and individual self-assessments to the Board of Directors to consider and apply these results as guideline for further improvement and development of their performances and competences and each.

The results of performance assessment of Board of Directors and all Sub-committees as group and individual self-assessment for the year 2019 are in the level of "Good" to "Very Good". The Board intends to use these results to further improve their performances.

6) Chief Executive Officer annual performance assessment

The Board of Directors had conducted annual performance assessment of Chief Executive Officer to accordance with the SET guideline. The company had delivered assessment to the committee evaluation which includes assessment topics as follows:

1. Leadership
2. Strategies
3. Compliance to strategies
4. Planning and financial practices.
5. Relationship with Board of Directors
6. Relationship with externals
7. Management and relationships with employees
8. Succession
9. Product knowledge and services
10. Personal attribute

CEO performance for year 2019 was evaluated by 7 directors (excluding CEO). Overall in 10 topics considered an excellent.

7.2 Executive Board

Name	Position
1. Mr. Narit Chia-apar	Chief Executive Officer
2. Mrs.Tassanee Youngmeevithya	Deputy Chief Executive Officer
3. Mr. Chintat Chia-apar	Chief Overseas Business Officer
4. Mr. Chaisit Chuenchuwit*	Chief Financial Officer
5. Mr. Boonlert Foongvannaluck	Chief Commercial Officer
6. Mr. Pairoj Yangthong	Chief Operating Officer
7. Mrs.Phongsri Nittipho	Accounting Department Manager

Remark * Mr.Chaisit Chuenchuwit resigned from the position of Chief Financial Officer effective from 16 January 2020

1) The Responsibility of Executives

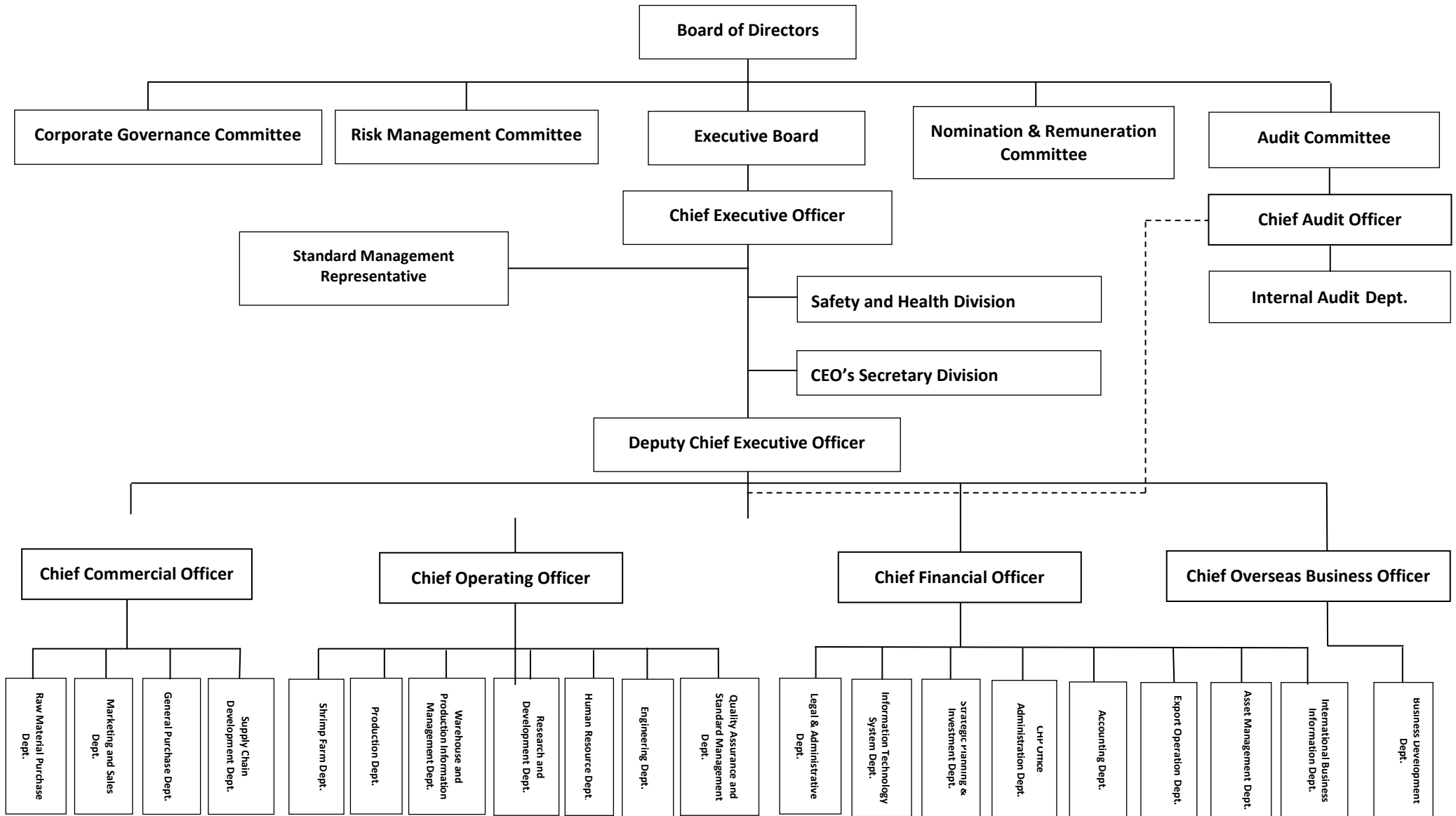
1. Consider the strategy and business plan including management structure and various management powers of the company to propose to the Board of Directors for further consideration.
2. Audit, monitor and follow the policies and guidelines for the management of the company assigned by the Board of Directors effectively.
3. Support important actions in the preparation and implementation of internal control measures in accordance with the company's anti-corruption policy and guidelines.
4. Consider and approve the annual budget and investment of the company before proposing to the Board of Directors for further approval.
5. Consider the remuneration policy and salary structure of employees.
6. Authorized to make legal transactions in the scope specified in the company's policies and procedures subject to approval authority.
7. Take other actions as assigned by the Board of Directors. Assignment authority, duty and responsibility to the Executive Committee will not have the characteristics of being authorized or granting the power to the Executive Committee or the authorized person from the Executive Committee can approve the transaction that he or the person may have conflict, interest, or conflicts of interest in any other manner with the company or its subsidiaries except for approval of items that are in accordance with the policy and the criteria approved by the Board of Directors. The approval of such transactions must be proposed to the Board of Directors' meeting and / or the shareholders' meeting to consider and approve such transactions according to the regulations of the Stock Exchange of Thailand, Office of the Securities and Exchange Commission (SEC) or related laws.

2) Succession Plan

The Board of Directors realized the importance of company's human resource. For sustainable business, the company had proceeded as follows:

1. Company arranged training course for manager level and above to increase their potential such as Risk management practices to create value for the business.
2. Company appropriated task to more challenge and job rotation for increase knowledge of employee which is important factor to in career growth.
3. Company considered remuneration and preferment by corporate KPI through Balanced Scorecard concept.

Organization Chart of Seafresh Industry Public Company Limited



Report on Securities Holding of Director and Executives						
Name	Position	Shareholding As on March 12, 2019		Change during year	Shareholding As on March 16, 2020	
		Shares	%	Shares	Shares	%
Mr.Narit Chia-apar	Chairman of the Board of Directors/ Chief Executive Officer/ Chairman of Executive Board	107,803,000	23.26	-	107,803,000	23.26
Mrs.Tassanee Youngmeevithya	Director/ Deputy Chief Executive Officer/ Chairman of Risk Management Committee/ Chairman of Corporate Governance Committee/ Member of Nomination and Remuneration Committee/ Deputy Chairman of Executive Board	106,200,000	22.91	-	106,200,000	22.91
Mr.Chintat Chia-apar	Director/ Chief Overseas Business Officer/ Member of Risk Management Committee/ Member of Corporate Governance Committee/ Member of Executive Committee	67,053,500	14.47	-	67,053,500	14.47
Mr.Narongrit Chiarawongvanit	Director	3,128,200	0.68	-	3,128,200	0.68
Dr.Kamales Santivejkul	Independent Director/ Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	1,000,000	0.22	-	1,000,000	0.22
Dr.Sorachai Bhisalbutra	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	2,198,200	0.47	-	2,198,200	0.47
Dr.Worapong Leewattanakit	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee	500,000	0.11	-	500,000	0.11
Mrs.Supanee Punnasri	Independent Director	841,900	0.18	-	841,900	0.18

Report on Securities Holding of Director and Executives (Continued)						
Name	Position	Shareholding ⁽¹⁾ As on March 12, 2019		Change during year	Shareholding As on March 16, 2020	
		Shares	%	Shares	Shares	%
Mr.Chaisit Chuenchuwit ⁽²⁾	Chief Financial Officer	-	-	-	-	-
Mr.Boonlert Foongvannaluck	Chief Commercial Officer	230,000	0.05	-	230,000	0.05
Mr.Pairoj Yangthong	Chief Operating Officer	69,000	0.01	-	69,000	0.01
Mrs.Phongsri Nittipho	Accounting Department Manager	5,000	0.001	-	5,000	0.001

Remark:

(1) Securities Holding is including the securities holding by own, spouse, and immature child

(2) Mr.Chaisit Chuenchuwit resigned from the position of Chief Financial Officer effective from 16 January 2020

Director of Subsidiaries										
	Seafresh Group (Holdings) Limited	Blue Earth Foods Limited	Sea Farms Limited	Manufacturing System Implementation Limited	Sea Farms, Inc	Prochaete Innovations Limited	Seafresh IHQ Limited	Sea Farms Nutrition Limited	Sea Farms Nutrition Inc.	Seafresh Farm Limited
1. Mr.Narit Chia-apar	X			X			X			X
2. Mrs. Tassanee Youngmeevithya	I			II			II			II
3. Mr. Lasse Bo Hansen	II	X	X		X	X		X	X	
4. Mr. Phillip Albert Kent		II								
6. Mr.Chaisit Chuenchuwit*		I	I		I			I	I	
7. Mr.Chintat Chia-apar		I	I		I			I	I	
7. Mr. Michael H Girton					II					
8. Mr. David Leroy Broberg					II					
9. Mr. Odd Geir Oddsen						II		II	II	
10. Mr. David Stuart Mathers								II	II	
11. Mr. Pablo Vinent									I	

* Mr.Chaisit Chuenchuwit resigned from the position of Chief Financial Officer effective from 16 January 2020

Remark

X	=	President
II	=	Executive Director
I	=	Director

7.3 Company Secretary

The Board of Directors appointed Mr. Chaisit Chuenchuwit as a company secretary effective from 8th October 2010. The qualification of company secretary is shown in appendix 1 of Form 56-1 subject “company secretary”

7.4 Remuneration for Director and Management

1) Director Remuneration

The company complies with guidelines for Director’s remuneration as follows:

- Remuneration of directors has a reasonable level comparing to similar industry and appropriate with the assigned duties and responsibilities.
- Non-executive director will receive only a meeting allowance by the number of attendant. In case of they are assigned to be a director of sub-committee, they have the right to receive a meeting allowance by number of attendant.
- The executive director will not receive meeting allowance.

The Nomination and Remuneration Committee will primarily consider and pass a resolution to the Board of Directors for approval prior submit to shareholder meeting for approval later. The remuneration of Directors of the committee and sub-committee for year 2019 were approved by the shareholders in amount not exceeded Baht 1,620,000.

2) Executive Remuneration

The board of director is responsible of considering the level of executive remuneration basing on the company’s performance and individual performance of each executive.

Details of remuneration paid in 2019 are as follows:

2.1) Monetary Remuneration

The directors’ remuneration in 2019 amounting to Baht 1,293,333 was for the meeting allowance for 5 independent directors as follows:

<u>Name</u>	<u>Position</u>	<u>Remuneration/year (Baht)</u>
1. Dr. Kamales Santivejkul	Independent Director	153,333
	Chairman of the Audit Committee	160,000
	Chairman of the Nomination and Remuneration Committee	13,333
2. Dr. Sorachai Bhisalbutra	Independent Director	153,333
	Member of Audit Committee	173,334
	Member of Nomination and Remuneration Committee	13,333
3. Dr. Worapong Leewattanakit	Independent Director	153,333
	Member of Audit Committee	173,334
	Member of Nomination and Remuneration Committee	13,333
4. Mrs. Supanee Punnasri	Independent Director	136,667
5. Mr. Narongrit Chiarawongvanit	Director	150,000

- None of the directors received any remuneration from being directorship of the subsidiary of the company.

- The total remuneration is Baht 16.97 Million which consists of salary.

2.2) Other Remunerations

In 2015, the company allocated warrants (ESOP No.3) offered to the employees and the directors of the company. The total amount of warrants is 22,145,000 units at Baht 0 per unit with a 4 year duration and the exercise right of Baht 12 per unit which is higher than the market price at that time. There are no directors and employees who receive number of warrant more than 5% of the total warrants.

List of Directors with Warrants Allocation

Name	Position	No. of Shares	% of Warrants
1. Mr. Narit Chia-Apar	Chairman of Board of Directors	1,000,000	4.52
2. Mrs. Tassanee Youngmeevithya	Director	1,000,000	4.52
3. Mr. Chintat Chia-apar	Director	500,000	2.26
4. Dr. Kamales Santivejkul	Chairman of the Audit Committee and Independent Director	500,000	2.26
5. Dr. Sorachai Bhisalbutra	Audit Committee and Independent Director	400,000	1.81
6. Dr. Worapong Leewattanakit	Audit Committee and Independent Director	300,000	1.35
7. Mrs. Supanee Punnasri	Audit Committee and Independent Director	200,000	0.90
8. Mr. Narongrit Chiarawongvanit	Director	200,000	0.90
Total		4,100,000	18.51

Executives, who are not Director, gain 3,300,000 units of warrant as total amount.

In this regard, the warrants to purchase ordinary shares of the above company have expired on June 29, 2019 and in 2019, the Company has not allocated other non-monetary remuneration to the directors and executives.

7.5 Employee

The Company and its subsidiaries have a total of 2,887 employees, divided into production lines 2,501 people, management section 317 people and sales management 69 people. In terms of compensation and various benefits (salaries, wages, allowances, bonuses, contributions to reserve funds retirement), has a total value of Baht 966.58 million. The Company and employees have jointly established a provident fund on 10 April, 2006 in accordance with the Provident Fund Act B.E.2530 and amended Securities and Stock Exchange Act B.E. 2535, and also other relevant laws as welfare for the employees, started the collection and contributions from payroll period of May 2006 onwards. In addition, there are benefits in areas such as health, accident, and life insurance, employee dormitories, fitness center, entertainments center, and training center within and outside the company, for improving and increasing the quality of work life.

The company's condition of hire, working environment, and other welfares are compiled under employment law and Thai labor standard. Due to the company follow the principle of justice, ethics, and transparency, the company was certified Thai Labor Standard TLS.8001-2003 Certification (Completion Level Superlative Phase) which the company is only 1 of 5 company in Thailand that maintain Thai Labor Standard more than 10 consecutive years. In addition, the company also emphasizes in every recruiting processes considering by knowledgeable, competency, experience which suitable for required position. The

employee was assessed follow the Key Performance Index (KPI) in Balanced Scorecard aspect for being promotion or salary consideration.

The company has a policy and effective management in occupational health, safety, and working environment, which complied with legal requirements and working safety standards in accordance with ISO45001, occupational health and safety management systems. Executives are responsible for monitoring the safety, sanitation, and working environment and all employees have to strictly comply by the concerning law. The company sufficiently supports budget, time, person, and other resources to achieve a target and continual development such as training, practicing and other campaigns.

Accident Rate	Unit	2019	2018	2017
Frequency Rate: FR	cases/Million hour worked	0.53	0.63	0.87

In 2019, the results were clearly seen by the frequency of accidents (Frequency Rate: FR) equal to 0.53 times / one million working hours, decreased from last year equal to 0.10 times / million working hours which continuously decreases compared to three years ago.

In addition, the company has been awarded the outstanding establishment for safety and occupational health for 9 consecutive years, including environmental management Safety and occupational health from the Ministry of Labor and the company also received the award for "Disease-Free and Body Safety Workplace" establishment at the national level, gold level from the assessment by the Bureau of Occupational and Environmental Diseases.

Company has policy in human resource development by continuously enhanced staff abilities. For 2019, the average hours of employee training, both in-house and outsource training, is 12 hours per year; according to 6 achievements as follows:

- 1) To comply with laws and regulations
- 2) To correspond with operation
- 3) To strengthen standard management
- 4) To enhance employee abilities
- 5) To develop organization
- 6) Self Learning

Employee training statistics	2019	2018	2017
Average training hours per person	12	15	20
Number of courses	78	66	83

In 2019, the company has conducted 78 training courses for employees, for example, Process Innovation Coaching Program, Lean Reality, Knowledge of labor law; Rights and duties of employers, Senior Personnel Managers, Job Training Techniques, Burmese Up-Skilling, Team Success, Issara Global Forum Innovation in Human Rights and Responsible Sourcing etc.

For quality assurance management, the company emphasize in food safety, sanitation in production, service employees and stakeholders, Conservation of Natural Resources, and Occupational Health to comply with international standards such as GMP, HACCP, ISO 9001, ISO/IEC 17025, FSSC 22000, BRC, BAP, Halal, ISO 14001, ISO 50001 and OHSAS 18001 etc.

In Human Rights and Fairly-Treated to employees' perspective, the company set priority to protect the human rights, which is fundamental of equitable of human rights including company's stakeholders or related persons or related organizations. The company operates without abuse of human right and permit employee to making complaints or suggestions. Furthermore, the company cares employee through employee caring team and employee representative committee.

8. Corporate Governance

8.1 Good Corporate Governance Policy

The Board of Directors set the corporate governance policy by following the Corporate Governance Code by the Securities and Exchange Commission of Thailand, and Codes of Conduct Guidelines for Listed Companies by the Stock Exchange Thailand. All employees acknowledge and adhere to the policy, so we can create the transparency systems for management and decision-making which are accepted by internationally professional management.

The Board of Directors must follow the procedures of good corporate governance in 5 principles as follow:

1) Rights of Shareholders

The Board of Directors should act with a reasonable degree of care and responsibility in regards to the rights and equality of shareholders and should also protect the interests of shareholders. The company encourages shareholders to exercise their following fundamental rights:

- Right to purchase, sell, or transfer stock.
- Right to dividends.
- Right to receive adequate and timely information of the company.
- Right to participate in general meetings and to vote on the appointment or withdrawal of the directors, accounting auditor, and issues that have impacts on the company.

2) Equitable Treatment of Shareholders

Boards of Directors should ensure the equitable treatment and fundamental rights protection of shareholders as follow:

- Allow shareholders to propose meeting agenda in advance before the date of the General Meeting. Minority shareholders are also allowed to propose potential candidates, as specified criteria, for the appointment of the directors.
- Encourage shareholders to appoint proxies to attend and vote at the meetings for and on their behalf.
- No additional meeting agenda without prior notice to the shareholders.
- Establish measures to prevent the exploitation of inside information for own benefit or for the benefit of others in a deceitful way which causes damage to shareholders.
- Directors must disclose information about personal stake and involved parties.

3) Practice towards stakeholders

The Boards of Directors should not violate the rights of stakeholders. Directors should encourage a good collaboration between the company and other stakeholders. Directors should also establish key policies and practice guidelines in relation to each type of stakeholders based on fair business operation.

4) Disclosure and Transparency

The Boards of Directors should disclose financial as well as other important information that are accurate, complete, timely, and transparent in accordance to applicable regulations of The Stock Exchange of Thailand and Securities and Exchange Commission through channels that are easy to access, unbiased, and reliable including establishing an Investor Relations Department to communicate with shareholders, investors, and analysts in an unbiased and fair manner.

5) Roles and responsibility of the Board of Directors.

The Board of Directors is responsible for overseeing the business and the performance of its duties to shareholders as follows:

- Oversee company's strategies, policies, business plans and budgets, including IT governance and encouraging innovation and use of technology to support sustainable value creation.
- Ensure the company is competitive with good performance, engage in ethical business, beneficial to society, respect rights and responsibilities to shareholders and stakeholders, develop or reduce negative impacts on the environment, and able to adapt to changing factors.
- Ensure that clear policies and guidelines for anti-corruption are defined and communicated at all levels of the organization and with outsiders for real use.
- Ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.
- Ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the company operates in accordance with applicable law and standards.
- Understand the shareholder structure and shareholder relations which may have an impact on the company's management and operations. Maintain independence from the department manager position up by clearly separating duties between the board and the department manager position up.
- Dedicate enough time to fulfill their duties and responsibilities. Directors, including the Chief Executive Officer, are prohibited to engage in business or be a director in another entity of the same nature and compete with the company unless it is notified to the shareholders' meeting prior to the resolution. Each director shall not hold position in more than three public listed companies at any one time.
- Ensure that the company has effective and appropriate risk management and internal control systems that cover all aspects.
- Monitor financial liquidity and debt servicing ability, establishing a mechanism to support operations under tight financial constraints, and ensuring financial literacy education for employees, and establishing provident funds.
- Determine the remuneration of directors in accordance with their roles and responsibilities. Determine the remuneration of the Chief Executive Officer in accordance with the performance of duties.
- Ensure that the board consists of directors with appropriate and the necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives of the company.

In addition, the Board of Directors regularly reviewed the policy and evaluates the performance this policy, resulting in the year 2019 the Company got a corporate governance score of "Excellent" level or a 5-star rating for the third consecutive year from the survey of corporate governance of Thai listed companies.

8.2 Sub-Committee

The Board of Directors has appointed 5 sub-committees to assist in the corporate governance of the company which are the Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance Committee, and Nomination and Remuneration Committee. The details are as follows:

1) Audit Committee

The Board of Directors setup the Audit Committee since on December 21, 1999. All committees are independent directors which qualified with SEC regulation and SET that term of each Audit Committee member will be not exceeding 3 years. The Audit Committee also held meetings and proposed reports to Board of the Directors on regular basis.

Name	Position	Attendance/ No. of attendance
1. Dr. Kamales Santivejkul*	Chairman of Audit committee	11/12
2. Dr. Sorachai Bhisalbutra	Member of Audit committee	12/12
3. Dr. Worapong Leewattanakit	Member of Audit committee	12/12

Remark: *Dr. Kamales Santivejkul is an Audit Committee member who has knowledge and experience in reviewing the financial statements.

Audit Committee's Qualifications

1. Audit Committee members should be appointed by the Board of Directors and/or shareholders meeting.
2. All Audit Committee members must be an independent director and fully qualified by the Securities and Exchange Commission (S.E.C) regulations.
3. Not being a director appointed by the Board to decide on the operations of the listed company, parent company, subsidiaries, affiliated companies, subsidiaries of the same control level or being the major shareholders, controlling person of the listed company.
4. Not being a director of the parent company, subsidiary, affiliate company, subsidiary in the same level of the company only for the case of listed company.
5. Fully knowledge and experience that is able to achieve an assigned audit tasks. The audit committee must be able to devote sufficient time to the operation of the Audit Committee.

Audit Committee Responsibility

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system, Risk Management and internal audit to ensure that they are suitable, adequate and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration to the board of directors on the proposal to shareholders for approval;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system and risk management,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,

- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. To ensure that preliminary investigation is carried out after receiving the external auditor's report on behavior suspicious of fraud or violation of laws by the board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor within 30 days from the date they are notified by the external auditor;
 8. To review the company's compliance with private sector's anti-corruption and certification programs, including the Collective Action Coalition against Corruption's Self-Evaluation Tool;
 9. To consider, review the Audit Committee Charter at least once a year and propose any necessary amendments to comply with the scope of responsibility in the company's operations and propose to the board of directors for approval;
 10. To perform any other act as assigned by the Company's board of directors by which such assignment shall be performed with the Audit Committee.

Performance of the Audit Committee over the past year

Please refer to the Audit Committee Report.

2) Risk Management Committee

The company has established a Risk Management Committee in 2011. In 2019, the Committee held a regularly meeting of 11 times. Since all members are the top and middle level executives, none has received compensation for serving this Committee.

Name	Position	Attendance/ No. of attendance
1. Mrs. Tassanee Youngmeevithya	Chairman of the Risk Management Committee	11/11
2. Mr. Chintat Chia-apar	Member of the Risk Management Committee	10/11
3. Mr. Chaisit Chuenchuwit	Member of the Risk Management Committee	11/11
4. Mr. Boonlert Foongvannaluck	Member of the Risk Management Committee	10/11

Duties and Responsibilities

1. Consider the company's policy and framework and set the pace for its current international risk management and proposed to the Board of Directors for approval.
2. Supervise all departments in the company to provide
 - Risk assessment, for instance, strategic risk, operational risk, financial reporting risk, compliance risk, corruption risk, and operational disruptions etc. which are relevant to the business and responsibility of each department.
 - Risk management
 - Mitigation strategy to manage risks to be within the acceptable level
3. Monitor the company's risk management plan in each department, according to previous paragraph, in order that reduce the risk to acceptable level and/or suitable to business condition.
4. Adjust and develop company's risk management regularly to ensure risk management is effective.
5. Review risk management policy and framework annually to ensure that the content is aligned with business operation.

6. Report significant risk management performance, exposure, risk management conduct, progress, and result of risk management to the Board of Directors, Audit Committee, and Executive Committee regularly and disclose in the annual report.

Performance of the Risk Management Committee over the past year

Please refer to the Risk Management Committee Report.

3) Corporate Governance Committee

The Company has established a Corporate Governance Committee in 2012. In 2019 the Committee held a regularly meeting of 10 times. Since all members are the top and middle level executives, none has received compensation for serving this committee.

Name	Position	Attendance/ No. of attendance
1. Mrs. Tassanee Youngmeevithya	Chairman of the Corporate Governance Committee	10/10
2. Mr. Chintat Chia-apar	Member of the Corporate Governance Committee	10/10
3. Mr. Chaisit Chuenchuwit	Member of the Corporate Governance Committee	10/10
4. Mr. Pairoj Yangthong	Member of the Corporate Governance Committee	9/10

The Company has established a Corporate Governance Committee in 2012. In 2018 the Committee held a regularly meeting of 13 times. Since all members are the top and middle level executives, none has received compensation for serving this committee.

Duties and Responsibilities

1. Propose corporate governance practices to Board of Directors.
2. Oversee the performance of the Board of Directors and management to ensure compliance with corporate governance practices.
3. Revise current corporate governance practices against international standards and give recommendations to the Board for review and continuous development.
4. Monitor to ensure effective anti-corruption policies for business operation.
5. Establish guidelines for corporate policies to ensure the departments set the policies in accordance with corporate governance practices.
6. Screen, deliberate, and affirm the company policies in accordance with corporate governance practices.
7. Propose affirmative policies to the company board for approval.
8. Review the company policies at least once a year.
9. Report on actions taken in connection with all aspects of corporate governance to the audit committee.
10. Perform annual performance evaluate on the Corporate Governance Committees.

Performance of the Corporate Governance Committee over the past year

Please refer to the Corporate Governance Committee Report.

4) Nomination and Remuneration Committee

- | | |
|---------------------------------|---|
| 1. Dr. Kamales Santivejkul | Chairman of the Nomination and Remuneration Committee |
| 2. Mrs. Tassanee Youngmeevithya | Member of Nomination and Remuneration Committee |
| 3. Dr. Sorachai Bhisalbutra | Member of Nomination and Remuneration Committee |
| 4. Dr. Worapong Leewattanakit | Member of Nomination and Remuneration Committee |

The Nomination and Remuneration Committee has 4 members comprises of 1 executive director and 3 independent directors or 75% of the committee. Furthermore, chairman of the committee is an independent director. In year 2019, there was one meeting, and all members attended the meeting.

Responsibility of Nomination and Remuneration Committee

1. Considers the appropriate structure, and composition of members for the Board of Directors.
2. Establishes the qualifications of the Board of Directors and top management as well as criteria in nomination of the Board of Directors and top management.
3. Considers and reviews the qualifications of Board of Directors and assessment Board of Directors', who is retired by rotation, and top management's performance.
4. Defines nomination process in accordance with the composition and qualifications as the position of Board of Directors and top management.
5. Considers remuneration form and criteria to suit the responsibilities of the Board of Directors and top management by proposing to the Board of Directors. The Board of Directors shall consider and propose to shareholders' meeting for approval.
6. Determines criteria of conditional consideration of offering new issuing share to the Board of Directors and top managements, in the case that the company has offering new issuing share to the Board of Directors and employees.
7. Clarify all the questions of the remuneration of the company's director at the meeting of shareholder.
8. Submits an operation report annually to the Board of Directors.

Performance of the Nomination and Remuneration Committee over the past year

Please refer to the Nomination and Remuneration Committee Report.

5) Executive Committee

The Executive Committee has 3 members comprises of all executive directors or 100% of the committees. In year 2019, 13 meeting were held.

Name	Position	Attendance/ No. of attendance
1. Mr. Narit Chia-apar	Chairman of Executive Committee	13/13
2. Mrs. Tassanee Youngmeevithya	Deputy Chairman of Executive Committee	13/13
3. Mr. Chintat Chia-apar	Member of Executive Committee	12/13

Scope of Duties, authorities, and Responsibilities of Executive Committee

1. Establish strategies, business plan, management structure, and administrative powers to propose to the Board of Directors for approval.
2. Monitor, audit and determine the management policies for efficiency and productivities, also, to conform to the instruction of the Board of Directors.
3. Support activities and adapt internal control in accordance with anti-corruption policies.
4. Consider and approve the Company's annual budget and investment prior to further approval of the Board of Directors.
5. Consider remuneration policy and salary structure.
6. Entering into any transaction binding the company conforming to the Company's Delegation of Authorities.
7. Perform other duties as assigned by the Board of Directors. However, in the granting of powers, duties and responsibilities, the Executive Committee shall not be granted or sub-grant power to a grantee that causes the Executive Committee or the grantee to approve transactions in which

the Executive Committee or the grantee to approve transactions in which the Executive Committee or the grantee, or any person who may have any conflict of interest, may have a vested interest, or any person who may have any conflict of interest with the company or its subsidiaries, except where the approval of transactions must be presented to the Board meeting and/or the shareholders' meeting for consideration and approving such transactions in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand or related laws and regulations.

Performance of the Executive Committee over the past year

Please refer to the Executive Committee Report.

8.3 Nomination of Directors and Top Executives management

1) Selection of Independent Director Criteria

For the selection of independent directors, nomination and remuneration committee act as a leader to recruit qualified candidates in accordance with the Board of directors instruction which consistent with the regulations of the SET and the SEC and then propose to the board of directors and / or shareholders for consideration and approval.

2) Nomination of Directors

To appoint the new director, nomination and remuneration committee which consists of 3 independent directors of 4 directors are responsible for the selection and screening individual person who are qualified under the regulations of the company, adhere to the policy's tenure as director, and accord with company's operational strategies.

The company also considers the rights of minor shareholders to appoint the director and given the opportunity to propose the highly qualified knowledgeable, capable and specialized in various areas as candidates for directorship in advance through E-mail address at investor@seafresh.com or through Fax no. +662 637 8801. The Company has established guidelines and practices in the nomination of directors including the consideration of the committee at <http://www.seafresh.com/investor>. The company also published a letter to the shareholders through the stock exchange at least 3 months before the end of the financial year. However, in the yearly 2019, there had been no shareholders recommended any directorship candidates.

Up next, The Nomination and Remuneration Committee will propose the qualified persons for being directors. In order to gain professional directors and Board Diversity, the Nomination and Remuneration Committee will consider the selection from structure, size, and element of the Board of the Directors such as technical, specialty, gender, and etc. The number of proposed persons by the Nomination and Remuneration Committee will be equal to number of retired directors by rotation and give their suggestions to the Board of the Directors for opinions before proposing to the Annual General Meeting of Shareholders.

After the selection, the Company will present to the Annual General Meeting of Shareholders meeting following procedures and methods as below:

1. Each shareholder has the same number of voting right as the number of share held.
2. Each shareholder can exercise all of its voting right as described one (1) in order to elect an individual or a group as the company director but it cannot split the voting right unequally among individuals.
3. The person received the highest voting respectively would be elected as Director equal to the number of director required. In the case that the vote is the same for two or more people, the Chairman will make decision.

4. At each Annual General Meeting of Shareholders, the Director stays in the position the longest will be retired by rotation in the ratio of 1:3. However, The Director, who was retired by rotation, can be reelected as director again.
5. Beside the retirement according to the term, the director may out of the position when:
 - 5.1 Died
 - 5.2 Resign
 - 5.3 Not qualify according to the Article 68 of Public Company Act 1992 or other relevant laws as well as the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and company regulations.
 - 5.4 The shareholder meeting can remove any directors before end of term with the vote not less than three fourth of the shareholder present at the meeting and the required total share of the vote should not be less than 50% of the holding share of shareholder present at the meeting.
 - 5.5 The court issued an order

3) Top Executive Management Nomination

For the Chief Executive Officer nomination, Executive Board will be prescreen who qualified with knowledge, skills, experience to benefit company's operation, well understanding of the business, and able to manage for achieve the given objectives and targets, then present to the Nomination and Remuneration committee for approval then present to the Board of the Directors for consideration and approval.

8.4 Subsidiaries and Affiliate Operation Control

The Board of the Director has a mechanism to control, manage, and monitor the operation of all subsidiaries and affiliate to maintain benefits of the company capital expenditure. The company assigned representative to be the directors in the company at least in a percentage of shareholding. The representative has to be approved from the Board of the Directors.

Authorized and responsibility scope of company's representative.

- Participation in the importance business operation policy.
- Control and oversee subsidiaries to disclose financial statements, performance, transactions between the company and related persons, acquisition or disposition of assets, or any other importance transaction of the company in according to the rules of the company.
- Consider and set up an internal control system and other mechanism for properly and appropriated controlling subsidiary.

8.5 Measures for Control of Internal Information

The company has set necessary measures in controlling internal information for prevention of abuse for personal interests as follows:

- Directors and executives must immediately report of any changes of company's securities held after each of the transaction in the Board of the Directors meeting.
- Directors and executives, who gain access to inside information, must refrain from the company's securities trading within one month before the disclosure of the financial statement to the public.
- Violation in abuse of company's inside information for personal interests will be imposed with severe punishment such as termination of directorship or employment.

8.6 Information Technology

The company has set management policy of information technology for organization with the details is as follows;

- 1) Manage the company's computer network to be stable and efficient. Ensure that computers and communication devices are adequate and available at all times.
- 2) Develop information systems (database, processing, storage, reporting, and publishing) for effective management and decision making.
- 3) Encourage and develop personnel to have knowledge and skills in using information systems continuously.
- 4) Provide up-to-date information technology to support efficient operations, taking into account cost and benefits.
- 5) Implement security risk management for computer networks and information systems.
- 6) No violation of software licenses.
- 7) Follow the laws and regulations related to the use of information technology.
- 8) Manage all types of social media access, including the publishing of text, still images, video, audio, data, etc., to ensure safe and secure use.

8.7 Audit Fee

1) Audit Fee

The company and subsidiaries paid an annual audit fee as follows:

- An audit fee in the past financial year total Baht 2.83 million for the company and domestic subsidiaries.
- An audit fee for overseas subsidiaries in the previous year was Baht 4.17 million.

2) Non-Audit Fee

Company and subsidiaries had no payment for other services fee to an audit firm which the company auditor belonging to or related firm with the company auditor or audit firm.

8.8 Other Issues in Good Corporate Governance.

The company has implemented the good corporate governance for the listed company since 2007. Furthermore, the company develops and performs in accordance with abovementioned principles, which always have been reviewed and updated at least once a year, including Corporate Governance Code (CG Code) of The Securities and Exchange Commission, Thailand (SEC). The company performs as per the principles and in good corporate governance which are separated into to 5 categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Roles and Responsibility of Board of Directors

1) Rights of Shareholders

The company's policy was made basing on the shareholders' rights in promoting shareholders to exercise their rights as owners in controlling the company through selection of board of directors to work for them. The shareholders also have the rights in making decisions on important changes of the company.

In the General Shareholders' Meeting, the company recognizes the exercise of rights in voting in the meeting for decision making by shareholders on important issues. Invitation letters for meetings and supporting documents are made with complete information on meeting agenda including the board of directors' opinion on each agenda. There are also complete and accurate minutes of meeting for shareholders' inspection. The company has also appointed Thailand Securities Depository Company Limited to send meeting invitation letters to the shareholders 21 days in advance before the meeting date.

Shareholders can also visit the company's website for online meeting details 30 days before the meeting date at <http://www.seafresh.com/investor>. In addition, shareholders can also make enquiries or ask questions in advance at our E-mail address at investor@seafresh.com.

The meeting will be conducted in a transparent manner under the chairmanship of the Chairman by inviting all shareholders for questions and suggestions for each agenda proposed for consideration. All comments and suggestions will be recorded in the minutes of shareholders' meeting which will be posted 7 days after the meeting at <http://www.seafresh.com/investor>. Besides, the company brought technology to improve the speed and accuracy of the meeting for instance, registered attendees, counting the vote, and showing the result.

2) Equitable Treatment of Shareholders

As part of the equitable treatment of shareholders, each is given the opportunity to authorize his/her representative to the meeting with proxy. The shareholders can also appoint others or independent directors to attend the meeting through the use of proxy by specifying approve, disapprove or abstain for each agenda as following criteria.

2.1) Shareholders are given the opportunity to propose meeting agenda through E-mail address at investor@seafresh.com or through Fax no. +66 2637 8801. The company has published the criteria and procedures in proposing meeting agenda and directors' appointment and consideration guidelines at <http://www.seafresh.com/investor> as well as the issuance of newsletter to shareholders through the SET online system at least 3 month in advance before end of the financial year. As for the Annual Shareholders' Meeting 2019, there had been no shareholders proposing any meeting agenda or recommending any directorship candidates.

2.2) In considering each meeting agenda, the company's officers will distribute the voting form to shareholders or their proxy in the case of disapproval or abstain. The secretary of the meeting will explain the voting procedures before the consideration of meeting agenda. During the directors' election agenda and shareholders are given the opportunity to select directors individually.

2.3) The secretary of the meeting will conduct the meeting as per agenda proposed in the meeting invitation letters and there shall be no additional agenda for consideration other than those stated in the letter.

3) Role of Stakeholders

In realizing the importance of the rights of all related stakeholders which include employees, customers, suppliers, financial institution, shareholders, competitors, social, community, and environmental impact, the Board of Directors has set a policy to promote the co-operation between the company and stakeholders as follows:

Employee

Please see in Management Structure topic under sub-topic Employee.

Customers

The company has emphasized on producing high quality products with international standard and safety to support its selling policy in creating customers' highest satisfaction. The company also has conducted Customers' Satisfaction Survey as the core company's KPI in order to develop and improve the products' quality and services to the utmost. Furthermore, customers' trade secret has also been kept confidential and well aware among employees concerned.

Suppliers

As stated in the company's policy, all staff must deal with the company's suppliers (i.e. subcontractor, general supplier, raw material supplier) with strict conditions and agreement made in buying products or services with utmost honesty and transparency. Moreover, the company needs to ensure that suppliers run the business with environmental friendly and concern sustainable business. The company set the team to select supplier and need certify that they run the business by concerning to environment and following the government law, including, follow up on the regular basic. Moreover, the company will comply with condition or agreement which is dealt with suppliers, who also are trade creditors.

Financial Institution

The company makes sure to strictly comply with all terms of any agreement such as capital management condition, guarantee (if any). It enters into in a responsible and transparent manner. The company will not conceal any information or hide any facts that might possibly result in the realization of losses for its creditors. In the event that the company is unable to meet any of the criteria it agreed to, it will make immediate notification to that particular creditor to allow for a course of action to be taken to rectify the situation.

Shareholders

The company has recognized that shareholders are true owners of the company and having their rights in company; so, company has set up policy that complied with Corporate Governance through the Rights of Shareholders and Equitable Treatment of Shareholders.

Competitors

With Business Ethic policy, the company will not deal business with dishonesty or destruction to its competitors. The company has never had any argument cases with its competitors.

Community and Impact on Environment

The company has clearly spelled out in its policy to conserve community and social environment including promoting efficient resources usage as follows:

- Production process and residual raw materials must not have adverse impact on environment.
- Excess raw materials from production are disposed by scrap resale.
- Waste from production process must goes through waste water treatment system under the supervision of Office of Provincial Industry.
- Develop ISO 9001 quality management system and ISO 14001 environmental management.
- Awareness of environment impact, environmental protection.
- Performance of employees and good practice of the communities.
- Encourage employees to gain knowledge by training course about environment.

Intellectual Property and Copyright

The company has set a policy to be concentrated in not violate other intellectual property and copyright. For example all employees have to sign on an agreement of computer and intellectual property violation. The company set the policy to specify an information technology system and procedures for software

infringement or absurd software.

Anti-Corruption

Please find in Social Responsibility topic: Anti-corruption Management

Notification of Complaint

The committee has provided a channel for stakeholders to make a complaint which may cause any damage to the company through E-mail Address: cg@seafresh.com. Company's Chairman of the Corporate Governance committee will send the issue to the audit committee for investigation. The company has a policy to protect who send comments or suggestions and retention with confidential.

4) Disclosure and Transparency

The Board of Directors has recognized the importance of information disclosure which impact on investors' and stakeholders' decision making and thus ensured that all information disclosed both on financial information or general information must be transparent and complete. The company has disseminated all related information in Thai and English via both the Stock Exchange of Thailand and the Company's website. Investors may visit the company's website for information and company's activities at www.seafresh.com/investor or contact us via E-mail Address at: investor@seafresh.com.

Investor Relations

The company has a team responsible for the investor relation. Investors may contact Investment and Investor Relation division for enquiries at telephone no. +66 (2) 637-8888 or E-mail: investor@seafresh.com

The company also arranges Analyst Meetings in order of company's information disclosure by Executives. In year 2019, there were 4 Analyst Meetings held by the company (Once per quarter).

Interest Disclosure

The committees specify the company director and executives must reveal their own interest and other related person to the committee. Those related interest director or executives with the company will unable to make a decision in this related transaction.

Securities Holding of Director and Management Team Disclosure

The company shows the securities holding of director and executives in an annual report and set the policy to all directors and executives to clarify their securities holding within 3 days since the transaction date. The company secretary will coordinate to submit the report to the SET and SEC. In addition, the company also invites the directors and executives show their change in securities holding in Board of Directors meeting.

5) Roles and Responsibility of Board of Directors

5.1 Roles and Responsibility of Board of Directors

The Board of Directors takes participation in the setup of the company's core policy, vision, strategy, and objectives; then reviewed and approved company's vision in the past year. The Board's responsibilities also are controlling and monitoring the management team to ensure that their performances are in line with the policy and successfully meet with the company's strategies for the utmost benefit of the company and the shareholders as a whole, considers establishing the clear roles and responsibilities for Board of Directors, Audit Committee, Corporate Governance Committee, Risk Management Committee, and Nomination and Remuneration Committee, and Executive Committee as per details in the Management section. In addition, the Board monitors the responsibility of the Executive officers to ensure that the business is efficiently managed in the same direction and in line with the policy as well as setting up the operational and investment budgets for the business operations.

Details on responsibility of Board of Directors and Executives are shown on the Management Structure section on Authorization of the Board of Directors and Executives Board.

5.2 The Principles of Good Corporate Governance

The Board of Directors recognizes the importance of corporate governance and sets up the code of best practices for directors of public company which comply with the Stock Exchange Thailand's guidance; then announces to all staffs in order to follow these guideline. Through these practices, we created the transparency system of internationally accepted professional management as guidelines for administrative and decision-making procedures and have them reviewed on a regular basis. Furthermore, the committees usually review the policy and make performance assessment.

5.3 Business Ethics

The Board has set and announced guidelines of business ethics for directors, management, and employees to follow and ensure that they are well aware of, understand to pursue their duties and responsibilities with honesty and transparency and abide to laws, and regulatory ethics. The Board would monitor this guidance on a regular basis. In addition, the company has disclosed a code of conduct in the company's website at <http://www.seafresh.com/investor>.

The duties and responsibilities assigned to the Chairman by the Board of Directors to report summary of failure to comply with code of conduct to the Board annually and immediately in case of emergency.

5.4 Conflict of Interests

The company has established policies and approval procedures for any transactions of conflict of interest or relating activities. Strict practice according to the SET's regulations will be followed and considered to ensure persons related to such conflict of interests have not involvement in any of the company's decision making. The company has clearly disclosed the information in the financial statements, see note to Financial Statements.

5.5 Internal Controlling System and Risk Management System

The company recognizes the importance of internal controlling system of all levels. Therefore, we have clearly established written responsibilities and duties of management and all other employees as well as setting up the budget limit for approval of procurement requests, procurement orders, and other expenses. We created the checked and balanced system and control the utilization of the Company's assets to the maximum benefit. The company also set solid financial control system and risk management system including preventive measures.

The Internal Audit Department has been established to conduct internal auditing of the company's operation systems to ensure full compliance to the company's legal and regulatory requirements. The internal audit department is obligated to report its finding directly to the audit committees.

The committee had evaluated the internal control system through questioning the Management. The evaluation assessment showed that the company's internal control system is divided into five perspectives, organization and environment, risk management, administrative management, information and communication system, and traceability system. The Committee had the opinion that the company had sufficient internal control system.

5.6 Board of Directors' Meetings

Due to Company Article of Association, the Board of Directors meeting shall be arranged with more than half members must attend the meeting. However, the Board of Directors has considered that the meeting shall be held with more than two-third of all Directors.

The meetings have been scheduled annually as tentative time schedule but editable due to time and events. An independent director will be appoint to consider and set meeting agenda. The meeting documents and invitation are sent to member of the Board at least 7 days before meeting by Company Secretary. Normally, the meeting takes about 3 hours. The Chairman has allocated sufficient time to executives present and explains significant matters the committee commented independently. Directors are also invited to ask for more information in order for consideration within scope of company's policies or regulations.

The independent directors are able to arrange a meeting among them as necessary for discuss of issues about the deal without management in attendance, and report the result of the meeting to the Chairman. However, in year 2019, there is no meeting among independent directors.

5.7 Director and Executive Development

The company's directors have attended the training courses organized by the Thai Institute of Directors (IOD) as follows:

<u>Name</u>	<u>Courses</u>
1. Mr. Narit Chia-apar	Director Certification Program (DCP)
2. Mrs. Tassanee Youngmeevithya	Director Certification Program (DCP)
3. Dr. Kamales Santivejkul	Director Certification Program (DCP)
4. Mr. Narongrit Chiarawongvanit	Director Accreditation Program (DAP)
5. Dr. Sorachai Bhisalbutra	Director Accreditation Program (DAP)
6. Dr. Worapong Leewattanakit	Director Accreditation Program (DAP)
7. Mrs. Supanee Punnasri	Director Accreditation Program (DAP)
8. Mr. Chintat Chia-apar	Director Accreditation Program (DAP)

The Board of Directors has assigned the Management of the company to prepare for the directors necessary documentations that are useful in performing the directors' duty as well as details of business and its operating direction as guidelines to each new director and also encouraged broadening their knowledge in the performance of continuous activity.

There is guideline for orientation of the new director. Moreover, there are director handbook, documents and information which are beneficial to the director. The corporate secretary will assist a liaison matters.

5.8 Director's qualification policies

The company considers policies as qualification of Directors as follows:

1. To limit a number of listed-company that company's director can take position as director to 3 companies at the same time.
2. Prohibit to Director (including Chairman of the Board of Directors) participated as shareholder or director in other corporates which are in the same field and being competitors to the company. Exception, director has proposed to AGM before appointment approval.

9. Social Responsibility

9.1 Policy Overview

9.2 Operation and Report Preparation.

9.3 CSR Impact from Business Operation.

9.4 Activities for Social and Environment Benefit (CSR after process)

9.1 - 9.4 Refer to the company website www.seafresh.com/investor under Sustainability report topic.

9.5 Anti-Corruption Management

The company has measure issued to prevent involvement in corruption as follows:

1. The company reviews the anti-corruption policy annually and must be proposed to the Board of Directors for approval if there is a revision. Such policies identify the definition, scope, responsibilities, resolution and penalty. Also, it is a part of the company's code of conduct. Furthermore, the detail of the policy and the related procedures to prevent corruption has been disclosed on the company website www.seafresh.com/investor under corporate governance subject.
2. The company defines the duties of the Anti-Corruption policy in charter of each committee such as board of directors, executive board of directors, audit committee, corporate governance committee and risk management committee.
3. The company has assessments in the risk of corruption of various agencies including agents and middlemen hired by the company related to the core business of the company. Also there is reviewing and improving of internal control measures in a consistent, coherent.
4. The company communicates to directors, management, staff and overseas subsidiaries for implementing all legally processes. Besides, the company also offers training in ethics, anti-corruption policy and risk management for employees to know about the policies and practices in anti-corruption.
5. The company has been acknowledged as member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and has coordinated along with regulations and guidelines. Moreover, the company also invited suppliers to joined CAC in order to encourage and expand ecosystem of clean business community that without monopoly and bribery.
6. The company provides whistleblowing channel to report in case of found corruption and has procedure to secure the reporter.
7. The company specified provision in purchase/sales/hire contract to prohibit giving or offering any benefits to employee or company representative. Besides, there are channels for reporting in case of seller/contractor claimed any compensation from employee or company representative.

The company provides the guidelines for monitoring and evaluating the implementation of guidelines to prevent the involvement of corruption as follows:

1. The company set up Internal Audit Department to oversee the internal control system, risk management and governance to provide recommendations continuously by conducting audit in accordance with the annual audit plan approved by the Audit Committee and report significant results of the audit with recommendations to the Audit Committee.
2. In case of inspections or complaints, if there is any evidence with a reasonable cause to believe that there exists a transaction or abuse that may have a significant impact on the Company's financial position or operations, including an offense or breach of laws or suspicious abuse in financial reports or internal control system, the Audit Committee will report the findings to the Board of Directors for correction and improvement within a period of time deemed appropriate by the Audit Committee.

10. Internal Control and Risk Management

10.1 The Board of Directors Opinion Summarize

In the Board of Directors meeting No. 2/2020 on 28 February 2020 the committee has assessed the internal control evaluation report of the audit committee. The evaluation summarized that the internal control systems evaluation in 5 elements are internal control, risk assessment, operational control, information system & data communication and monitoring system. The committees consider that the company has appropriate internal control. The company has optimal allocation of manpower to correspond with operation effectively and internal control system is sufficient to monitor operation of subsidiaries, including asset protection of the Group from illegal use by director, transactions with conflict or connected person. The internal control among other topics the committee considered that it is sufficient and appropriated.

10.2 The Audit Committee opinion which is different from The Board of Directors opinion

-Nil-

10.3 Head of Internal Audit Information

In the meeting No. 8/2015 on 11th August 2015, the audit committees have appointed Ms. Yaowalax Tangsanguannuch to the position of Internal Audit Manager since 1 September 2015 due to her experience and qualification in Accounting and Finance.

For the consideration, approval, appointment, transfer and dismissal or incumbent managers within the company must approve by the audit committee with qualifications of the head of internal audit appears in information statement 56-1 appendix 3.

11. Related Transaction

Name and Relationship	Transaction	Value (Million Baht)		Necessity and reasonableness and the Board of Directors opinion
		Year 2019	Year 2018	
Chartered Squared Holding Company Limited Mr.Narit Chia-apar, Ms.Tassanee Yongmeevithya and Mr.Chintat Chia-apar, as Directors, and Chia-apar group, as Shareholders, held 100% of shares.	- Office rental and service	9.21	9.05	The Company and subsidiaries lease office space from Chartered Square Holding Company Limited for utilize sales office. The Company sold shrimp products Subsidiary's information technology and others income The value of shrimp products
	- Service fee and equipment	0.02	0.02	
	- Sales of goods	0.11	0.06	
	- Service income	0.42	0.44	
	- Trade account receivable	0.14	0.01	
	- Other accounts payable	0.07	0.16	
Thai K. Boiler Company Limited Mr.Narit Chia-apar, and Ms.Tassanee Yongmeevithya as Directors, and Chia-apar group, as Shareholders, held 100% of shares.	- Service fee and equipment	0.04	0.12	Boiler inspection service and other services. Subsidiary's training services income
	- Service income	0.13	0.14	
	- Other accounts payable	0.04	-	
Belize Aquaculture Limited (BAL) , the joint venture which 50% of shares holding by SGH, CFRESH 's subsidiary, and 50% of unrelated party	- Other Account receivable	377.96	378.26	SGH has lent with 8% of interest rate and the maturity date within 13 April 2018. The lending is one of the conditions for joint venture which approved by the CFRESH board No. 4/2012 on 19 April 2012.
	- Lending	258.69	326.61	
	- Accrued interest	65.25	71.42	
	- receivable			

Necessity and Reasonability of the Transaction

In 2019, the company and its subsidiaries have related business transactions with related parties which is relevant to the terms and conditions as determined by the company and related parties. This business transactions for the purpose of determine on prices and conditions which appears not differently dealt with outsider as referenced in in the note no. 8 of the financial statement 2019 which is reviewed by auditors.

Audit Committee's Opinion

Audit committee was substantially consistent with auditors that the transactions are reasonable into sufficient discloses and integrity of it, with regards to the best interests of the company.

Related Party Transaction Policy

The related party transactions occurred and will been occurred in the future considered as the normal business transactions. There is no any conflict interest. The audit committees consider and give opinions on the transactions appropriately including disclosure rely upon to SEC and the Stock Exchange of Thailand's regulations.

12. Key Financial Information

Consolidated Financial Statements (Thousand Baht)	31 December		
	2019	2018	2017
Total Assets	4,724,640	4,800,287	5,615,648
Total Liabilities	2,921,928	2,731,417	3,448,960
Total shareholders' equity	1,802,712	2,068,871	2,166,689
Sales	5,474,130	7,911,094	7,482,564
Total revenue	5,531,982	8,000,468	7,521,946
Earnings Before Interest and Taxes	(82,293)	263,542	193,129
Profit (Loss) attributable to equity holders of the company	(218,214)	19,696	(8,139)
Allowance for decline value of inventories	98,800	92,273	13,728

Financial Ratio	31 December		
	2019	2018	2017
<u>Liquidity Ratio</u>			
Current Ratio	1.29	1.82	1.84
Quick Ratio	0.42	0.60	0.62
Cash flow from operation to current liabilities	0.04	0.54	-0.08
Accounts Receivable Turnover Ratio	10.64	11.86	9.14
Days Sales Outstanding	34	30	53
Inventory Turnover Ratio	2.72	3.27	2.93
Days Inventory Held	132	110	123
Accounts Payable Turnover Ratio	15.64	15.64	14.69
Days Accounts Payable Outstanding	23	23	25
Cash Cycle	143	117	151
<u>Profitability Ratio</u>			
Gross Margin Ratio	8.49%	9.82%	12.13%
Operating Income Ratio	-1.50%	3.33%	1.47%
Non-operating Income Ratio	0.00%	0.00%	0.00%
Cash from Operation to Operating Income	-105.01%	393.73%	-149.10%
Profit Margin Ratio	-3.70%	1.12%	0.80%
Earning per Shareholders' Equity	-10.58%	4.25%	2.71%
<u>Efficiency Ratio</u>			
Return of Assets	-4.30%	1.73%	1.13%
Return of Fixed Assets	-4.07%	18.79%	17.89%
Total Asset Turnover Ratio	1.16	1.54	1.42
<u>Financial Policy Ratio</u>			
Debt-Equity Ratio	1.62	1.32	1.59
Interest Coverage Ratio	1.48	14.14	-0.21
Fund Flow Coverage	0.18	1.50	-0.25
Payout Ratio	N/A	N/A	N/A

Remark: Financial Information may change if there is any reclassified item.

13. Management Discussion of Financial Position and Performance Analysis

13.1 Overview

The company was affected by high material cost when compared with the competitor countries, and the appreciation of Baht currency about 7% against US dollar currency compared to the previous year. Therefore the company's sales decreased from Baht 462.27 million or 19.51% when compared to the previous year. As well as the ongoing resulting since the beginning of the year, overseas subsidiaries are strategically adjusted by focusing on customer-specific orders that emphasis on sustainable manufacturing practices that are the main strategy of the company and the appreciation of the baht compared with the pound sterling. Resulting in the group's sales decreased from Baht 7,911.09 million to Baht 5,474.13 million, a decrease of 30.80% from the same period of previous year.

From separate financial statements, the company reported net loss of THB 168.13 million, compared to the previous year which reported net loss THB 126.94 million. From the consolidated financial statements, the company reported net loss attributable to the company of THB 218.21 million, compared to the previous year which reported net profit of THB 19.70 million due to the following reasons:

1. The group's gross profit margin decreased from 9.82% to 8.49% due to higher production costs from raw material prices but cannot sell at a higher price according to the raw material price. Because of competing countries cheaper raw materials than Thailand.
2. Due to the appreciation of the baht in 2019 compared to the US dollar and pound sterling.

For the revenue structure, market condition and competition, please refer to the part of core business.

More information and other event should be noted

Valuation of inventory

As at 31 December 2019 the Group and the Company have ending inventories of Baht 1,840 million and Baht 791 million with the allowance for decline in value of inventories amounting to Baht 99 million and Baht 99 million, respectively. Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group and the Company's management have estimated the net realizable value from the estimated selling price after the deduction of direct selling expenses. They also have considered obsolete and slow-moving inventory. The Group and the Company have disclosed the inventory policies and details in Note 3.5 and 11 to the financial statements. The auditor determined the sufficiency and appropriateness of audit evidence by performing, and directing the component auditor to perform.

Deferred tax assets

As at 31 December 2019 for tax loss carried forward only to the extent that realization of the related tax benefit through the future taxable profits is probable. During the year 2019, the Company reversed all amount of deferred tax assets which has previously been recognized since the Company's management considered that the Company has no probable that future taxable profit will be available for utilize such deferred tax assets. Unrecognized deferred tax assets in the consolidated and separate financial statements are Baht 114.22 million. Unutilized tax losses will expire during 2021 to 2024. The Group and the Company disclosed deferred tax assets in Note 25.1 to financial statements. The auditor determined the sufficiency and appropriateness of audit evidence by performing, or directing the component auditor to perform.

Recoverability of inter-company receivable

As at 31 December 2019, the Group has gross loans and receivables of Baht 702 million from Belize Aquaculture Limited (BAL), a joint venture of the Group. The Group has disclosed details in Note 8 to the financial statements. The Group has recorded Baht 159 million as an allowance for doubtful accounts against these receivables. Management's assessment of the recoverability of BAL loans and

receivables is based on the expected realizable value of net assets (excluding balances with Group). The audit procedures of this matter were performed by the component auditor.

13.2 Operation Result and Profit Ability

1) Sales

The company has been affected by the cost raw materials much higher than the competing countries combined with the appreciation of the Baht compared with the US dollar. Therefore the company's sales decreased from Baht 462.27 million or 19.51% when compared to the previous year. As well as the ongoing resulting since the beginning of the year, overseas subsidiaries are strategically adjusted by focusing on customer-specific orders that emphasis on sustainable manufacturing practices that are the main strategy of the company and the appreciation of the baht compared with the pound sterling. Resulting in the group's sales decreased from Baht 7,911.09 million to Baht 5,474.13 million, a decrease of 30.80% from the same period of previous year.

2) Cost and selling and administrative expenses

Gross profit margin of the company and subsidiaries decreased from 9.82% to 8.49% which the main reason is that due to higher production costs from raw material prices but cannot sell at a higher price according to the raw material price because competitor countries cheaper raw materials than Thailand.

The selling and administrative expenses were Baht 542.02 million or decrease 7.95% from the previous year. The main reasons come from salaries and allowance for decline in value of inventories.

3) Net Profit (Loss)

The group received loss on exchange rate of THB 50.07 million, compared to the previous year which received profit on exchange rate of THB 41.78 million.

From separate financial statements, the company reported net loss of THB 168.13 million, compared to the previous year which reported net loss THB 126.94 million. From the consolidated financial statements, the company reported net loss attributable to the company of THB 218.21 million, compared to the previous year which reported net profit of THB 19.70 million

4) Return on equity and dividend payment

The return on equity was -10.58% in 2019 that decreased from 4.25% in 2018 which the reason came from in 2019, net loss of the company and subsidiaries were reported Baht 204.88 million while the profit in the previous year was Baht 89.92 million from the previous year.

For dividend payment, on March 2, 2020, the Board of Directors agreed to propose an approval of the dividend payment suspension for the year end 2019 to shareholders in according with the company's dividend payment policy because the net profit in the consolidated financial statements has a loss.

13.3 Asset Management

1) Assets class

The company and subsidiaries have total asset Baht 4,724.64 million that decreased Baht 75.65 million or 1.58% compared with year 2018. The main reasons were net inventories decreased Baht 35.82 million and trade receivable and other receivable decreased Baht 30.41 million.

2) Account receivables

The company and subsidiaries have Baht 877.35 million of trade and account receivable - net on December 31, 2019 which the account receivables in the previous year was Baht 907.76 million. The trade account receivable was mostly not yet due for payment, and the trade account receivable which overdue more than 12 months are Baht 0.19 million. The allowance of doubtful accounts is considered from debt collection experience. For other accounts receivable, the amount was mostly to the joint venture.

3) Inventories

The group of companies' inventories as at December 31, 2019 were Baht 1,804.45 million, while the inventories in the previous year were 1,840.27 million or decreased 1.95% due to the better result of inventory management. Besides, the group reserved allowance for decline value of inventories at Baht 98.80 million. The management believed that allowance for decline value of inventories was adequate.

The current inventories of the group are mostly aging between 1-18 months. The management of the group tried to sell the inventories aging more than 1 year at the reasonable price as much as possible. In addition, the group has emphasized on the efficiency of inventory management, the optimal level of stock and ability to serve the customers' need promptly.

4) Investment

As at December 31, 2019, the company's investment in joint ventures reported nil, because a subsidiary has fully recognized loss sharing from investment under the equity method.

5) Other significant assets

Land, plant and equipment as at December 31, 2019 were Baht 1,489.40 million while as at December 31, 2018 reported Baht 1,399.88 million which increased Baht 89.51 million, increased from buildings improvement and purchase machinery including factory equipment .

13.4 Liquidity and Capital adequacy

1) Cash flow

The net cash receipts from operating activities were Baht 86.41 million, while the net cash payments for operating activities were Baht 1,037.65 million in the previous year. Positive cash flow was driven mostly by the decreasing of inventories of Baht 29.30 million while the previous year, the inventories decreased 661.59 million.

The net cash payments for investing activities were Baht 318.31 million, due to purchases of fixed assets of Baht 271.73 million.

The group recorded the net cash payment for financing activities of Baht 224.14 million due to the proceeds for long-term loans from financial institutions Baht 141.02 million, repayment of the bank overdrafts and loans from financial institution increasing amount Baht 286.05 million. While has repayment for long-term loans from financial institutions Baht 86.62 million and interest Baht 85.77 million.

2) Liquidity ratio

In 2019, the company and subsidiaries' liquidity ratio was 1.29 times which decreased from 1.82 times in 2018. The quick ratio was 0.42 times which decreased from 0.60 times. The main reason was the decreasing of current assets of Baht 72.65 million while the increasing of current liabilities was Baht 608.18 million.

3) Debt services coverage

The long-term loan agreement of the company has 5 period years and term of payment was every 3 months. The terms of the debentures are 3-5 years which the interest payments every 6 months

The loan agreement of its subsidiaries has 4-5 years and term of payment was every month. The subsidiaries' loans are collateralized by the mortgaged of land with building and assets of subsidiaries.

During the year 2019, the terms and conditions of the major loan facility of the overseas subsidiaries were renegotiated and as a result the breach of covenants as at 31 December 2018 was remedied. As such, as at 31 December 2019, the loans were classified between current and non-current in accordance with the contractual payment terms.

4) Capital Expenditures

In 2019, the purchases of fixed assets were Baht 271.73 million which the main investments are buildings including their improvement of Baht 83.80 million and machinery including equipment of Baht 50.30 million.

5) Source of Fund and Capital Structure

The company and subsidiaries' debt to equity was 1.62 times, decreased from 1.32 times the previous year cause from in year 2019 the company repaid the bank overdrafts and loans from financial institutions of Baht 286.05 million.

As at 31 December 2019, the group has unutilized short term credit facilities amounting to Baht 1,000 million.

6) Liabilities Commitment and Obligations off-balance sheet Management

As at December 31 2019, the subsidiary has commitment from land purchase agreement amounting to Baht 34.89 million.

The group had employee benefits obligation of Baht 78.25 million. When the new Labor Protection Act come into force, which employer has to pay compensation, if an employee work consecutively period of 20 years or more, employees has right to receives severance payment of 400 days of wages at the most recent rate, the group will recognize the increase in provision for employee benefits including past services cost of Baht 15.68 million in the consolidated financial statements and Baht 15.00 million in the separate financials statement.

13.5 Factor Bearing Impact on the Company's Future Performance

Please refer to risk factor matter.

13.6 Others

In 2019, the company and its subsidiaries have expenditure on Research and Development for technology and innovation amount Baht 20.78 million.

STATEMENT OF THE RESPONSIBILITY OF BOARD OF DIRECTORS TO FINANCIAL REPORT

The Company's Board of Directors is responsible for reporting the Company's financial statements. The financial statements were prepared in accordance with Thai accounting standards and Thai financial reporting standards. The company has used the appropriate and consistency accounting policies to ensure that the information has been recorded correctly and completely, and be adequate to protect Company assets and prevent any misallocated items in the financial statement.

The Board of Directors appointed an Audit Committee, which comprises three Non-Executive Directors, has been responsible for quality of the financial reports as well as to ensure the internal control system is the most appropriate and effective. The Board of Directors believes that the Company's internal control system is capable of assuring a reliable financial statement, as of December 31, 2019.

A handwritten signature in black ink, consisting of a large, stylized 'N' and 'C' followed by a horizontal line.

(Mr. Narit Chia-apar)
Chief Executive Officer

AUDIT COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Audit Committee of Seafresh Industry Public Company Limited (SFI) consists of three independent directors, having the suitable qualifications accordance with the regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee was chaired by Dr.Kamales Santivejkul, with two members; namely, Dr.Sorachai Bhisalbutra and Dr.Worapong Leewattanakit, whereby the head of internal audit department serves as the Secretary of the Audit Committee.

The Audit Committee performed its duties as prescribed by SFI's Board of Directors and specified in the Audit Committee Charter, in compliance with all the rules stipulated by the SEC and the SET. In the year 2019, the Audit Committee has performed per such regulations which can be summarized as follows:

1. Review the quarterly and annual financial statements

To consider and review financial statements of the Company by enquired and meeting with the management and the external auditor clarifications, concerning the correctness and completeness of the financial statements, key audit matters and the adequacy of information disclosure. The Audit Committee agreed with the external auditors that the financial statements present fairly in accordance with Thai Financial Reporting Standards.

2. Review the operation information, internal control system and risk management system

To evaluate the sufficiency, appropriateness and effectiveness of the internal control system to reach the specified objective, by considered the internal audit report according to the approved internal audit plan that covered important working system of the company and found no significant deficiency, appropriate safeguarding assets, correct, complete and reliable information disclosure. In addition, the Audit Committee had opinion that the Company had internal control system that was adequate, appropriate and efficient.

3. Review compliance with the Securities and Exchange Acts, and the Stock Exchange of Thailand's regulations and laws relating to the Company's business

In the Audit Committee's opinion, the Company's operations were in compliance with the relevant laws and regulations and no significant issues.

4. Consider the selection, nomination, and remuneration of external auditors

The Audit Committee considered the selection, nomination, and annual remuneration of external auditors in order to propose to the Board of Directors for approval in the Shareholders' meeting for the year 2020, which the processes taken into consideration were the qualifications, independence, and the appropriate remuneration, the Audit Committee nominated Grant Thornton Company Limited as the auditors of the Company and subsidiaries for the year 2020 as follows:

1. Mr.Somckid Tiatragul	Certified Public Accountant Registration No.2785
2. Ms.Kanyanat Sriratchatchaval	Certified Public Accountant Registration No.6549
3. Mr.Teerasak Chuasrisakul	Certified Public Accountant Registration No.6624
4. Mr.Narin Churamonkol	Certified Public Accountant Registration No.8593

In addition, the Audit Committee has the opinions regarding the external auditors as follows:

- The external auditors performed their duties with knowledge, professional competency and also had independency in performing their duties.
- The proposed remuneration of the Company external auditors was appropriate, for the year 2020 is not exceeding to Baht 2,740,000.- per year.
- There was compliance with Regulation of the Office of the Securities and Exchange Commission (SEC).
- The external auditors had no relation with the Company and subsidiaries.

5. Review and give opinion to connected transactions or transactions with potential conflict of interests, and information disclosure of such transactions

In addition, the Company complied with Regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. In external auditors' opinion, the significant trading transactions with the connected persons were disclosed and also presented in the financial statements and notes to financial statements. The Audit Committee agreed with them and regarded that such transactions were reasonable, optimal beneficial to the business of the Company and disclosed accurately and completely.

6. Review the corporate governance report

The Audit Committee reviewed the good corporate governance report for the listed company as in accordance with the guidelines of Stock Exchange of Thailand.

In the Audit Committee's opinion, in the year 2019, the Company complied with the guidelines of Stock Exchange of Thailand for the principles of good corporate governance appropriately and also disclosed in this annual report.

7. Audit Committee Meeting

The Audit Committee held monthly meeting before the Board of Directors Meeting in order that the Audit Committee would acknowledge the Board of Directors for results from audit committee meeting and recommendations. In the year 2019, Audit Committee held 12 regular meetings.

8. Audit Committee Charter

The Audit Committee reviews and revises charter of the Audit Committee every year to ensure that the charter of the Audit Committee aligns with principles of good corporate governance of the SEC and the SET.

For summary the Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with generally accepted accounting principles and adequate disclosure of connected transactions and that the Company conducted its business in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and related laws. It is further deemed that the internal audit systems, internal control systems, and suitable risk management with the business are effective in ensuring that the Company's financial information is complete, correct and reliable with sufficient disclosure.

On behalf of the Audit Committee
Seafresh Industry PCL



(Dr.Kamales Santivejkul)
Chairman of the Audit Committee

RISK MANAGEMENT COMMITTEE REPORT

To: Board of Directors and Shareholders

Enterprise Risk Management is one of the key features of Seafresh Industry Public Company Limited's business policy. It is an important process that builds confidence among executives and stakeholders by ensuring that significant events, both internal and external, which may have a significant impact on the Company's achievement of its objectives and vision has been evaluated and managed by involved parties throughout the organization to an acceptable level.

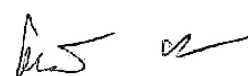
The Risk Management Committee was set up in 2011 to oversee the organization's risk management process in an efficient and effective manner in accordance with international standards. Currently, the Risk Management Committee consists of directors and senior executives, all of them have good knowledge, capability, ethics and experience in businesses of the company.

In the year 2019, Risk Management Committee held a total of 11 meetings, with the attendance list as follows:

- | | |
|---------------------------------|--|
| 1. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Chairman of Risk Management Committee
Attended 11/11 meetings |
| 2. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of Risk Management Committee
Attended 10/11 meetings |
| 3. Mr. Chaisit Chuenchuwit | Chief Financial Officer
Member of Risk Management Committee
Attended 11/11 meetings |
| 4. Mr. Boonlert Foongvannaluck | Chief Commercial Officer
Member of the Risk Management Committee
Attended 10/11 meetings |

The operations of the Risk Management Committee for the year 2019 are as follows;

1. Review the risk management policy and business continuity management policy and communicate to employees via intranet system.
2. Review the charter of the Risk Management Committee.
3. Establish a risk management system and implemented at both the operational and corporate levels by synchronizing risk management with corporate strategy. The scope of coverage includes risks in strategy, operations, finance, reporting, regulatory compliance, corruption, business disruption, and also factors related to environment, society and corporate governance. Such risks, once happen, may affect the achievement of desired goals and long-term sustainability of the organization.
4. Ensure that risk management is carried out in accordance with anti-corruption measures in accordance with Thailand's Private Sector Collective Action Coalition against Corruption initiative and risk against corruption is assessed by every department.
5. Report risk management results to the audit committee
6. Review the plans related to business continuity management.
7. Improve the risk management evaluation criteria of each department.
8. Link the KPIs of each department to the corporate risks.



(Mrs. Tassanee Youngmeevithya)
Chairman of the Risk Management Committee

CORPORATE GOVERNANCE COMMITTEE REPORT

To: Board of Directors and Shareholders

The Corporate Governance Committee was set up in 2012 to supervise the company operations getting a good results, accuracy, transparency and fair, speculating of long-term impact, lawfulness, morality, responsibility against shareholders, stakeholders and be beneficial to society.

In the past year, the Corporate Governance Committee has 4 persons consists of directors and senior executives, who are good knowledge, capacity, morality and experience in business of the company.

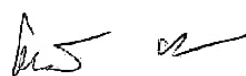
In the year 2019, the Corporate Governance Committee held a total of 10 meetings, with the attendance list as follows:

- | | |
|---------------------------------|---|
| 1. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Chairman of Corporate Governance Committee
Attended 10/10 meetings |
| 2. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of Corporate Governance Committee
Attended 10/10 meetings |
| 3. Mr. Chaisit Chuenchuwit | Chief Financial Officer
Member of Corporate Governance Committee
Attended 10/10 meetings |
| 4. Mr. Pairoj Yangthong | Chief Operating Officer
Member of the Corporate Governance Committee
Attended 9/10 meetings |

5.

The operations of the Corporate Governance Committee for the year 2019 are as follows;

1. Review and update the company's policy in total of 34 policies.
2. Review and update the Code of Conduct for employees to concise and be easier to understand, raised clearly examples in all 3 categories are Conduct within the Company, Dealing with External Parties, Conflicts of interest and addenda, namely Raising Concerns, Administration of the Codes and Company Policies together with increase communication through public relations board.
3. Review and update the charters of sub-committees, the relating practice guidelines to comply with the Good Governance Code for listed companies 2019 of the Securities and Exchange Commission of Thailand and anti-corruption guidelines.
4. Improve practice guidelines for important suppliers, namely BAP certified farm groups that are supported in requesting to certified standards, farms that pass the criteria standard from the company's customers that will no ethical risk, baby shrimp sellers and shrimp feed for the company's farms, and labor service providers including employment agencies, service providers catching shrimp and sorting shrimp at the farm.
5. Consider the case of violating the employees Code of Conduct, which in the past year do not the whistle-blowing or found any serious violation.
6. Invite the partners to join Thailand's Private Sector Collective Action Coalition against Corruption and promote whistle-blowing to the Corporate Governance Committee through the channel provided continuously.



(Mrs. Tassanee Youngmeevithya)
Chairman of the Corporate Governance Committee

NOMINATION AND REMUNERATION COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Nomination and Remuneration Committee of Seafresh Industry PCL. (“the company”) has 4 members comprises 1 executive director and 3 independent directors or 75% of the committee. Furthermore, chairman of the committee is an independent director. The Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors.

In 2019, there was 1 meeting held with follows members;

- | | |
|---------------------------------|---|
| 1. Dr. Kamales Santivejkul | Independent Director and Chairman of Audit Committee
Chairman of the Nomination and Remuneration Committee
Attended 1/1 meeting |
| 2. Dr. Sorachai Bhisalbutra | Independent Director and Member of Audit Committee
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |
| 3. Dr. Worapong Leewattanakit | Independent Director and Member of Audit Committee
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |
| 4. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Member of Nomination and Remuneration Committee
Attended 1/1 meeting |

The Nomination and Remuneration Committee significant duties in 2019 can be summarized as follows:

1. Consider the proposal of appointing new directors and replacing retired directors to the Board of Directors and Shareholders

Given shareholders the opportunity to propose the highly qualified knowledgeable, capable and specialized in various areas as candidates for directorship in advance before Annual General Meeting of Shareholders. The company published a letter to the shareholders through the stock exchange at least 3 months before the end of the financial year. The Company also has established guidelines and practices in the nomination of directors including the consideration of the committee at Company’s website. However, in the yearly 2019, there was not shareholders recommended any directorship candidates.

Then, the Nomination and Remuneration Committee proposed a suitably qualified person to get the professional and diversified (Board Diversity) director by considering the structure, size and composition of the Board in various fields, i.e. technical, expertise and gender. The amount offer is equal to the amount of the full term director and offer recommendations to the Board of Directors for seek the approval from the board. After that, a suitably qualified person will be presented to the general meeting of shareholders for appoint following guidelines.

2. Consider the proposal of Directors' Remuneration in year 2019

Considered Remuneration of Directors and Sub Directors before proposed to Board of Directors and Shareholders in Annual General Meeting for approval. The Remuneration had been considered through company's guideline and performance including compared to similar industry which directors' compensation is appropriate with the assigned duties and responsibilities.

On behalf of the Nomination and Remuneration Committee
Seafresh Industry PCL



(Dr.Kamales Santivejkul)
Chairman of the Nomination and Remuneration Committee

EXECUTIVE COMMITTEE REPORT

To: The Shareholders of Seafresh Industry Public Company Limited

The Executive Committee of Seafresh Industry PCL. ("the company") has 3 members and all of them are executive director or 100% of the committee. The Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors.

In 2019, there was 13 meeting held with follows members;

- | | |
|---------------------------------|---|
| 1. Mr. Narit Chia-apar | Chairman of the Board and Chief Executive Officer
Chairman of the Executive Committee
Attended 13/13 meetings |
| 2. Mrs. Tassanee Youngmeevithya | Director and Deputy CEO
Deputy Chairman of the Executive Committee
Attended 13/13 meetings |
| 3. Mr. Chintat Chia-apar | Director and Chief Overseas Business Officer
Member of the Executive Committee
Attended 12/13 meetings |

The Executive Committee significant duties in 2019 can be summarized as follows:

1. Consider strategies and business plan focusing in sustainability prior to approval of the Board of Directors.
2. Review and monitor overview operation including risk management of the company and its subsidiaries.
3. Consider operation and investment budget in 2020 prior to approval of the Board of Directors.
4. Control and monitor operation and investment budget usage.

On behalf of the Executive Committee
Seafresh Industry PCL



(Mr. Narit Chia-apar)
Chairman of the Executive Committee

Independent Auditor's Report

To the Shareholders of Seafresh Industry Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Seafresh Industry Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Seafresh Industry Public Company Limited and its subsidiaries as at 31 December 2019, and its consolidated and separate 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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, are of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Valuation of inventory</p> <p>As at 31 December 2019 the Group and the Company have ending inventories of Baht 1,804 million and Baht 791 million with the allowance for decline in value of inventories amounting to Baht 99 million and Baht 99 million in the consolidated and separate financial statements, respectively.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group and the Company's management have estimated the net realisable value from the estimated selling price after the deduction of direct selling expenses. They also have considered obsolete and slow-moving inventory. I have focused on this matter because the allowance for decline in value of inventories requires management's judgment on many factors which can affect the estimate.</p> <p>The Group and the Company have disclosed the inventory policies and details in Note 3.5 and 11 to the financial statements.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the process to determine the net realisable value of inventories through inquiry. - Evaluating the design effectiveness of the internal control process. - Performing substantive testing on a sample basis on the net realisable value of inventories. - Reviewing the actual results for the year with historical estimations of the allowance for decline in value of inventories and future operating plan to evaluate the appropriateness of management estimation related to the valuation of inventories. - Considering in the adequacy of the Group and the Company's disclosure in accordance with the Thai Financial Reporting Standards. - For the overseas operations, the audit procedures were performed by the component auditor. I understood and evaluated the work of the component auditor to obtain appropriate and sufficient audit evidence. The audit procedures of the component auditor are not different with my audit procedures.

Key audit matter	How the matter was addressed in the audit
<p>Recoverability of inter-company receivable</p> <p>As at 31 December 2019, the Group has gross loans, interest and other receivables of Baht 861 million from Belize Aquaculture Limited (BAL), a joint venture of the Group. As at 31 December 2019, BAL continues to make a loss and has current liabilities exceeding its current assets.</p> <p>As discussed in Note 8 of the financial statements, the Group has recorded of Baht 159 million as an allowance for doubtful accounts against these balance. Management's assessment of the recoverability of BAL loans and receivables is based on the expected realizable value of net assets (excluding balances with Group).</p> <p>I have focused on this matter because judgement is required to determine the assumptions used in computing the recoverable amount and fair value of the net assets of BAL.</p> <p>The Group has disclosed details in Note 8 to the financial statements.</p>	<p>The audit procedures of this matter were performed by the component auditor. I understood and evaluated the work of the component auditor to obtain appropriate and sufficient audit evidence.</p> <p>The component auditor performed the following procedures on the value of property, plant and equipment which are the majority assets of by the joint venture:</p> <ul style="list-style-type: none"> - Reviewed management's assessment of recoverability of balances from the joint venture. - Inquired of management regarding the future plans for joint venture, the likelihood of the opportunity to sell the property, plant and equipment and the state of the property market in Belize. - Evaluated the independent external property valuer's objectivity and independence. - Obtained an understanding of the work of the valuer by inspecting the valuation report which was performed in February 2018 to determine the appropriateness of the nature, scope and objectives of the work performed. - Critically re-assessed any possible change in the valuation between February 2018 and December 2019 using publicly available information. - Assessed the Group's share of the expected realisable value of net assets to support the recoverable amount of the balances from BAL.

Other matter

The consolidated and separate financial statements of Seafresh Industry Public Company Limited and its subsidiaries for the year ended 31 December 2018, presented as comparative information, were audited by another auditor in the same office as mine, who issued his audit report dated 26 February 2019 expressed an unmodified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request them to revise the material misstatement.

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

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

In preparing the consolidated and separate 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 Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

Miss Kanyanat Sriratchatchaval

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

2 March 2020

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	64,722,771	69,179,087	33,358,258	6,313,778
Trade and other accounts receivable	10	877,351,932	907,760,063	333,995,559	371,784,477
Short-term loan to and interest receivable					
- related parties	8	-	-	-	158,498,864
Inventories - net	11	1,804,447,547	1,840,269,584	791,024,912	843,934,749
Biological assets		2,982,857	14,920,672	-	14,920,672
Refundable value added tax		19,958,607	26,856,414	3,193,818	4,990,191
Forward exchange contracts receivable - net	12.1	-	18,836,396	6,180,960	8,607,254
Current portion of asset under derivative for hedging					
of long-term loans	12.3	-	586,427	-	586,427
Other current assets	13	104,042,704	67,744,545	11,577,484	11,180,616
Total Current Assets		2,873,506,418	2,946,153,188	1,179,330,991	1,420,817,028
NON - CURRENT ASSETS					
Restricted deposits with bank	14	20,000,000	20,032,503	20,000,000	20,032,503
Long-term loans to related party	8	258,687,670	326,608,889	-	-
Long-term interest receivable - related party	8	65,254,118	71,416,309	-	-
Investments in subsidiaries	15	-	-	1,215,824,435	933,824,435
Investment in joint venture	16	-	-	-	-
Property, plant and equipment - net	17	1,489,397,184	1,399,883,771	440,489,285	559,174,721
Intangible assets - net	18	5,509,033	10,241,688	541,353	1,843,574
Deferred tax assets	25.1	-	14,000,000	-	14,000,000
Asset under derivative for hedging of long-term loan - net	12.3	-	293,214	-	293,214
Other non-current assets		12,285,165	11,657,471	7,680,624	6,373,371
Total Non - Current Assets		1,851,133,170	1,854,133,845	1,684,535,697	1,535,541,818
TOTAL ASSETS		4,724,639,588	4,800,287,033	2,863,866,688	2,956,358,846

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	19	1,188,808,360	902,761,997	448,463,622	373,026,353
Trade and other accounts payable		281,355,517	359,220,497	34,810,832	33,623,308
Accounts payable for purchase of fixed assets		10,785,023	11,842,369	1,103,023	2,182,369
Accrued expenses	20	68,132,722	81,225,340	16,105,862	19,849,834
Current portion of					
- long-term loans from financial institutions	21	93,527,601	126,119,965	20,000,000	40,000,000
- share purchase payable	15	24,140,868	50,178,210	-	-
- bonds - net	22	499,585,608	-	499,585,608	-
- employee benefit obligations	23	13,906,729	9,643,512	13,906,729	9,643,512
Short-term loan from related party	8	-	-	19,500,000	-
Accrued income tax		170,966	43,325,057	-	-
Forward exchange contracts payable - net	12.2	17,260,459	-	-	-
Other current liabilities		26,924,924	32,101,893	5,725,401	1,472,877
Total Current Liabilities		2,224,598,777	1,616,418,840	1,059,201,077	479,798,253
NON - CURRENT LIABILITIES					
Long-term loans from financial institutions - net	21	103,751,910	20,000,000	-	20,000,000
Share purchase payable	15	-	25,089,105	-	-
Bonds - net	22	499,698,607	998,585,698	499,698,607	998,585,698
Employee benefit obligations	23	64,338,893	47,471,738	59,178,782	43,661,880
Deferred tax liabilities	25.1	29,509,679	23,430,796	-	-
Other non-current liabilities		30,000	420,335	30,000	420,335
Total Non - Current Liabilities		697,329,089	1,114,997,672	558,907,389	1,062,667,913
TOTAL LIABILITIES		2,921,927,866	2,731,416,512	1,618,108,466	1,542,466,166

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2019	31 December 2018	31 December 2019	31 December 2018
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Authorised 485,694,600 shares		485,694,600	485,694,600	485,694,600	485,694,600
- Issued and fully paid - up 463,549,600 shares		463,549,600	463,549,600	463,549,600	463,549,600
Premium on share capital		799,228,000	799,228,000	799,228,000	799,228,000
Premium on treasury stock		12,902,865	12,902,865	12,902,865	12,902,865
Retained earnings					
- Appropriated for legal reserve	31	48,569,460	48,569,460	48,569,460	48,569,460
- Unappropriated		394,762,631	612,976,659	(78,491,703)	89,642,755
Other components of shareholders' equity		(109,187,595)	(88,420,723)	-	-
Total equity attributable to the Company's shareholders		1,609,824,961	1,848,805,861	1,245,758,222	1,413,892,680
Non-controlling interests		192,886,761	220,064,660	-	-
TOTAL SHAREHOLDERS' EQUITY		1,802,711,722	2,068,870,521	1,245,758,222	1,413,892,680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,724,639,588	4,800,287,033	2,863,866,688	2,956,358,846

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	2019	2018	2019	2018
Income					
Sales	28, 33	5,474,129,789	7,911,093,533	1,906,903,925	2,369,174,397
Service	28	29,050,217	20,846,057	1,122,663	-
Other income	26	28,802,124	26,743,732	125,237,225	128,233,409
Gain on exchange rates - net		-	41,784,962	19,689,578	-
Total income		5,531,982,130	8,000,468,284	2,052,953,391	2,497,407,806
Expenses					
Cost of sales	11	(5,009,408,458)	(7,134,402,765)	(1,930,693,383)	(2,304,647,395)
Cost of service		(12,777,348)	(13,682,064)	(1,105,263)	-
Selling expenses		(232,502,000)	(252,355,263)	(122,890,152)	(131,030,741)
Administrative expenses		(309,517,210)	(336,485,893)	(104,526,652)	(118,992,829)
Loss from exchange rates - net		(50,070,033)	-	-	(20,899,724)
Finance costs		(88,841,739)	(89,166,579)	(47,872,399)	(48,775,895)
Total expenses		(5,703,116,788)	(7,826,092,564)	(2,207,087,849)	(2,624,346,584)
Profit (loss) before income tax		(171,134,658)	174,375,720	(154,134,458)	(126,938,778)
Income tax expense	25.2	(33,741,731)	(84,459,763)	(14,000,000)	-
Profit (loss) for the year		(204,876,389)	89,915,957	(168,134,458)	(126,938,778)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of post-employee benefit obligations - net of tax	23	-	(9,819)	-	1,493,091
Items that will be reclassified subsequently to profit or loss					
Translation adjustment on foreign currency					
financial statements - net of tax		(30,742,964)	(66,658,716)	-	-
Other comprehensive income for the year		(30,742,964)	(66,668,535)	-	1,493,091
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(235,619,353)	23,247,422	(168,134,458)	(125,445,687)

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER

		(Unit : Baht)	
		Consolidated F/S	Separate F/S
		2019	2018
		2019	2018
PROFIT (LOSS) ATTRIBUTABLE TO			
The Company's shareholders	(218,214,028)	19,695,606	(168,134,458)
Non-controlling interests	13,337,639	70,220,351	-
	<u>(204,876,389)</u>	<u>89,915,957</u>	<u>(168,134,458)</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
The Company's shareholders	(238,980,900)	(26,049,394)	(168,134,458)
Non-controlling interests	3,361,547	49,296,816	-
	<u>(235,619,353)</u>	<u>23,247,422</u>	<u>(168,134,458)</u>
BASIC/DILUTED EARNINGS PER SHARE			
Profit (loss) (Baht per share)	<u>(0.47)</u>	<u>0.04</u>	<u>(0.36)</u>

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

Equity attributable to the Company's shareholders												
Other components of shareholders' equity												
Notes	Paid - up share Capital	Premium on share capital	Premium on treasury stock	Retained earnings		Other comprehensive income				Total equity attributable to the Company's shareholders	Non-controlling interests	Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	Translation adjustment on foreign currency financial statements	Surplus on investment under common control	Premium from change in portion of investment in subsidiary	Total			
Consolidated F/S												
Balance as at 1 January 2018	463,549,600	799,228,000	12,902,865	48,569,460	593,290,872	(49,958,853)	2,198,133	-	(47,760,720)	1,869,780,077	296,908,656	2,166,688,733
Premium from change in portion of investment in subsidiary	15	-	-	-	-	(15,412,098)	-	20,487,276	5,075,178	5,075,178	(113,032,240)	(107,957,062)
Increase in non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	-	34	34
Dividend paid by a subsidiary	15	-	-	-	-	-	-	-	-	-	(13,108,606)	(13,108,606)
Transactions with shareholders		-	-	-	-	(15,412,098)	-	20,487,276	5,075,178	5,075,178	(126,140,812)	(121,065,634)
Profit for the year		-	-	-	19,695,606	-	-	-	-	19,695,606	70,220,351	89,915,957
Other comprehensive income for the year		-	-	-	(9,819)	(45,735,181)	-	-	(45,735,181)	(45,745,000)	(20,923,535)	(66,668,535)
Total comprehensive income for the year		-	-	-	19,685,787	(45,735,181)	-	-	(45,735,181)	(26,049,394)	49,296,816	23,247,422
Balance as at 31 December 2018		463,549,600	799,228,000	12,902,865	48,569,460	612,976,659	(111,106,132)	2,198,133	20,487,276	(88,420,723)	1,848,805,861	2,068,870,521
Balance as at 1 January 2019		463,549,600	799,228,000	12,902,865	48,569,460	612,976,659	(111,106,132)	2,198,133	20,487,276	(88,420,723)	1,848,805,861	2,068,870,521
Dividend paid by a subsidiary	15	-	-	-	-	-	-	-	-	-	(30,539,446)	(30,539,446)
Transactions with shareholders		-	-	-	-	-	-	-	-	-	(30,539,446)	(30,539,446)
Profit (loss) for the year		-	-	-	(218,214,028)	-	-	-	-	(218,214,028)	13,337,639	(204,876,389)
Other comprehensive income for the year		-	-	-	-	(20,766,872)	-	-	(20,766,872)	(20,766,872)	(9,976,092)	(30,742,964)
Total comprehensive income for the year		-	-	-	(218,214,028)	(20,766,872)	-	-	(20,766,872)	(238,980,900)	3,361,547	(235,619,353)
Balance as at 31 December 2019		463,549,600	799,228,000	12,902,865	48,569,460	394,762,631	(131,873,004)	2,198,133	20,487,276	(109,187,595)	1,609,824,961	1,802,711,722

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER

(Unit : Baht)

	Paid - up Share Capital	Premium on share capital	Premium on treasury stock	Retained earnings		Total
				Appropriated for Legal Reserve	Unappropriated	
Separate F/S						
Balance as at 1 January 2018	463,549,600	799,228,000	12,902,865	48,569,460	215,088,442	1,539,338,367
Loss for the year	-	-	-	-	(126,938,778)	(126,938,778)
Other comprehensive income for the year	-	-	-	-	1,493,091	1,493,091
Total comprehensive income for the year	-	-	-	-	(125,445,687)	(125,445,687)
Balance as at 31 December 2018	463,549,600	799,228,000	12,902,865	48,569,460	89,642,755	1,413,892,680
Balance as at 1 January 2019	463,549,600	799,228,000	12,902,865	48,569,460	89,642,755	1,413,892,680
Loss for the year	-	-	-	-	(168,134,458)	(168,134,458)
Total comprehensive income for the year	-	-	-	-	(168,134,458)	(168,134,458)
Balance as at 31 December 2019	463,549,600	799,228,000	12,902,865	48,569,460	(78,491,703)	1,245,758,222

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before income tax	(171,134,658)	174,375,720	(154,134,458)	(126,938,778)
Adjustments to reconcile profit (loss) before income tax to net cash provided from (used in) operating activities				
Depreciation and amortisation expenses	149,844,722	151,939,003	77,968,712	94,520,574
Allowance for decline in value of inventories	7,483,706	80,362,214	33,900,000	59,300,000
Amortised finance costs	698,517	698,517	698,517	698,517
Loss from (gain on) sales of fixed assets	6,865,412	(116,356)	(1,258,358)	(112,629)
Written off fixed assets	473,163	950,656	473,153	950,656
Allowance for doubtful accounts	39,852,303	32,276,881	-	-
Unrealised loss (gain) on derivative instruments	17,260,459	(23,305,422)	(6,180,960)	(6,869,378)
Unrealised loss (gain) on foreign exchange rates	19,686,165	(42,337,488)	10,636,746	8,079,416
Provision for employee benefit obligations	22,627,039	7,663,719	21,276,785	7,303,704
Dividend income	-	-	(69,496,603)	(55,761,345)
Interest income	(254,273)	(217,722)	(1,439,687)	(1,625,599)
Interest expense	85,593,843	84,901,400	47,739,095	48,536,352
Cash flows provided from (used in) operations before changes in operating assets and liabilities	178,996,398	467,191,122	(39,817,058)	28,081,490
Decrease (increase) in operating assets				
Trade and other accounts receivable	30,379,283	216,561,294	16,993,963	247,002,326
Inventories	29,295,043	661,593,846	19,009,838	51,695,184
Biological assets	11,937,815	(8,696,844)	14,920,672	(8,696,844)
Other current assets	3,595,620	(22,043,063)	10,885,387	2,550,219
Other non-current assets	(334,480)	(1,454,632)	(178,605)	56,229
Increase (decrease) in operating liabilities				
Trade and other accounts payable	(90,851,366)	(204,010,307)	(2,983,439)	(4,583,758)
Other current liabilities	(11,357,929)	10,210,133	4,252,523	(647,335)
Other non-current liabilities	(390,335)	-	(390,335)	-
Paid for employee benefits obligation	(1,496,667)	(3,623,484)	(1,496,667)	(3,623,484)
Cash received from operations	149,773,382	1,115,728,065	21,196,279	311,834,027
Income tax payment	(63,359,030)	(78,073,346)	(1,128,648)	(1,315,302)
Net cash provided from operating activities	86,414,352	1,037,654,719	20,067,631	310,518,725

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease (increase) in restricted deposits with bank	32,503	(5,032,503)	32,503	(5,032,503)
Proceeds from collection short-term loans to related party	-	-	86,677,988	25,056,653
Payment for short-term loans to related party	-	-	-	(178,188,498)
Payment for investments in subsidiaries	(51,126,447)	(26,989,265)	(111,003,758)	(29,999,985)
Purchases of fixed assets	(271,730,831)	(456,199,428)	(34,086,722)	(37,528,307)
Purchases of intangible assets	(692,656)	(1,677,810)	(29,600)	(325,600)
Proceeds from sales of fixed assets	4,954,869	1,507,084	1,285,052	112,633
Dividend received	-	-	54,950,460	55,761,345
Interest income	255,286	11,997,345	1,807,719	1,255,780
Net cash used in investing activities	(318,307,276)	(476,394,577)	(366,358)	(168,888,482)
Cash flows from financing activities				
Interest payment	(85,768,700)	(84,631,020)	(47,380,729)	(48,454,434)
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	286,046,363	(470,100,295)	75,437,269	(36,490,110)
Proceeds from short-term loans to related party	-	-	19,500,000	-
Proceeds for long-term loans from financial institutions	141,016,192	-	-	-
Repayment for long-term loans from financial institutions	(86,616,664)	(131,993,649)	(40,000,000)	(55,000,000)
Decrease in finance lease liabilities	-	(1,931,887)	-	-
Proceeds from issuing of share capital	-	34	-	-
Dividend paid	-	(16,500)	-	(16,500)
Dividend paid to non-controlling interests	(30,539,446)	(13,108,606)	-	-
Net cash provided from (used in) financing activities	224,137,745	(701,781,923)	7,556,540	(139,961,044)
Translation adjustment on foreign currency financial statements	3,520,536	(23,667,685)	-	-
Increase (decrease) in cash and cash equivalents - net	(4,234,643)	(164,189,466)	27,257,813	1,669,199
Cash and cash equivalents at beginning of year	69,179,087	236,658,405	6,313,778	8,375,843
Effect on foreign currency exchange rate at the end of year	(221,673)	(3,289,852)	(213,333)	(3,731,264)
Cash and cash equivalents at end of year	64,722,771	69,179,087	33,358,258	6,313,778
Supplemental cash flows information				
Non cash transactions:-				
Off - setting short-term loans from related parties with dividend income	-	-	14,546,144	-
Off - setting payable for investment in subsidiary with short-term loans				
from related parties	-	80,967,797	-	-
Off - setting share purchase payable with receivable from				
sales of fixed assets and others - subsidiary	-	-	84,996,242	-
Off - setting share purchase payable with short-term loan to related parties	-	-	86,000,000	-
Payable for purchase of fixed assets	10,785,023	11,842,369	1,103,023	2,182,369

The accompanying notes form an integral part of these financial statements.

SEAFRESH INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Seafresh Industry Public Company Limited (“the Company”) is a public company limited which is incorporated and domiciled in Thailand. It is listed on the Stock Exchange of Thailand. The registered addresses of the Company’s office and branches are as follows:

Head office: 402 Moo 8, Chumphon - Paknam Road, Paknam, Muangchumphon, Chumphon 86120.

2 Branches: 152/25, Chartered Square Building, 31st Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 and 52 Moo 2, Thung Kha, Muangchumphon, Chumphon 86100.

The Group is principally engaged in the manufacturing and distribution of frozen raw shrimp, processed shrimp, and others seafood products including others services.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The consolidated and separate financial statements have been prepared under the historical cost, except as disclosed specifically.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Seafresh Industry Public Company Limited and its subsidiaries which the Company can exercise control over or holds shares with voting right more than 50% as follows:

	Country of incorporation	Percentage of Shareholding		Nature of business
		2019	2018	
Subsidiaries				
Seafresh Group (Holdings) Limited (SGH) (39% held by the Company and 28.55% held by SIHQ)	United Kingdom	67.55	67.55	Investment in companies engaged in seafood processing and other related business
Sea Farms Limited (100% held by SGH)	United Kingdom	67.55	67.55	Import and distribution of seafood
Blue Earth Foods Limited (25% held by the Company and 75% held by SGH)	United Kingdom	75.66	75.66	Sourcing, producing and distribution of processed seafood
Sea Farms, Inc. (25% held by the Company and 65% held by SGH)	United States of America	68.91	68.91	Import and distribution of seafood
Prochaete Innovation Limited (25% held by the Company and 35% held by SGH)	United Kingdom	48.64	48.64	Research and development of fish meal substitution
Sea Farms Nutrition Limited (SFN) (60% held by SGH and 25% held by SIHQ)	United Kingdom	65.53	65.53	Produce and sell animals feed and nutrition
Sea Farms Nutrition, Inc. (85% held by SFN)	United States of America	55.70	55.70	Sell animals feed and nutrition
Manufacturing Systems Implementation Company Limited	Thailand	100.00	100.00	Consulting and installation of computer system
Seafresh IHQ Company Limited (SIHQ)	Thailand	100.00	100.00	Provide managerial, technical support and financial management services to companies in the Group
Seafresh Farm Company Limited	Thailand	100.00	100.00	Shrimp farm
Joint venture				
Belize Aquaculture Limited (50% held by SGH)	Belize	50.00	50.00	Shrimp farm

Significant inter-company transactions with subsidiaries included in the consolidated financial statements have been eliminated.

The consolidated financial statements have been prepared using the same accounting policies for similar transactions or accounts of similar nature in the preparation of the Company's financial statements.

2.3 New and revised financial reporting standards, interpretations and guidance

During the year, The Federation of Accounting Professions has revised and issued Thai Financial Reporting Standards (TFRS), interpretations and guidance as follow:

2.2.1 Amendments and interpretations to the Standards that are effective from 1 January 2019

Thai Financial Reporting Standard No.15 “Revenue from Contract with Customers” (TFRS 15)

Thai Financial Reporting Standard No.15 (TFRS 15) presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue” (“TAS 18”), Thai Accounting Standard No. 11 “Construction Contracts” (“TAS 11”), and several revenue-related Interpretations.

The Group has initial applied TFRS 15 Revenue from Contract with Customers and disclosed the detail of related accounting policies in note 4.

The Group has assessed the impact of initial adoption of TFRS by using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. The Group does not adjust the retained earnings as at 1 January 2019.

2.2.2 Amendments and interpretations to the Standards that are effective from 1 January 2020

Thai Financial Reporting Standard No.16 “Leases” (TFRS 16)

TFRS 16, that describes the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. The new standard defines the requirements for leases will be recorded in the statement of financial position in the form of right-of-use asset and a lease liability except short-term leases agreement which period less than 12 months or low value of asset and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

Under the Thai Financial Reporting Standard No. 16 “Leases”, no significant changes to the accounting for lessors.

The Group will adopt this new standard when they become effective, and the Group's management assesses that it will impact to the financial statements. Therefore, the Group must recognize the right-of-use assets and lease liabilities for the assets currently treated as operating leases including that the Group must record the depreciation from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements. The Group's management is in the process to assess the final impact and adjusting approaches for the initial application for this TFRS.

Thai Financial Reporting Standards related to Financial instruments

Thai Financial Reporting Standard No. 9 "Financial instruments" (TFRS 9) and group of Thai Financial Reporting standards related to financial instruments, present new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which are currently effective.

The Group's management has assessed the impact on the financial statements when adoption these new standards which are as follows:

1. Classification

Financial assets

The Group shall renew classification of financial assets as measured at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The standard eliminates the existing classification of trading securities, available-for-sale securities, held-to-maturity debt securities, and general investment as specified by TAS 105.

Financial Liabilities

The Group shall renew classification of all financial liabilities as measured at amortized cost. Except derivatives and financial liabilities, that designated as at fair value method, shall classify as financial liabilities as measured at fair value through profit or loss.

2. Measurement at amortized cost

The Group shall measure financial assets and financial liabilities at amortize cost method. The interest revenues and interest expenses shall be calculated by using the effective interest method, replacing the currently method using the rate specified in the contract.

3. Impairment – Financial assets and contract assets

The Group shall assess impairment of financial assets and contract assets by considering the lifetime expected credit losses on the financial instruments which no longer necessary for an indicator or credit event to have occurred and requires considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis. However, the new impairment model will apply only to financial assets measured at amortized cost and fair value through other comprehensive income (FVOCI).

4. Hedge accounting

This standard adds the requirements related to hedge accounting to be aligned with risk management of the Group and establish more principle-based approach by introducing guidance for the hedging transactions, the hedging instruments, the qualification criteria for hedge accounting and accounting for related qualified hedging. There are 3 types of hedge accounting which are fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments in subsidiaries and joint venture

a) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieving in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognized in profit or loss.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognize and previously held interest measured less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances, unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

b) Joint arrangement

Investment in joint arrangement is classified as either joint operation or joint venture depending on the contractual rights and obligations of each investor. The Group assessed

the nature of its joint arrangement and determined it to be joint venture. Joint venture is accounted for using the equity method.

Under the equity method of accounting, interests in joint venture is initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and change in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the Group will not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains or losses on transactions between the group and its joint venture is eliminated to the extent of the group's interest in the joint venture unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture are changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investment in joint venture is accounted for at cost less impairment.

3.2 Foreign currency translation

1) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit and loss, any exchange component of that gain or loss is recognized in profit and loss.

3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are presented under current liabilities in the statement of financial position.

Cash at banks with restrictions of usage are presented separately as “Restricted deposits with banks” under non-current assets in the statement of financial position

3.4 Trade accounts receivable

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade accounts receivable are presented at the net realizable value. The Group record allowances for doubtful accounts from accounts receivable which might be uncollectible. Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of year. Bad debts written-off are recognized in profit or loss as part of administrative expenses.

3.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, rebates and other similar items. The cost of finished goods

and work in progress comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity, excluding borrowing costs. Net realizable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

3.6 Biological assets

Biological assets comprise shrimps in the ponds. These are measured at cost less impairment losses, (if any), since the growing period to harvest is approximately 3 months. Costs of biological assets include all costs of baby shrimp and farming costs.

3.7 Property, plant and equipment

Land is stated at cost and is not depreciated.

All plant and equipment are stated at historical cost less accumulated depreciation and impairment on assets (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items including an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located, when the entity has the obligation to do so.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognized. All other repairs and maintenance are charged to statement of profit or loss during the period in which they are incurred.

Depreciation on other asset is calculated on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	20 - 50 years
Building improvements	5 - 10 years
Machine and factory equipment	3 - 10 years
Office fixtures and supplies	3 - 10 years
Vehicles	5 - 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing the proceeds from sales on assets with the carrying amount and net gains or losses will be recognized in statements of profit or loss.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are recognized as expenses.

3.8 Intangible assets

Intangible assets acquired through business combination are initially recognized at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognized at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment losses (if any) of assets.

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

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

Computer software	3 years
Relationship with customers	3 years

3.9 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.10 Leases - where a Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any

incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is recorded to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

3.11 Borrowings

Borrowings are recognized initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantial ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as profit or loss in the period in which they are incurred.

3.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.13 Employee benefits

Provident fund

The Group and its employees in Thailand have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3% and 5%, respectively, of their basic salaries. The fund, will pay to employees upon termination in accordance with the fund rules. The Group contribution to the fund are recognized as expense when incurred.

Post - employment benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under the labor law.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries

using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognized to equity through other comprehensive income in the period in which they arise.

3.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; the amount has been reliably estimated. Restructuring provisions comprise lease, lease termination penalties and employee termination payment. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.15 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are recorded at contract date, the Group record receivables and payables from forward contracts using the exchange rates prevailing at the dates of the transactions. Premiums or discounts are amortized on a straight-line basis over the contract periods. At the end of the period, receivables and payables are translated using closing exchange rates and unrealized and realized gains or losses from translation of foreign currency are recognized in statement of profit or loss.

Interest rate swap and cross currency swap contracts

The Group' recognized assets and liabilities arising from interest rate swap and cross currency swap contracts are using the exchange rates prevailing at the dates of the transactions. At the end of the period, assets and liabilities are translated using closing exchange rates and interest rate in

the swap contracts. Unrealized and realized gains or losses from translation of foreign currency are recognized in statement of profit or loss.

3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

3.17 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock. Losses on disposal of treasury stock are determined by reference to the carrying amount and are presented in premium on treasury stock and retained earnings, consecutively.

3.18 Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized over time as the services are provided. The related costs are recognized in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct or the multiple services are rendered in different reporting periods. The consideration

received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Other income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognized on an accrual basis based on effective interest rate.

3.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's board of directors who makes strategic decisions.

3.21 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4. CRITICAL ACCOUNTING ESTIMATE, ASSUMPTIONS AND JUDGEMENT

The preparation of financial statements, management undertake judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Critical accounting estimates, assumption and judgements are as follows:

4.1 Plant and equipment and intangible assets

Management determines the estimated useful lives and residual values of the Group's plant and equipment and intangible assets. The management reviews the calculations of depreciation and amortization expenses where the estimated useful life and residual value differ from the previous estimation or there is written-off for technically obsolete or non-used assets by sales or abandon.

4.2 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

4.3 Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgements by the management, which includes the estimated collection losses on receivables, based on the Group's collection experience together with a review of the financial position of the debtors. The management reviews these estimates and assumptions on a regular basis.

4.4 Allowance for decline in value of inventory

The Group provides allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowances are based on consideration of inventory turnover and deterioration of each category.

4.5 Recoverability of joint venture balances

The Group has provided trading and loan balances to its joint venture, Belize Aquaculture Limited, a company incorporated in Belize. Management reassess the recoverable amount of these balances on an annual basis. In assessing any risks of impairment, management estimate the reasonable amount based on its share of the net assets, the ongoing trading position, and any ultimate estimated realizable value. Estimation uncertainty arises through any assumptions relating to these aspects. During the year, additional impairment provisions have been recognized against

these balances, reflecting ongoing losses and the net liability position of the joint venture. Management also note a continuing high degree of estimation uncertainty as to any ultimate recoverable amount against these balances.

4.6 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company and subsidiary's future taxable income against which the deductible temporary differences can be utilized. Management judgement is required in assessing the impact of any legal or economic limit or uncertainties in various tax jurisdictions.

4.7 Impairment of investment

The Company treats investments as impaired when there has been a significant or prolonged decline in their fair value. The determination of what is "significant" or "prolonged" requires management judgment

5. CAPITAL RISK MANAGEMENT

The Group's objectives in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

6. FINANCIAL RISK MANAGEMENT

The Group has financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Group has exposure to credit risk primarily with respect to trade and other receivable and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit granting are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at financial institution, loans to, bank overdrafts, short-term and long-term loans with interest bearing. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

The Group sometimes borrow at fixed and floating rates and use interest rate swaps as cash flow hedges of future interest payments because management seeks to minimize the effect of changes in interest rate will have significantly affect to the Group's financial statements.

Foreign exchange risk

The Group has exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Group has entered into forward exchange and currency swap contracts which mature within one year to manage the risk.

Some of financial assets and liabilities, dominated in foreign currencies, have forward exchange contracts and derivatives to protect the risk as Note 12.

Liquidity risk

The Group monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group operations and to mitigate the effects of fluctuations in cash flows.

7. FAIR VALUE ESTIMATION

The carrying amounts of the financial assets and financial liabilities approximate their fair values, except long-term loans from financial institutions and bond with interest charged at the fixed rates and derivatives. Long-term loans from financial institutions with interest charged at the floating rates have the carrying amount approximate the fair value.

The Group discloses fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group discloses fair values of financial instruments in the following notes.

Bond with fixed interest	Note 22
Derivatives	Note 12.4

8. TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2019 and 2018, the major shareholder of the Company is Chia-Apar family and related parties, who owns 66.68% of the Company's share capital.

The Company has significant business transactions with its related parties (related in term of common shareholders and/or management). Such transactions have been complied with the terms and conditions as determined by the Company and related parties.

The relationship between the Company and related parties are summarised below:

Names	Relationship
Seafresh Group (Holdings) Limited (SGH)	Subsidiary
Sea Farms Limited	Subsidiary of SGH
Blue Earth Foods Limited	Subsidiary of SGH
Sea Farms, Inc.	Subsidiary of SGH
Prochaete Innovation Limited	Subsidiary of SGH
Sea Farms Nutrition Limited (SFN)	Subsidiary of SGH
Sea Farms Nutrition, Inc.	Subsidiary of SFN
Manufacturing System Implementation Company Limited	Subsidiary
Seafresh IHQ Company Limited	Subsidiary
Seafresh Farm Company Limited	Subsidiary
Belize Aquaculture Limited	Joint Venture of SGH
Chartered Square Holding Company Limited	Common director
Thai K Boiler Company Limited	Common director

Transaction	Pricing policy
Sales of goods	Cost plus margin
Purchase of goods	Agreed price
Interest income	2.5% and 8.0% per annum
Other income	Cost plus margin
Dividend income	Upon declaration
Interest on credit sale	1.0% per month
Service fee	Cost plus margin
Office rental and service	Cost plus margin
Service and equipment	Cost plus margin
Interest charge - Short-term loan	0.9% per annum
Sales of assets	Agreed price

Significant transactions with related parties for the years ended 31 December 2019 and 2018 are as follows:

Transaction with related parties	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
	2019	2018
<u>Subsidiaries</u>		
Sales of goods	-	-
Service income	-	-
Interest income	-	-
Other income - interest on credit sale	-	-
Dividend income	-	-
Service fee	-	-
Office rental and service	-	-
Interest charge	-	-
Purchase of raw materials	-	-
Sales of assets	-	-
Management income	-	-
Miscellaneous income	-	-
<u>Related parties</u>		
Sales of goods	113	62
Service income	548	584
Office rental and service	9,207	9,052
Service and equipment	59	139
<u>Key management personnel compensation</u>		
Short-term employee benefits	42,466	46,108
Provision for post-employment benefits	3,487	423

Significant balances with the related parties as at 31 December 2019 and 2018 are as follows:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
	2019	2018
Trade accounts receivable		
Subsidiaries	-	-
Related party	30	9
Total	30	9

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Other accounts receivable				
Subsidiaries	-	-	10,097	4,799
Joint venture	377,964	378,263	-	-
Total	377,964	378,263	10,097	4,799
Other current assets				
Subsidiaries	-	-	438	468
Interest receivable				
Short-term				
Subsidiaries	-	-	-	367
Long-term				
Joint venture	65,254	71,416	-	-
Trade accounts payable				
Subsidiary	-	-	437	-
Other accounts payable				
Subsidiary	-	-	167	124
Related parties	226	158	116	-
Total	226	158	283	124

Short-term loans to related parties

The balance of short-term loans to subsidiaries and the movement during the year are as follows:

(Unit : Thousand Baht)

Borrower	Interest rate (% per annum)	Currency	Principal (Thousand Baht)	Maturity date	Separate F/S			
					2018	Increase	Decrease	2019
Seafresh IHQ Company Limited	2.50	Baht	14,546	At call	-	14,546	(14,546)	-
Seafresh IHQ Company Limited	2.50	Baht	600	At call	600	-	(600)	-
Seafresh Farm Company Limited	2.50	Baht	157,532	At call	157,532	-	(157,532)	-
Total					158,132	14,546	(172,678)	-

Short-term loans from related party

The balance of short-term loans from subsidiary and the movement during the year are as follows:

(Unit : Thousand Baht)

Borrower	Interest rate (% per annum)	Currency	Principal (Thousand Baht)	Maturity date	Separate F/S			
					2018	Increase	Decrease	2019
Seafresh IHQ Company Limited	0.90	Baht	19,500	At call	-	19,500	-	19,500
Total					-	19,500	-	19,500

Long-term loans to related party

The balances of long-term loans to joint venture and the movement during the year are as follows:

(Unit : Thousand Baht)

Borrower	Interest rate (% per annum)	Principal (Thousand US dollar)	Maturity date	Consolidated F/S						
				2018	Increase	Decrease	Unrealized loss on exchange rates	Currency translation differences	Allowance for doubtful accounts	2019
Belize Aquaculture Limited	8	13,966	13 January 2020	326,609	-	-	(15,894)	(12,177)	(39,850)	258,688

Short-term loans are classified as long-term loans due to the lender (subsidiary) has an intention to extend the period of loan repayment to more than one year.

As at 31 December 2019, the subsidiary has cumulatively recognized an allowance for doubtful accounts amounting to Baht 159.26 million (2018 : Baht 124.19 million)

The subsidiary has not recognized interest income from long-term loans to joint venture since 1 January 2016 until loans are settled by the joint venture.

The Group has total amount outstanding from the joint venture amount to Baht 702 million which includes other accounts receivable of Baht 378 million, interest receivable of Baht 65 million and long-term loans of Baht 259 million. The Company believes that the amount will be recoverable since the underlying property held by the joint venture exceeds the value of the amounts outstanding. The principal asset of the joint venture has a fair value amounting to USD 51.25 million (equivalent to Baht 1,545.39 million as at 30 December 2019) based on a valuation performed by an independent appraiser in February 2018. The fair value are within level 2 of the fair value hierarchy.

On 28 January 2019, there was a fire in the plant of such joint venture. The value of the damage is approximately USD 6.4 million, however, the Group has recognized the allowance for doubtful accounts on amounts that may not be collected.

9. CASH AND CASH EQUIVALENTS

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Cash on hand	135	97	90	90
Deposits held at call with banks	64,588	69,082	33,268	6,224
Total	64,723	69,179	33,358	6,314

The average interest rate on deposits held at call with banks was ranged between 0.01% to 0.90% per annum (2018: 0.01% to 0.90% per annum).

10. TRADE AND OTHER ACCOUNTS RECEIVABLE

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Trade accounts receivable - general	499,292	529,444	39,703	39,323
Trade accounts receivable - related parties (Note 8)	30	9	284,130	327,618
Other accounts receivable - third parties	66	44	66	44
Other accounts receivable - related parties (Note 8)	377,964	378,263	10,097	4,799
Total	877,352	907,760	333,996	371,784

The aging analysis of trade accounts receivable are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
<u>Trade accounts receivable - general</u>				
Not yet due	458,534	458,615	26,490	26,955
Less than 3 months	40,758	67,452	13,213	12,367
3 - 6 months	-	1,676	-	-
6 - 12 months	-	1,514	-	-
Over 12 months	-	187	-	1
Total	499,292	529,444	39,703	39,323
<u>Trade accounts receivable - related parties</u>				
Not yet due	30	9	54,081	246,078
Less than 3 months	-	-	46,495	49,604
3 - 6 months	-	-	93,597	31,936
6 - 12 months	-	-	89,957	-
Total	30	9	284,130	327,618

11. INVENTORIES - NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Finished goods	1,826,269	1,857,513	875,892	893,208
Work in process	1,581	1,535	332	524
Raw materials and packaging supplies	74,775	70,535	13,601	12,143
Chemical and others	623	2,960	-	2,960
Total	1,903,248	1,932,543	889,825	908,835
<u>Less</u> Allowance for decline in value				
of inventories	(98,800)	(92,273)	(98,800)	(64,900)
Net	1,804,448	1,840,270	791,025	843,935

The increase in the allowance for the decline in inventory of the Company was principally due to the decrease in the estimated sales price as a result in the strengthening the Baht against the US Dollar which is the main currency for exports. In addition, there was an allowance set up for slow -moving inventory of the Group.

The movements in allowance for decline in value of inventories during the year are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Beginning balance	92,273	13,728	64,900	5,600
Increase	38,100	100,115	38,100	77,100
Decrease	(30,616)	(19,753)	(4,200)	(17,800)
Currency translation differences	(957)	(1,817)	-	-
Ending balance	98,800	92,273	98,800	64,900

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Cost of goods sold	5,001,925	7,054,041	1,896,793	2,245,347
Increase in allowance	7,484	80,362	33,900	59,300
Total cost of sales	5,009,409	7,134,403	1,930,693	2,304,647

12. ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS

Assets and liabilities from derivative instruments which were recognized in the financial statements are as follows:

12.1 Forward exchange contracts receivable - net

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Forward exchange contract	-	18,592	6,559	7,571
Deferred premium (discount)	-	244	(378)	1,036
Net	-	18,836	6,181	8,607

12.2 Forward exchange contracts payable - net

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Forward exchange contract	15,208	-	-	-
Deferred premium	2,052	-	-	-
Net	17,260	-	-	-

12.3 Asset under derivative for hedging of long-term loans - net

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Gross currency swap	-	880	-	880
<u>Less</u> Current portion	-	(587)	-	(587)
Net	-	293	-	293

12.4 Net fair values of derivative financial instruments

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
<u>Contracts with positive fair values</u>				
Forward exchange contracts receivable	-	14,944	4,353	5,682
Assets under derivative for hedging of long-term loans				
- Cross currency swap	-	738	-	738
Total	-	15,682	4,353	6,420
<u>Contracts with negative fair values</u>				
Forward exchange contracts payable	20,867	-	-	-
Total	20,867	-	-	-

The fair values of derivatives are calculated using the rates quoted by the financial institution used by the Group which are based on market conditions existing at 31 December 2019 and 2018. The fair values are within level 2 of the fair value hierarchy.

13. OTHER CURRENT ASSETS

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Prepaid expense	44,758	41,704	3,140	4,896
Office supplies	3,452	3,642	3,405	3,642
Tax coupon	296	1,359	296	1,359
Advance payment	4,241	539	4,199	589
Others	51,296	20,501	537	695
Total	104,043	67,745	11,577	11,181

14. RESTRICTED DEPOSITS WITH BANK

Restricted deposits with bank represent fixed deposit of 3 months, 6 months 12 months pledged as collateral for the overdraft and short-term loans facilities from financial institutions.

15. INVESTMENTS IN SUBSIDIARIES

		Separate F/S									
		Paid-up capital		Percentage of shareholding direct (%)		Percentage of shareholding direct and indirect (%)		At Cost (Thousand Baht)		Dividend Income (Thousand Baht)	
Currency of investments		31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Seafresh Group (Holdings) Limited	GBP	10,000	10,000	39.00	39.00	67.55	67.55	190	190	35,117	15,747
Sea Farms Limited	GBP	1	1	-	-	67.55	67.55	-	-	-	-
Blue Earth Foods Limited	GBP	3,000	3,000	25.00	25.00	75.66	75.66	36	36	-	-
Sea Farms, Inc.	USD	10,000	10,000	25.00	25.00	68.91	68.91	77	77	-	-
Prochaete Innovation Limited	GBP	100	100	25.00	25.00	48.64	48.64	1	1	-	-
Sea Farms Nutrition Limited	GBP	10,000	10,000	-	-	65.53	65.53	-	-	-	-
Sea Farms Nutrition, Inc.	USD	1	1	-	-	55.70	55.70	-	-	-	-
Manufacturing Systems											
Implementation Company Limited	Thousand Baht	3,000	3,000	100.00	100.00	100.00	100.00	3,521	3,521	3,600	-
Seafresh IHQ Company Limited	Thousand Baht	900,000	900,000	100.00	100.00	100.00	100.00	900,000	900,000	30,780	40,014
Seafresh Farm Company Limited	Thousand Baht	312,000	30,000	100.00	100.00	100.00	100.00	312,000	30,000	-	-
Total								1215,825	933,825	69,497	55,761

The Company has only a 48.64% interest in Prochaete Innovation Limited but has included it in the consolidated financial statements because the Company can govern the financial and operating policies of such subsidiary through the board of directors voting rights which more than 50%.

At the Board of Director's Meeting No. 3/2019 on 21 March 2019, the following resolutions were passed :

- The registered share capital of Seafresh Farm Co., Ltd. (subsidiary) was increased by issuing 60 million shares with a par value of Baht 5 each, totaling Baht 300 million. The subsidiary registered the increase with the Department of Business Development on 19 April 2019. As at 31 December 2019, the Company had paid to the subsidiary an amount of Baht 282 million for called up share capital, which paid in cash of Baht 111 million and by off-setting share purchase payable with receivable from sales of fixed assets, others receivable and short-term loan of Baht 171 million.
- The Company has transferred its shrimp farm to Seafresh Farm Co., Ltd. including the net book value of tools and equipment of Baht 74.21 million (Note 17) and all biological assets of Baht 2.56 million which appropriates to the net book value.

In January 2018, Seafresh IHQ Limited purchased 3,310 common shares (16.55% of paid - up shares capital) in Seafresh Group (Holdings) Limited held by other shareholder at GBP 730.202 per share, totaling GBP 2.42 million. Term of payment is divided into 4 installments payable within December 2019 with interest rate at 2% per annum. The right of such share capital was transferred on 30 January 2018. The acquisition result in surplus from the change in portion of investment in subsidiary of Baht 20.49 million which has been recorded in the statement of changes in shareholders' equity.

As at 31 December 2019, Seafresh IHQ Limited has not paid for the amount of GBP 0.60 million for such purchase common shares (equivalent to Baht 24.14 million)

The total non-controlling interests as at 31 December 2019 of is Baht 192.89 million (2018: Baht 220.06 million) of which Baht 170.91 million (2018: Baht 284.72 million) is of Sea Farms Limited which is considered as material non-controlling interests. Set out below are the summarised financial information for aforementioned subsidiary.

Summarised statement of financial position as at 31 December 2019 and 2018

	(Unit : Million Baht)	
	Sea Farms Limited	
	2019	2018
<u>Assets</u>		
Current assets	1,465	1,327
Non-current assets	10	8
Total assets	1,475	1,335

(Unit : Million Baht)

Sea Farms Limited

	2019	2018
<u>Liabilities</u>		
Current liabilities	948	737
Non-current liabilities	-	2
Total liabilities	948	739
Net assets	527	596

Summarised statement of comprehensive income for the years ended 31 December 2019 and 2018

(Unit : Million Baht)

Sea Farms Limited

	2019	2018
Revenue	2,381	4,113
Profit before income tax	182	432
Income tax expense	13	73
Profit after income tax	169	359
Other comprehensive income	-	-
Total comprehensive income	169	359
Total comprehensive income attributable to non-controlling interests	55	115
Dividends paid to non-controlling interests	31	13

(Unit : Million Baht)

Sea Farms Limited

	2019	2018
Net cash from operating activities	48	543
Net cash used in investing activities	(1)	(1)
Net cash used in financing activities	(246)	(352)
Net cash inflows (outflows)	(199)	190

The information above is the amount before inter-company eliminations.

16. INVESTMENT IN JOINT VENTURE

		Consolidated F/S					
		Percentage of investment (%)		At cost (Thousand Baht)		Equity method (Thousand Baht)	
	Paid-up capital	2019	2018	2019	2018	2019	2018
Belize Aquaculture Limited	BZD 13.75 million	50.00	50.00	9,663	9,663	-	-

The Group has no contingent liabilities relating to the Group's interest in the joint venture.

No movements in the Group's investment in joint venture because a subsidiary has fully recognized loss sharing from investment under the equity method.

Summary of financial information of joint venture by investment portion are as follows:

		(Unit : Thousand Baht)	
		Belize Aquaculture Limited	
		2019	2018
Cash and cash equivalents		423	185
Trade and other accounts receivable		2,494	2,673
Inventories		7,368	18,215
Property, plant and equipment		294,701	340,280
Other non-current assets		512	767
Total assets		305,498	362,120
Trade and other accounts payable		262,205	266,977
Loans		223,363	241,398
Total liabilities		485,568	508,375
Net assets		(180,070)	(146,255)
Revenue		5,020	11,160
Cost of sales		(2,488)	(9,716)
Selling and administrative expenses		(48,486)	(28,747)
Loss before income tax		(45,954)	(27,303)
Income tax		-	-
Loss for the year		(45,954)	(27,303)

As at 31 December 2019, the Group has not recognized excess liabilities over investment in joint venture amount of Baht 180 million (2018: Baht 146 million) in these financial statements due to the Group has no any commitments on the negative net assets.

17. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Thousand Baht)

	Consolidated F/S						
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2018							
Opening - net book value	159,872	425,724	408,088	60,104	49,763	7,970	1,111,521
Additions	195,416	195,219	40,633	5,676	4,407	25,888	467,239
Transfer	49	(1,943)	16,711	182	3,470	(18,469)	-
Disposals - net	-	-	(11)	-	(1,380)	-	(1,391)
Write off - net	-	(4)	(942)	(2)	(3)	-	(951)
Depreciation	-	(35,396)	(83,452)	(12,758)	(14,473)	-	(146,079)
Currency translation differences	(3,743)	(12,460)	(11,063)	(2,897)	(292)	-	(30,455)
Closing - net book value	351,594	571,140	369,964	50,305	41,492	15,389	1,399,884
As at 31 December 2018							
Cost	351,594	1,174,439	962,948	158,471	114,685	15,389	2,777,526
<u>Less</u> Accumulated depreciation	-	(603,299)	(592,984)	(108,166)	(73,193)	-	(1,377,642)
Net book value	351,594	571,140	369,964	50,305	41,492	15,389	1,399,884

(Unit : Thousand Baht)

	Consolidated F/S						
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2019							
Opening - net book value	351,594	571,140	369,964	50,305	41,492	15,389	1,399,884
Additions	1,800	83,803	50,295	35,704	53,240	45,831	270,673
Transfer in	2,000	36,952	19,600	810	46	-	59,408
Transfer out	-	-	(20,445)	-	-	(38,963)	(59,408)
Disposals - net	-	(7,227)	(4,190)	-	(403)	-	(11,820)
Write off - net	-	(4)	(453)	(5)	(11)	-	(473)
Depreciation	-	(37,691)	(75,699)	(13,660)	(17,675)	-	(144,725)
Currency translation differences	(1,983)	(13,488)	(7,031)	(1,581)	(59)	-	(24,142)
Closing - net book value	353,411	633,485	332,041	71,573	76,630	22,257	1,489,397
As at 31 December 2019							
Cost	353,411	1,283,506	953,695	190,021	166,111	22,257	2,969,001
<u>Less</u> Accumulated depreciation	-	(650,021)	(621,654)	(118,448)	(89,481)	-	(1,479,604)
Net book value	353,411	633,485	332,041	71,573	76,630	22,257	1,489,397

Certain land and buildings are mortgaged as collateral for long-term loans from financial institutions as explained in Note 21.

(Unit : Thousand Baht)

	Separate F/S						
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2018							
Opening - net book value	103,479	233,029	215,970	10,227	43,342	7,970	614,017
Additions	-	2,283	4,348	1,985	4,407	25,885	38,908
Transfer	-	5,334	9,485	179	3,470	(18,468)	-
Disposals - net	-	-	-	-	-	-	-
Write off - net	-	(4)	(942)	(2)	(3)	-	(951)
Depreciation	-	(28,510)	(48,249)	(4,343)	(11,698)	-	(92,800)
Closing - net book value	103,479	212,132	180,612	8,046	39,518	15,387	559,174
As at 31 December 2018							
Cost	103,479	771,262	572,157	57,512	104,555	15,387	1,624,352
<u>Less</u> Accumulated depreciation	-	(559,130)	(391,545)	(49,466)	(65,037)	-	(1,065,178)
Net book value	103,479	212,132	180,612	8,046	39,518	15,387	559,174

(Unit : Thousand Baht)

	Separate F/S						
	Land	Buildings, and improvement	Machine, and factory equipment	Office fixtures and supplies	Vehicles	Construction in progress	Total
As at 1 January 2019							
Opening - net book value	103,479	212,132	180,612	8,046	39,518	15,387	559,174
Additions	1,800	355	3,379	674	692	26,107	33,007
Transfer	-	4,611	18,657	95	-	(23,363)	-
Disposals - net	-	(27,566)	(44,345)	(1,231)	(1,440)	-	(74,582)
Write off - net	-	(4)	(453)	(5)	(11)	-	(473)
Depreciation	-	(23,682)	(37,953)	(3,443)	(11,559)	-	(76,637)
Closing - net book value	105,279	165,846	119,897	4,136	27,200	18,131	440,489
As at 31 December 2019							
Cost	105,279	732,658	496,188	54,965	101,669	18,131	1,508,890
<u>Less</u> Accumulated depreciation	-	(566,812)	(376,291)	(50,829)	(74,469)	-	(1,068,401)
Net book value	105,279	165,846	119,897	4,136	27,200	18,131	440,489

18. INTANGIBLE ASSETS - NET

(Unit : Thousand Baht)

	Consolidated F/S		
	Customer relationship	Computer software	Total
As at 1 January 2018			
Opening - net book value	-	15,006	15,006
Additions	-	1,678	1,678
Amortization	-	(5,860)	(5,860)
Currency translation differences	-	(582)	(582)
Closing - net book value	-	10,242	10,242
As at 31 December 2018			
Cost	19,301	45,288	64,589
<u>Less</u> Accumulated amortization	(19,301)	(35,046)	(54,347)
Net book value	-	10,242	10,242
As at 1 January 2019			
Opening - net book value	-	10,242	10,242
Additions	-	692	692
Amortization	-	(5,120)	(5,120)
Currency translation differences	-	(305)	(305)
Closing - net book value	-	5,509	5,509
As at 31 December 2019			
Cost	18,575	44,932	63,507
<u>Less</u> Accumulated amortization	(18,575)	(39,423)	(57,998)
Net book value	-	5,509	5,509

	(Unit : Thousand Baht)
	Separate F/S
	Computer software
As at 1 January 2018	
Opening - net book value	3,239
Additions	325
Amortization	(1,721)
Closing - net book value	1,843
As at 31 December 2018	
Cost	17,385
<u>Less</u> Accumulated amortization	(15,542)
Net book value	1,843
As at 1 January 2019	
Opening - net book value	1,843
Additions	30
Amortization	(1,332)
Closing - net book value	541
As at 31 December 2019	
Cost	17,415
<u>Less</u> Accumulated amortization	(16,874)
Net book value	541

19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

			(Unit : Thousand Baht)
	Consolidated F/S	Separate F/S	
	2019	2018	2019
			2018
Bank overdrafts	12,964	8,026	12,964
Short-term loans from financial institutions	1,175,844	894,736	435,500
Total	1,188,808	902,762	448,464
			373,026

Bank overdrafts and short - term loans facilities bear interest rates at 1.80% to 3.25% per annum and are collateralised by bank deposits of the Company as mentioned in Note 14, inventories and trade accounts receivable of its subsidiaries.

As at 31 December 2019, the Group has unutilised short-term credit facilities amounting to Baht 1,000 million (2018: Baht 2,425 million).

20. ACCRUED EXPENSES

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Accrued salary and bonus	7,965	8,993	155	223
Accrued transportation and warehouse expense	694	15,334	61	159
Accrued utilities expense	5,448	6,973	5,446	7,023
Accrued consulting expense	1,186	1,182	-	-
Accrued promotional expense	1,941	1,857	-	-
Others	50,899	46,886	10,444	12,445
Total	68,133	81,225	16,106	19,850

21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

					(Unit : Thousand Baht)			
Loans	Principals	Term (years)	Maturity	Repayment	Consolidated F/S		Separate F/S	
					2019	2018	2019	2018
1	Baht 200 million	5	July 2020	Quarterly installments of Baht 10 million	20,000	60,000	20,000	60,000
2	GBP 2.2 million	5	July 2021	Monthly installments of GBP 18,313	57,359	68,655	-	-
3	GBP 0.8 million	5	July 2021	Monthly installments of GBP 13,680	10,373	17,465	-	-
4	GBP 2.4 million	2.4	July 2021	Monthly installments of GBP 87,321	65,791	-	-	-
5	GBP 1.0 million	2.4	July 2021	Monthly installments of GBP 32,530	24,427	-	-	-
6	GBP 0.5 million	4.1	April 2023	Monthly installments of GBP 3,192	19,330	-	-	-
Total					197,280	146,120	20,000	60,000
<u>Less</u> Current portion					(93,528)	(55,766)	(20,000)	(40,000)
Portion due more than one year which classified to current liabilities					-	(70,354)	-	-
Portion due more than one year					103,752	20,000	-	20,000

The Company's loans bear interest rate at 4% per annum and the subsidiaries' loans bear interest rate at 2.5% to 4.8% above base rate per annum. The Group must comply with the covenants in the contracts.

As at 31 December 2018, Baht 70.36 million of long-term loans were reclassified to current due to a breach of some operation conditions of a subsidiary's loan facility. The breach is not as a result of the subsidiaries inability to service the debt and the bank has continued to allow the subsidiary to fully utilize the loan facility.

During the year 2019, the terms and conditions of the major loan facility of the overseas subsidiaries were renegotiated and as a result the breach of covenants as at 31 December 2018 was remedied. As such, as at 31 December 2019, the loans were classified between current and non-current in accordance with the contractual payment terms.

The subsidiaries' loans are collateralised by the mortgaged of land with building and assets of subsidiaries (Note 17).

Movements in long-term loans are summarised below:

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Opening balance	146,120	289,711	60,000	115,000
<u>Add</u> Additional borrowings	141,016	-	-	-
<u>Less</u> Repayments	(86,617)	(131,994)	(40,000)	(55,000)
Currency translation differences	(3,239)	(11,597)	-	-
Ending balance	197,280	146,120	20,000	60,000

The interest rate exposure on the borrowings are as follows:

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Loans				
At floating interest rates	197,280	146,120	20,000	60,000

Maturity of long-term loans is as follows:

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Between 1 and 2 years	180,978	146,120	20,000	60,000
Between 2 years and 5 years	16,302	-	-	-
	197,280	146,120	20,000	60,000

22. BONDS - NET

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Bonds	1,000,000	1,000,000	1,000,000	1,000,000
<u>Less</u> Finance costs	(716)	(1,414)	(716)	(1,414)
Bonds - net	999,284	998,586	999,284	998,586

Movements in bonds are summarised below:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Opening balance	998,586	997,887	998,586	997,887
Amortized finance costs	699	699	699	699
Ending balance	999,285	998,586	999,285	998,586
<u>Less</u> Current port of Bond-net	(499,586)	-	(499,586)	-
Portion due more than one year	499,699	998,586	499,699	998,586

Details of bonds are as follows:

Issuance Date	Type of Bond	Amount (Million Baht)	Per value and Offering prices per unit	Term (Years)	Interest rate * (% per annum)
1. 24 - 26 May 2016	Unsubordinated and unsecured bong	500	Baht 1,000	5	4.30
2. 9 November 2017	Unsubordinated and unsecured bong	500	Baht 1,000	3	3.60

* Interest is repayable every 6 months.

Such bonds were issued with covenants relating to general matters including the maintenance of financial ratio of the consolidated financial statements as at the end of each year.

The Group disclosed fair values of bond which bear fixed interest rate as following:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Book Value	999,284	998,586	999,284	998,586
Fair Value	1,003,375	999,701	1,003,375	999,701

The fair value of bond which bear fixed interest rate is based on discounted cash flow using discount rate upon the bond rates at the date of the financial statements. The rates range from 3.55% to 3.83% per annum. The fair value is within level 2 of the fair value hierarchy.

23. EMPLOYEE BENEFITS OBLIGATION

Movements in employee benefits obligations for the years ended 31 December 2019 and 2018 are as follows:

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Employee benefits obligation at beginning of year	57,115	53,065	53,305	51,118
Past service cost	15,678	-	14,999	-
Current service cost	5,409	6,256	4,852	5,950
Interest cost	1,540	1,408	1,426	1,353
Remeasurement - actuarial (gain) loss	-	9	-	(1,493)
Benefits paid during the year	(1,496)	(3,623)	(1,496)	(3,623)
Employee benefits obligation at ending of year	78,246	57,115	73,086	53,305
<u>Less</u> Current portion	(13,907)	(9,643)	(13,907)	(9,643)
Net	64,339	47,472	59,179	43,662

Assumptions to estimate the actuarial valuation date are as follows:

	Consolidated and Separate F/S	
	2019	2018
Discount rate (% per year)	2.5 - 2.8	2.5 - 2.7
Inflation rate (% per year)	2.8	2.8
Future salary increase rate (Depending on age range) (% per year)	5.0	5.0

For the years ended 31 December 2019 and 2018, provision for employee benefit expenses included in the profit or loss are as follows:

			(Unit : Thousand Baht)	
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Past service cost	15,678	-	14,999	-
Current service cost	5,409	6,256	4,852	5,950
Interest cost	1,540	1,408	1,426	1,353
Total expenses recognized in profit or loss	22,627	7,664	21,277	7,303

Amount recognized in other comprehensive income related to defined benefit plans of the group are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Actuarial gain (loss) from:				
- changes in demographic assumptions	-	(3,365)	-	(3,180)
- changes in financial assumptions	-	(650)	-	(560)
- experience adjustment	-	4,024	-	2,247
Total expenses (income) recognized in other comprehensive income	-	9	-	(1,493)

All expenses (income) summarised above were included within items that will not be reclassified subsequently to profit or loss in the statement of profit or loss and other comprehensive income.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increment (decrement) of employee benefit	(4,346)	4,868	(4,062)	4,553
Salary growth rate				
Increment (decrement) of employee benefit	4,729	(4,232)	5,025	(4,557)
Employee turnover				
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Increment (decrement) of employee benefit	(4,991)	5,705	(4,789)	5,684

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2018		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increment (decrement) of employee benefit	(3,422)	3,838	(3,189)	3,580
Salary growth rate				
Increment (decrement) of employee benefit	3,704	(3,376)	3,455	(3,145)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Employee turnover				
Increment (decrement) of employee benefit	(3,376)	3,952	(3,234)	3,796

As at 31 December 2019, expected maturity of employee benefits obligation before discount are as follows:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Within one year	2,640	2,640
Between 2 - 5 years	33,889	29,613
Between 6 - 10 years	41,262	38,311
Between 11 - 15 years	29,200	28,301
Total	106,991	98,865

On 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2019 in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. The revised legislation is effective from 5 May 2019, and has resulted in an increase in the employment benefit obligation of Baht 15.68 million in the consolidated financial statements and Baht 15.00 million in the separate financial statements, with a corresponding amount included in the profit and loss accounting in respect of the past service costs.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows:

(Unit : Thousand Baht)

	Consolidated F/S					Total
	Finance Lease liabilities	Short-term loans from related party	Bank overdrafts and short-term loans from financial institutions	Bonds	Long-term loans from financial institutions	
1 January 2018	1,932	-	1,372,862	997,887	289,711	2,662,392
Cash-flows:						
Repayment	(1,932)	-	(470,100)	-	(131,994)	(604,026)
Non-cash:						
Amortized finance costs	-	-	-	699	-	699
Currency translation differences	-	-	-	-	(11,597)	(11,597)
31 December 2018	-	-	902,762	998,586	146,120	2,047,468
Cash-flows:						
Repayment	-	-	-	-	(86,617)	(86,617)
Proceeds	-	-	286,046	-	141,016	427,062
Non-cash:						
Amortized finance costs	-	-	-	699	-	699
Currency translation differences	-	-	-	-	(3,240)	(3,240)
31 December 2019	-	-	1,188,808	999,285	197,279	2,385,372

(Unit : Thousand Baht)

	Separate F/S				
	Finance Lease liabilities	Short-term loans from related party	Bank overdrafts and short-term loans from financial institutions	Bonds	Long-term loans from financial institutions
					Total
1 January 2018	-	-	409,516	997,887	115,000
Cash-flows:					
Repayment	-	-	(36,490)	-	(55,000)
Non-cash:					
Amortized finance costs	-	-	-	699	-
31 December 2018	-	-	373,026	998,586	60,000
Cash-flows:					
Repayment	-	-	-	-	(40,000)
Proceeds	-	19,500	75,437	-	-
Non-cash:					
Amortized finance costs	-	-	-	699	-
31 December 2019	-	19,500	448,463	999,285	20,000

25. INCOME TAX

Applicable tax rates for the Group are as follows

	Tax rate (%)	
	2019	2018
Income tax under the Revenue Code of the Company and subsidiary in Thailand	8, 10, 20	10, 20
Corporate income tax in foreign countries	19	19

25.1 Deferred tax assets and tax liabilities

	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Deferred tax assets	5,920	17,855	-	14,000
Deferred tax liabilities	(35,430)	(27,286)	-	-
Net	(29,510)	(9,431)	-	14,000

The change in deferred tax assets and liabilities are as follows:

(Unit : Thousand Baht)

	Consolidated F/S				
	1 January 2019	Statement of profit or loss	Shareholders' equity	Currency translation differences	31 December 2019
Parent company					
<u>Deferred tax assets from</u>					
Loss carried forward	14,000	(14,000)	-	-	-
Subsidiaries					
<u>Deferred tax assets from</u>					
Loss carried forward	3,855	(3,013)	-	(137)	705
Forward exchange contracts	(1,739)	5,724	-	-	3,985
Gain on inventory	-	1,233	-	(3)	1,230
Total	2,116	3,944	-	(140)	5,920
<u>Deferred tax liabilities from</u>					
Difference from					
depreciation rate	(25,547)	(10,874)	-	991	(35,430)
Net - Subsidiaries	(23,431)	(6,930)	-	851	(29,510)
Net	(9,431)	(20,930)	-	851	(29,510)

(Unit : Thousand Baht)

	Consolidated F/S				
	1 January 2018	Statement of profit or loss	Shareholders' equity	Currency translation differences	31 December 2018
Parent company					
<u>Deferred tax assets from</u>					
Loss carried forward	14,000	-	-	-	14,000
Subsidiaries					
<u>Deferred tax assets from</u>					
Loss carried forward	6,450	(2,276)	-	(319)	3,855
<u>Deferred tax liabilities from</u>					
Forward exchange contracts	1,055	(2,794)	-	-	(1,739)
Difference from					
depreciation rate	(30,120)	2,704	-	1,869	(25,547)
Total	(29,065)	(90)	-	1,869	(27,286)
Net - Subsidiaries	(22,615)	(2,366)	-	1,550	(23,431)

Consolidated F/S				
	1 January 2018	Statement of profit or loss	Shareholders' equity	Currency translation differences 31 December 2018
Net	(8,615)	(2,366)	-	1,550 (9,431)

(Unit : Thousand Baht)

Separate F/S				
	1 January 2019	Statement of profit or loss	Shareholders' equity	Currency translation differences 31 December 2019
<u>Deferred tax assets from</u>				
Loss carried forward	14,000	(14,000)	-	-

Separate F/S				
	1 January 2018	Statement of profit or loss	Shareholders' equity	Currency translation differences 31 December 2018
<u>Deferred tax assets from</u>				
Loss carried forward	14,000	-	-	- 14,000

Deferred tax assets are recognized for tax loss carried forward only to the extent that realization of the related tax benefit through the future taxable profits is probable. During the year 2019, the Company reversed all amount of deferred tax assets which has previously been recognized since the Company's management considered that the Company has no probable that future taxable profit will be available for utilize such deferred tax assets. Unrecognized deferred tax assets in the consolidated and separate financial statements is Baht 114.22 million. Unutilized tax losses will expire during 2021 to 2024.

25.2 Income tax expenses recognized in the statements of profit or loss for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Current tax	12,811	82,094	-	-
Deferred tax	20,930	2,366	14,000	-
Total	33,741	84,460	14,000	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2019	2018	2019	2018
Profit before tax	(171,135)	174,376	(154,134)	(126,939)
Tax calculated at a tax rate of 20% (2018 : 20%)	(34,227)	34,875	(30,827)	(25,388)
Tax effect of:				
Revenue granted income tax exemption and expenses that are deduct able at a greater amount	(18,931)	(21,338)	(14,087)	(11,182)
Impact of intercompany transactions	20,852	20,142	-	-
Change in tax rate	(1,904)	(4,140)	-	-
Unrecognized temporary differences	1,130	600	1,131	560
Expenses not deductible for tax purpose	10,607	3,191	7,055	166
Utilization of previously unrecognized tax losses	(43)	(53)	-	-
Adjustment in respect of prior year	(5,229)	781	-	-
Reversal of deferred tax assets	14,000	-	14,000	-
Unrecognized current year loss as deferred tax assets	47,487	50,402	36,728	35,844
Tax charged	33,742	84,460	14,000	-

26. OTHER INCOME

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2019	2018	2019	2018
Interest income	254	218	1,440	1,626
Dividend received	-	-	69,497	55,761
Income from sale of by products	8,554	7,719	8,554	7,719
Compensation from export duty	2,173	4,395	2,173	4,395
Interest income from credit sale	-	-	27,901	45,788
Income from sales of scrap	714	2,127	714	2,127
Gain on sales of fixed assets	-	116	1,258	113
Others	17,107	12,169	13,700	10,705
Total	28,802	26,744	125,237	128,234

27. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2019	2018	2019	2018
Salaries and wages and others employee benefits	966,584	1,099,215	453,421	511,624
Depreciation and amortization expenses	149,845	151,939	77,969	94,521
Raw materials and consumable supplies used	3,706,220	5,018,799	1,389,119	1,666,028
Logistic expenses	147,127	151,514	36,806	41,505
Utilities expenses	108,427	124,071	76,477	98,977
Warehouse expenses	44,478	75,767	491	1,910
Maintenance expenses	44,419	54,090	20,334	29,048
Rental expenses from operating lease agreements	13,877	13,591	10,267	9,010
Changes in finished goods and work in process	31,198	647,264	17,509	39,834
Allowance for decline in value of inventories	7,484	80,362	33,900	59,300

28. REVENUES

Majority revenues of the Group are consisted of frozen raw shrimp, frozen cooked shrimp and processed shrimp such as breaded shrimp, tempura shrimp and sushi shrimp. Sales are through the subsidiaries in overseas under the trademark of the Group and customers which are an importer, a wholesaler, a retailer and a re-processor in the European Union, Japan, USA, Canada and Australia. The Group recognized revenues from sales at point in time.

Furthermore, the Group has revenue from service agreements to provides consulting and implement computer systems in Oracle application in Thailand. The Group recognized revenue from such services over the servicing period (Over time).

29. SEGMENT REPORTING

The Group presents the operating segments by geographical area. Segment information is presented in respect of the Group operating segments which are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board of directors. The board of directors reviews the Group's internal reporting regularly in order to assess the performance and allocate resources. The board of directors measures the business based on a measure of segment profit before tax, which is derived on a basis that is consistent with the measurement of profit in the consolidated information preparation.

Operating segments are defined as components of the Group about which segment financial information is available by a segment basis that is evaluated regularly by the board of directors.

The information of operating segment for the years ended 31 December 2019 and 2018 are as follows:

(Unit : Thousand Baht)

	Consolidated F/S							
	Overseas operation		Thailand operation		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from third parties	4,310,073	6,489,260	1,193,107	1,442,680	-	-	5,503,180	7,931,940
Revenues from related parties	1,485	427	802,647	1,012,593	(804,132)	(1,013,020)	-	-
Total revenues	4,311,558	6,489,687	1,995,754	2,455,273	(804,132)	(1,013,020)	5,503,180	7,931,940
Revenue classified by revenue recognition								
At point in time	4,311,558	6,489,687	1,904,926	2,369,525	(742,082)	(947,800)	5,474,402	7,911,412
Over time	-	-	90,828	85,748	(62,050)	(65,220)	28,778	20,528
Total	4,311,558	6,489,687	1,995,754	2,455,273	(804,132)	(1,013,020)	5,503,180	7,931,940
Interest income	-	-	254	218	-	-	254	218
Interest expense	126,836	145,730	48,690	50,532	(89,932)	(111,361)	85,594	84,901
Depreciation and amortization expenses	59,316	57,350	90,529	94,589	-	-	149,845	151,939
Segment profit (loss) before income tax	75,786	301,360	(181,260)	(110,237)	(65,661)	(16,747)	(171,135)	174,376
Segment assets	3,057,156	3,063,232	2,816,658	3,004,570	(1,149,174)	(1,267,515)	4,724,640	4,800,287
Increase (decrease) of non-current assets of segment	46,407	113,450	(49,408)	253,238	-	(107,957)	(3,001)	258,731
Segment liabilities	2,302,171	2,240,840	1,648,418	1,639,553	(1,028,662)	(1,148,976)	2,921,927	2,731,417

Major customers

For the year ended 31 December 2019, the Group's revenue from sales of products from external major customers amounting to Baht 3,625 million (31 December 2018 : Baht 3,886 million).

30. Warrants

On 2 July 2015, the Company issued 22,145,000 warrants (ESOP warrants No. 3), to subscribe to the Company's ordinary shares. These warrants were allotted to the Company's directors and employees. All units of warrants were not exercised and had expired.

31. LEGAL RESERVE

Legal reserve represents the reserve which the Company appropriated under the provisions of the Public Limited Companies Act B.E. 2535, which requires the Company to appropriate at least 5% of its net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 3 years. Future minimum lease payments under these non-cancellable operating lease contracts are as follows:

	(Unit : Million Baht)	
Payable	2019	2018
Within 1 year	4	3
Over 1 and up to 3 years	4	-

The subsidiaries have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 5 years. Future minimum lease payments under these non-cancellable operating lease contracts are as follows:

	(Unit : Thousand GBP)	
Payable	2019	2018
Within 1 year	120	81
Over 1 and up to 5 years	141	133

32.2 Capital commitments

As at 31 December 2019

- The Company has capital commitments in respect of purchases of machinery and equipment amounting to Baht 0.09 million (31 December 2018 : Baht 1.04 million).
- The subsidiary has commitment from land purchase agreement amounting to Baht 34.89 million.

32.3 Bank guarantees

	Consolidated and Separate F/S	
	2019	2018
US Customs bond	USD 0.2 million	USD 0.4 million
Electricity guarantee	Baht 8.5 million	Baht 8.3 million
Import / export guarantee - Customs Dept.	Baht 1 million	Baht 1 million

33. PROMOTIONAL PRIVILEGES

The Company has been granted various promotional privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520 Details of the promotion certificates are as follows:

Certificate No.	Certificate's date	The promoted business	Date of first earning operating income
1739(3)/2550	4 June 2007	The manufacture of frozen processed or semi-processed products.	1 July 2011
1740(2)/2550	20 June 2007	The manufacture of frozen seafood products.	1 July 2011
1070(2)/2557	9 January 2014	The manufacture of frozen seafood products.	13 July 2019
1075(3)/2557	10 January 2014	The manufacture of semi-processed product and frozen product	4 July 2019

Subject to certain imposed conditions, the privileges granted include the following:

- Permission to own land in order to carry on the promoted activities, as deemed appropriate by the Board of Investment.

- b) Exemption from import duty on machinery imported for use in production, as approved by the Board.
- c) Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning income from the promoted operation. (Exemption certificate no. 1740(2)/2550 and 1070(2)/2557 not exceed 100 percent of investment).
- d) Exemption from income tax on dividends paid from the profit of the promoted operation, for a period of eight years.
- e) Permission to deduct costs of installation or construction of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.

The Company's operating revenues for the years ended 31 December 2019 and 2018 divided into promoted and non-promoted operations are as follows:

	(Unit : Thousand Baht)		
	Promoted business	Non - promoted business	Total
<u>2019</u>			
Sales			
Domestic sales	30,259	41,659	71,918
Export sales	1,394,604	440,382	1,834,986
Total sales	<u>1,424,863</u>	<u>482,041</u>	<u>1,906,904</u>
<u>2018</u>			
Sales			
Domestic sales	9,377	23,805	33,182
Export sales	2,259,638	76,353	2,335,991
Total sales	<u>2,269,015</u>	<u>100,158</u>	<u>2,369,173</u>

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are authorized for issuance by the Board of Directors on 2 March 2020.



Awards and Prestigious Prizes



**Sustainability Awards Of Honor 2019
by The Stock Exchange of Thailand (SET)**



**Excellent CG Scoring 2017 -2019
3rd year continuously**



**CSR-DIW Continuous Award 2019
for 5th year continuously**



**Green Industry
(Green Culture Award, Green System Award)**



บริษัท ซีเฟรชอินดัสตรี จำกัด (มหาชน)
Seafresh Industry Public Company Limited



THE BEST SHRIMP COMPANY

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