



2020

A N N U A L R E P O R T

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Message from Directors



Thaifoods Group Public Company Limited (the “Company”) has continued to positively generate revenue with total revenue for the year 2018 - 2020 were Baht 28,357.21 million, Baht 29,105.51 million and Baht 31,857.38 million, respectively or increasing 2.64% and 9.45%, respectively. The mainly increasing's result was swine business had increase of sale price and volume. For the poultry business sale price was higher while drop in volume. The net profit for the year 2020 of Baht 2,563.29 million increased of 78.01% from the net profit in 2019 or net profit margin was 8.05%

The poultry business for the year 2020 was Baht 16,308.82 million, decreased by 0.82 % from the previous year. Average chicken price for the year 2020 was Baht 38.01/kg due to decrease in chicken domestic market price. The volume sold in 2020 was 354,215.63 tonnes decrease from 2019 mainly decrease sale volume of chicken sold in the domestic market.

The swine business for the year 2020 was Baht 9,501.71 million, increased by 19.63% from the domestic standard price is rising, and the company is quick to add capacity. Average swine price for the year 2020 was Baht 75.54/kg increased from 2019 due to increase in domestic price increase in capacity and the volumes sold were 108,651.56 tonnes increased from 2019 due to increased farming capacity.

The revenue from feed operations and others for the year 2020 was Baht 5,528.13 million, increasing by 21.95% from the previous year due to increase of external sale continuously by the external sell volumes for the year 2018 - 2020 were 290,328.28 tonnes, 344,753.29 tonnes and 412,084.64 tonnes, respectively or increase equivalent to 18.75% and 19.53% respectively. The growth of such external sale volume was the good quality, farmers reliable and good experience team for feed formulation.



For the year 2021, the Company has set a target for revenue growth of 10 - 15% compared to the previous year. For the swine business will expand due to increased production and good prices continued from the previous year and the swine business in Vietnam, the price still stands at a high level as well. In addition, the Company has already started some expansion of breed-level farms in Thailand and Vietnam to support market demand. The production volume in Thailand is planned to increase by approximately 20% and in Vietnam plans to expand approximately double from the production capacity last year. In addition, there is a strategic plan to closer to consumers from expansion the retail shops.

In 2020, the Company has achieve corporate governance rated “Very Good” from the Thai Institute of Directors Association and the Company has achieve AGM Checklist assessment of 100.00 scores.

For CSR, the Company operates its business according to the principles of good governance. It’s responsible for all stakeholders that committed to business development, along with the economic, social and environmental balance to sustainable business practices and manufacturer of quality and safe food in accordance with international standards. Moreover, the Company has encouraged innovation and new technologies to improve safety, increase production quality and efficiency while reducing the impact on the community, society and the environment. The Company has also promoted knowledge safety, welfare and continuous growth in the line to make all related person sustainable.

The Company strongly believes that being a Good Corporate Citizen under good corporate governance can generate returns for shareholders and all stakeholders. It is strongly believed that. “Quality Foods Quality Life”.



(Mr. Weerasak Ungkajornkul)
Chairman of the Board of Director



(Mr. Winai Teawsomboonkij)
Director

Board of Directors



Mr. Weerasak Ungkajornkul
Chairman of the Board of Director/
Independent Director

Mr. Winai Teawsomboonkij
Director

Mr. Phet Nantavisai
Director



Ms. Siriluck Tangwiboonpanich
Director

Mr. Prasit Wasupath
Independent Director

Mr. Weidt Nuchcharoen
Chairman of Audit Committee/
Independent Director



Mr. Assanee Subvanich
Audit Committee/
Independent Director

Mr. Udomsak Nitimontree
Audit Committee/
Independent Director

Managements



Mr. Winai Teawsomboonkij
Chief Executive Officer

Mr. Phet Nantavisai
Executive Vice President
Farm Unit and
Quality Development

Ms. Siriluck Tangwiboonpanich
Senior Assistant
Vice President
Accounting and Credit

Mr. Sugun Thampon
Senior Assistant Vice
President Slaughterhouse
and Sausage Factory



Mr. Santi Wutisela
Assistant Vice President
Poultry Farm Business

Mr. Patipan Chaipanya
Assistant Vice President
Animal Health Business

Mr. Narongrit Khwuankhwaisap
Assistant Vice President
Swine Farm Business

Ms. Patrapan Rungcharoen
Assistant Vice President
New Product Development



Mr. Pichet Mongkolsiriwatana
Assistant Vice President
Animal Feed Business

Mr. Panya Sakunchot
Assistant Vice President
Further Factory

Audit Committee's Report

To: The Shareholders

The Audit Committee of Thaifoods Group Plc. ("the Committee") was appointed by a resolution of the Board of Directors and consists of three independent directors. Mr. Weidt Nuchjalearn was appointed as the Chairman of the Committee while Mr. Assanee Subvanich and Mr. Udomsak Nitimontree were appointed as members. The Secretary to the Committee is Miss Pattama Hongsittiwongse, who also serves as Internal Audit Division Manager of the Company.

The Committee performed its duties and responsibilities as assigned by the Board of Directors and as set forth in the Audit Committee Charter. The Committee gave precedence to found good internal control framework and operation system, including review suitable corporate governance, adequacy of risk management, efficiency and effectiveness of internal control.

In 2020, the Committee held a total of 4 meetings. The Committee's significant activities in 2020 are summarized below:

- 1. Financial Statements Review:** The Committee reviewed the quarterly and annual financial statements of the Company including the Company's connected transactions or any transactions which may give rise to any conflicts of interest. The Committee worked with the Company's management, internal auditors and external auditors to consider significant accounting estimates, policies, the Management Discussion and Analysis (MD&A) and disclosure of information in the notes of financial statements to ensure that the reports were timely, accurate and reliable as well as in compliance with the Thai Financial Reporting Standards (TFRS). Moreover, the Committee held a private meeting with the external auditors without the Company's management to consider risk based audit plan and accuracy and reliability of the Company's financial statements, and to ensure that the external auditors had preserved their independence.
- 2. Good Corporate Governance Review:** The Committee reviewed the Company's operations in compliance with the securities and exchange laws, regulations of the SET and rules, regulations related to the Company's business and Code of Conduct. In addition, the Committee reviewed the Company's connected transactions or any transactions resulting in a conflict of interest, by assigning Compliance Division to make a quarterly compliance report to the Committee.
- 3. Risk Management Review:** The Committee reviewed effectiveness and reasonableness of the Company's risk management system which may be trigger from inside or outside the Company. The Committee also reviewed risk management policy and monitored progress of risk management plan and its actions to mitigate significant risk to acceptable levels as per the Company's risk appetite on a quarterly basis and gave suggestions on the improvement of the work.

4. **Internal Control Systems and Internal Audit Review:** The Committee reviewed the assessment result of the internal control system reported by internal auditor on a quarterly basis and found that the internal control system of the Company was appropriate and fit for purpose for the Company's business operations which in line with the external auditor's opinion that there was no irregularities were found in the Company's financial statements.

In relation to the internal audit work, the Committee reviewed and approved the internal audit plan, reviewed results of full audit reports, follow-up audit reports and their agreed improvement actions. The Committee provided recommendations and monitored significant issues to ensure sufficient and appropriate internal control system and good corporate governance.

5. **Consideration for Appointment of External Auditor for the year 2021:** The Committee had worked with the Management team to consider selection of external auditors and audit fees for the year 2021 through auditors' experiences, knowledge, independence and reasonable proposed fees. After which the Committee agreed to recommend the Board of Directors to propose in the Annual General Meeting of Shareholders to appoint auditors from KPMG Poomchai Audit Ltd. The proposed auditors are Mr. Veerachai Ratanajaratkul, Certified Public Accountant (CPA) Registration No. 4323 and/or Ms. Sujitra Masena, CPA Registration No. 8645 and/or Ms. Nareewan Chaibantad, CPA Registration No. 9219 and/or Ms. Chaowanee Chaisanga, CPA Registration No. 12663 wherein anyone is eligible to conduct audit engagement and express opinion on the financial statements of the Company for the year 2021.

In summary, the Committee fully performed its duties independently by using knowledge, abilities and prudence in providing opinions and creative recommendations for the fair benefit of all interested parties. The Committee view that the Company's financial statements were correct and reliable in compliance with the financial reporting standards and the generally accepted accounting standards. The Board of Directors and all managements' goal is to achieve the Company's target and also focus on effectiveness, transparency and reliability of corporate governance and sufficiency and efficiency of internal control system.

On behalf of the Audit Committee

Thaifoods Group Public Company Limited



(Mr. Weidt Nuchcharoen)

Chairman of Audit Committee



General Information

Name :	THAIFOODS GROUP PUBLIC COMPANY LIMITED
Symbol :	TFG
Type of Business :	The principal business operations of the Company are producing and distributing frozen and chilled chicken products, producing and distributing swine and producing and distributing feed mill.
Head Ofce address :	1010, Shinawatra Tower 3, 12 th Fl., Vibhavadi-Rangsit Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900
Registration number :	0107557000292
Homepage :	www.tfg.co.th
Tel. :	(66) 2 513 8989
Fax. :	(66) 2 513 9060
Registered Capital :	6,138,160,412 baht
Paid up Capital :	5,607,572,768 baht
Type of Stock :	Common stock
Auditor :	KPMG Phoomchai Audit Limited Empire Tower, 50 Fl. 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel (66) 2 677 2000 Fax (66) 2 677 2222
Registrar :	Thailand Securities Depository Co., Ltd. 14 th Fl, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel (66) 2 009 9000 Fax (66) 2 009 9991

Summary of Financial Highlights

		2018	2019	2020
Financial Position and Operating Results (Million Baht)				
Total Assets		22,711.06	22,786.59	26,090.76
Total Liabilities		14,875.71	12,900.76	14,950.48
Total Equity		7,835.35	9,885.83	11,140.28
Revenue from Sales of Goods and Rendering of Services		27,933.54	28,919.19	31,338.66
Total Revenues		28,357.21	29,105.51	31,857.38
Cost of Sales of Goods and Rendering of Services		25,715.53	25,719.31	26,909.14
Total Expenses		27,382.53	27,160.02	28,223.66
Profit (owners of the parent)		645.46	1,440.00	2,563.29
Current Ratio				
Current Ratio	(Times)	0.81	0.81	1.19
Accounts Receivable Turnover	(Times)	19.52	17.27	19.79
Inventory Turnover	(Times)	8.34	8.42	8.70
Accounts Payable Turnover	(Times)	11.64	12.58	14.06
Profitability Ratio				
Gross Profit (Loss) Margin	(%)	7.94	11.06	14.13
Operating (Loss) Margin	(%)	3.49	6.74	11.39
Net profit (Loss) Margin	(%)	2.28	4.95	8.05
Return on Equity	(%)	8.49	16.25	24.41
Efficiency Ratio				
Return on Total Assets	(%)	3.10	6.33	10.49
Return on Fixed Assets	(%)	17.51	22.50	30.61
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.90	1.30	1.34
Interest Coverage Ratio	(Times)	6.74	9.05	15.35

Policy and Overview of Business Operation

Thaifoods Group Public Company Limited or (the “Company” or “Thaifoods”), we are a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Vietnam.

Our business focuses primarily on the production of chicken and selling chicken’s products (whole chickens, chicken parts and processed chicken), production of swine and selling swine’s products and live pigs for sale to brokers, retailers, slaughterhouses, industrial and modern trade companies, export/re-export agents and the export market. We also operate several feed mills that produce feed for animals, which is primarily used in the raising of our chickens and pigs, but is also sold to third-party customers. These businesses can be categorized according to the following product lines:

- Our poultry business, involving chicken breeding, chicken meat production and sales and sale of day-old chicks, live chickens and processed chicken;
- Our swine business, involving pig breeding, sale of live pig and pork meat;
- Our feed business, involving the manufacture and sale of feed for animals, mainly chickens and pigs; and
- Other business, involving primarily provision of research facility services and also included production and sales of animal feed sacks and plastic farming equipment and production and sale sauce and seasoning drink.



As of December 31, 2019, the Company has 19 breeder chicken farms, 7 hatchery farms, and 342 contracted farmer farms, 3 chicken slaughterhouses (2 plants in Kanchanaburi province, 1 plant in Prachinburi province) and 1 chicken sausage factory in Prachinburi. For the swine business in Thailand, the Company has 2 great-grandparent farms, 5 grandparent farms, 4 replacement GGP-GP breeder farms and 13 parent farms, 456 contract farming (in Thailand), 2 own swine

slaughterhouses in Khon Kaen and Chon Buri province and a contracted swine slaughterhouse in Nakhon Pathom province. In the swine business in Vietnam, there are 1 grandparent farm, 3 parent farms, 27 contract farms (in Vietnam) with 3 feed factories in Thailand (2 plants in Suphanburi province and 1 plant in Prachinburi province).

As of December 31, 2020, the Company has 19 breeder chicken farms, 7 hatchery farms, and 310 contracted farmer farms, 3 chicken slaughterhouses (2 plants in Kanchanaburi province, 1 plant in Prachinburi province) and 1 chicken sausage factory in Prachinburi. For the swine business in Thailand, the Company has 3 great-grandparent farms, 6 grandparent farms, 5 replacement GGP-GP breeder farms and 14 parent farms, 505 contract farming (in Thailand), 2 own swine slaughterhouses in Khon Kaen and Chon Buri province and a contracted swine slaughterhouse in Nakhon Pathom province. In the swine business in Vietnam, there are 2 grandparent farm, 7 parent farms, 35 contract farms (in Vietnam) with 4 feed factories in Thailand (3 plants in Suphanburi province and 1 plant in Prachinburi province).

Total revenue for the year 2018 - 2020 were Baht 28,357.21 million, Baht 29,105.51 million and Baht 31,857.38 million, respectively or increasing 2.64% and 9.45%, respectively. The majority of the Company's revenue was generated from poultry operations, followed by swine operations and feed operations, respectively, which separate by segment for the year 2018 - 2020 as follow.

Business	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	17,920.16	63.20	16,443.34	56.50	16,308.82	51.19
Swine	6,255.99	22.06	7,942.83	27.29	9,501.71	29.83
Feed and others	3,757.39	13.25	4,533.02	15.57	5,528.13	17.35
Other income	423.67	1.49	186.32	0.64	518.72	1.63
Total	28,357.21	100.00	29,105.51	100.00	31,857.38	100.00

Revenue from poultry operations for the year 2018 - 2020 were Baht 17,920.16 million, Baht 16,443.34 million and Baht 16,308.82 million, respectively. Revenue of 2019 decreased 8.24% from 2018 due to decrease in quantity chicken meat while the average price was increase. The average price in 2019 was Baht 38.62/kg increase from 2018 due to increase in chicken market price. The volume sold in 2019 was 364,660.15 tonnes decrease from 2018 as a result of decreasing in volume sold in the markets.

In 2020, the revenue decrease 0.82% from 2019 due to mainly decrease sale price and volume of sold in domestic market. The average price in 2020 was Baht 38.01/kg decrease from 2019 due to decrease in chicken domestic market price. The volume sold in 2020 was 354,215.63 tonnes decrease from 2019 mainly decrease sale volume of chicken sold in the domestic market.

Revenue from swine operations for the year 2018 - 2020 were Baht 6,255.99 million, Baht 7,942.83 million and Baht 9,501.71 million, respectively. Revenue for the year 2019 increased 26.96% from 2018 as a result of price and volume. Average selling prices in 2019 were Baht 68.86/kg increased from 2018 and the volumes sold were 100,030.89 tonnes increased from 2018 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue for the year 2020 increased 19.63% from 2019 as a result of price and volume. Average selling prices in 2020 were Baht 75.54/kg increased from 2019 due to increase in domestic price increase in capacity and the volumes sold were 108,651.56 tonnes increased from 2019 due to increased farming capacity.

Revenue from feed operations and others for the year 2018 - 2020 were Baht 3,757.39 million, Baht 4,533.02 million and Baht 5,528.13 million, respectively or increased 20.64% and 21.95%, respectively due to increase sale volume to external customer. The sell volumes for the year 2018 - 2020 were 290,328.28 tonnes, 344,753.29 tonnes and 412,084.64 tonnes, respectively or increase equivalent to 18.75% and 19.53% respectively.

We utilize a highly effective vertically-integrated supply chain in our poultry and swine businesses. Pursuant to our poultry business model, we raise breeder chickens on our breeder chicken farms, hatch eggs in our hatcheries, outsource day-old chicks for raising to contract farmers, which allows us to maximize our return on capital investment, and then collect the chickens for meat production at our slaughterhouses.

We sell whole chickens and chicken parts primarily to our customers located in Thailand, and, beginning in the first quarter of 2015, to customers located in Japan and European Union. In April 2016, chicken sausage factory started operating for domestic sale. Our poultry business represented 51.19% of consolidated revenue from total revenue for the year 2020.

In swine business, we sell live pigs through our operations in Thailand and Vietnam. We purchase three different breeds of pigs, breed them to a triple crossbreed pig, outsource the pigs for raising to our contract farmers and then sell the live pigs to our customers. Our swine business represented 29.83% of our consolidated revenue from total revenue for the year 2020.

We also produce animal feed. In 2020, 71.67% of the feed by volume produced was used to feed our chickens and pigs with the remainder of the feed sold to third-party customers. Our feed business represented 16.39% of our consolidated revenue from total revenue for the year 2020.

Vision, Mission, Objective and Long-Term Goals of the Company

Vision

THAIFOODS is a food manufacturer with a quality and safety standard

Mission

- Transparent and investigable management
- Responsibly interact with societies, environment and stakeholders
- Manufacture product of sufficient quality and safety
- Promote and invent new innovations and technologies
- Develop products and expand distribution channels
- Continuously professionalize human resources development
- Develop internal management to global standards
- Develop information technology system for strategic management

Objective

“Conduct sustainable integrate business under good governance and moral and social responsibility”

Long-Term Goals

“An organization that grows steadily and sustainably in all aspects with balance”

History and major Milestones

In 1987, Mr. Winai Teawsomboonkij, our founder, CEO and Chairman of the Executive Committee, began operating his first chicken farm, with a capacity of 20,000 chickens, in the Lopburi province of Thailand. We were incorporated in Thailand on 4 July 2001 under the name Thai Food (2001) Co., Ltd. On 2 July 2002, we officially changed our registered name to Thai Foods Poultry International Co., Ltd., and then, we officially changed our registered name to our current name of Thai Foods Group Co., Ltd. On 18 August 2014, we converted to a public company and officially changed our registered name to THAIFOODS GROUP PUBLIC COMPANY LIMITED. Our reorganization was effected through a series of transactions from 2011 to 2014, pursuant to which all of our business operations controlled by Mr. Winai Teawsomboonkij and his related persons were reorganized and restructured to be held by our Company.

The following timeline summarizes key events in our history.

Year	Milestone
2001	The Company were founded under the name Thai Food (2001) Co., Ltd.
2002	The Company changed our registered name to Thai Foods Poultry International Co., Ltd.
2003	The Company began operating our first chicken slaughterhouse in the Kanchanaburi province of Thailand with a capacity of 139,000 chickens per day.
2004	The Company began operating breeder chicken farms by acquiring three breeder chicken farms and one hatchery in the Chonburi province of Thailand, which increased our breeder chicken capacity to 312,000 chickens and our production capacity at our hatcheries to 699,840 eggs per week.
2007	<p>The Company began operating our first grandparent pig farm in the Kanchanaburi province of Thailand with a capacity of 1,900 pigs.</p> <p>The Company began operating our first feed mill facility in the Suphanburi province of Thailand with a capacity of 30,000 tonnes of feed per month.</p>
2010	The Company established our first great-grandparent pig farm in the Kanchanaburi province of Thailand with a capacity of 450 pigs.
2011	The Company began operating our first layer chicken farm in the Kanchanaburi province of Thailand with a capacity of 38,400 layer chickens.
2012	<p>The Company changed our registered name to Thai Foods Group Co., Ltd.</p> <p>The Company began operating our first parent pig farm in the Nakornsawan province of Thailand with a capacity of 1,800 pigs.</p> <p>The Company acquired Thai Foods Research Center and Thai Foods Layer Farm, which were previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.</p>
2013	<p>The Company established our Vietnam swine operations and began operating our first grandparent pig farm in Vietnam, through a contract farmer, with a capacity of 700 grandparent pigs and our first parent pig farm in Vietnam with a capacity of 1,400 pigs.</p> <p>The Company began operating a new feed mill facility in the Prachinburi province of Thailand with a capacity 50,000 tonnes per month, increasing our feed capacity to 120,000 tonnes per month.</p> <p>The Company acquired Thai Foods Swine Farm, which was previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.</p>

Year	Milestone
2014	<p>The Company began operating a new slaughterhouse in the Prachinburi province of Thailand with a capacity 150,000 chickens per day, increasing our production capacity to 440,000 chickens per day.</p> <p>The Company began operating a new hatchery in the Kanchanaburi province of Thailand, increasing our hatchery capacity to 4,878,720 eggs per week.</p> <p>The Company converted one of our breeder chicken farms into a farm to raise some of our day-old layer chicks. Prior to this conversion, the raising of all of our day-old layer chicks was outsourced to contract farmers. Around the same time, the Company finished constructing and began operating a replacement breeder chicken farm in the Sa Kaeo province of Thailand. Following this conversion of one breeder chicken farm and construction of one replacement breeder chicken farm, our breeder chicken capacity increased to 1,716,900 breeder chickens as the replacement breeder chicken farm had a higher capacity than the farm it replaced.</p> <p>The Company began operating two new parent pig farms in the Kanchanaburi and Nakhon Ratchasima provinces of Thailand, increasing our total capacity at our parent pig farms (including our Vietnam parent pig farm with a capacity of 1,400 pigs) from 8,950 pigs to 12,000 pigs.</p> <p>The Company began renting and operating a new grandparent pig farm in the Prachinburi province of Thailand, increasing our total capacity at our grandparent pig farms from 5,300 pigs to 8,000 pigs.</p> <p>The Company acquired Ayothaya Agri-Tech, Thai Foods Swine International, and T. Paragon, which were previously owned directly and/or controlled by Mr. Winai Teawsomboonkij and his related persons.</p> <p>On 5 August 2014, EGM No.4/2014, our shareholders approved the decrease in par value of our Shares from Baht 100 per Share to Baht 1 per Share and the total number of issued Shares consequently increased from 37,500,000 Shares to 3,750,000,000 Shares. In addition, our shareholders approved an increase of our Company's registered share capital from Baht 3,750,000,000 to Baht 5,400,000,000, of which up to 250,000,000 Shares will be allocated to existing shareholders and up to 1,400,000,000 Shares will be allocated to the public.</p> <p>On 18 August 2014, the Company converted to a public company and officially changed our registered name to THAIFOODS GROUP PUBLIC COMPANY LIMITED.</p> <p>On 14 November 2014, the Company registered with the MOC our increase in paid-up share capital from Baht 3,750,000,000 to Baht 4,000,000,000 in connection with the allocation of 250,000,000 Shares to existing shareholders.</p>
2015	<p>In the first quarter of 2015, the Company began exporting 504 tonnes and 120 tonnes of meat to customers located in Japan and the European Union respectively.</p> <p>The Company also began selling chicken sausage by entering into an outsourcing arrangement with a third-party food processor which will allow us to sell processed chicken sausage to customers under our own brand.</p>

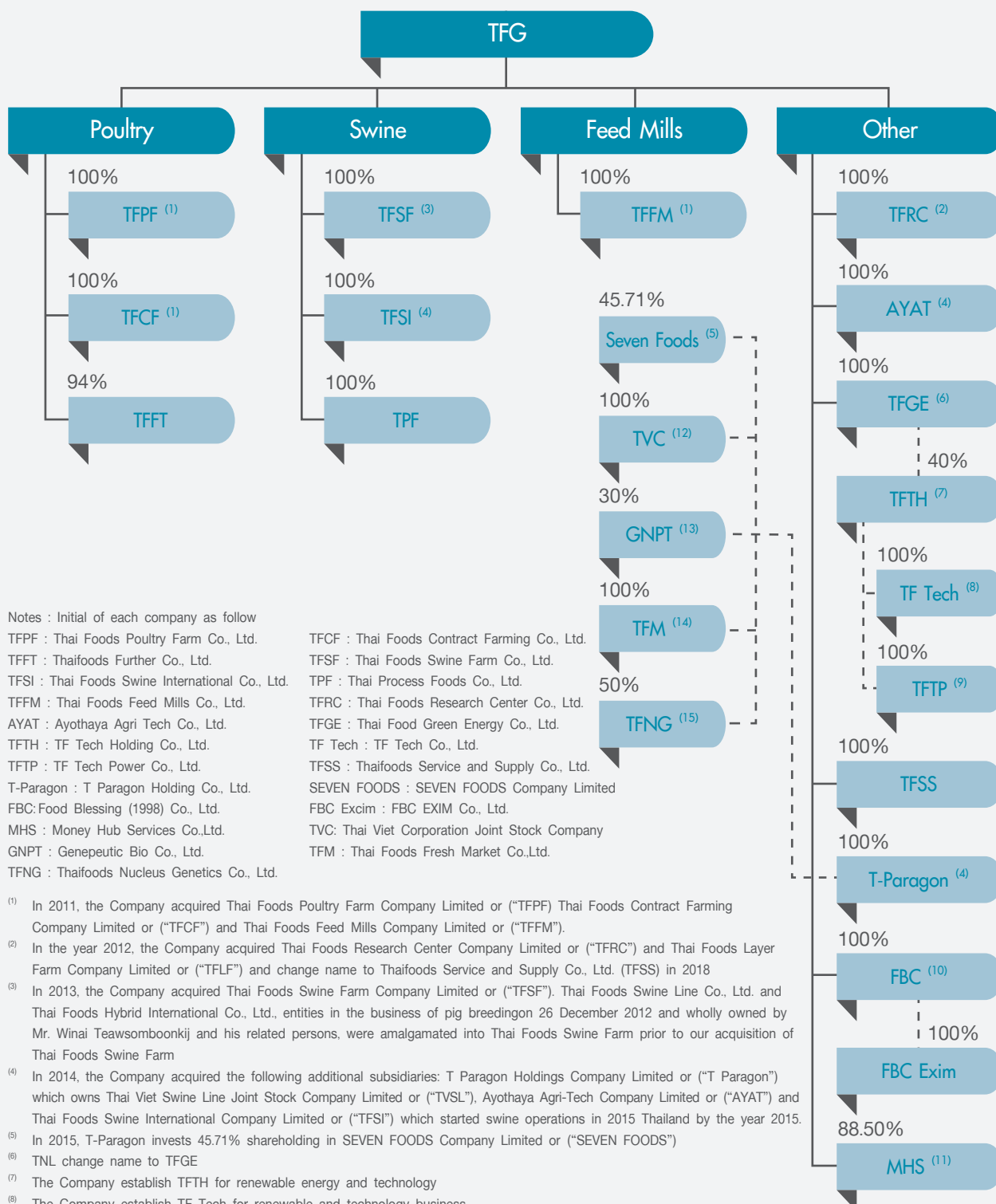
Year	Milestone
	<p>Extraordinary General Meeting of the Company No. 4/2014, held on 5 August 2014, approved the resolution to increase the capital and the initial public offering (IPO). As the period in which the Company will make an initial public offering will exceed one year from the date of the passing of the resolution, Extraordinary General Meeting No. 2/2015, held on 19 June 2015 passed the following resolution:</p> <ul style="list-style-type: none"> - the decrease of the Company's registered capital from Baht 5,400,000,000 to Baht 4,000,000,000 by decreasing the number of shares which have not been sold to 1,400,000,000 shares; and - the increase of the Company's registered capital from Baht 4,000,000,000 to Baht 5,400,000,000 by offering to sell not more than 1,400,000,000 shares to the public. <p>The Company registered the resolution to decrease and increase the Company's registered capital with the Department of Business Development, Ministry of Commerce on 11 August 2015 and 13 August 2015, respectively.</p> <p>The Company listed in Stock Exchange of Thailand on 8 October 2015.</p> <p>On December 2015 T Paragon Holding Co.,Ltd has made the payment for the increase of capital in the amount of JPY 32 million or THB 9.6 million to invests 45.71% shareholding in SEVEN FOODS Company Limited.</p>
2016	<p>On 8 April 2016, the Company began operating a new chicken sausage factor in the Prachinburi province of Thailand.</p> <p>On 7 June 2016, the Warrants No. 1 ("TFG-W1") to offer such Warrants for sale to the existing shareholders of the Company at the allocation ratio of 10 existing ordinary shares per 1 unit of TFG-W1 was traded in Stock Exchange of Thailand. The exercise ratio is that 1 unit of TFG-W1 shall be entitled to purchase 1 ordinary share of the Company. The exercise price under the Warrants is Baht 2.50 per share. Therefore, there was the changing registered capital of Baht 5,100,000,000 to Baht 5,610,000,000.</p> <p>On August 22, 2016, the Company has established of Thaifoods Further Company Limited to operate the cooked product. With initial registered capital of Baht 20,000,000 divided into 200,000 ordinary shares with a par value of Baht 100 each and paid-up capital of Baht 5,000,000, the Company holds 100% of the registered capital.</p>
2017	<p>On January 1, 2017, the Company purchased shares of Big Food Group Company Limited ("Big Food"), which operates broiler chicken business and there is a chicken slaughterhouse by purchasing 100,016 existing shares from the existing shareholders and January 20, 2017, and purchase 200,000 new ordinary shares, totaling 300,016 shares at the price of Baht 200 per share. (At par value of Baht 100 per share) or total value of Baht 60,003,200, representing a proportion of shareholding 75.004 of the capital share (registered capital after the capital increase of Big Food)</p> <p>On January 11, 2017, the Company registered the increase of paid-up capital from Baht 5,100,000,000 to Baht 5,108,664,700 due to the first exercise TFG-W1 no. 1 on December 30, 2016.</p>

Year	Milestone
	<p>On January 12, 2017, the Company registered the increase in the share capital of Thaifoods Further Company Limited from its registered capital of Baht 20,000,000, paid-up capital of Baht 5,000,000 to registered capital Baht 100,000,000 Paid up capital 25,000,000 Baht (With a par value of 100 baht).</p> <p>On January 12, 2017, the Company has established of Thai National Logistics Company Limited. With initial registered capital of Baht 60,000,000 divided into 6,000,000 ordinary shares with a par value of Baht 10 each and paid up capital of Baht 15,000,000. The Company holds 100% of the registered capital.</p> <p>On 7 June 2017, the Warrants No. 2 ("TFG-W2") to offer such Warrants for sale to the existing shareholders of the Company at the allocation ratio of 10 existing ordinary shares per 1 unit of TFG-W2 was traded in Stock Exchange of Thailand. The exercise ratio is that 1 unit of TFG-W2 shall be entitled to purchase 1 ordinary share of the Company. The exercise price under the Warrants s Baht 9.50 per share. Therefore, there was the changing reg registered capital of Baht 5,610,000,000 to Baht 6,138,160,412.</p> <p>On July 13, 2017, the Company registered the increase of paid-up capital from Baht 5,108,664,700 to Baht 5,109,396,600 due to the first exercise TFG-W1 no. 2 on June 30, 2017</p> <p>On July 18, 2017, the Company registered the increase in the share capital of Thaifoods Further Company Limited from its registered capital of Baht 100,000,000, paid-up capital of Baht 25,000,000 to registered capital Baht 500,000,000 Paid up capital Baht 500,000,000 (With a par value of 100 baht).</p> <p>On November 1, 2017, the Company registered the increase in the share capital of Thai Food Swine International Company Limited from its registered capital and paid-up capital of Baht 135,000,000 to Baht 180,000,000.</p>
2018	<p>On January 10, 2018, the Company registered the increase of paid-up capital from Baht 5,109,396,600 to Baht 5,112,905,700 due to the first exercise TFG-W1 no. 3 and TFG-W2 no. 1 on December 29, 2017.</p> <p>On March 13, 2018, Thai Foods Layer Farm Co., Ltd. changed the name to Thaifoods Service and Supply Co., Ltd that distribution chicken and pork product.</p> <p>On July 9, 2018, the Company registered the increase of paid-up capital from Baht 5,112,905,700 to Baht 5,113,305,700 due to the first exercise TFG-W1 no. 4 and TFG-W2 no. 2 on June 30, 2018.</p> <p>On December 28, 2018, the Company sells the shares of Big Food amount of 300,016 shares at price 200 baht/share totaling Baht 60 million.</p>

Year	Milestone
2019	<p>On January 9, 2019, the Company registered the increase of paid-up capital from Baht 5,113,305,700 to Baht 5,176,628,660 due to the first exercise TFG-W1 no. 5 and TFG-W2 no. 3 on December 28, 2019.</p> <p>On May 27, 2019 the Company registered the increase of paid-up capital from Baht 5,176,628,660 to Baht 5,607,572,686 due to the last exercise TFG-W1 on May 17, 2019.</p> <p>On June 17, 2019 the Company acquire in Food Blessing (1988) Company Limited (“FBC”) a producer of sauce and seasoning products supplied in domestic and overseas, by acquiring the existing shares from FBC’s existing shareholders in amount of 1,800,000 shares, THB 155.86 per share (at the par value of THB 100 each) or Baht 280.56 million being 100.00 percent of FBC’s registered capital. In addition FBC has 1 subsidiary name FBC Exim company limited (“FBC EXIM”).</p> <p>On September 12, 2019 the Company has establish a new subsidiary as name TF Tech Company Limited (“TF Tech”). The purpose is generated and sells electricity from renewable energy structural engineering and technology (Floating Solar). The Company holds 76% of share capital.</p> <p>On November 7, 2019 the Company subsidiary name Thai National Logistic company Limited (“TNL”) change the name to Thai Foods Green Energy Company Limited (“TFGE”) for holding TF Tech replace and changed hold the share in TF Tech from 76% of share capital to 40% of share capital, as result of TF Tech ceasing to be a subsidiary of the Company.</p>
2020	<p>On March 4, 2020, the Company’s subsidiary name Thai Foods Green Energy Company Limited has establish a new associated as name Genepeutic Bio Company Limited to conduct an examination and treatment of leukemia-related diseases that gene therapy treatment which hold 30% of the registered capital. Then on May 14, 2020 had revise shareholder name from Thai Foods Green Energy Company Limited to T Paragon Holding Company Limited</p> <p>On May 28, 2020 the Company registered the increase of paid-up capital from Baht 5,607,572,686 to Baht 5,607,572,768 due to the last exercise TFG-W2 on May 18, 2020.</p> <p>On August 11, 2020, the Company’s subsidiary name T Paragon Holding Company Limited has establish a new subsidiary as name Thai Foods Fresh Market Company Limited conduct is selling consumer products which hold 100% of the registered capital.</p> <p>On October 21, 2020, the Company’s subsidiary name T Paragon Holding Company Limited has establish a new associated as name Thaifoods Nucleus Genetics Company Limited to operate a great grandparent breeder swine farm which hold 50% of the registered capital.</p> <p>On November 25, 2020, the Company has establish a new subsidiary as name Money Hub Services Company Limited conduct is loan to customers which hold 88.50% of the registered capital.</p> <p>On December 22, 2020, Thai Viet Swine Line Company Limited (“TVSL”) has change the name is Thai Viet Swine Line Joint Stock Company (“TVC”) which operation produce and selling swine products in Vietnam.</p>

Shareholding Structure of the Company

Shareholding Structure of the Company as of 31 December 2020



⁽¹⁾ In 2011, the Company acquired Thai Foods Poultry Farm Company Limited or ("TFPF") Thai Foods Contract Farming Company Limited or ("TFCF") and Thai Foods Feed Mills Company Limited or ("TFFM").

⁽²⁾ In the year 2012, the Company acquired Thai Foods Research Center Company Limited or ("TFRC") and Thai Foods Layer Farm Company Limited or ("TFLF") and change name to Thaifoods Service and Supply Co., Ltd. (TFSS) in 2018

⁽³⁾ In 2013, the Company acquired Thai Foods Swine Farm Company Limited or ("TFSF"). Thai Foods Swine Line Co., Ltd. and Thai Foods Hybrid International Co., Ltd., entities in the business of pig breeding on 26 December 2012 and wholly owned by Mr. Winai Teawsomboonkij and his related persons, were amalgamated into Thai Foods Swine Farm prior to our acquisition of Thai Foods Swine Farm

⁽⁴⁾ In 2014, the Company acquired the following additional subsidiaries: T Paragon Holdings Company Limited or ("T Paragon") which owns Thai Viet Swine Line Joint Stock Company Limited or ("TVSL"), Ayothaya Agri-Tech Company Limited or ("AYAT") and Thai Foods Swine International Company Limited or ("TFSI") which started swine operations in 2015 Thailand by the year 2015.

⁽⁵⁾ In 2015, T-Paragon invests 45.71% shareholding in SEVEN FOODS Company Limited or ("SEVEN FOODS")

⁽⁶⁾ TNL change name to TFGE

⁽⁷⁾ The Company establish TFTH for renewable energy and technology

⁽⁸⁾ The Company establish TF Tech for renewable and technology business

⁽⁹⁾ The Company establish TFTP for renewable energy and technology

⁽¹⁰⁾ The Company acquire FBC shares on 100% and FBC has 1 subsidiary name FBC Exim

⁽¹¹⁾ The Company establish MHS for loan to customer

⁽¹²⁾ TVSL change name to TVC

⁽¹³⁾ The Company establish GNPT for diagnosis and treatment related to the use of stem cell

⁽¹⁴⁾ The Company establish TFM for selling consumer products.

⁽¹⁵⁾ The Company establish TFNG for production and distribution of swine

The Company's subsidiaries and Associated

The following table sets out certain information about the Company's Subsidiaries and Associated.

Company name	Register Capital (THB)	% Shareholding	Principal Business Activities
The Company's Subsidiaries			
Poultry Business			
1. Thai Foods Poultry Farm Co., Ltd.	1,200,000,000	100	Production and distribution of broiler chick
2. Thai Foods Contract Farming Co., Ltd.	125,000,000	100	Production and distribution of broiler chicken
3. Thaifoods Further Co., Ltd.	500,000,000	94	Production and distribution of processed chicken
Swine Business			
4. Thai Foods Swine Farm Co., Ltd.	1,000,000,000	100	Production and distribution of swine
5. Thai Foods Swine International Co., Ltd.	180,000,000	100	Production and distribution of swine
6. Thai Viet Corporation Joint Stock Company ^{1/}	8,700,000 ^{2/}	100	Production and distribution of swine
7. Thai Process Foods Co., Ltd	50,000,000	100	Production and distribution of process pork
Feed Business			
8. Thai Foods Feed Mills Co., Ltd.	2,000,000,000	100	Production and distribution of feed
Other Business			
9. Thai Foods Research Center Co., Ltd.	50,000,000	100	Research of cattle disease and manufacturing of vaccine
10. Ayothaya Agri Tech Co., Ltd.	80,000,000	100	Production of sack and plastic sack
11. T Paragon Holding Co., Ltd.	276,300,000	100	Holding company
12. Thai Foods Green Energy Co., Ltd.	100,000,000	100	Holding company
13. Thaifoods Service and Supply Co., Ltd.	180,000,000	100	Distribution of chicken and swine production
14. Food Blessing (1988) Co., Ltd.	180,000,000	100	Production Sauce & Seasoning Drink
15. FBC EXIM Co., Ltd.	1,000,000	100	Distributor of Sauce & Seasoning Drink
16. Thai Foods Fresh Market Co., Ltd.	20,000,000	100	Selling consumer goods
17. Money Hub Services Co., Ltd.	50,000,000	88.50	Non bank business
Associated Company			
18. TF Tech Holding Co., Ltd.	200,000,000	40	Holding company
19. TF Tech Co., Ltd.	200,000,000	40 ^{3/}	Operation of renewable energy and technology
20. TF Tech Power Co., Ltd.	50,000,000	40 ^{3/}	Operation of renewable energy and technology
21. Thaifoods Nucleus Genetics Co., Ltd.	235,000,000	50	Production and distribution of breeder swine
22. Genepeutic Bio Co., Ltd.	180,000,000	30	Examination and treatment of leukemia-related diseases that gene therapy treatment

Notes: ^{1/} Change the name from Thai Viet Swine Line Joint Stock Co., Ltd to Thai Viet Corporation Joint Stock Company ("TVC") which established in Vietnam
^{2/} Register capital in U.S dollars
^{3/} Indirect shareholding

Nature of Business

Revenue Structure

Revenue structure of the Company and subsidiaries separate by category in 2018 - 2020 as follows;

Business	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	17,920.16	63.20	16,443.34	56.50	16,308.82	51.19
Swine	6,255.99	22.06	7,942.83	27.29	9,501.71	29.83
Feed and others	3,757.39	13.25	4,533.02	15.57	5,528.13	17.35
Other income	423.67	1.49	186.32	0.64	518.72	1.63
Total	28,357.21	100.00	29,105.51	100.00	31,857.38	100.00

Note : Others income comprised of interest income and gain on changes in fair value of biological assets

Product

The Company are a vertically-integrated producer of: (i) poultry - chicken products in whole and in parts and processed chicken, with operations comprising breeding, chicken raising, egg laying, hatching, chicken meat and processed chicken production; (ii) swine - live pigs, with our operations comprising breeding, pig raising, live pig and pork meat sales; and (iii) feed - feed for animals, mainly chicken and pigs, with operations comprising manufacturing and distributing animal feed for both internal use and external sales and (iv) other business – the Company provide research facility services to third parties and develop vaccinations. The Company also produce and sale of animal feed sacks and plastic farming equipment.

Product

1) Poultry business

The Company produce and sell a variety of chicken meat, including whole chickens and chicken parts, such as wings, chests, legs, flippers and gizzards, and processed chicken. Chicken sales are main source of revenue, accounting 63.20%, 56.50% and 51.19% of consolidated revenue in 2018 - 2020, respectively. The Company also sell live chickens to slaughterhouses depending on market circumstances, as well as day-old chicks, breeder chickens after they are no longer able to lay eggs and layer chickens.

Grow-out in Contract Farms

As at 31 December 2020, the Company utilized a network of more than 310 contract farmers to raise day-old chicks. The contracts with the contract farmers are generally three years in length with automatic renewals if neither party terminates the agreement, through network of contract farmers, the Company had the ability to raise 3.137 million chickens at any given time. Outsourcing to contract farmers enables us to maximize return on capital investment as it limits the amount of capital expenditures required to raise our chickens and it allows us to quickly scale up operations.

Breeder Chickens

As at 31 December 2020, the Company raise breeder chickens at our 19 breeder farms, which consist of 235 operational farm houses. The Company purchase breeder chickens from Arbor Acres, a company with a division specializing in the production of breeder chickens. The Company began purchasing breeder chickens from Arbor Acres in 2004 when the Company began operating first three breeder farms and first hatchery. The Company do not enter into long-term contracts with them, but instead enter into contracts on an annual basis, which provides us greater flexibility in estimating our order amounts and pricing of our products.

Sales and Marketing

The Company generally do not experience any significant seasonality patterns in our operations and business, although the Company usually experience an increase in sales volume before major festive seasons such as Chinese New Year and Christmas. The Company generally experience a slowdown in sales volume for a short period of time after these festive seasons. Additionally, during Thailand's Vegetarian Festival, which occurs sometime in September or October depending on the Lunar calendar, the Company experience a decrease in sales volume.

The Company has sales and marketing team who responsible to sell the chicken products which target sales to broker, industrial and modern trade companies, exporter/ re-exporter agents and retailers. The Company began to export chicken products to other countries such as Japan and the European Union in first quarter of 2015.

2) Swine Business

The Company have pig breeding and farming operations in Thailand and Vietnam whereby the Company sell live pigs to brokers, slaughterhouses and retailers. Revenue from swine business growth continuously, the revenue from 2018 - 2020 was 22.06%, 27.29% and 29.83% of total revenue, respectively. Our operations in Thailand and Vietnam are substantially similar, with very few differences.

The operations include breeding and raising pigs, and selling live market pigs to our customers. The Company have adopted the "Duroc x Landrace x Yorkshire" crossbreeding technique with "Landrace x Yorkshire" crossbred females mating with Duroc males, giving birth to "Duroc x Landrace x Yorkshire" crossbred piglets, which, when grown at the contract farmers' fattening farms, are sold to the customers.

Fattening Pigs at Contract Farms

As at 31 December 2020, the Company utilized a network of 540 contract farmers (505 in Thailand and 35 in Vietnam) to raise the fattening pigs on fattening farms before selling the live pigs to the customers. The contracts are generally a minimum of five years.

Through the network of contract farmers, as at 31 December 2020, the Company had the capacity to raise over 575,000 fattening pigs at any given time which equaled from 2019 that raise over 575,000 fattening pigs at any given time. In 2020, the Company sold an average of approximately 85,864 fattening pigs per month, which was an increase from an average of approximately 74,648 fattening pigs per month and 68,321 fattening pigs per month in 2019 and 2018 respectively.

Purchase of Great-Grandparent Pigs

Since 2012, the Company have purchased our great-grandparent pigs through a distributor in oversea for that expertise in pigs production for breed and improvement the pig efficiency.

Sales and Marketing

As at 31 December 2020, the Company sell live pigs primarily through the efforts of our sales and marketing team and operate in both Thailand and Vietnam, our sales team is located in both countries.

Simultaneous with our plans to expand our swine business and increase our diversity of swine products in the future, the Company expects to increase our sales team.

3) Feed Business

The Company produce animal feed primarily for chickens and pigs, but also, to a much lesser extent, for ducks. Our feed is primarily used to feed our chickens and pigs at our owned and operated farms and those of the contract farmers. Our feed is also sold to third parties as another source of revenue for our Company. The Company produced 1,454,447.36 tonnes of animal feed in 2020, 71.67% of the feed produced in 2020 was used to feed our chickens and pigs. The remaining feed was sold to agents who then resold the feed primarily to chicken and pig farmers. Our total revenue for the sales to third-party customers was Baht 5,222.37 million, constituting 16.39% of our consolidated revenue in 2020.

Purchase of Raw Materials

Our feedstuffs production process begins with our purchase of feed ingredients, such as corn, soybean meal, rice bran fresh, rice bran solvent and various feed additives. Corn is the main raw material. Our raw material purchased was purchased domestically and was imported from outside of Thailand especially soybean meal and feed additives represent the majority of the ingredients the Company import. Our soybean meal is imported from the United States, Brazil, Argentina and Paraguay and a portion of our feed additives are imported from the United States. The Company pay our international suppliers in U.S. dollars. Our feed ingredients are readily available from numerous sources at competitive prices and the Company generally purchase these ingredients as the Company enter into forward purchase contracts base on appropriate period for reduce risk of raw material price. The Company typically have at least one month's supply of raw materials on hand at any one time and the Company perform regular storage checks for quality and quantity.

While feed ingredients have historically been subject to price fluctuation due to factors such as consumption demand, government policies and weather conditions in major farming regions, in the event that the prices increase for our feed ingredients, there are known substitutes that the Company could purchase to include in our animal feed. For example, some part of rice bran oil or palm oil could be a substitute for soybean meal.

As of 31 December 2020, ADM Asia-Pacific Trading Pte. Ltd. and Cargill Siam Ltd. are our soybean suppliers, which accounted for 5.37% and 3.92% our cost of sales of goods and rendering of services for the year ended 31 December 2020. There is no single supplier accounted for more than 10.0% of cost of sales of goods and rendering of services over the past.

Sales and Marketing

Our animal feed is sold directly to our customers through the efforts of our sales and marketing team.

4) Other Businesses

Sales of Animal Feed Sacks and Plastic Farming Equipment

Ayothaya Agri-Tech was established in 2011 and the Company acquired it in 2014. Ayothaya Agri-Tech produces sacks for our internally used animal feed and plastic farming equipment for our chicken operations, including plastic buckets, food pans and egg trays. Ayothaya Agri-Tech's sales were made to our Company or our subsidiaries. The revenue contribution for Ayothaya Agri-Tech to our Company is not material.

Provision of Research Facility Services, Development of Vaccinations and Medical Supplies and Sales of Medical Supplies to Third Parties

The Company provides research facility services to third parties and develop vaccinations and medical supplies in our research and development facility to be used in the raising of our chickens and pigs. The revenue contributions for our third-party research facility services.

Tax Incentives

The prevailing corporate rate of income tax applicable to Thai companies was 20.0% of net profit under BOI law. Our Company and certain subsidiaries incorporated in Thailand have been granted various tax exemptions by the BOI relating to the Company and relevant subsidiaries' operations. The BOI exempts the Company and relevant subsidiaries from paying corporate income tax on the net profit derived from certain of the Company and the relevant subsidiary's activities. Each tax exemption is valid for 5 - 8 years commencing on the date of first income derived from the relevant activity.

The following table represents the current status of the corporate income tax exemptions for each relevant subsidiary.

Company	BOI Certificate No.	Facility Location	Date of First Income Derived From Relevant Activity	Date of Expiration of Corporate Income Tax Exemption	Product Under the Promoted Project
TFFM	2017(2)/2556	Prachinburi	16 September 2013	15 September 2021	Animal Feed
	61-0764-0-00-1-0	Suphanburi	-	8 years after recognize revenue	Animal Feed
	61-0765-0-00-1-0	Prachinburi	-	8 years after recognize revenue	Animal Feed
TFG	2099(2)/2555	Kanchanaburi	29 May 2012	28 May 2020	Whole chicken and chicken part
	2100(2)/2555	Prachinburi	25 April 2014	24 April 2022	Whole chicken and chicken part
	59-1424-1-00-1-0	Prachinburi	4 November 2016	3 November 2021	Processed product
TFPF	2945(2)/2555	Chonburi	18 October 2012	17 October 2020	Day-old chick
	1257(2)/2556	Kanchanaburi	27 December 2012	26 December 2020	Day-old chick
	2763(2)/2556	Sra Kaew	3 January 2014	2 January 2022	Day-old chick
TFSF	1196(2)/2556	Prachinburi	11 February 2013	10 February 2021	Piglet
TFSI	60-0408-1-00-1-0	Khon Kaen	18 April 2017	17 April 2020	Pork part
	60-1294-1-00-1-0	Chonburi	18 September 2017	17 September 2020	Pork part
TFFT	60-0907-1-00-1-0	Kanchanaburi	23 June 2018	22 June 2023	Processing food

In addition, the Company and certain subsidiaries have been granted tax exemptions from payment of import duties on machinery within the specific date of each promotion. In the case where a loss has been incurred during the period of receiving the exemption of juristic person income tax, the Company and certain subsidiaries have been granted permission to deduct such annual loss from the net profits accrued after the expiration of the period of exemption of corporate income tax for a period of not more than five years from the expiration date. The relevant company may choose to deduct such loss from its net profit of any one year or several years. Also, the dividends derived from promoted activities that are granted an exemption of juristic person income tax shall be exempted from computation of taxable income throughout the period our Company receives the exemption of juristic person income tax. However, the aforementioned promotions are subject to the condition that our Company and certain subsidiaries have at least 51.0% of their share capital held by Thai shareholders.

In addition, in Vietnam, TVC has been granted tax incentives pursuant to Investment License No. 331023000026, as amended, dated 22 April 2013 issued by the People's Committee Quang Nam Province for the operation of a 1,400 lean sow farm. The relevant provisions of the license are as follows:

1. Corporate tax rate

<u>Year</u>	<u>Tax rate</u>
Year1-4	0%
Year 5 - 15	5%
Year 16 - 24	10%

In 22 June 2015, Vietnam Governance issued new regulation (Circular 96 - Income tax 2015) determined each farm area would get different corporate tax rate (the Governence separate 3 areas; normal area, urban area and special urban area).

For Nuitan was TVC area which in special urban area and could be operate farming, the rate for 50 years at 0% and TVC's revenue generates from hired other farm with TVC may the different tax rate.

2. Exemption from import tax

TVC is exempted from import tax for the goods that are to be used in the production of fixed assets as prescribed in Article 12 of Decree No. 87/2010/ND-CP, dated 13 August 2010 of the government, detailing regulations to implement the law on Export Tax and Import Tax for a period of 50 years, expiring on 23 June 2064.

3. Exemption from the land rent

TVC is entitled to an exemption from the land rent for the project promoted under the Investment License for a period of 50 years after the project is complete (according to Article 14 of Decree No. 142/2005/ND-CP).

Material Licenses and Permits

In Thailand and Vietnam, our facilities and operations are subject to regulation by various governmental agencies. In Thailand, these include, but are not limited to, the Department of Livestock Development, the National Bureau of Agricultural Commodity and Food Standards, the Ministry of Industry of Thailand and the Subdistrict Administrative Organization.

In Vietnam, the Company were granted Investment License No. 331023000026, as amended, dated 22 April 2013, for the operation of a 1,400 parent farm in the Quang Nam Province of Vietnam. Further, the governmental agencies in Vietnam include, but are not limited to, the Ministry of Agriculture and Rural Development, the Animal Husbandry and Veterinary Department, the Department of Planning and Investment, the Department of Building and Construction, the Ministry of Natural Resources and Environment and the Provincial People's Committee.

Our slaughterhouses in Thailand are subject to continuous on-site inspection by the government. The official inspector from Department of Livestock Development visit our farms at least once a year and the official inspector from Department of Livestock and a Halal representative from the Central Islamic of Thailand are stationed at our slaughterhouses on a daily basis to ensure our products meet the applicable standards and to monitor the facilities sanitary conditions. Each time the Company transport the chickens and pigs from and to the contract farmers, the Company need a permit from the local veterinarian from the Department of Livestock Development, who is there at the time of transport to check whether the chickens satisfy the food safety standard.

Certificate

Over the past four years to end of 31 December 2020, the Company have received numerous certificates from governmental and regulatory agencies for our quality management and good practices. These certificates include, but are not limited to the following: (1) Good Agricultural Practice (“GAP”) Certificates from the Department of Livestock Development for our various chicken and swine farms and for our hatcheries; (2) Good Manufacturing Practice (“GMP”) Certificate from the Department of Livestock Development for our feed mills in the Suphanburi and Prachinburi provinces of Thailand; (3) Certified Qualified Producer for Hygienic Meat Certificate from the Department of Livestock Development for our chicken products; (4) Beta-Agonist Free Certificate from relevant Livestock Provincial Offices for various pig farms; (5) Quality Management System Certificates (“ISO 9001”) from the Management System Certification Institute (Thailand) for our feed mill in the Suphanburi province of Thailand and our slaughterhouses; (6) a Hazard Analysis and Critical Point System (“HACCP”) certificate from the Department of Livestock for our slaughterhouses; (7) an Environmental Management System Certificate (“ISO 14001”) from the National Quality Assurance for our slaughterhouses; and (8) a certificate issued by the Department of Livestock Development for the resting area (lairage) of animal carcasses for export out of Thailand; (9) Universal Feed Assurance Scheme (“UFAS”); (10) Genesis GAP Certificate; (11) General Requirements for the Competence of Testing and Calibration Laboratories (“ISO 17025”); (12) The British Retail Consortium Certificate (“BRC”) and (13) Certificate for Storage facilities and sales of pharmaceuticals for animals.

The Certificate of TVC’s operation has as follows; (1) Good Operation Agriculture (VietGAP) for swine farm issued by the Vietnam’s Governance (2) Quality Management System Certificates (“ISO 9001”) issued by Vietnam’s Governance.

Industry and Trends

Poultry Business

Manufacturing Figures

In 2020, broiler manufacturing figures was 1,694.52 Million birds, or equivalent to 2.50 Million tonnes, increased from 2019 which was 1,588.63 Million birds, or 2.35 Million tonnes. The total increase is measured at 6.67% from 2019, (due to increase capacity according to consumption demand. In addition, Thai broiler production has a standard farm and production which safety and accepted by consumers both domestic and abroad.) (The Office of Agricultural Economics)

Export Figures

In 2020, Thailand exports a total of 900,000 tonnes of broilers, valued at Baht 105,000 Million, decreased from 2019 which was 902,482 Million tonnes, valued at Baht 105,030 Million, with total volume figures in 2020 decreased by 0.28% from 2019 due to decrease the consumption demand of trade partner both European Union and the United Kingdom market. This was a result of entry restrictions due to the epidemic situation of COVID-19 and the economic slowdown which are main export market of Thailand that is Japan, United Kingdom, China, ASEAN and European Union.

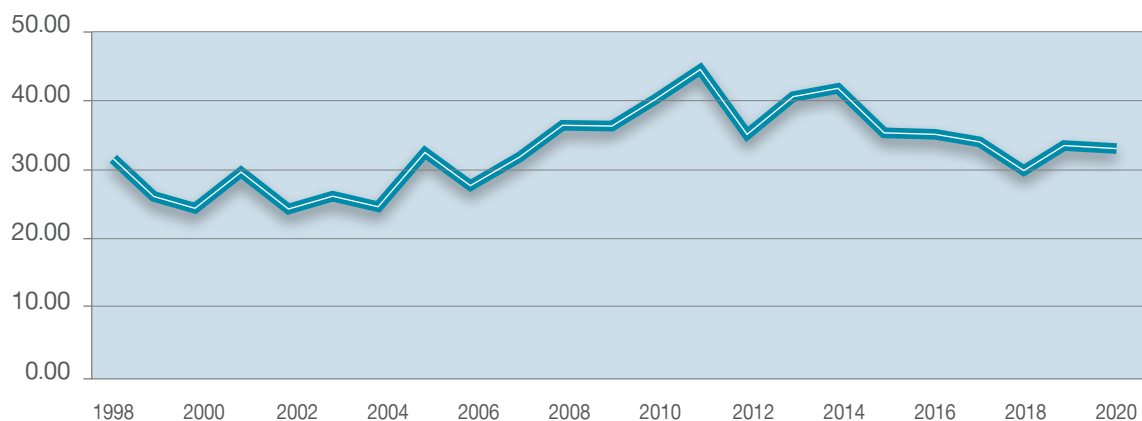
Broiler exports can be divided into two parts, frozen broiler exports and processed chicken. Total frozen broiler export figures in 2020 was 350,000 tonnes, valued at Baht 29,000 Million, increased from 2019 which was 312,498 tonnes at Baht 24,731 Million, total volume increase in 2020 was 12.00% from 2019. As for processes chicken in 2020, total export figures 550,000 tonnes, valued at Baht 76,000 Million, decreased from 2019 which was 589,984 tonnes, at Baht 80,300 Million, total volume decrease in 2020 was 6.78% from 2019. (Source: The Office of Agricultural Economics)

Broiler Farm Pricing

In 2020, pricing of broilers was 33.41 Bt/Kg, decreased from 2019 which was 33.74 Bt/Kg or decreased by 0.98% due to increase in the production of broiler.

Annual Figures: Broiler Broiler Pricing 1998 - 2020

Baht/Kilogram



(Source: Thai Feed Mill Association)

Swine Business

Manufacturing Figures

In 2020, swine manufacturing figures was 20.45 Million unit, decreased from 2019 which was 20.48 Million unit. The total decrease is measured at 0.15% from 2019, due to farmers slowed the pig raising result of the ASF outbreak in neighboring countries such as Vietnam and Cambodia, although Thailand has not such an outbreak but farmers concern and would like to reduce the risk. So they delay pig farming make overall pig production would be decrease.

Export Figures

In 2020, Thailand have part pork figures was 26,063 tonnes, valued at Baht 3,236.03 Million increased from 2019 which was 7,186 tonnes, at Baht 779.07 Million baht, volume in 2020 increase was 3.63 times from 2019 and process pork figures was 8,554 tonnes, valued at Baht 1,790.92 Million increased from 2019 which was 7,969 tonnes volume increased 7.34% from 2019, but valued at Baht 2,057.16 Million, decrease from 2019.

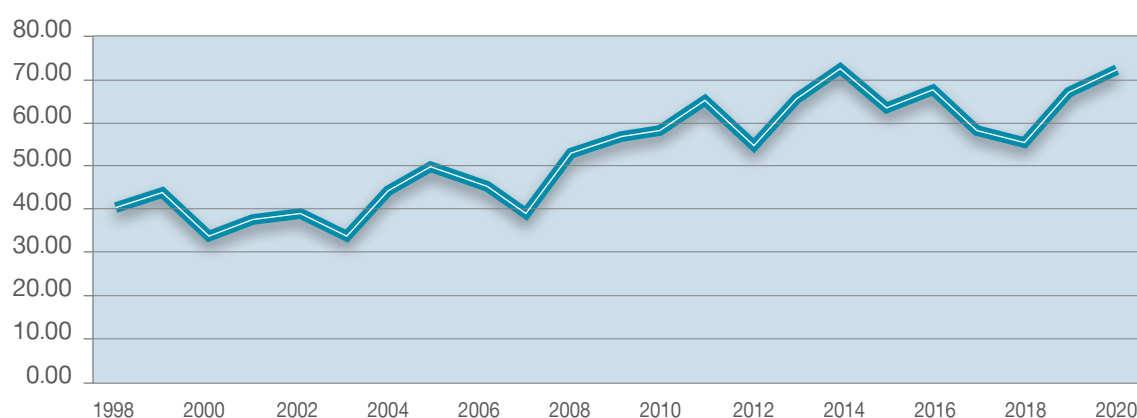
In 2020, exports of breeders and live pigs was 2,676,880 Unit, valued at Baht 17,164.40 Million increased from 2019 which was 750,061 Unit, at Baht 3,570.75 Million or volume increased 3.57 times due to neighboring countries' demand for live pigs to replace the damaged production from ASF. So Thailand has increased the export of live pigs several times. (Source: The Office of Agricultural Economics)

Swine Farm Pricing

In 2020, swine prices at farm was 72.22 Bt/Kg, increased from 2019 which was 65.71 Bt/Kg or 9.91% due to increase demand live pig in neighboring countries. As a result, the prices that farmers sell have increased.

Annual Figures: Swine Farm Pricing 1998 - 2020

Baht/Kilogram



(Source: Thai Feed Mill Association)

Business Trends

Production figure of broiler in 2021 is estimated to 1,721.89 Million birds, increase by 1.62% from 2020 in accordance with population increase and consumer demands both domestic and export. For poultry export in 2021, figures are estimated to 920,000 tonnes, valued at Baht 108,000 Million, the volume increased by 2.22% and the value increased by 2.86% from 2020. In 2021, it is expected to increase in line with demand of the market especially Japan market, European Union market that are trend to import chicken from Thailand to increase from the relaxation of the control and prevention measures of COVID 19 together with the Chinese market. The demand for chicken meat increasing to replace consumption of pork as a result of preventive measures, strict to surveillance of animal epidemics and maintain the standard of production and product quality. It is recognized by consumers and export partner. So Thailand has been able to increase exports of chicken meat continuously. The price trend in 2021 will increase from 2020 due to production planning according with domestic and international market demands. Export prices of frozen broiler exports and processed chicken will slightly increase from 2020.

Production figures of swine in 2021 is estimated to be 20.50 Million unit, increased by 0.24% from 2020 due to the live pig price motivates farmers to expand their production. As well as farmers have good farm management and disease prevention causing efficiency in pig production to increase make to increased production volumes. For the price of pigs in 2021 is expected to be close to 2020, although live pig prices begin to rise but the production volume continued to increase. Causing the prices that farmers sell to stabilize as for the export prices of part pork and process pork will be close to 2020 (Source: The Office of Agricultural Economics)

Production and Facilities

Production Capacity

Poultry Business

Facilities

As at 31 December 2020, the Company raises the breeder chickens at 19 breeder farms, which consist of 235 operational farm houses. The breeder farms are strategically located in areas with no history of disease and which are low risk flood zones.

As at 31 December 2020, the Company also own and operate seven hatcheries where eggs are incubated and hatched which have the location detail as follow;

No.	Name	Location/Province
1.	Thung Krabam	19/1 Thung Krabam Subdistrict, Lao Khwan District, Kanchanaburi Province
2.	Nong Pradu	155/3 Moo.2, Nong Pradu Subdistrict, Lao Kwan District, Kanchanaburi Province
3.	Bor Ploy	11/1 Moo.5 Bor Ploy Subdistrict, Bor Ploy District, Kanchanaburi Province
4.	Lao Khwan	107 Moo.7, Lao Khwan Subdistrict, Lao Khwan District, Kanchanaburi Province
5.	Nern Moke	139 Moo.8, Nong Irun Subdistrict, Ban Bueng District, Chonburi Province
6.	Nong Samsak	45/1 Moo.1, Nong Samsak Subdistrict, Ban Bueng District, Chonburi Province
7.	Sra Keaw	168 Moo. 12, Saralamdaun, Meung District, Sra Keaw Province

As at 31 December 2020, the Company own 183 automatic hatchery machines across 7 hatcheries that aid in the hatching process, the hatcheries operated at approximately 66% of capacity.

The Company also own and operate three slaughterhouses, two of the slaughterhouses are located in the Kanchanaburi province and one of the slaughterhouses is located in the Prachinburi province. The Company also rent and operates distribution facilities to store and deliver a portion of chicken meat to the customers in all regions. The Company also use these distribution facilities to store and deliver the pork meat, chicken sausage and other products to the customers.

Production Capacity

The following table sets out the historical production capacities for the poultry operations as at the end of year 2016 - 2020

Poultry	2016	2017	2018	2019	2020
Breeder ^{1/} (unit)	1,755,178	1,755,178	1,858,210	1,959,955	1,959,955
Eggs ^{2/} (egg)	5,008,320	5,008,320	6,390,720	6,390,720	6,390,720
Slaughter (Chickens per day)	466,000	470,000	500,000	455,000	450,000
Chicken Sausage (Tonnes per day)	60	60	60	60	65

Notes : ^{1/} This category represents the number of breeder chickens that can be raised and housed at the breeder farms.

^{2/} This category represents the number of eggs that can be hatched at the hatcheries per week.

As at 31 December 2020, the Company operates three slaughterhouses with the total capacity of 450,000 chickens per day. The two slaughterhouses located in the Kanchanaburi province have a capacity of 170,000 chickens per day and 110,000 chickens per day respectively. The utilization was operating at 86.54% of capacity. The slaughterhouse in the Prachinburi province had a total capacity of 170,000 chickens per day and was operating at 100.00% capacity. This slaughterhouse in the Prachinburi province has started operates in 2014. For the chicken sausage factory which located in the Prachinburi province, had have a capacity of 65 tons per day and was operating at 100.00% capacity. This factory has started operates in 2016.

The slaughtering is able to increase the capacities in the future beyond the stated capacities due to the expansion plans, the Company intend to increase the number of operational hours, the number of days per week, the Company operate and/or the number of work shifts at the slaughterhouses to accommodate the intended expansion of the poultry operations.

Swine Business

Facilities

As of December 31, 2020, the Company has 3 great-grandparent swine farms, which the Company owns and operates themselves, of a total of 850 pigs, For grandparent swine farms. The Company owns and operates and leases 2 farms with a total production capacity of 9,700 pigs. In Vietnam, there is a lease of 2 grandparent pig farm with farmers with a capacity of 3,600 pigs

For the replacement GGP-GP breeder, the Company lease and operates 5 farms with a total production capacity of 40,800 pigs in Thailand..

The Company has 14 parent farms in Thailand which owns 3 farms and leased 11 farms with a total production capacity of 29,400 pigs. However, the Company has swine farm under contract farming system to raise part of the Company breeders pig.

Also in Vietnam, the Company has 7 parent farms, which the Company owns 2 parent farms and lease operates 5 farm with a total production capacity of 13,000 pigs and farm under the contract farming system 35 farms to raise breeders pigs in Vietnam.

The Company does not own or operate fattening farms and rely entirely on contract farmers to raise the fattening pigs. In 2020, the Company can raise an average of approximately 85,864 fattening pigs per month. In Vietnam, the Company can raise an average of approximately 7,200 fattening pigs per month.

The two own slaughterhouse in Khon Kaen and Chonburi province. The one contracted swine slaughterhouses in the Nakhon Pathom.

Production Capacity

The following table sets out the historical production capacities for the swine operations as at the end of year 2016 - 2020;

Swine	2016	2017	2018	2019	2020
Farms in Thailand					
Great-grandparent pig ^{1/}	1,150	1,150	650	650	850
Number of great-grandparent pigs farm	2	2	2	2	3
Grandparent pig ^{1/}	3,600	3,600	6,950	9,100	9,700
Number of Grandparent pigs farms	2	2	4	5	6
Replacement GGP-GP breeder ^{1/}	15,000	33,000	42,000	33,000	40,800
Number of Replacement GGP-GP breeder	2	3	4	4	5
Parent pig ^{1/}	21,700	21,700	26,700	27,700	29,400
Number of parent pigs farms	11	11	13	13	14
Fattening pigs (Pig/Month)	53,767	62,618	68,321	74,648	85,864
Farms in Vietnam					
Grandparent pig	800	800	800	800	3,600
Number of Grandparent pigs farms	1	1	1	1	2
Parent pig	4,200	4,200	4,200	4,200	13,000
Number of parent pigs farms	3	3	3	3	7
Fattening pigs (Pig/Month)	6,700	6,700	7,500	7,200	7,200
Number of contract farming	25	26	28	23	35
Slaughterhouses (Pig/Day)					
Khon Kaen province	-	600	600	700	700
Chonburi province	-	800	800	800	800
Nakhon Pathom province	150	150	150	150	150
Prachinburi province	220	220	220	-	-

Notes : ^{1/} This category represents the number of pigs that can be raised at our great-grandparent farm, grandparent farms (not including our contract farm in Vietnam and our replacement gilts), replacement GGP-GP breeder and parent farms (not including our contract farms), respectively.

Feed Business

Facilities

As at 31 December 2020, the Company own and operate four feed mills to produce the feed with total capacity 205,400 tonnes per month, three of which are located in the Suphanburi province of Thailand with total capacity of 155,000 tonnes per month and operating at 51.75% of capacity. The third feed mill located in the Prachinburi province of Thailand has a total capacity of 50,400 tonnes per month and, operating at 78.75% of capacity.

Production Capacity

The following table sets out the historical production capacities for the feed business as at the end of year 2016 - 2020;

Feed mills (Tonnes per month)	2016	2017	2018	2019	2020
Capacity	120,000	123,000	131,400	131,400	205,400

Environmental Matters

All hatchery, slaughtering, meat production, butchering facilities, sausage production and feed production in Thailand must be in compliance with the laws and regulations governing the environment under the control of the Bureau of Industrial Environmental Technology of the Department of Industrial Works. In this regard, the aforementioned laws prescribe standards on the environmental conditions inside and surrounding the facilities, such as water, noise, air chemical boiler and facility emissions that are deemed waste, pollution or any other substances that has an impact on the environment.

Although according to the law, the establishment of the company is not in line with the environmental report. However, the company's factory is classified as a factory that must provide environmental personnel at the establishment. Controller of water pollution And environmental manager In addition, both refineries are equipped with a BOD Online) Connect the signal to the factory department. For feed mill, it is a company that has factories that need to have chemical controllers. But no other environmental pollution controllers.

The Company provides environmental and safety audits in accordance with relevant laws. Every year, outsourced companies make a report to measure the environment of the company's feed mill. To check the environment in and around the Company's facilities, both in terms of noise levels and air quality within the establishment. Air quality in general atmosphere outside the establishment. Include the amount of pollutant in the air vented from the chimney of the establishment as a result of such transaction. Compliance with (1) The Notification of the Ministry of Industry Re: Safety Measures for Factory Operation in Working Environment (2) The Ministerial Regulations prescribe standards for management and management of occupational safety, health and working environment. (2006) and (3) Notification of the Ministry of Industry Re: Determination of noise levels, noise levels and noise levels caused by factory operation. End of discharge shaft (2005) (4) Announcement of the Ministry of Industry Re: Characteristics of air release from pipe (2006) (5) Notification of the Ministry of Industry (No. 2) Concerning the characteristics of wastewater discharged from factory in 1996 (6) On Disposal 2005 and (7) Public Health Act No. 2, 2008 for the disposal of solid waste.

We also engaged other private companies to prepare an internal report on the environmental conditions inside and outside our slaughterhouses in 2016. The report focused on the heat, light, noise, chemicals and mineral dust in the atmosphere and concluded that our slaughterhouses meet the following standards: (1) the Notification of the Ministry of Interior B.E. 2520 Re: The occupational safety in respect to the working environment (Chemical); (2) the Ministerial Regulation on the Prescribing of Standards for Administration and Management of Occupational Safety, Health and the Environment in Relation to Heat, Light and Noise B.E. 2549 (2006); (3) the Notification of the Ministry of Industry No.2 Re: Industrial effluent standard B.E. 2539 (1996); and (4) the Notification of the Ministry of Industry Re: Emission standard of soot from boiler B.E. 2549 (2006).

In addition, we are focused on minimizing the environmental impact of our production processes. In an effort to determine as environment policy for factory and farm's operation, reduce our environmental impact, we endeavor to reduce our energy and resource consumption and recycle where possible. We additionally adhere to the guidelines of the Ministry of Natural Resources and Environment, which conducts inspections of our farms' waste control from time to time. In the past, we have not received complaints from the relevant authorities in connection with environmental matters.

Risk Factors

Structural Risk

1) Risk from the from single breeder supplier and few great grandparents swine supplier

The Company purchase breeder chickens from Arbor Acres Co., Ltd., the sole well-known supplier of breeder chickens in the market, in yearly purchase deal for each subsequent year. As for great grandparent swine, the Company exclusively purchase from the representative of Dan Breed International Co., Ltd., Pig Improvement Co., Ltd. and Cooperl's Group in yearly purchases deal from each company. Supplies of breeder chicken and great grandparent breeders swine are essential for the Company's business, shortage may affects the Company's supply and demand or the products manufactured by the Company.

Risk Management

The Company has extensive experience and knowledge in the field of poultry and pork production and has long maintained a good relationship with our suppliers. However, if such supplier could not meet our demands for, the Company inevitably resorts to other suppliers who could provide the same level of quality and supply. The market currently features a large pool of supplier and sales representative selling breeder chickens and great grandfather swine. The Company can also develop our own swine breed to compensate for great grandfather swine breeds. In addition, the Company is currently a partner with an international standard breeder of Cooperl and plans to jointly invest in a grand breed farm in Thailand that to be certain and reduce the said risk. In the previos, the Company has not encountered any problems from purchasing chicken and pig breeder.

2) Contract Farming dependence risk

The Company utilizes contract farming system to raise poultry and swine. As of December 31, 2020 the Company have 310 poultry farmers contracted and 505 swine farmers contracted (in Thailand). In the contract farming system, farmers will be responsible for the raising of poultry and swine until they have matured. The Company will then collects and transport the poultry to the slaughterhouse for processing and distribution as meat to buyers. Swine follows the same process, however, some are sold live rather than slaughter for meat. The risk factor in contract farming includes instability in the interest of the farmers which may sometimes shift agricultural interest based on potential market profit or if more preferable contract rate were provided by our competitor and the issues in quality control which affect demand and may incur opportunity loss to the Company.

Risk Management

In mitigating the aforementioned risks, the Company will preferably engage in contract of at least 3 years, where farmers selected must pass the farming capabilities assessment of the Company and if needed upgrades may be performed on the contracted farm to meet the specification of the Company. The Company also stipulates maximum transportation distance to mitigate risk for transportation death. Development and assistance programs are also provided, where veterinarians and veterinary nurses advise farmers in an effort to bolster farming standards and ensure profit for the farmers. In the previous, there are some farmers who have changed to other entrepreneurs but it doesn't have any significant numbers. And never affect the results of the implementation of the Company's plan and the Company has a method that can be managed, such as increasing the number of chickens to raise in existing farmers, search for new farmers and operating in the form of a rental farm instead, etc.

3) Risk factors from the labor required for slaughterhouse operation

As of December 31, 2020, the Company has 8,249 employees working in slaughterhouses 5,375 in the Kanchanaburi and 2,874 in Prachinburi (most are employed at daily rates). In the operation of slaughterhouses, large amount of labor is required to handpick and modify raw materials. Shortage in the number of employees would impact the production of the plant reducing production numbers. This particular risk factor also includes the requirement in employee skills, which may adversely affect the quality of the product.

Risk Management

The Company employs local workers as well as recruitment agencies to fulfill the production demands. When employees procured by recruitment agencies resign, the agency will promptly find replacement for the position. The Company also offers competitive remuneration rates as incentive. To ensure quality from products produced by new employees, the Company regularly provides training programs, employs Quality Assurance officers throughout the whole production line and invests in machinery which reduce labor requirement while ensuring stable production numbers. In the previous, the Company has continuously used a variety of recruiting companies to import labor and labor recruiting companies have standard company, legitimate, reliable and able to undertake the recruitment of daily employees sufficiently to meet the needs of the Company which can find labor both in case of supporting work expansion and receiving replacement labor within the specified period. In addition, the wage rate of the Company is appropriate and able to compete in the market including the Company also has welfare according to factory standards. So this gives the Company an opportunity to face labor shortage problems at a low risk level.

4) Risk factor from consumer confidence in the product safety

Consumers prefer products which are clean and safe, if the products were to be contaminated or of unsatisfactory quality due to the production, transportation or storage, adverse effects may be felt to the reputation, image, business opportunity and performance of the Company.

Risk Management

The Company prioritizes product quality and safety above all. For this purpose the Company utilizes; quality control, sanitization measures, product temperature control and product samplings in order to meet manufacturing standard and assure quality of products. The Company also received the following standards certificate from both local agencies and abroad; GMP (Good Manufacturing Practice), HACCP (Hazard Analysis Critical Control Point), HALAL, ISO 9001 (Quality Management System) and ISO14001 (Environmental Management System).

5) Risk factors from single shareholder group holding more than 75 percent of tradable shares

The Company has one major shareholder group which is Mr. Winai Teawsomboonkij's Group holding 4,228,313,031 shares as of December 31, 2020, accounting for 75.40% of all tradable shares, in the ratio of 3/4 of all shares, enabling this particular group to affect the decision making of the Company in agenda requiring special resolution in the meeting of shareholders. Other shareholders may be at risk in their ability to vote against the agenda proposed by this major shareholder group. In addition, shareholding in this magnitude prevents takeover from other parties without the consent of this major shareholder, whereby some shareholders may view such event as an opportunity to generate profit.

Risk Management

As of 31 December 2020, the Company has 5 independent directors into the board of director from the total position of 8 persons available, i.e. 62.50 percent of all directors and appoints another 3 independent surveyor in to the Surveyor Committee. The committee will operate to investigate and correct transaction which may be regarded as conflict of interest and to ensure that any such transaction benefits the Company. As well as maintaining transparency in the system.

External Risk Factors

1) Risk factor from price fluctuation

The Company revenue are mostly generated from the sales of live chicks, poultry meat, live swine and pork meat, price are dependent on demands at the time, which fluctuates under the influence of many factors including; consumer behavior, purchasing power and seasonal demands. In terms of product supply, factors affecting includes; disease, domestic sales and sales abroad. Where demand may exceed supplying capacity, the Company will be unable to reap the full profit potential at that time, however, this particular scenario could also serve to increase price and provide for greater profit yield if managed appropriately. If supply exceeds demand, prices will fall along with the sales figures.

Risk Management

The Company has expanded sales channels to areas which provides better profit and is at lesser risk from price fluctuation. These new area includes; export, vendor agreements with large restaurant chains and poultry sausage production using raw material produce by the Company under the brand TFG which help enhance product value. To compensate for price fluctuation in the swine sector, the Company has increase production capacity to maintain stable pricing. The Company swine sales channel in Vietnam also helps mitigates risk from domestic price fluctuation. In the previous, the Company was exposed to risk factor from price fluctuation in the selling price of chicken and swine products which is the price that will fluctuate according to the market. However the Company had

still able to manage according to the above risk management. The revenue structure is categorized by the Company's business to represent the affected segments that are primarily in the chicken and swine business with the following proportions;

Business	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	17,920.16	63.20	16,443.34	56.50	16,308.82	51.19
Swine	6,255.99	22.06	7,942.83	27.29	9,501.71	29.83
Feed and others	3,757.39	13.25	4,533.02	15.57	5,528.13	17.35
Other income	423.67	1.49	186.32	0.64	518.72	1.63
Total	28,357.21	100.00	29,105.51	100.00	31,857.38	100.00

2) Risk factors from uncertainties in raw material cost

The Company's main raw material cost are animal feeds material cost including; corn, soybean meal, tapioca pellet, in which market prices fluctuates in accordance with demand and supply at the time and other factors such as; trade embargo, weather condition, biofuel demands, state intervention, agriculture promotion policies and the future trades market mechanism. Any changes in prices will affect the principle cost of the Company.

Risk Management

The Company's material resource planning put into consideration; pricing, storage cost, purchasing period and exchange rates. Where price may rise above acceptable levels, the Company can shift to alternative raw material. The Company also hires teams of pricing expert to closely monitor raw material price as well as a research and development department ready to adapt and develop new recipe to accommodate alternative raw materials.

3) Risk factor from disease

Animal borne disease directly affects consumer confidence and the livestock industry as a whole. Disease which has recently plague Thailand includes; Swine Flu, Porcine Epidemic Diarrhea, Foot and Mouth Disease: FMD. Outbreak of any such serious animal disease may require the culling of potential host animal or exportation may be restricted, all of which adversely affects the Company.

Risk Management

The Company utilizes a number of prevention methods to ensure sanitization including; Evaporative Cooling System: EVAP to adjust to temperature to a suitable level and prevent disease carrying microbes from entering the plant, animal vaccination and Genesis farm development system are used in both the Company's farm and of contractors. The Company has invested in the development of lab testing system which can swiftly analyze and detect disease causing microorganism in order to resolve any emergency situation. The Company has also received certification from the Department of Livestock Development, Ministry of Agriculture and Cooperatives for the standard of safety practiced by the Company. However, animal borne disease generally affects the livestock industry as a whole. Major outbreaks in Thailand are beyond the control of the Company and will unavoidably affect the Company, regardless of the measure taken.

4) Risk factors from fluctuation in exchange rate

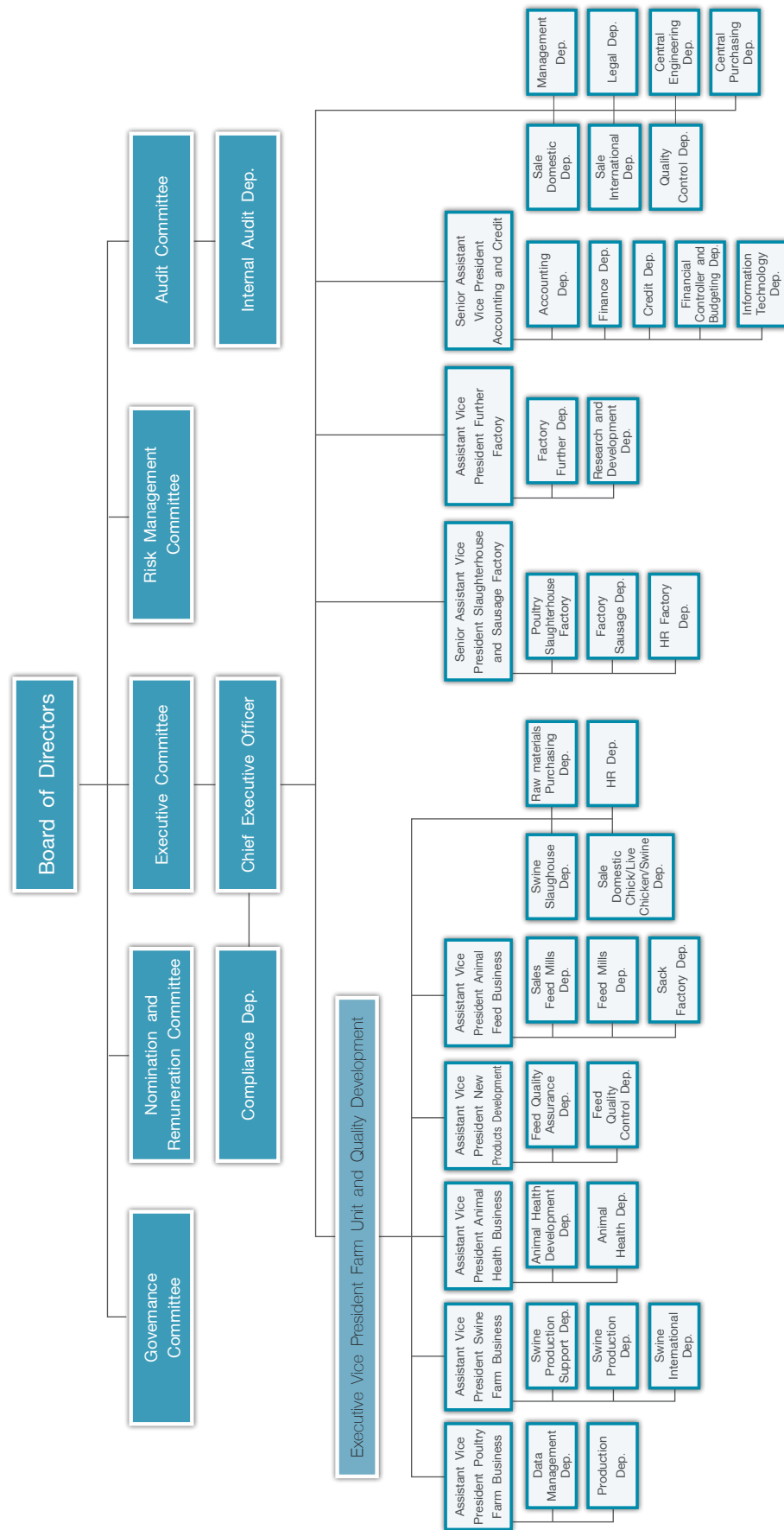
The Company import raw material and machinery from overseas, while also exporting products to foreign markets. Fluctuation in the exchange rates will affect the principle cost of the Company.

Risk Management

The Company has teams which monitor daily exchange rates in order to mitigate risk and trade currencies at acceptable pricing with the assistance from financial instrument from numerous banks. The Company also mainly settles debts in US dollars to purchase raw material and machinery from abroad, while also accepting the same for sales made in foreign market, effectively mitigating some of the risk in exchange rates. The proportion of imports and exports in US dollars will be close proportion more continuously since the Company started export operations. In addition, financial instruments could reduce the risk of volatility to the level that the Company can take risks.

Management and Shareholding Structure

The Organization Chart of the Company as of 31 December 2020 are as follows;



Registered capital and Paid up capital

As of December 31, 2020, the Company has registered capital 6,138,160,412 baht and paid-up capital amount 5,607,572,768 Baht divided into ordinary shares 5,607,572,768 shares with a par value of Baht 1 each with one share one vote.

Transfer of Shares Limit

The Company's shares can be transferred without restriction unless such transfer of shares would cause the "non-Thai" shareholders to hold shares in the Company in excess of 49% of the total issued outstanding shares.

Shareholding Structure

List of major shareholders listed in the share register of shareholders as of 30 December 2020 are summarized below:

No.	Name	No. of Shares	%
1.	Mr. Winai Teawsomboonkij Group	4,228,313,031	75.40
	Mr. Winai Teawsomboonkij	976,256,675	17.41
	Ms. Pritsana Teawsomboonkij	1	0.00
	Newstar Victor Company Limited ^{1/}	1,745,056,355	31.12
	BNP PARIBAS HONG KONG BRANCH ^{2/}	1,067,000,000	19.03
	BNP PARIBAS HONG KONG BRANCH ^{2/}	440,000,000	7.85
2.	Mr. Nattawut Teawsomboonkij	313,288,071	5.59
3.	Ms. Vichita Teawsomboonkij	195,054,300	3.48
4.	UOB KAY HIAN PRIVATE LIMITED	192,496,300	3.43
5.	Thai NVDR Company Limited	66,021,180	1.18
6.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	51,209,611	0.91
7.	RAFFLES NOMINEES (PTE) LIMITED	20,000,000	0.36
8.	Mr. Anan Sirimongkolkasem	18,100,000	0.32
9.	Seamico Securities Public Company Limited	17,500,000	0.31
10.	Mr. Suchai Charoenpongsuk	16,170,000	0.29
	Top Ten Shareholders	5,118,152,493	91.27
	Other Shareholders	489,420,275	8.73
	Total	5,607,572,768	100.00

Note : ^{1/} Newstar Victor Company Limited was incorporated in Thailand on 17 June 2014 as a company engaged in investment business. It has a registered capital of Baht 1 million, fully paid-up. The major shareholder is Mr. Winai Teawsomboonkij, holding 99.97% of shares in the Company.

^{2/} BNP PARIBAS HONG KONG BRANCH was custodian as Mr. Winai Teawsomboonkij appoint service for deposit and manage share.

Other Securities

Bill of Exchange (B/E)

The Company has issued Bill of Exchange (B/E) specifying the name of the payee with term is not more than 270 days sale to institutional investors under the Medium Term Note program (MTN). The outstanding B/E under MTN program is not more than Baht 3,500.00 Million at any time (Revolving Basis), which the filing effective on April 24, 2020 with the offering period from April 24, 2020 to April 22, 2022. As of December 31, 2020, the Company has Bill of Exchange outstanding is Baht 1,330.00 million, with an average interest rate of 3.95 - 4.12 percent per annum.

Debentures

Debentures 1/2020

On 8 January 2020 the Company issued Baht 2,000 million unsubordinated, secured debentures in registered name from, which offering for specific investors. Maturity date at 8 January 2025 with bearing interest at the fixed rate of 2.48% per annum.

Debentures 2/2020

On 30 April 2020 the Company issued Baht 569 million unsubordinated, unsecured debentures in registered name from, which offering for specific investors. Maturity date at 30 April 2023 with bearing interest at the fixed rate of 4.50% per annum.

Debentures 3/2020

On 26 November 2020 the Company issued Baht 1,000 million unsubordinated, unsecured debentures in registered name from, which offering for specific investors. Maturity date at 26 November 2023 with bearing interest at the fixed rate of 4.50% per annum.

The Board of Directors

As of 31 December 2020, the Board of Directors structure of the Company consists of 1) Board of Directors and 2) sub-committee which are five committees, namely Audit Committee, Nomination and Remuneration Committee, Governance Committee, Risk Management Committee, Executive Committee, and 3) Managements.

Board of Directors

As of 31 December 2020, the Board of Directors consists of 8 members are as follows:

Name	Position
1. Mr. Weerasak Ungkajornkul	Chairman of the Board of Director/ Independent Director
2. Mr. Winai Teawsomboonkij	Director
3. Mr. Phet Nantavisai	Director
4. Ms. Siriluck Tangwiboonpanich	Director
5. Mr. Prasit Wasupath	Independent Director
6. Mr. Weidt Nuchcharoen	Chairman of Audit Committee Director/ Independent Director
7. Mr. Assanee Subvanich	Audit Committee/ Independent Director
8. Mr. Udomsak Nitimontree	Audit Committee/ Independent Director

Mr. Winai Teawsomboonkij Mr. Phet Nantavisai Ms. Siriluck Tangwiboonpanich are authorized directors who can sign on behalf of the Company which two of these three directors jointly sign with the Company's seal affixed.

Director Attendant the Meeting

The details of Director Attendant the Meeting are as follows

Name	No. of Attendant the Meeting
1. Mr. Weerasak Ungkajornkul ^{1/}	10/10
2. Mr. Winai Teawsomboonkij	10/10
3. Mr. Phet Nantavisai ^{2/}	10/10
4. Ms. Siriluck Tangwiboonpanich ^{3/}	10/10
5. Mr. Prasit Wasupath ^{4/}	10/10
6. Mr. Weidt Nuchcharoen ^{5/}	8/10
7. Mr. Assanee Subvanich ^{6/}	10/10
8. Mr. Udomsak Nitimontree ^{7/}	6/6
9. Mr. Chaipatr Srivisarvacha ^{8/}	6/7
10. Mr. Anant Tangtongwechakit ^{9/}	1/1

Remark : ^{1/} Mr. Weerasak Ungkajornkul appoint to be Chairman of the Board of Director, Chairman of the Nomination and Remuneration Committee effective from August 11, 2020 and resigned from Audit Committee effective from December 14, 2020. In addition appoint to be Risk Management Committee effective from December 14, 2020.

^{2/} Mr. Phet Nantavisai resigned from the Governance Committee and appoint to be Risk Management Committee effective from February 25, 2020.

^{3/} Ms. Siriluck Tangwiboonpanich appoint to be Governance Committee effective from February 25, 2020.

^{4/} Mr. Prasit Wasupath had changed the Director to be Independent Director effective from August 8, 2019 and appoint to be Nomination and Remuneration Committee and Governance Committee effective from February 25, 2020. In addition resigned from Nomination and Remuneration Committee and appoint to be Risk Management Committee effective from December 14, 2020.

- ^{5/} Mr. Weidt Nuchcharoen resigned from Risk Management Committee and appoint to be Nomination and Remuneration Committee effective from December 14, 2020.
- ^{6/} Mr. Assanee Subvanich appoint to be Audit Committee effective from February 25, 2020. In addition resigned from Risk Management Committee and appoint to be Governance Committee effective from December 14, 2020.
- ^{7/} Mr. Udomsak Nitimontree appoint to be Independent Director effective from March 24, 2020 and then appoint to be Audit Committee and Nomination and Remuneration Committee effective from December 14, 2020.
- ^{8/} Mr. Chaipatr Srivisarvacha retired from Chairman of the Board of Director, Chairman of the Nomination and Remuneration Committee and Chairman of the Governance Committee effective from August 7, 2020
- ^{9/} Mr. Anant Tangtongwechakit resigned from the Audit Committee/ Independent Director effective from January 31, 2020

Ms. Siriluck Tangwiboonpanich is the secretary to our Board of Directors and the Company's Secretary.

Audit Committee

As of 31 December 2020, Audit Committee consists of 3 members are as follows:

Name	Position
1. Mr. Weidt Nuchcharoen	Chairman of Audit Committee Director/ Independent Director
2. Mr. Assanee Subvanich	Audit Committee/ Independent Director
3. Mr. Udomsak Nitimontree	Audit Committee/ Independent Director

Mr. Weidt Nuchcharoen have knowledge and experience in matters of accounting and finance to audit the reliability of the financial statement. Mr. Weidt Nuchcharoen has a Master's degree in Business and Accountancy from Thammasat University.

The Details of Audit Committee Attendant the Meeting are as follows;

Name	No. of Attendant the Meeting
1. Mr. Weidt Nuchcharoen	4/4
2. Mr. Assanee Subvanich	3/3
3. Mr. Udomsak Nitimontree	-
4. Mr. Weerasak Ungkajornkul	4/4
5. Mr. Anant Tangtongwechakit	-

Nomination and Remuneration Committee

As of 31 December 2020, Nomination and Remuneration Committee consists of 3 members are as follows;

Name	Position
1. Mr. Weerasak Ungkajornkul	Chairman of the Nomination and Remuneration Committee
2. Mr. Weidt Nuchcharoen	Nomination and Remuneration Committee
3. Mr. Udomsak Nitimontree	Nomination and Remuneration Committee

The Details of Nomination and Remuneration Committee. Attendant the Meeting are as follows;

Name	No. of Attendant the Meeting
1. Mr. Weerasak Ungkajornkul	5/5
2. Mr. Weidt Nuchcharoen	-
3. Mr. Udomsak Nitimontree	-
4. Mr. Chaipatr Srivisarvacha	3/3
5. Mr. Prasit Wasupath	4/4

Governance Committee

As of 31 December 2020, Governance Committee consists of 3 members are as follows;

Name	Position
1. Mr. Prasit Wasupath	Chairman of the Governance Committee
2. Ms. Siriluck Tangwiboonpanich	Governance Committee
3. Mr. Assanee Subvanich	Governance Committee

The Details of Corporate Governance Committee. Attendant the Meeting are as follows;

Name	No. of Attendant the Meeting
1. Mr. Prasit Wasupath	1/1
2. Ms. Siriluck Tangwiboonpanich	2/2
3. Mr. Assanee Subvanich	1/1
4. Mr. Chaipatr Srivisarvacha	1/1
5. Mr. Phet Nantavisai	1/1

Risk Management Committee

As of 31 December 2020, Risk Management Committee consists of 3 members are as follows;

Name	Position
1. Mr. Weerasak Ungkajornkul	Chairman of the Risk Management Committee
2. Mr. Phet Nantavisai	Risk Management Committee
3. Mr. Prasit Wasupath	Risk Management Committee

The Details of Risk Management Committee. Attendant the Meeting are as follows;

Name	No. of Attendant the Meeting
1. Mr. Weerasak Ungkajornkul	-
2. Mr. Phet Nantavisai	1/1
3. Mr. Prasit Wasupath	-
4. Mr. Weidt Nuchcharoen	1/1
5. Mr. Assanee Subvanich	1/1

Executive Committees

As of 31 December 2020, Executive Committees consist of 3 members are as follows:

Name	Position
1. Mr. Winai Teawsomboonkij	Chairman of Executive Committee
2. Mr. Phet Nantavisai	Executive Committee
3. Ms. Siriluck Tangwiboonpanich	Executive Committee

Managements

As of 31 December 2020, managements consist of 10 members are as follows:

Name	Position
1. Mr. Winai Teawsomboonkij	Chief Executive Officer
2. Mr. Phet Nantavisai	Executive Vice President Farm Unit and Quality Development
3. Ms. Siriluck Tangwiboonpanich	Senior Assistant Vice President Accounting and Credit
4. Mr. Sugun Thampon	Senior Assistant Vice President Slaughterhouse and Sausage Factory
5. Mr. Santi Wutisela	Assistant Vice President Poultry Farm Business
6. Mr. Patipan Chaipanya	Assistant Vice President Animal Health Business
7. Mr. Narongrit Khwuanhwaisap	Assistant Vice President Swine Farm Business
8. Ms. Patrapan Rungcharoen	Assistant Vice President New Product Development
9. Mr. Pichet Mongkolsirawatana	Assistant Vice President Animal Feed Business
10. Mr. Panya Sakunchot	Assistant Vice President Further Factory

Company's Secretary

Our Board of Directors Meeting on 29 February 2016 resolved to approve the appointment of Ms. Siriluck Tangwiboonpanich to be our Company's Secretary in compliance with the requirements of the Securities and Exchange Act.

Mr. Siriluck Tangwiboonpanich has a Bachelor's degree of Business Administration (Accounting), Kasetsart University and Master degree of Business Administration (Finance), Kasetsart University.

Remuneration of our Board of Director and Executives

Remuneration of our Board of Directors

Monetary Remuneration

As of 31 December 2020, the total remuneration paid by the Company 10 members of the Board of Directors total amounted 8,850,239 Baht as follow:

	Name	Remuneration (Baht)							Total
		Board of Directors	Audit Committee	Nomination Remuneration	Governance	Risk Management	Monthly	Bonus 2020	
1.	Mr. Weerasak Ungkajornkul	270,000	100,000	135,000	-	-	700,000	31,542	1,236,542
2.	Mr. Winai Teawsomboonkij	250,000	-	-	-	-	650,000	31,542	931,542
3.	Mr. Phet Nantavisai	250,000	-	-	25,000	25,000	650,000	31,542	981,542
4.	Ms. Siriluck Tangwiboonpanich	250,000	-	-	50,000	-	650,000	31,542	981,542
5.	Mr. Prasit Wasupath	250,000	-	100,000	35,000	-	650,000	31,542	1,066,542
6.	Mr. Weidt Nuchcharoen	200,000	140,000	-	-	25,000	650,000	31,542	1,046,542
7.	Mr. Assanee Subvanich	250,000	75,000	-	25,000	35,000	650,000	31,542	1,066,542
8.	Mr. Udomsak Nitimontree	150,000	-	-	-	-	512,903	31,542	694,445
9.	Mr. Chaipatr Srivisarvacha	210,000	-	105,000	35,000	-	420,000	-	770,000
10.	Mr. Anant Tangtongwechakit	25,000	-	-	-	-	50,000	-	75,000
Total		2,105,000	315,000	340,000	170,000	85,000	5,582,903	252,336	8,850,239

Other Remuneration

-None-

Remuneration of our Executives

Monetary Remuneration

As of 31 December 2020, the total remuneration paid by the Company to the Executives total amounted Baht 60.80 Million as follow:

Type of Remuneration	2020		2019	
	Number of Executives	Total Amount (Million Baht)	Number of Executives	Total Amount (Million Baht)
Monthly salary	10	34.17	9	38.83
Bonus	10	19.99	9	14.09
Other expenses	10	6.64	9	7.05
Total		60.80		59.97

Notes : Other expenses include travel allowance and a phone allowance.

Other Remuneration

The Company provide a company car with the value not exceeding Baht 1 million.

Employees

No. of Employees

As of 31 December 2020, there were a total number of 2,731 employees by the Company as follow:

Department	As at 31 December 2020	As at 31 December 2019
	Number of employees	Number of employees
1. Manangement	10	9
2. Poultry Unit	250	255
3. Swine Unit	228	205
4. Factory Support Unit	64	57
5. Sausage Unit	39	61
6. Research and Development Unit	96	88
7. Internal Audit Department	7	6
8. Compliance Department	3	3
9. Purchasing Department	42	40
10. Human Resource Department	28	26
11. Sales and Marketing Department	171	171
12. Factory/ Sale Feed Department	601	586
13. Poultry Slaughter Factory	530	524
14. Legal Department	10	10
15. Account Department	128	117
16. Finance Department	13	13
17. Credit Department	11	11
18. Information Technology Department	16	15
19. Financial Controller and Budgeting Department	5	5
20. Other Department	479	350
Total	2,731	2,552

Remuneration of Employees

In 2020, the total remuneration paid by the Company to our employees total amounted Baht 1,297.76 million for 2,731 employees and in 2019, the total remuneration paid by the Company to our employees total amounted Baht 1,146.58 million for 2,552 employees including salary, bonus, and other types of remuneration, as follow:

Type of Remuneration	As at 31 December 2020		As at 31 December 2019	
	Number of Employees	Million Baht	Number of Employees	Million Baht
Monthly salary		789.39		720.91
Bonus		301.92		234.34
Other expenses		206.45		191.30
Total	2,731	1,297.76	2,552	1,146.58

Note : Number of employees are monthly employees.

Our provident funds were founded on 1 July 2014.

Human Resource Development Policy

We focus on human resource development so that our employees have the knowledge and ability to contribute to our operations and future growth. On an annual basis we review the training offered to our employees. We regularly arrange for our employees to attend appropriate external and internal courses, and monitor and assess the result of these courses. For the year ended 31 December 2020, a training budget of Baht 2.95 million

Labor Dispute

As at 31 December 2020, we were not involved in any material legal dispute with our employees and no employees were members of any labor union.

Board of Directors and Management's Profiles

Details of the Board of Directors, Management and Company Secretary as of 31 December 2020

Mr. Weerasak Ungkajornkul		Chairman of the Board of Director/ Independent Director
	Appointed as director on August 18, 2014	
Age	72 Year	
Highest Education	Bachelor's Degree in Law (Honor Degree), Thammasart University	
Experience		
2020 - Present	Chairman of the Board of Director/ Independent Director, Thaifoods Group Public Company Limited	
2014 - Present	Independent Director, Thaifoods Group Public Company Limited	
2014 - 2020	Audit Committee, Thaifoods Group Public Company Limited	
2009 - 2013	Director/ Legal Advisor, Law for Life Company Limited	
Director program and other training cours	Director Accreditation Program (DAP), Class 79/2009, Institution of Directors Association	
Year of Directorship	6 Year	
Position in others listed Company	None	
Position in Non-Listed Company	None	
Nature of relationships between director/management	None	
No. of shares held as at December 31, 2020	None	
Mr. Winai Teawsomboonkij		Director/ Chairman of Executive Committee/ Chief Executive Officer
	(The director who authorized to sign)	
	Appointed as director on August 18, 2014	
Age	58 Year	
Highest Education	Diploma in Agriculture Economics, Kasetsart University	
Experience		
2001 - Present	Director/ Chairman of Executive Committee/ Chief Executive Officer, Thaifoods Group Public Company Limited	
2016 - Present	Director, Goldern Shine Company Limited	
2016 - Present	Director, Speed Force Company Limited	
2014 - Present	Director, Newsaga Company Limited	
2014 - Present	Director, Star Capital (HK) Limited	
2014 - Present	Director, Norcot Holdings Limited	
2014 - Present	Director, NEWSAGA Limited	
2014 - Present	Director, Newstar Victor Company Limited	
2014 - Present	Director, T Treasury Company Limited	
2014 - Present	Director, Thaifoods's subsidiaries and associated	

Director program and other training course	Director Certification Program (DCP), class 169/2013, Institution of Directors Association
Year of Directorship	6 Year
Position in others listed Company	None
Position in Non-Listed Company	Director, Goldern Shine Company Limited Director, Speed Force Company Limited Director, Newsaga Company Limited Director, Star Capital (HK) Limited Director, Norcot Holdings Limited Director, NEWSAGA Limited Director, Newstar Victor Company Limited Director, T Treasury Company Limited Director, Thaifoods's subsidiaries and associated
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	976,256,675 shares or equivalent to 17.41% of total Company's share.
<div> <div>Mr. Phet Nantavisai</div> <div>Director/ Executive Vice President Farm Unit and Quality Development</div> </div>	
	(The director who authorized to sign) Appointed as director on November 12, 2018
Age	36 Year
Highest Education	Master's Degree, Business Administration, NIDA Business School
Experience	2018 - Present Director, Thaifoods Group Public Company Limited 2018 - Present Director, Thaifoods's subsidiaries and associated 2016 - Present Executive Vice President Farm Unit and Quality Development, Thaifoods Group Public Company Limited 2012 - 2016 Deputy Managing Director (Swine Business, Research and Development), Thaifoods Group Public Company Limited 2010 - 2011 Farm Manager, Thaifoods Group Public Company Limited
Director program and other training course	Director Certification Program (DCP), class 160/2019, Institution of Directors Association Seminar "Animal Nutrition and Feed Formulation" at Kasetsart University
Year of Directorship	2 Year
Position in others listed Company	None
Position in Non-Listed Company	Director, Thaifoods's subsidiaries and associated
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Ms. Siriluck Tangwiboonpanich
Director/ Senior Assistant Vice President Accounting and Credit

	(The director who authorized to sign)
	Appointed as director on February 5, 2019
Age	40 Year
Highest Education	Master's Degree, Business Administration (Finance), Kasetsart University
Experience	
2018 - Present	Director/ Senior Assistant Vice President Accounting and Credit, Thaifoods Group Public Company Limited
2018 - Present	Director, Thaifoods's subsidiaries
2017 - 2018	Assistant Vice President Accounting and Credit, Thaifoods Group Public Company Limited
2016 - 2017	Accounting Senior Manager, Thaifoods Group Public Company Limited
2014 - 2015	Accounting Manager, Thaifoods Group Public Company Limited
Director program and other training course	Director Accreditation Program (DAP) 169/2020, Thai Institute of Directors
Year of Directorship	2 Year
Position in others listed Company	None
Position in Non-Listed Company	Director, Thaifoods's subsidiaries
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Prasit Wasupath
Independent Director

	Appointed as director on April 28, 2016
Age	66 Year
Highest Education	Master Business Administration, Ramkhamhaeng University
Experience	
2019 - Present	Independent Director, Thaifoods Group Public Company Limited
2016 - Present	Director, Thaifoods Group Public Company Limited
2016 - Present	Audit Committee/ Independent Director, Sirivej Medical Company Limited
2015 - Present	Audit Committee/ Independent Director/ Nomination and Remuneration Committee, Ubon Bio Ethanol Company Limited
2016 - 2019	Director/ Executive Director, Thai Credit Guarantee Corporation
2014 - 2019	Chairman of the Board of Director, Krung Thai Leasing Company Limited
2010 - 2019	Director/ Nomination and Remuneration Committee/ Audit Committee, Krungthai ZMICO Securities Company Limited
2015 - 2016	Specialist in SME, Krung Thai Bank Public Company Limited
2012 - 2014	First Senior Executive Vice President/ Business Center Group, Krung Thai Bank Public Company Limited
2011 - 2014	Director, Krung Thai Asset Management Public Company Limited
2011 - 2012	First Executive Vice President/ Business Center Group, Krung Thai Bank Public Company Limited

Director program and other training course	<p>Director Accreditation Program (DAP) 147/2017, Thai Institute of Directors</p> <p>Role of the Chairman Program RCP 36/2016, Institution of Directors Association</p> <p>Corporate Governance for Capital Market Intermediaries-CGI, Class 2/ 2015</p> <p>Financial Executive Development Program (FINEX XVII) Class 17/ August 2008</p> <p>Modern Management Strategy for KTB's Executives Class 1 (July 2007)</p>
Year of Directorship	5 Year
Position in others listed Company	None
Position in Non-Listed Company	<p>Audit Committee/ Independent Director, Sirivej Medical Company Limited</p> <p>Audit Committee/ Nomination and Remuneration Committee/ Independent Director, Ubon Bio Ethanol Company Limited</p>
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None
<div> <div>Mr. Weidt Nuchcharoen</div> <div>Chairman of Audit Committee / Independent Director</div> </div>	
Age	<p>Appointed as director on August 18, 2014</p> <p>67 Year</p>
Highest Education	<p>Master's Degree in Thammasat Business School, Thammasat University</p> <p>Bachelor's Degree in Faculty of Economics (Agriculture) and Business Administration, Kasetsart University</p>
Experience	<p>2014 - Present Chairman of Audit Committee Director/ Independent Director, Thaifoods Group Public Company Limited</p> <p>2020 - Present Expert Financial Advisory Center (TCG F.A. Center)</p> <p>2018 - Present Director, P-Sup Energy Company Limited</p> <p>2018 - Present Director, Hinsitsu (Thailand) Company Limited</p> <p>2018 - Present Chairman of the Revenue Procurement Committee, The National Broadcasting Services of Thailand</p> <p>2018 - Present Independent Director/ Chairman of Audit Committee Director, WHA Utilities & Power Public Company Limited</p> <p>2017 - Present Chairman of Director, Siamrajathane Public Company Limited</p> <p>2017 - Present Advisor, Dhipaya Insurance Public Company Limited</p> <p>2017 - Present Chairman, Thaitechnoglass Company Limited</p> <p>2017 - Present Chairman of Audit Committee/ Independent Director, Siam Technic Concrete Public Company Limited</p> <p>2015 - Present Expert/ Advisor, Small and Medium Enterprise Development Bank of Thailand</p> <p>2018 - 2019 Director, Srisawad Finance Public Company Limited</p> <p>2017 - 2019 Chairman of the Risk Committee/ Audit Committee Director/ Nomination and Remuneration Committee, Raimon Land Public Company Limited</p>

2015 - 2019	Director, Srisawad Power 1979 Public Company Limited
2016 - 2018	Director, Provincial Waterworks Authority
2016 - 2018	Expert, The Market for Alternative Investment
2015 - 2018	Director, Zoological Park Organization of Thailand
2015 - 2018	Director, Forest Industry Organization
2015 - 2017	Director, Dhipaya Insurance Public Company Limited
2015 - 2017	Director, Right Liveihood Foundation
2015 - 2016	Director, Hemaraj Land And Development Public Company Limited
2014 - 2015	Specialist of SME and Banking System, Islamic Bank of Thailand
2013 - 2015	Director, Krungthai-AXA Life Insurance Public Company Limited
2012 - 2014	Senior Executive Vice President - Head of Retail Banking, Krungthai Bank Public Company Limited
2011 - 2014	Director, KTB Leasing Company Limited
2010 - 2012	Executive Vice President - Head of Business Center Group, Krungthai Bank Public Company Limited
Director program and	Role of Chairman Program (RCP), Class 31 year 2013, Institution of Directors Association Commercial Credit Skills Assessment Program, Year 2007, Chulalongkorn University Top Executive Program in Commerce and Trade (TEPCOT), class 3/2010, Commerce Academy, University of Thai Financial Executive Development Program, Class 14/2005, The Thai Institute of Bangkok and Finance Association (FINEX)
Year of Directorship	6 Year
Position in others listed Company	Independent Director/ Chairman of Audit Committee Director, WHA Utilities & Power Public Company Limited Chairman of Director, Siamrajathanee Public Company Limited Advisor Dhipaya Insurance Public Company Limited Chairman, Thaitechnoglass Company Limited Chairman of Audit Committee/ Independent Director, Siam Technic Concrete Public Company Limited
Position in Non-Listed Company	Expert, Financial Advisory Center (TCG F.A. Center) Director, P-Sup Energy Company Limited Director, Hinsitsu (Thailand) Company Limited Chairman of the Revenue Procurement Committee, The National Broadcasting Services of Thailand Expert/ Advisor, Small and Medium Enterprise Development Bank of Thailand
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Assanee Subvanich
Audit Committee/ Independent Director

	Appointed as director on April 29, 2019
Age	71 Year
Highest Education	Master of Business Administration, Kasetsart University Bachelor's Degree in Law (Honor Degree), Thammasart University
Experience	
2020 - Present	Audit Committee, Thaifoods Group Public Company Limited
2019 - Present	Independent Director, Thaifoods Group Public Company Limited
2014 - Present	Director's Advisor, Krungthai Zmico Securities Company Limited
2018 - 2019	Advisor, Thai Appraisal Foundation
2013 - 2014	Director, KTB Leasing Company Limited
2009 - 2012	Director, KTB Law Co.,Ltd.
Director program and other training course	Director Certification Program (DCP), Class 114/2009, Thai Institute of Directors Association Balanced Scorecard Course, Training Center, Krungthai Bank Public Company Limited Marketing Director Course, Thammasat University Designing The Micro Finance Program, Training Center Krungthai Bank Public Company Limited Program for Senior Executives on Justice Administration, Class 8, Office of the Judiciary Audit Committee Program, Class 44/2013, Thai Institute of Directors Association Corporate Governance for Capital Market Intermediaries, Class 2/2015, Thai Institute of Directors Association IT Governance and Cyber Resilience Program, Class 7/2018, Thai Institute of Directors Association
Year of Directorship	2 Year
Position in others listed Company	None
Position in Non-Listed Company	Director's Advisor, Krungthai Zmico Securities Company Limited
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Udomsak Nitimontree
Audit Committee/ Independent Director

	Appointed as director on March 24, 2020
Age	72 Year
Highest Education	Bachelor's Degree in Law, Thammasart University
Experience	
2020 - Present	Audit Committee, Nomination and Remuneration Committee, Independent Director, Thaifoods Group Public Company Limited
2008 - 2020	Judge of the Constitutional Court
2006 - 2008	Judges of the Supreme Administrative Court
Director program and other training course	None
Year of Directorship	1 Year
Position in others listed Company	None
Position in Non-Listed Company	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Sugun Thampon
Senior Assistant Vice President Slaughterhouse and Sausage Factory

Age	39 Year
Highest Education	Bachelor's Degree, Industrial Engineering, Engineering, Burapha University
Experience	
2018 - Present	Senior Assistant Vice President Slaughterhouse and Sausage Factory, Thaifoods Group Public Company Limited
2017 - 2018	Assistant Vice President Slaughterhouse (Prachinburi) and Sausage Factory, Thaifoods Group Public Company Limited
2015 - 2017	Factory Manager, Slaughterhouse (Prachinburi), Thaifoods Group Public Company Limited
2004 - 2015	Production Manager, Charoen Pokphand Foods Public Company Limited
Director program and other training course	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	1,300,000 Shares or equivalent to 0.02% of total Company's share

Mr. Santi Wutisela
Assistant Vice President Poultry Farm Business

Age	57 Year
Highest Education	Bachelor's Degree, Poultry Science, Maejoo University
Experience	
2016 - Present	Assistant Vice President Poutry Farm Business, Thaifoods Group Public Company Limited
2013 - 2015	Assistant Managing Director, Broiler and Hatchery Business, Thai Foods Poultry Farm Company Limited
2012 - 2013	General Manager, Broiler and Hatchery Business, Thai Foods Poultry Farm Company Limited
Director program and other training course	Arbor Acres training school in U.S.A.
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Patipan Chaipanya
Assistant Vice President Animal Health Business

Age	49 Year
Highest Education	Bachelor's Degree, Veterinary Medicine, Khon Kaen University
Experience	
2016 - Present	Assistant Vice President Animal Health Business, Thaifoods Group Public Company Limited
2014 - 2015	Senior Manager, Research & Development Business, Thaifoods Group Public Company Limited
Director program and other training course	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Narongrit Khwuankhwaisap
Assistant Vice President Swine Farm Business

Age	57 Year
Highest Education	Bachelor's Degree, Animal Science, King Mongkut's Institute of Technology Ladkrabang Bachelor's Degree, Business Administration (Marketing), Sukhothai Thammathirat Open University
Experience	
2010 - Present	Assistant Vice President Swine Farm Business, Thaifoods Group Public Company Limited
1996 - 2009	Assistant Managing Director, Agrithai and Consultant Company Limited
Director program and other training course	Entrepreneurship : Management of Innovation, Jan - Mar 2012 Sasin Graduate Institute of Business Administration of Chulalongkorn University
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Ms. Patrapan Rungcharoen
Assistant Vice President New Product Development

Age	39 Year
Highest Education	Ph.D. in Agro-Industrial Product Development, Agricultural - Industry, Kasetsart University
Experience	
2019 - Present	Assistant Vice President New Product Development, Thaifoods Group Public Company Limited
2017 - 2019	Assistant Vice President Feed Mills Business, Thaifoods Group Public Company Limited
2016 - 2017	Feed Research and Development Senior Manager, Thaifoods Group Public Company Limited
2014 - 2016	Feed Research and Development Division Manager, Thaifoods Group Public Company Limited
Director program and other training course	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	None

Mr. Pichet Mongkolsiriwatana
Assistant Vice President Animal Feed Business

Age	52 Year
Highest Education	Bachelor Degree, Animal Science Kasetsart University
Experience	
2020 - Present	Assistant Vice President Animal Feed Business, Thaifoods Group Public Company Limited
2017 - 2019	Senior Feed Mills Sale Division Manager, Thaifoods Group Public Company Limited
2015 - 2017	Feed Mills Sale Division Manager, Thaifoods Group Public Company Limited
1992 - 2015	Division Manager, Krung Thai Foods Public Company Limited
Director program and other training course	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	10,000 Shares or equivalent to 0.00% of total Company's share

Mr. Panya Sakunchot
Assistant Vice President Further Factory

Age	46 Year
Highest Education	Master of Business Administration, Business Administration, Stamford International University
Experience	
2019 - Present	Assistant Vice President Further Factory, Thaifoods Group Public Company Limited
2017 - 2018	Senior Manager Further Factory, Thaifoods Group Public Company Limited
2014 - 2016	Factory Manager, Thai Union Manufacturing Company Limited (Samutsakorn)
2012 - 2014	QA/QC Assistant Manager, GFPT Nichirei (Thailand) Company Limited (Chonburi)
Director program and other training course	None
Nature of relationships between director/management	None
No. of shares held as at December 31, 2020	17,000 Shares or equivalent to 0.00% of total Company's share

Shareholding of Directors and Management

Name	Common Share (Shares)				
	31 December 2020		11 March 2020		Change Increase/ (Decrease)
	Direct	Indirect	Direct	Indirect	
Directors					
1. Mr. Weerasak Ungkajornkul	-	-	-	-	-
2. Mr. Winai Teawsomboonkij	976,256,675	3,252,056,356	1,000,861,875	3,242,383,256	(14,932,100)
3. Mr. Phet Nantavisai	-	-	-	-	-
4. Ms. Siriluck Tangwiboonpanich	-	-	-	-	-
5. Mr. Prasit Wasupath	-	-	-	-	-
6. Mr. Weidt Nuchcharoen	-	-	-	-	-
7. Mr. Assanee Subvanich	-	-	-	-	-
8. Mr. Udomsak Nitimontree	-	-	-	-	-
Managements					
1. Mr. Sugun Thampon	1,300,000	-	1,490,000	-	(190,000)
2. Mr. Santi Wutisela	-	-	-	-	-
3. Mr. Patipan Chaipanya	-	-	-	-	-
4. Mr. Narongrit Khwuankhwaisap	-	-	-	-	-
5. Ms. Patrapan Rungcharoen	-	-	-	-	-
6. Mr. Pichet Mongkolsiriwatana	10,000	-	10,000	-	-
7. Mr. Panya Sakunchot	17,000	-	17,000	-	-



Dividend Payment Policy

Our Board of Directors may consider making an annual dividend payment upon the approval of the shareholders at a shareholders' meeting. An interim dividend payment can be approved by the Board of Directors from time to time, provided that we have adequate profits and liquidity. The Board of Directors will inform shareholders of any interim dividend payment at the next shareholders' meeting.

Our current dividend policy is to pay a total dividend of not less than 50% of net profits after deductions for tax and the legal reserve fund as required by applicable law and our Articles of Association and setting aside amounts required for working capital, capital expenditure and business expansion requirements. The Board of Directors will take shareholders' interests into account when considering the dividend payment, ensuring that such a payment will not materially and adversely affect our ordinary course of business. Dividend payments are subject to change based on our performance, financial condition, liquidity, business expansion plans, and future needs as our Board of Directors and/or shareholders deem appropriate.

No minimum dividend payment has been set for our subsidiaries. Nonetheless, the Board of Directors and/or the shareholders of our subsidiaries may consider dividend payments out of annual net profit after deductions for tax and the legal reserve fund, and will take into consideration business conditions, including, but not limited to, the investment plans for business expansion, performance, the financial condition, the liquidity and future needs of each subsidiary.

Corporate Governance

In order to accelerate for achieving the sustainable development, THAIFOODS Group Public Company Limited has conducted the business under the Corporate Governance Policy in accordance with the criteria of good Corporate Governance Policy of the listed companies and Business Code of Conduct that are inclusive regarding the finance, investment, competition and good governance and responsibility in business. THAIFOODS Group Public Company Limited has promulgated the Good Corporate Governance Policy and Business Code of Conduct to the Company executive, employees and all stakeholders via the Company website (www.tfg.co.th) as well as preparing the Anti Corruption Policy; that is one of the principle in Good Corporate Governance, for being the principle and the practice guideline for the Directors, executive and employees as the countermeasure with the corruption.

Because of conducting to comply with the good Corporate Governance Policy by all personnel in the Company, then THAIFOODS Group Public Company Limited has been evaluated for Good Corporate Governance of listed companies for the year 2020 in level of “Very Good” that is organized by Thai Institute of Directors Association (IOD) under supporting by The Stock Exchange of Thailand (SET).

THAIFOODS Group Public Company Limited fully attempts with continuous in development for standard of Corporate Governance for the Company by prioritized to the business sustainability in part of economy, society and environment, including the prioritization with the role and leadership of the President and the Directors in various aspects such as vision and strategy, innovation that add value for economy, society and environment for the Company and stakeholders as well as supporting the operation in various parts such as financial liquidity and debt payment of the Company, the qualitative prioritization for the Company operation; objectives, goals, corporate values and the prioritization on balancing in performances of the Board of Directors and executive. Then, THAIFOODS Group Public Company Limited do not have the family business structure, which may impact with the performance of the Board of Directors and the Company executive including compliance with the policy on confidential treatment of insider information and any information; that has impacted with the stock price. Therefore, the Company has disclosed the financial information and non-financial information to stakeholders for strengthening the stakeholders’ confidence and increase the value including making profit growth with steadily and sustainable.

On 25th February 2020, the Board of Directors has considered and reviewed by realization to the performance with the responsibility. Then the Board of Directors Meeting has the resolution to approve usage of the principle of good Corporate Governance; issued edition in year 2017, which was set for the practical principle and best practice for the listed companies to adapt for suitable with the context in business operation of THAIFOODS Group Public Company Limited as appeared in the Corporate Governance policy. There are some principles which the Company has not yet apply during 2019, however, there are disclosed in the Board of Directors minutes.

CORPORATE GOVERNANCE POLICY

THAIFOODS Group Public Company Limited realizes and gives priority to the efficiency, transparency and auditability of management system that creates trust and confidence amongst all relevant parties. As a result, it leads the business to have the sustainable development under the operation with business ethics and compliance with the laws. THAIFOODS Group Public Company Limited therefore prescribed the Company's Corporate Governance Policy to enhance the existing operation to have more clarified and standardized system and distribute the good practice to all staff levels of the company that would reinforce the absolute culture in the Corporate Governance. The Company has brought the principle of Corporate Governance Code for listed companies 2017 of the Securities and Exchange Commission (SEC), as the main guideline, to adapt for maximum efficiency in the operation. However, such operation for THAIFOODS Group Public Company Limited was inclusively set for 8 (eight) sections of principles by the principles and practical guidelines are as follows:

SECTION 1 ESTABLISH CLEAR LEADERSHIP ROLE AND RESPONSIBILITIES OF THE BOARD

The Board of Directors realizes their role and responsibilities as the leader of organization who has the duties to control the Company to have the good management according to the good Corporate Governance for the listed companies by emphasizing on the determination in operation success simultaneously with the operation ethics, and have the responsibilities with the society and the environment apart from the financial operating performance and also include perform duties of the Directors, Executive and all staffs and employees with trustworthiness, careful responsibilities, absent from the personal Conflict of Interest, comply with the rules, regulations, laws, Articles and resolution of the Shareholders Meeting in order to get the maximum benefit towards the Company with suitable and do not perform any action that is the Company's Conflict of Interest.

The Board of Directors encourages and drives the Company to use the principle of good Corporate Governance to be a part of organizational culture for the sustainable development through the policies and practical method for the Executive Committee and employees such as good Corporate Governance Policies, Code of Conduct by significantly insisting on the Company's objective. Furthermore, the Board still prioritizes with improvement on the efficiency in all levels of operation in order to be the suitable structure and being the driven mechanism for the Company achieving the goals including communicating to the Directors, Executive and all staffs and employees for understanding and performing with clear and actual practice. Then the Board assigns the follow-up action and reviews the policies and procedures on periodically.

The Board of Directors has assigned scope, roles, duties and responsibilities for all of the Board of Directors, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, Corporate Governance Code, and Chief Executive Officer (CEO) including follow-up to perform the assigned duties with appropriately as follows:

The Organization Chart of THAIFOODS Group Public Company Limited comprises of four 5 committees as the Board of Directors, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee Corporate Governance Code. Whereas THAIFOODS Group Public Company Limited prescribes the Board of Directors has the power of authority and revises the business plan.

In part of approval for investment projects or the value of transferred right over the property that more than three (3) years and approval for acquisition and disposals of assets relating with the operation of THAIFOODS Group Public Company Limited, all abovementioned must be approved by the Board of Directors and the Executive Committee. However, the aforesaid delegation of authorities shall depend upon size of the aforesaid transactions. Whereby the Board of Directors has the authorization in level of the aforesaid delegation of authorities depend upon the value not more than 15% (fifteen percentages) of net tangible assets value of THAIFOODS Group Public Company Limited. Meanwhile, The Executive Committee has the authorization in level of the aforesaid delegation of authorities depend upon the value not more than 10% (ten percentages) of net tangible assets value of THAIFOODS Group Public Company Limited.

Furthermore, THAIFOODS Group Public Company Limited still assigns the delegation of authorities prior to conduct any transaction relating with the financial agreement such as the Executive Committee has the authorization according to level of the delegation of authorities for entering the following transactions, (a) Open the bank account (b) enter into the other credit limit agreement as Non-funding type such as the Letter of Guarantee (L/G) (c) enter into the credit limit agreement as Funding type such as Promissory Notes, Loan Agreement and Trust Receipt (T/R) that the value is not more than Baht 500 (Five Hundred) Million and (d) Signing as the Guarantor for the Subsidiaries companies with the guarantee limit not more than 3% (three percentages) of net tangible assets value of THAIFOODS Group Public Company Limited. Whereas the Board of Directors has the authorization according to level of the delegation of authorities, for entering into the credit limit agreement as Funding type and being the Guarantor for the Subsidiaries companies, as unlimited amount. Whereas the Chief Executive Officer (CEO) of THAIFOODS Group Public Company Limited has the authorization according to level of the delegation of authorities, for entering into the agreement or Memorandum of Understanding (MOU) that is the normal business practice of THAIFOODS Group Public Company Limited. Managing Director has the authorization according to level of the delegation of authorities, for entering into the agreement or Memorandum of Understanding (MOU) that is the normal business practice within the credit limit not more than Baht 20 (twenty) Million.

Whereby the varying set of the Committees of THAIFOODS Group Public Company Limited has a term to hold the position and scope of delegation of authority for each set of the committees as follows;

THE BOARD OF DIRECTORS

Term of Office for the Board of Directors

The Board of Directors has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, a Director who leaved from the Office by the reason of rotation, he/she may be reappointed to take a position of the Director.

The Board of Director has appoved the Board meeting plan for the year 2020 will be 10 times.

Scope of authority, duties and responsibilities of the Board of Directors

- 1) Carry out the duties in accordance with all the legal and regulatory requirements, as well as the objective, the Articles of Association of the Company, the resolution of both the Board of Directors and the Shareholders Meeting, with responsibilities, carefulness and integrity including perform as lead by example
- 2) To determine the major policies for business such as the policies relation to finance, funds management, risk management, management of information technology and to supervise the management for the implementation of policies include setting a plan for directors and management development, as well as a sucession plan.

- 3) To consider and prescribe the description and approve for the following topics; the vision, mission, value, business strategy, business direction, business policies, goals, road map, action plans and budget for the Company and subsidiaries, that provided by the Executive Committee and management due to conduct and review every year.
- 4) To consider and approve matters other than which are within the authority delegated to the Chief Executive Officer (CEO), or matters which must be approved by the Board of Directors or a shareholders meeting as prescribed by the law or the relevant rules or procedures of the Company.
- 5) To supervise and appraise the management and performance result of the Executive Committee, the President, Chief Executive Officer (CEO), Managing Director, Executive and any personnel that has been assigned to do the aforesaid duties in order to comply with the policies; that were specified by the Board of Directors. To supervise and appraise the management and performance result of the Chief Executive Officer (CEO) and Managing Director perform their responsibilities in compliance with their fiduciary duties, duty of care, and duty of loyalty, enabling to make its decisions as a result of exercising independent judgement on corporate affairs and consider human resources management and development programmes in appropriately.
- 6) To follow-up the result of the Company operation with continuous in order to comply with the action plan, objective, business strategy, policies, and the Company's budget.
- 7) To control, supervise, review in order to possess the system for financial reporting that is transparently, accurately and sufficiently as well as provide the internal control system and internal auditing and finance and risk management according to legal, regulatory requirements, and the Articles of Association of the Company.
- 8) Set for preparation the balance sheet and statement of profit and loss at the year-end of accounting period of the Company and signs for affirmation on the aforesaid financial statements in order for proposed to the Shareholders Meeting in the Annual General Meeting for approved consideration, including financial and non-financial information disclosures.
- 9) Consider and review for selection and appointment of the external Auditor and consider for the suitable remuneration according to the proposal of the Audit Committee before proposed to the Shareholders Meeting in Annual General Meeting as approved consideration.
- 10) Assign to have the written policies regarding the Corporate Governance in accordance with the principle of the Good Governance, Code of Conduct and adapt using the aforesaid policies with efficiency. So as to create the confidence that the Company has the responsibilities towards all groups of stakeholders with fairness.
- 11) Consider for approval in appointment the person; who has the suitable qualification and has no prohibit qualification according to the Public Companies Act B.E. 2535 (including with the additional revision), the Securities and Stock Exchange Act B.E. 2535 (including with the additional revision) including the notification, regulatory requirements and/or the relevant regulation, to hold the position in case that the Director's position is vacant due to the other reason in except of the retirement as rotation. Also, they need to consider for approval in appointment the substitute Director instead of the retired Director and consider the prescription in remuneration of Director for proposed in the Shareholders Meeting for approved consideration.
- 12) Appoint the Sub-committee including the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, or the other Sub-committees. Also, the Board prescribes the power of authority of the aforesaid Sub-committee for assist and supports the duties of the Board of Directors.

- 13) Consider to prescribe, rectify and changing the name of Director who has the authority to sign binding with the Company.
- 14) Formulation and reviewing the Company's management structure as well as its authorities, duties and responsibilities must be appropriate and clearly defined. The directors must be honest in their duties, have vision, ability and experience and be able devote their time to fully perform their duties for the Company under independent in their decision making. The Board of Directors must include at least one female director.
- 15) Consider the appointment for Executive according to the definition specified by the Securities and Exchange Commission (SEC) or the Capital Market Supervisory Board and the Company Secretary, who is to counsel assist and respond the Board of Director to ensure its compliance with all matters legal rules and regulation as required by the law and corporate governance, including consider the remuneration of the aforesaid Executive according to the proposal of the Nomination and Remuneration Committee.
- 16) The Board of Directors will assign the authority, duties and responsibilities relating to daily managerial tasks to Chief Executive Officer (CEO).
- 17) Request for consultation as the professional opinions from the external organization if it is necessary for the suitable decision-making.
- 18) Encourage the Director and Executive of the Company to participate in or take the seminar courses of Thai Institute of Directors Association (IOD) in course relating with the duties and responsibilities of that Director and Executives.
- 19) Control the operation of the Company to consistent with the efficiency and protect any benefits relating with all group of stakeholders and achieve sustainable value creation, competitiveness and performance with long-term perspective under ethical and responsible business, while utilizing innovation and technology effectively which is good corporate citizenship and corporate resilience.

THE AUDIT COMMITTEE

Term of Office for the Audit Committee

The Audit Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, Chairman of Audit Committee and Audit Committees members, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Independent Director.

Scope of authority, duties and responsibilities of the Audit Committee

- 1) Review the Company's financial reports for accuracy and adequate disclosure.
- 2) Review the Company's internal controls system and internal auditing for suitability, sufficiency and efficiency including considers for the Independence of the Internal Audit Division throughout approved consideration for appointment, transfer, or demotions of Chief Audit Executive or other department that take responsibilities regarding the Internal Auditing.
- 3) Review the Company's operations to comply with the laws of Securities and Stock Exchange, the regulations of the Stock Exchange of Thailand (SET) or any other laws related to the Company's business.
- 4) Consider, select and nominate the person that is independent and be responsible for an independent auditor for the Company and offer the aforesaid person for the appropriate remuneration including the Audit Committee must attend a meeting with an independent auditor without the Management group being present at least once a year.

- 5) Consider the accuracy and completeness for disclosure of the Company related transactions or transactions with being the potential Conflict of interest in order that they comply with the laws and regulations of the Stock Exchange of Thailand (SET). Whereby it should be ensure the appropriateness of the transactions and the maximum benefit towards the Company.
- 6) Prepare the Audit Committee report which is disclosed in the Company's annual report and that prepared report must be initialed by the Chairman of the Audit Committee with at least the following information;
 - Comments concerning the accuracy, completeness and creditability of the Company's financial report.
 - Comments concerning the sufficiency of the Company's internal control system.
 - Comments concerning the compliance with the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand (SET) or any other laws relating with the Company's business.
 - Comments concerning the suitability of the external Auditor.
 - Comments concerning the report that may have possible Conflicts of interest.
 - The number of Audit Committee meetings and the attendance of each member of the Audit Committee.
 - Overall opinions or remarks of the Audit Committee in compliance with the Audit Committee Charter and other items which shareholders and general investors should be informed that are within scope, duties and responsibilities assigned by the Board of Directors of the Company.
- 7) Perform the other duties as assignment from the Board of Directors of the Company.
- 8) During the process of the Audit Committee, if found or there is the suspicion whether the following transaction or any action may have the significant impact with the financial status and result of operation, the Audit Committee must report to the Company's Board of Directors for rectification or adjustment within the period that the Audit Committee deems as appropriate.
 - The Conflict of Interest transactions
 - Fraud or irregularity or significant deficiency of the Internal Control system
 - Violation in laws of Securities and Stock Exchange, regulations of the Stock Exchange of Thailand (SET) or any other laws relating with the Company's business

If the Board of Directors or the Executive does not perform the rectification or adjustment within the period that was referred in the abovementioned paragraph, a member of the Audit Committee may report there is the transaction or any action; according to the abovementioned paragraph, to the office of the Securities and Exchange Commission (SEC) or the office of the Stock Exchange of Thailand (SET).

- 9) Revise and propose for additional adjustment in scope, duties and responsibilities of the Audit Committee deems as appropriate.
- 10) Revise the rules, regulations and the result of operation in the previous year with at least once a year.

THE EXECUTIVE COMMITTEE

Term of Office for the Executive Committee

The Executive Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, member of the Executive Committees, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Executive Committee

- 1) Consider and prepare the policies, business strategy, goals and business plan, financial goals and budget of the Company by considering in the suitability of business factor. Then Executive Committee will present and request for approval by the Board of Directors. However, in case, the situation is changed; the Executive Committee will reconsider about the suitability of the approved budget for that situation.
- 2) Control, review and monitor the business operation of the Company complying with the policies, business strategy, goals and business plan, financial goals and budget of the Company, which is approved by the Committee, must be comply efficient and effective with the business condition. Herewith the committee will give an advice, supervision about the management for top executive.
- 3) Determine the organization structure and policies regarding with the management of the Company, nomination or transfer for the Executive of each business, consider and follow-up the succession plan for the Executive including manpower plan and determine the criteria in the remuneration payment and criteria for performance evaluation of the Executive.
- 4) Study the feasibility in new investment project and have the power of authority to consider and approve for investment or co-investment with the personnel, juristic person or any other business organization in the format that the Executive Committee considers as appropriate in order to conduct the business according to the Company's objectives as well as consideration and approve spending money for the aforesaid investment, entering into the contract and/or perform any action related with the aforesaid matter until complete within the assigned credit limit, and/or the law and relevant regulation, and/or the Articles of Association of the Company.
- 5) Follow-up the achievement in business operation and progress of investment project in each business and report the overview either the problems and consequent obstacles and ways or guideline of improvement or rectification to the Board of Directors for acknowledgement.
- 6) Consider and give the recommendation or comments to the Board of Directors of Company regarding to the project, proposal or entering any transaction relating with the business operation including consideration the alternative for funding whenever it need and the funding is over than the specific credit limit and/or the laws and related criteria or the Articles of Association prescribe the Shareholders Meeting and/or the Board of Directors is the approver for those said transaction.
- 7) Consider and approve for entering the financial transaction with the financial institution for opening the account, borrowing, require the credit, pledge, mortgage, guarantee and other transaction, including purchasing and sales transaction and register for land ownership according to the objective useful for the business operation of the Company throughout entering into the agreement, submit the application form/proposal, coordinating, perform the juristic act with the government section in order to acquire the right of the Company and/or entering any transaction that related with the aforesaid matter until fulfill the specific credit limit and/or the laws and related criteria or the Articles of Association.

- 8) Consider and approve the regulation, procedures, management policy and business operation of the Company or any execution that binding with the Company.
- 9) Control for the compliance with the Risk Management policies, Enterprise Risk Management framework for having the Enterprise Risk Management in organization with efficiency and continuously.
- 10) Control and support the operational Risk Management to be consistent with the Company's strategy and the operational goals including promoting for the culture of Enterprise Risk Management in the organization.
- 11) Revise the system or evaluate the efficiency of Risk Management with at least once a year.
- 12) Report to the Board of Directors regarding Risk and managing plan to cope with the significant risk of the organization. In case there is the factor or significant event that may impact the Company with materiality, then they need to report the Board of Directors for acknowledgment and consideration as soon as possible.
- 13) Appoint and/or assign the Executive Director or any person or persons to perform any action within the line of authority of the Executive Committee according to the Executive Committee deems appropriate. However, the Executive Committee may cancel, withdraw or rectify or revise the aforesaid authority.
- 14) Have the power of authority and any responsibilities in accordance with the assignment or the policies as assignment from the Board of Directors of the Company.
- 15) Consider and approve the manual for delegation of authority for let the appointed person and/or the attorney acknowledges the scope of responsibilities and authorities and using as the operational manual by supporting the evidence as reference and also must comply with the systematic procedures.

THE NOMINATION AND REMUNERATION COMMITTEE

Term of Office for the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a term of office to hold the position for three (3) years since the date of appointment. As a result, since the aforesaid term to hold in the position is expired, member of the Nomination and Remuneration Committees, who leaved from the Office by the reason of rotation, may be reappointed to take a position of the Director.

Scope of authority, duties and responsibilities of the Nomination and Remuneration Committee

- 1) Consider to propose the structure, the composition and the qualifications of the Board of Directors and Sub-committees.
- 2) Consider the criteria and nominating process and propose the name of suitable person occupy in the position as the Director. Then the Board of Directors must consider proposing to the Shareholders Meeting in case of vacant position because of resignation from the directorship. In the other case, they must propose to the Board of Directors.
- 3) Recommend the name list of the Director occupy in the position in the each Sub-committee of the Company.
- 4) Consider to scrutinize the suitable person occupy in the position as the top Executive of the Company such as the Chairman of the Executive Committee in case of vacant position.
- 5) Consider to approve for the succession plan for the position of the Company's top Executive.
- 6) Consider the suitable format and criteria of payment for the remuneration of Directors and the Chairman of the Executive Committee.
- 7) Consider stipulating the criteria for appraisal/evaluation the Chairman of the Executive Committee and propose to the Board of Directors of the Company for approved consideration.

- 8) Appraise/evaluate the performance of the Chairman of the Executive Committee and propose to the Board of Directors of the Company for consideration.
- 9) Consider stipulating the annual remuneration of Directors and top Executives of the Company including the meeting allowance, yearly bonus, and other benefits by proposing the remuneration towards the Board of Directors.

Chairman of the Board of Director

Scope of authority, duties and responsibilities of the Chairman of the Board of Director

- 1) The Chairman must not be the Executive Director and must not be the same person as Managing Director and there is no any relationship with the Management group.
- 2) Encourage, assist, and supervise the business operation of the Management group through Managing Director. However, he will not overlap the routine work or daily operation; that is under the responsibilities of the Managing Director.
- 3) The Chairman act as both the Committee and in the Shareholders Meeting.
- 4) The Chairman is the casting vote in case that the voting vote of both parties, in the Board of Directors Meeting, is equal.
- 5) The Chairman is responsible as leader of the Board of Directors in controlling, follow-up and monitoring the administration work of the Executive Committee and the other Sub-committees to achieve the objective according to specified plan.

CHIEF EXECUTIVE OFFICER (CEO)

Scope of authority, duties and responsibilities of the Chief Executive Officer-CEO

- 1) Defines the policies, strategies, structure and authority including be responsible for preparation the strategic plan and annual budgeting plan proposed by the Management group for further consideration by the Board of Directors of the Company.
- 2) Control, monitor, operate and/or manage the general tasks complying with the policies, work plan and budget approved by the Board of Directors of the Company.
- 3) Being the Company's attorney in administer the Company's enterprise to comply with the objectives, rules, policies, regulation, requirements, order, the resolution of the Shareholders Meeting and/or the resolution of the Board of Directors.
- 4) Has the authority to execute and present own self as the Company representative contacting with third parties in the related enterprise and be benefit to the Company.
- 5) Consider for approval the operation plan of each department and consider for approval on any request from each department in case of over the command/authorization of that department.
- 6) Mandate or issue the order, regulation, notification, memorandum for controlling the operation to comply with the Company's policies and benefits and also maintain the working discipline and regulation of the organization.
- 7) Assign the authority to the employee in the management level to perform as acting authority for one or more issues as seemly appropriate.
- 8) Approve the appointment for advisors in varying parts that are necessary to the Company's operation and be consistent with the regulation of the Securities and Exchange Commission (SEC) or the Stock Exchange of Thailand (SET).

- 9) Have the authority, duties and responsibilities to manage the Subsidiaries Companies and other departments in the Company.
- 10) Operate in other areas assigned by the Board of Directors on occasionally.

SECTION 2 DEFINE OBJECTIVES THAT PROMOTE SUSTAINABLE VALUE CREATION

THAIFOODS Group Public Company Limited emphasizes on the business operation with sustainability. Then the Board of Directors give the importance to prescribe, supervise the objectives, goals and the core strategy of the Company throughout the annual operating plan both of intermediate and long-term plan, with conformity and create the value for the Company, all stakeholders and community, society and environment. Moreover, the Board enhances the Company to compete in the business by creating value for organization such as promote the innovation and technology to use for the business operation as appropriate. Therefore, THAIFOODS Group Public Company Limited can exist with sustainability under the opportunity and business risk of the Company. So as to have more confidence that the strategy and action plan of the Company is suitable, the Board of Directors has assigned the Executive Committee, Chief Executive Officer (CEO) to be the responsible person and properly report to the Board of Directors. Furthermore, the Board of Directors has set the analysis on the environment and varying risk factors that may impact with the business operation of the Company including the resources allocation and control the operation with appropriately. After all, they must properly report the situation to the Board of Directors for acknowledgement. Moreover, the Board of Directors encourages the action in order to confident that the objective, goals, and the Company's strategy must be communicated through all levels of staffs and employees of the Company for understanding and becomes the organization culture.

SECTION 3 STRENGTHEN BOARD EFFECTIVENESS

The Board of Directors emphasize on role in Corporate Governance of THAIFOODS Group Public Company Limited. Then The Board has set the structure, authority, duties and responsibilities with clear and appropriate including set up Corporate Governance for business operation of the Subsidiaries companies and affiliated company in order for maximum benefit for THAIFOODS Group Public Company Limited as follows:

INDEPENDENT DIRECTORS

THAIFOODS Group Public Company Limited prescribed the composition of the Board of Directors by consisting of the Independent Directors with at least one-third (1/3) of the total number of Directors in the Company.

The Board of Directors or the Shareholders Meeting (as the case may be) will be the authority to appoint the Independent Directors participating in the Board of Directors. As a result, THAIFOODS Group Public Company Limited have the policy to appoint the Independent Directors with at least one-third (1/3) of the total number of Directors and there is the Independent Directors not less than three (3) Directors.

The criteria in selection for the Independent Directors will comply with the criteria in selection for the Board of Directors. The qualification of any person, who will act as the Independent Director, must consider from the qualification and prohibited aspects of the Director according to the laws of Public Company Act and laws of Securities and Stock Exchange including the notification, articles and/or related regulation. The Independent Directors must have the educational background, technical skill, working experiences and other appropriateness composing altogether for proposed to the Shareholders Meeting for further consideration in appointment as the Company Director. However, if any of Independent Director who leaved from the Office before the expiry period, the Board of Directors may appoint the Independent Director who has the

aforesaid qualification to occupy in the position as the replacement. Therefore, the new Independent Director will have the term of office only for the remaining period of the replaced Independent Director.

The Board of Directors has assigned the qualifications of the Independent Directors as follows;

- 1) A person who owns equity holdings of not more than 1% (one percentage) of the total number of voting shares of the Company and its Subsidiaries, the Parent company and the JV companies, the majority Shareholder, or a person with a controlling power over the Company; whereby such equity holdings includes those held in the name of persons connected with or related to the Independent Director.
- 2) Not being a person or a Director who is, or has been, involved in the management of, an employee or staff of, an advisor (with a monthly regular salary) to, as well as a person with a controlling authority or power over, the Company and its Subsidiaries, the Parent company, the JV companies, a Subsidiary of parallel status with the majority Shareholder, or belongs to a person with a controlling authority or power over the Company, unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security. Whereby the aforesaid prohibited characters are not included in case that the Independent Director has been the government officer, or the advisor of the government unit with that person being the majority Shareholder or a person with a controlling power over the Company.
- 3) Not being a person, related by blood or through legal registration, with the status of a father or mother, spouse, siblings and children as well as including spouses of the children, of the other Director, of members of the Management group, the majority Shareholder, those with a controlling power over, as well as of someone about to be appointed a Director or a member of Management of or with a controlling power over the Company or its Subsidiaries.
- 4) Not being a person who has or had business relationships with the Company and its Subsidiaries, the Parent company, the JV companies or the majority Shareholder or a person with a controlling power of the applicant, in a manner that may result being a hindrance to the exercise of a fully independent judgment on his/her part; as well as not being a significant Shareholder or a person with a controlling power of someone who has business relationships with the Company and its Subsidiaries, the Parent company, the JV companies, a majority Shareholder or a person with a controlling power of the applicant. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.
- 5) Not being a person who is or has been an external Auditor of the Company and its Subsidiaries, the Parent company and the JV companies, the majority Shareholder, or a person with a controlling power over the Company, as well as not being a significant Shareholder, a person with a controlling power or a Managing Partner of an Audit firm in which the Auditor of the Company and its Subsidiaries, the Parent company, the JV companies, the majority Shareholder or a person with a controlling power over the Company. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.
- 6) Not being a person who has or had provided any type of professional services (including legal or financial advisory services) to and receiving total fees payment being more than Baht 2.0 million for such services per year from the Company and its Subsidiaries, the Parent company, the JV companies, the majority Shareholder or a person with a controlling power over the Company, as well as not being a significant Shareholder, a person with a controlling power or a Managing Partner of any such legal entity providing the abovementioned professional services. Unless not less than 2 (two) years have passed since the date of submission for authorized issued and offered the security.

- 7) Not being a Director who has been appointed to represent a Director of the Company, or the majority Shareholder as well as a Shareholder connected to the majority Shareholder of the Company.
- 8) Not being conducted the similar business as that of the Company and significant business competitor of the Company or its Subsidiaries; or a person who is a significant partner in a Partnership, as well as a part of the Management group, staff and employee, an advisor with a monthly regular salary, or a Shareholder with a shareholding in excess of 1% (one percentage) of the total voting rights, of another company operating a business similar to that of the Company and its Subsidiaries.
- 9) Not having any other qualifications and/or status that will not enable the giving of fully independent opinions regarding to the operations of the Company.
- 10) Not being a Director, may be assigned by the Board of Directors to make the decisions regarding to the operations of the Company and its Subsidiaries, the Parent company the JV companies, as well as Subsidiaries companies of a parallel status of the majority Shareholder and/or a person with a controlling power over the Company.
- 11) Not being a Director of the Subsidiaries companies or Subsidiaries companies of a parallel status especially of the listed companies.

Whereby the Independent Directors will need to examine and certify their self-independent qualification with at least once a year, then inform and report the history information of the Director at the Annual Statement of the Company information (Form 56-1) and the annual report of THAIFOODS Group Public Company Limited.

NOMINATION FOR THE DIRECTORS

During the nomination for the Directors, there are 2 (two) members of the Nomination and Remuneration Committee, as Independent Directors, from total 3 (three) of members of the Nomination and Remuneration Committee, are responsible for considering in nomination and screening the suitable individual according to the Articles of Association of the Company. Also, they will be the nominator for the name of the person who has the suitable qualification to be the professional Director and have the diversification. Then they will give their comments to the Board of Directors for approved consideration. After that there is the proposal the name of aforesaid Director to the Shareholders Meeting for further appointment as the Director according to the criteria.

The Nomination and Remuneration Committee have considered the nature of business and future plan then specify the qualification of the Director. He must have the good knowledge in business of the Company. The Nomination and Remuneration Committee will give the opportunity for the Director and the Shareholders to participate in nomination the name list of the Director who has the suitable qualification.

Nomination for the Directors has the criteria and procedures as follows;

- 1) During the voting process for election the Director, it will be assumed that one (1) Shareholder has one (1) voting right per one (1) share.
- 2) During the voting process for election the Director, each Shareholder will spend all voting right according to the above-mentioned in (1) for election either one person or persons to be the Director. In case of election for persons to be the Directors, it cannot divide the voting right to any person more or less than the possessed right of own self.
- 3) Any person, who has received the highest voting right respectively, he will be elected as the Director equals to the number of Director should be elected in that time. In case the person, who has been elected in the following under sequence, has the equally voting right but more than the number of Director should be elected in that time, then the Chairman in the meeting will be the casting vote.

In case that there is the vacant position of Director because of the other cause except of retire by rotation, then the Nomination and Remuneration Committee select the person, who has the qualification and has no prohibited aspects of the Director according to the laws of Public Company Act and laws of Securities and Stock Exchange, to be replaced as the Director in the next following Board of Directors Meeting. Unless the term of that retired Director remains less than 2 (two) months, then the person, who come to replace as the aforesaid Director, will stay in the position of Director only for the remaining period of the replaced Director.

The resolution of the Board of Directors in accordance with the first paragraph must comprise the voting vote not less than three from four (3/4) of the remaining number of the Director.

STRUCTURE OF THE BOARD OF DIRECTORS

1. Composition of the Board of Directors

- 1.1 The Board of Directors of THAIFOODS Group Public Company Limited consist of at least 5 (five) Directors. At least one-third (1/3) of the total number of Directors, but not less than 3 (three) Directors, must be Independent Directors that conform to the criteria of the Securities and Exchange Commission (SEC). Whereby, the Board of Directors of THAIFOODS Group Public Company Limited is the professional for part of business, accounting and finance that related and supports the business of the Company. THAIFOODS Group Public Company Limited have the another 3 (three) sets of Sub-committees such as the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee.
- 1.2 Chairman of the Board of Directors, Chief Executive Officer (CEO), Chairman of the Executive Director and Managing Director have the different duties and responsibilities. The Board of Directors has clearly assigned the authority, duties and responsibilities of the Chairman of the Board of Director, Chief Executive Officer (CEO), Chairman of the Executive Director and Managing Director and no one of the abovementioned position will be protected from having the authority with unlimited stage.
- 1.3 THAIFOODS Group Public Company Limited has appointed the Company Secretary to give advice on issues regarding laws and other regulations for acknowledgement by the Board of Directors. Also, he/she has performed duties to take care of the activities of the Board of Directors including coordination for compliance with the resolution of the Board of Directors.

2. Qualifications of Directors

- 2.1 All Directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities.
- 2.2 All Directors have the experience, knowledge, capabilities in related fields of business and industry for the overall interests of the Company, and must be able to perform duties in an efficient manner, to present the point of view; which will be benefit to the handling of significant risks. Moreover, they must have the honesty, trustworthy and good ethical behavior.

3. Board of Directors Meetings

- 3.1 THAIFOODS Group Public Company Limited has regularly held the Board of Directors Meetings with at least three (3) months per time for every period of one (1) year and there may have the additional Extraordinary meeting as necessary that determined advance schedule on January every year. All members of the Board of Directors give priority attending in every meeting unless

otherwise in the necessary case. THAIFOODS Group Public Company Limited should deliver the invitation letter or notice for meeting with clearly specified the agenda in advance before the date of meeting at least seven (7) days in order for the Director have enough time to consider or study the meeting agenda and the supporting documents for the meeting.

- 3.2 During the Board of Directors Meeting, all Directors can express their opinions with clearly and independence. There is the written record as the minute of the meeting and be kept the minute of the meeting; that was certified by the Board of Directors for the Director and the relevant party to verify. In addition, the top Executive may participate in some agenda of the meeting to give the detailed information or more helpful information as the concern party. He/she may acknowledge the policies directly in capable to perform with the efficiency.
- 3.3 The President is the person who considers selecting the issues into the agenda of the Board of Directors Meeting and all Directors have independence to propose the issue into the meeting agenda.
- 3.4 The Board of Directors have the access right entering to the information, in case of additional require and necessary, by requested from Managing Director or the Company Secretary or the other Executive has been assigned within the specific extent of policies. In the necessary case, the Board of Directors may prepare for the independent opinion from the advisor or the outside professional services with the Company's expense.
- 3.5 During the process for resolution in the meeting, the Board of Directors has held the majority vote by one (1) Director has one (1) voting right. Whereas the Director, who has the issue as the Conflict of Interest, will not attend in the meeting and does not use the right to vote for that issue. If there is the equality in voting right, Chairman in the meeting will use his additional one (1) vote as casting vote.
- 3.6 During each meeting, the Secretary of the Board of Directors attends in the meeting as the recorder for minute of the meeting and submits to the President of the Company signing for attestation and proposes for affirmative by the meeting in the 1st agenda of the next meeting. Moreover, he/she will be the information collector or keep the documents regarding the meetings for convenience to explore with reference.

ORIENTATION FOR THE NEW DIRECTOR

THAIFOODS Group Public Company Limited has determined the orientation for newly appointed Director by providing the explanation for presenting the overview of company business to newly appointed Director for acknowledgement in the following topics;

- 1) Business entity framework (Laws, Articles of Association of the Company, regulation)
- 2) Information about the business operation and activities
- 3) Significant projects
- 4) Organization development, business development
- 5) Good Corporate Governance
- 6) Social Responsibilities

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

THAIFOODS Group Public Company Limited have the policies for the Board of Directors to evaluate the result of self-assessment with at least once a year in order to assist the Board of Directors considering or revising their work or performance, the issues and the other obstacles during the previous year. In addition, it will increase the working efficiency of the Board of Directors. Then, it will prepare in two (2) aspects as follows;

- 1) The entire board performance evaluation will evaluate in various parts such as
 - 1) Structure and Characteristics of The Board
 - 2) Roles, Duties and Responsibilities of the Board
 - 3) The Board of Directors Meetings preparation
 - 4) The Board's performance of duties
 - 5) Relationship with management
 - 6) Self-development of Directors and Executives Development
- 2) The individual performance evaluation for each member of the Board will evaluate in various parts such as
 - 1) Preparation of the Director
 - 2) Strategic planning and business planning
 - 3) Risk Management and Internal Controls
 - 4) Caring for matter relating to conflict of interest
 - 5) Follow-up the financial reports and operation
 - 6) The Board of Directors Meetings
 - 7) Others, etc.

SECTION 4 ENSURE EFFECTIVE CHIEF EXECUTIVE OFFICER AND PEOPLE MANAGEMENT

THAIFOODS Group Public Company Limited prioritized with all levels of personnel since level of Director, Executive and all employees in order for having the confidence that the Company shall be driven by the personnel; who possess the knowledge, capability, skill and the necessary experience, that bring the Company into effect with achievement in setup objective and target.

The Board of Directors assigns the Nomination and Remuneration Committee as the regulator set the criteria and method for recruiting the person who has the appropriate qualification along with study the suitability of succession plan for top Executive and reported to the Board of Directors for acknowledgement.

THE NOMINATION FOR TOP EXECUTIVES

In case of the nomination for the personnel occupy in the position of Chief Executive Officer (CEO) / Chairman of Executive Committee then the Executive Committee will be the preliminary consideration in screening the nomination the person who has the complete and suitable qualification, capabilities, skill and experience useful for the operating of THAIFOODS Group Public Company Limited. Also, he would have the clearly understanding the business as well as capable to manage the work to achieve the objective, goals that specified by the Board of Directors. After that it will be proposed to the Nomination and Remuneration Committee for approval consideration before they will propose the result to the Board of Directors for further approved.

REMUNERATION OF THE DIRECTORS AND THE EXECUTIVES

- 1) Assign the remuneration of the Directors to be in the comparable aspects with the industrial level, experience, Accountability and Responsibility including the expected benefits from each Director. While the Director who has been assigned more duties and responsibilities such as the member of the Sub-committee, that person should take more and suitable remuneration.
- 2) Assign the remuneration of the Managing Director and top Executive to be in line with the principle and policy specified by the Board of Directors and for maximum benefit for the Company. While the level of remuneration such as salary, bonus and attractive compensation will be conform to the performance result of each Executive and must consider with the benefit received by Shareholders.
- 3) All of non-executive Directors or the Nomination and Remuneration Committee will be the appraiser for the Director and the Executive in every year using as remuneration consideration for the Directors and the Executive by using the agreed criterion in advance with the Director and the Executive according to substantial criteria including the financial performance result, compliance with objective for long term strategy and development of the Executive, etc. Also, they will propose the result of aforesaid evaluation to the Board of Directors for approved consideration and the President or Senior Director should communicate the result of consideration to Managing Director for acknowledgement.

DEVELOPMENT OF THE DIRECTORS AND THE EXECUTIVES

- 1) Encourage and facilitate to have the training and education for all related concerns regarding to the Corporate Governance of the Company such as Directors, members of the Audit Committee, Executives, the Company Secretary, etc. Training and education will enable all aforesaid concerns to improve their performance continuously, and it can be set either In-house course of the Company or use the training service by outsource institute.
- 2) The Management group should provide all documents and useful information in performing duties for the new Directors, in every time of the appointment, including an introduction about the Company regarding to the nature of business and guideline for business operation to new Directors.

OVERSIGHT FOR THE OPERATION OF THE SUBSIDIARIES COMPANIES AND THE JV COMPANIES

Oversight for the business operation of those Subsidiaries companies, the Company has sent the Company representative to be the Director in the Subsidiaries companies. As a result, the aforesaid person must have the suitable qualification and experience for those businesses and there is no Conflict of Interest in business. However, the aforesaid representative must administer and manage the business of the Subsidiaries companies according to the policies that was approved by the Company and by the criteria and regulation specified in the Articles of Association of the Company and by the rules of the relevant Subsidiaries companies.

Besides, the Company will closely follow-up the operating performance and business operation of the aforesaid entity and present the analysis result including comments or recommendation to the Board of Directors of the Subsidiaries companies or the JV companies or the entity that jointly control as supporting for consideration in setting policies or improvement or enhancement for the business of the Subsidiaries companies or the JV companies or the entity that jointly control, to have the development and grow up with consecutively.

SECTION 5 NURTURE INNOVATION AND RESPONSIBLE BUSINESS

THAIFOODS Group Public Company Limited promotes for building innovation and creating the value for the business concurrently with building the maximum benefit for all stakeholders under the responsibilities towards the community, society and environment. The Company would encourage the innovation to conform to the objectives, target, and strategic plan throughout existing in the Operational plan. Furthermore, the Company gives priority to the resources allocation to have the efficiency and effectiveness, management for information technology at the organizational level to add more chance and develop the business operation including with the Risk Management in order to achieve the objective and specific goals. The Company set the mechanism and practical guideline and other policies as follows;

Policies and guideline towards the employees

THAIFOODS Group Public Company Limited realizes that employees are the key success factor for target achievement of the Company with extreme values. Then it is the Company policy to treat the employees with fairness regarding the remuneration, nomination, transfers along with the competency development in order to comply with the aforesaid policy, so there are the following practical procedures;

- 1) Treat the employees with politeness and respect to the individuality.
- 2) Offer the remuneration to employees with fairness and set up the provident fund for employees and also prioritize concerning with the employee welfare.
- 3) Maintain the working environment to have more security in life and employees' assets.
- 4) Give the importance with the development in knowledge and capability of employees by giving the opportunity with thoroughly and properly in order for developing the employee's competency to support the growth of the organization.
- 5) Strictly comply with the laws and other regulations relating with the employees.

Policies and guideline towards the customers

THAIFOODS Group Public Company Limited realizes that the customer is important so that the Company assigns the policy to treat with the customer as follows;

- 1) Provide the control system to monitor regarding to the production process and procurement for the product with good quality for customers including prioritizes in the improvement and development in the production technology and the inspection for the quality of product should be update.
- 2) Provide the control system to monitor the compliance with the customer's agreement with honesty, carefulness and regularity.
- 3) Provide the control system to monitor the confidential treatment for customer information, likewise the Company's secrecy and do not use for own benefit or misuse by relevant person.

Policies and guideline towards the business partner and/or creditors

THAIFOODS Group Public Company Limited has the policies for the employee performing towards the business partner and/or the creditors with fairness, honesty and do not exploit the business partner by taking in account for the maximum benefit for the Company. Basic of return for both parties is equitable and avoid the situation that cause for the conflict of interest. Besides, the negotiation for solving the problem will keep depending on the fundamental of business relationship. Then the practical methods are as follows;

- 1) Do not call or take or pay any benefit illegal in commerce with the business partner and/or creditors.
- 2) Comply with any agreed conditions. In case that the Company cannot comply with any condition, so all concerns will consider altogether to solve the aforesaid problem.

Policies and guideline towards the competitors

THAIFOODS Group Public Company Limited has the policies to perform towards trading competitors by non-violate the secrecy or foresee the trading competitors' secrecy with fraudulent method. So, the Company prescribes the principles of policies as follows;

- 1) Perform or act under the rules or framework for the good competition.
- 2) Do not seek for any secret information of trading competitors by the illegal method.
- 3) Do not perform or act with intentionally to destroy the reputation of trading competitors by accuse of scandalous.

Policies and guideline towards the society and/or the community

THAIFOODS Group Public Company Limited has the policies to conduct the business that beneficial to the economy and society and adhere to conduct oneself as the good citizen and fully comply with the laws and related regulation. THAIFOODS Group Public Company Limited intends on the development, encouragement and raise the quality of life for society and community; that the Company located in, to have the better quality along with the Company's growth.

Policies towards the Environment and efficiency use of the resources

THAIFOODS Group Public Company Limited conducts the business as food manufacturer that considers the safety towards the environment in every process starting from the survey and strictly prepares the report for Environmental Impact Assessment (EIA) by setting the system and the operating procedures not to create the impact towards the environment both internal and around the area. Moreover, there is the arrangement for the knowledge enhancement, training for all personnel in regard to the preserving the environment, also give the priority to the enhancement for resources usage with efficiency and create the maximum benefit by considering the impact towards the environment and assign the preventive measurement and relieve the incurred impact with systematic.

Policies on Occupational Health, Safety and Workplace Safety

THAIFOODS Group Public Company Limited adhere to set the protection regarding the occupational health, safety and workplace safety for personnel, properties and working procedures, then the Company has the policies to support any activities encouraging the safety, occupational health through preserving the workplace safety to be always secure with life and employee's asset, community and social participation. Then the Committee for occupational health, safety and workplace safety was set up and prescribe the relevant policies to develop the safety management system and control, improve and rectify the danger or accidents occurring as a result of the staff carrying out their work. Also, the Company set the activities to enhance the knowledge and understanding in regard to the safety in working for all personnel.

Policies on Non-infringement of Intellectual Property

THAIFOODS Group Public Company Limited has the policies and procedures regarding to the legal rights in the Intellectual Property, such as trademark, patent, copyright, trade secret and other Intellectual Properties specified by laws. The Company prescribes the Company, the Executive, staff and employees of the Company to comply with the Code of conduct regarding to the Intellectual Property or copyright.

Anti Corruption Policies

THAIFOODS Group Public Company Limited engages the business operation with transparency under the principle in Good Corporate Governance; opposes the bribery and the corruption, support all level of personnel to consider as the importance and also has the consciousness to oppose the corruption. Furthermore, THAIFOODS Group Public Company Limited announced its intentions to be an alliance of the Thai Private Sector in opposing corruption (Collective Action Coalition, CAC). Moreover, the Company prescribes the Anti Corruption Policies in writing for being the guideline for the Directors, the Executive and all staffs and employees strictly to perform.

Guideline in Protection and Anti Corruption

Any action performs along with the Anti Corruption Policies must be used the guideline according to the handbook for the Company's business code of conduct, policies, and practical guideline for each varying group of stakeholders including the regulation and relevant operational handbook throughout the other practical guideline that specified by the Company. So as to clarify in execution with the high level of fraudulent risk, then the Company has set the following policies;

1. General discussion

- 1.1 Strictly comply with the policies that conform to the Protection and Anti Corruption including rules, regulation and requirements in all format; either direct or indirect method.
- 1.2 Do not perform any action that intents to be fraudulent to the stakeholders, whom relate with the Company, in subject to own duties or responsibilities; either direct or indirect method, to acquire the benefit for the organization, oneself or the concerns.
- 1.3 Do not neglect or ignore since found any action; be within the scope of fraudulent relating with the Company, then it will be considered as the suitable duty informing to the Secretary of the Corporate Governance Committee or the other whistle blowing channel of the Company as appropriate and should give the cooperation to examine the facts.
- 1.4 The Company will support and encourage all levels of personnel to consider this as importance and have the consciousness in Anti Corruption including providing the internal controls for protection in all formats of fraudulent and in all countries that the Company enter to invest.
- 1.5 Any person, who commits the fraud case, will be investigated, no matter what is the position of that person, because it is considered as commit a crime according to the working regulations governing the personnel management, is enforced with all classes of employee. Therefore, that person must be considered the specified discipline including may be punished by laws, if that action is illegal, too.
- 1.6 The Company will give fairness and protect employees or any person who informs the clue or fraud evidence regarding the Company or a staff who refuses to commit fraud according to the measurement to protect the complainant or cooperator in reporting the fraud case according to the policies relating with the complaint and protection to the complainant.
- 1.7 The Company will regularly review the guideline and operational measurement for conform to the changing in laws and nature of business.

2. Political Contribution

The Company is the politically neutral organization, not aligning with any political parties, political groups or any politician and adheres to the democracy regime. The Company still has the policies not offering the financial support, properties, any other privilege or participate in the political parties, any politician or any person who deals with the politic, either direct or indirect method, for benefit to the Company's business. Whereby, the Company realizes that employees have the right and duties in the democracy regime to engage in or support the political activities with independence under the constitutional provisions, laws and relevant regulation.

Policies and guideline towards Charity Donation and Funding

THAIFOODS Group Public Company Limited will have more careful in transaction of charity donation and funding because it is the activities regarding spending money without the tangible compensation and lead to be the fraud risk. Then every charity donation and funding of the Company must be transparent, must not be against the laws and morality, and that transaction must be approved by the Company's authorized person with reviewable and traceable for all documents as evidence. However, charity donation and funding must be under the following conditions as shown the source and clear objective of that operating project such as record the requestor in application form, name of project owner, objective, success, benefit received from the project and attached with the supporting documents. Besides, that project must not have the characteristic presenting any action; having the other benefits that tend to be the fraud case.

Policies and guideline towards Giving or Receiving Gifts, Entertainment and other expenses

- THAIFOODS Group Public Company Limited has set guidelines for the following transaction; Giving or Receiving Gift, and/or Entertainment and/or other expenses, to/from any person, must be comply with type and worth, and have the suitable in accordance with the traditions.
- Prohibit all levels of staffs and employees to request or receive the gifts, entertainment, other services charge with unsuitable in order for persuading to practice or ignore the practice including any benefits from the contractor, subcontractor, customer, sub-customer, trader, supplier, joint venture or all groups of the Company's stakeholders, no matter what is the case.
- If the Company is in the process of price bidding, then the employee must not receive the gift, entertainment, other services charge or any benefits from the company that participated in the bidding.

Channels for contacts and communication

THAIFOODS Group Public Company Limited has the channels for the stakeholders to submit the recommendation, opinion, comments or ask the questions including complaints to the Company via the enclosed letter to the Board of Directors or Chief Executive Officer (CEO) or send e-mail to the President, Chairman of the Audit Committee and Corporate Governance Committee as apparent in the Company website (www.tfg.co.th) under the topic "Whistle Blowing Channel". Whereby, the Company has the measurement for keeping the information of the complainant to be secret in order to create the confidence for the complainant.

Whistle Blowing Policies and mechanism to safeguard the whistle-blower

The Board of Directors has prescribed the channel for whistle blowing into 2 levels by 1st Channel in level of the Executive such as the chief/commander or supervisor in each level, Internal Audit Division and 2nd Channel in level of the Company Director such as The Board of Directors, the Audit Committee. The Company prepares the channel for receiving complaints, comments and recommendation throughout the clue of illegal action or performs the wrong code of conduct and also misconduct of the person in the Company or behavior which tends to be fraud. Moreover, the Board prioritizes on keeping the information as the complaint to be secret and it will be recognized only the appointed group of persons in order for creating the confidence for the complainant.

SECTION 6 RISK MANAGERMENTS AND INTERNAL CONTROL

Supervision regarding Use of the inside information

THAIFOODS Group Public Company Limited supervises the matter regarding use of the inside information in accordance with the principle of Good Corporate Governance by setting in written in the handbook of the policies to use of the inside information; that was delivered up to the Directors, the Executive and employees since the first date of working. So, the important policies can be summarized as follows;

- 1) THAIFOODS Group Public Company Limited shall give knowledge for Directors and the Executive of the Company and its Subsidiaries companies regarding the duties to give a declaration report of holding the Company security by oneself, spouse and under-aged children to the office of the Securities and Exchange Commission (SEC) according to the Article 59 and the punishment in Article 275 of the Securities and Stock Exchange Act. Moreover, they must also give the declaration report of acquisition or distribution for the Company security by oneself, spouse and under-aged children to the office of the Securities and Exchange Commission (SEC) according to the Article 246 and the punishment in Article 298 of the Securities and Stock Exchange Act.
- 2) Inform the Directors and the Executives of THAIFOODS Group Public Company Limited, including with the spouse and under-aged children, to prepare and disclose the declaration report of holding Company security and the report of changing in holding the Company security to the office of the Securities and Exchange Commission (SEC) according to the Article 59 and the punishment in Article 275 of the Securities and Stock Exchange Act and submit the copy of this report to THAIFOODS Group Public Company Limited on the same date as the date of sending such report to the Securities and Exchange Commission (SEC).
- 3) The Company assigns the Directors, the Executives including the incumbent in management level from field of Accounting or Finance as the level of Department Manager above or equivalent and the relevant officer, who acknowledges the significant inside information; that may impact with the changing in stock price, must suspend the buy and sell transaction for the Company security during the period before disclosure of the financial statements or disclosure regarding the financial status and the Company status until the Company has already disclosed the information to the public. The Company will inform the Directors, the Executives including the incumbent in management level from field of Accounting or Finance as the level of Department Manager above or equivalent, abstain in written, from the buy and sell transaction for the Company security, with at least 30 (thirty) days in advance before the disclosure for the information to the public and should wait for at least 24 (twenty-four) hours after the disclosure for the information to the public, and also prohibits not to disclose that significant information to the other persons.

- 4) The Company has set the discipline in case there is the violence for use the inside information to acquire the benefit's oneself by starting from give the written warning, deduct the wages, temporary suspend from work without pay the wages, or leave the job. Those aforesaid punishments will be considered by depending on the intention to perform and the gravity of the wrong action.
- 5) Prohibit the Directors, the Executive, employees of the Company to use of inside information of the Company, that have or may have impact to changing of the Company's stock price, and still does not disclose to the public, but that person foresee by the position or by the status, use it for purchase or sale or offer to purchase or offer to sale, or persuade the other person to purchase or sale, or offer to purchase or offer to sale share or other securities (if any) of the Company; either direct or indirect method, and no matter how the aforesaid action will act for own benefit or others, or bring the facts to disclose for the other person to do that said action, whether that person receives the benefit or compensation or not.
- 6) Prohibit the Directors, the Executives, the employees of the Company or the ex-Directors, the ex-Executive and the resigned employees to disclose the inside information or the Company's secrecy throughout the confidential information of the business partner, that person acknowledged from performed the duties, to third parties for acknowledgement. Even though the disclosure for the aforesaid information may not incur the damage to the Company or the business partner of the Company.
- 7) Directors, the Executives and employees of the Company or the ex-Directors, the ex-Executive and the resigned employees have the duties to keep the secret and/or the inside information, and have the duties to use of inside information only for benefit to the business operation of the Company. Whereby, prohibit the Directors, the Executives and employees of the Company brings the secrecy and/or the inside information of the Company to use as benefit for the other company that oneself is the shareholder, director, executive, staff and employee.

Conflict of interest

The Board of Directors has the policies regarding protection for Conflict of Interest on basic of any decision in conducting the business activities; it must be done only for the maximum benefit of the Company. So, it should avoid the action; that may incur the Conflict of Interest by assigning the relevant concerns or the stakeholder on the considered transaction, all those must inform the Company about the relationship or their own Conflict of Interest in the aforesaid transaction and they must not enter to participate in consideration for decision-making including have no authorization in that transaction.

If there is any transaction that may incur the Conflict of Interest but not the operation as normal business or non-comply with the general trade condition, then it should be proposed to the Board of Directors Meeting for approved consideration. The Audit Committee should be assigned for consideration on the suitability with careful for propose to the Board of Directors Meeting. However, the Company must comply with the criteria of the office of the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET).

Business Code of Conduct

The Board of Directors provides the code of conduct as the guideline and being the good code of conduct for the Director, the Executive throughout the employees to abide as the guideline to perform duties according to the Company's mission with honesty, trustworthy and justice in terms of performing to the Company, all groups of the stakeholders including set the follow-up action system to monitor the aforesaid guideline with regularly. In addition, the Company continually arranges the training for employees to acknowledge about the practice in accordance with the business code of conduct. So, the Director, the Executive and

employees have the duties strictly to comply with the code of conduct. Whereas the supervisor in all levels has the duty to observe and promote his subordinates to comply with the specific code of conduct and behave oneself as the good sample to encourage the employees to comply. The Company has distributed the Code of Conduct within the Company website (www.tfg.co.th).

Risk Management

The Board of Directors set the target in business operation with clearly and measurable performance. The Management group will regularly compare the actual performance with the specific target. By the appraisal for the risk factor derived from internal or external source, analyze the factor as the root cause and set the measurement in follow-up the situation as the cause of risk factor, the measurement in reduce the risk including assigned the relevant unit to follow-up that risk with regularly and also report the progress to the chief, commander or supervisor.

Internal Controls and Internal Auditing

THAIFOODS Group Public Company Limited has the regulatory system, Risk Management and internal control with efficiency and effectiveness and be consistent with the international standards. The Audit Committee has the duties to set the supervisory policy to enable the Internal Auditing task having the Independency. Whereas the internal control and Internal Auditing will be performed by the Internal Audit Division and proposed the audit result to the Audit Committee for approved consideration before further report to the Board of Directors.

Compliance with the regulations

THAIFOODS Group Public Company Limited has the Compliance Unit to responsible for monitoring and follow-up in order for risk management in the compliance with the laws, other regulations (Compliance Risk) including with the compliance with the Anti Corruption Policies and other policies.

Remuneration of the external Auditor

During the Extraordinary Shareholders Meeting No. 4/2557 dated on 5th August 2014, the Company had appointed the PricewaterhouseCoopers ABS Co., Ltd as the Company's Auditor for the year ended 31st December 2014 with the Auditing fee at a total not over than Baht 6.5 Million (Six Million Baht) per year for THAIFOODS Group Public Company Limited and its Subsidiaries companies located in Thailand for 9 (nine) companies and in amount not over than 21,500 US Dollars per year for one (1) subsidiary company operating in Vietnam (The Company had appointed PricewaterhouseCoopers (Vietnam) Limited as the Auditor).

During the Annual General Meeting of Shareholders for the year 2015 dated on 9th March 2015, the Company had appointed the PricewaterhouseCoopers ABS Co., Ltd that is the certified public accountant, certified by the office of the Securities and Exchange Commission (SEC), for being the Company's Auditor for the year 2015 with the Auditing fee by auditing only the Company's financial statements, quarterly review for the financial statements and consolidated financial statements totaling amount Baht 1.38 Million (One Million Three Hundred Eighty Thousand Baht only).

During the Annual General Meeting of Shareholders for the year 2016 dated on 28th April 2016, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2016 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 8.94 Million (Eight Million Nine Hundred Forty Thousand Baht only).

During the Annual General Meeting of Shareholders for the year 2017 dated on 21st April 2017, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2017 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 9.79 Million (Nine Million Seven Hundred Ninety Thousand Baht only).

During the Annual General Meeting of Shareholders for the year 2018 dated on 23st April 2018, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2018 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 11.75 Million and other cost about 0.86 Million

During the Annual General Meeting of Shareholders for the year 2019 dated on 29st April 2019, the Company had appointed the KPMG Phoomchai Auditing Co., Ltd that is the audit firm with independent and expertise in auditing and there is no relationship or no conflict of interest with the Company, Executive, the majority Shareholders or the related party, for being the Company's Auditor for the year 2019 with auditing fee in auditing the Company and its Subsidiaries companies totaling amount Baht 11.45 and other cost about 0.62 Million

SECTION 7 ENSURE DISCLOSURE AND FINANCIAL INTERGRITY

THAIFOODS Group Public Company Limited prioritizes the disclosure in the significant information relating with the Company both financial information and non-financial information with accurate, complete, timely and transparent according to the criteria specified by The Stock Exchange of Thailand (SET) and the office of Securities and Exchange Commission (SEC) and other information that may have the impact towards the stock price of the Company. All aforesaid information has effected with the decision-making process of the investor and the Company's stakeholders. The Board of Directors will follow-up and control in order to have the following execution;

- 1) Mechanism, which will create the confidence in communication and report; disclosed to the investor and the stakeholders must be correct, do not make misunderstanding and sufficient for the decision of the investor. The Investor Relation of the Company, must have knowledge, skill and experience, is the responsible person in preparing the report and disclose the information. In addition, the aforesaid disclosure will consider the varying relevant factors such as conformity to the objective, main target, strategy, and the Company's policies, Audit Committee's comments including with the result of sufficiency evaluation of the internal control system, Auditor's opinion in the financial reports and Auditor's notice regarding the internal control system in order to have confident that the communication and disclosure of information, either the stakeholders or third parties, must be suitable and equalize under the protection for secret information and information that have impact towards the stock price in order to have the efficiency in communication and disclosure of information.
- 2) Follow-up system will be used for evaluation the sufficiency of the financial liquidity and debt payment capability such as evaluate and reports the financial status of the Company to the Board of Directors with regularly in order for planning, being the mechanism or managing guideline in conducting the business with the careful approach, reasonableness and timely. Moreover, it should concern with the

fairness to all groups of the stakeholders. In addition, the authorization for executing any transaction or proposes the comments to the Shareholders Meeting for approval, the Board of Directors should be confident that executing the aforesaid transaction; will not impact to the continuity in operating the enterprise, the financial liquidity or debt payment capability.

- 3) Report for the Corporate Governance Policies, Business Code of Conduct, other policies such as Risk Management Policies, Policies regarding on caring the environment and society, Anti Corruption Policies, Policies and guideline for the employees and stakeholders, Policies regarding human rights that was comment as the summary. The result of compliance with the aforesaid policies, which reflects to the operation, may bring into creating worthy for the organization with sustainability. However, in the case that it cannot comply with the aforesaid policies, so it should have the supported reason. All those may report through the channel of the information technology such as the Annual Report, the Annual Sustainability Report and the Company website by both Thai and English language.
- 4) Disclose the report regarding the responsibilities of the Board of Directors towards the financial report and coupled with the Auditor report in the Annual report. If the information in any transaction relating specifically to any Director, then that Director should disclose his/her own information for completeness and accuracy such as Information about Shareholders of his/her group, the disclosure in the part connecting with the Shareholders' agreement of his/her group.
- 5) The system which gives the confidence that preparation for the financial report and disclosure for the significant information, must be accurate, sufficient, timely and comply with the criteria, standard and the relevant practice. The disclosure for the aforesaid information, includes the financial statements, the Annual Statement of the Company information (Form 56-1), the annual report (Form 56-2), must sufficiently reflect the financial status and the operating performance. It should have the management discussion and analysis (MD&A) comprising the financial statement disclosure in order to acknowledge the information and understand the financial status and the operating performance of the Company not only the figure information in the financial statement.
- 6) Disclose the Audit fees and other service fees that provided by the external Auditor.
- 7) Disclose the roles and duties of both Board of Directors and the Sub-committees, the number of meetings, the number of each Director attended in the meeting in the previous year, and comments in performing their duties, including the information about the Board of Directors continue to attend the training and develop their professional knowledge and presented in the annual report.
- 8) Disclose the policies regarding remuneration payment to the Directors and top Executive that reflects the undertaking and each responsibilities and also format or aspects of the remuneration. However, the amount of disclosed remuneration should include the remuneration that each Director received from being the Director of the Subsidiaries companies and the remuneration of the external Auditor, too.
- 9) Not only disclosure for the information according to the specified criteria and via channel of The Stock Exchange of Thailand (SET), the Annual Statement of the Company information (Form 56-1) and the annual report (Form 56-2), The Board of Directors will consider to disclose the information both Thai and English language via the other channel such as the Company website including presenting the up-to-date information.

SECTION 8 ENSURE ENGAGEMENT AND COMMUNICATION WITH SHAREHOLDERS

THAIFOODS Group Public Company Limited realizes the importance to supervise and concern with all classes of stakeholders, not only the inside stakeholders such as the shareholders, the Company executive and employees but the outside stakeholders such as the customer, the creditors, the business partner, the competitors, government sector, society, community. The Company realizes that the contribution and opinion from all classes of the stakeholders will be useful in the operation and the Company's business development. Therefore, the Company must comply with the laws and related conditions for taking care the right of aforesaid stakeholders and do not perform any action that being the violation in right of the stakeholders. Moreover, the Company operation must be considered the right of all classes of the stakeholders according to the following guidelines;

Policies and guideline towards the shareholders

THAIFOODS Group Public Company Limited always reminds the shareholders as the proprietor and the Company has the duties to boost the long-term shareholder value. Then the Company assigns the Directors, Executive or Management and employees must comply with the following procedures;

- 1) Perform the duties with honesty along with the decision to execute any transaction relied on the professional principles with carefulness, cautiousness and fairness towards the major Shareholder or the minority Shareholders for maximize the benefit with overall Shareholders.
- 2) Present the report of the Company position, the operating performance, and the statement of financial position, accounting and other reports with proper, complete and agreed with the fact.
- 3) Prohibit not seeking the benefit for own self or the other person from using any Company information that still not disclose for public or perform any action in aspect of incurring the Conflict of Interest with the Company.

The Company has supported and prioritized for the Shareholders having confidence that they have participated in the significant issues of the Company according to the right of Shareholders; that is not limited only for the specific legal right. As a result, the Company does not perform any action that is the violation or derogate the right of Shareholders. The Company emphasizes with promotion to Shareholders using their own right, for example, the preliminary right of Shareholders such as share purchase/sales or share transfer, the Company profit sharing, participation, getting news and information and sufficient communication between Shareholders and the Company, attending to the meeting for use voting right in the Shareholders Meeting in order for appointment or withdrawal the Director, appoint the external Auditor and matter impacts with the Company such as dividend allocation, appointments or amendments to the Articles of Association of the Company and Memorandum of Association of the Company, decreases or increases in shares capital and approval for the extraordinary transactions. Furthermore, The Board of Directors emphasize the important matter both legal and others that may impact with the working of the Company; that is considered or approved by the Shareholders depending upon the case of the Shareholders Meeting. Not only the aforesaid basic rights, the Company still prescribe the practical guideline in any matter to encourage and facilitate the Shareholders to use their right along with the policies to facilitate and encourage attending in the Annual General Meeting of Shareholders and it includes the following matters;

- 1) Disclose the policies to support or encourage all groups of the Shareholders attending in the Shareholders Meeting.
- 2) Inform the information about date, time, place and agenda in the meeting with the narration and reason attached in each agenda or attached with the requested resolution; that specified in the invitation letter for the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders or inside the attachment of the meeting agenda. Also, there should not have any action as the limitation in the opportunity of the Shareholders to study for company information.
- 3) Facilitate the shareholders to use their right attending in the meeting with fully votes and abstains any action which is the limitation for the opportunity attending into the Shareholders Meeting such as attending into the meeting for voting as resolution should not be the complicated method, the place for arranging the Shareholders Meeting should be comfort with the transportation.
- 4) The presiding Chairman shall allocate the appropriate time and encourage the Shareholders to have a chance to express their opinion and ask the question towards the meeting regarding the issues related with the Company. Moreover, the Chairman gives the chance for the Shareholders to submit the question in advance before the meeting date by clearly setting the criteria to submit the question in advance. He should inform the Shareholders to acknowledge together with delivery for the invitation letter for attending in the Shareholders Meeting and also promulgating the aforesaid criteria to submit the question in advance on website of THAIFOODS Group Public Company Limited, too.
- 5) Support the Shareholders to use of proxy forms on which the Shareholders are able to specify the direction of their votes. The Company nominates the name of Independent Director with at least one (1) person as the alternative to propose the Shareholders for a proxy.
- 6) Enhance the Director including all executives or management team attending in the Shareholders Meeting to answer the Shareholders' question.
- 7) Provide the resolution in the Shareholders Meeting for each item in case of that agenda has many items such as the agenda for election of Directors.
- 8) Execute to bring the technology; using in the Shareholders Meeting both Shareholders registration, counting the vote and demonstrate the result, in order for managing the meeting with speedy, correct and accuracy.
- 9) Encourage the Company to appoint a free individual as independent party of inspectors or scrutineers in the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders. These scrutineers should be disclosed in the meeting for acknowledgement with recorded in the minute of the meeting.
- 10) Provide the minute of the Shareholders Meeting for recording the explanation on voting tabulating procedures, methodology to display the voting result for acknowledgement by the meeting before meeting execution. Moreover, it is the opportunity for the Shareholders to raise the issues or ask the questions and records the questions and answers, resolutions, voting results of each agenda item containing approving, dissenting, and abstaining votes including records the list of the Board members who attended or quitted from the meetings.
- 11) Disclose to the public for acknowledgement in the result of voting of each agenda in the Annual General Meeting of Shareholders and Extraordinary Meeting of Shareholders in the following day on website of THAIFOODS Group Public Company Limited and website of Stock Exchange of Thailand (SET).

Not only has the Board of Directors monitored the Shareholders Meeting to be tidy, transparent and efficient and subserve the Shareholders to use their right as the aforesaid mention, the Board of Directors still set the policy to manage the equitable treatment and fairness for all Shareholders, a Shareholder with management positions, non-executive Shareholders or the majority Shareholders and the minority Shareholders including foreign Shareholders. Therefore, the resolution of the meeting and preparation for the minute of the Shareholders Meeting shall be disclosed with correct and complete, and then there are the following procedures;

- 1) Submit the invitation letter for the Shareholders Meeting with specified the agenda and the opinion of the Board of Directors towards the Stock Exchange of Thailand (SET) and also promulgating this on website of THAIFOODS Group Public Company Limited with at least 28 days (twenty-eight) before the appointment date of the Shareholders Meeting and also promulgating together with the invitation letter for the Shareholders Meeting; issued in Thai edition and English edition.
- 2) Inform the Shareholders to acknowledge the criteria using in the meeting, procedures for voting as the resolution including the voting rights in accordance with each category of shares.
- 3) Prescribe the criteria for the minority Shareholders to propose or add the meeting agenda in advance before the date of the Shareholders Meeting with clear in advance in order to present the fairness and transparency in consideration; whether it is suitable to add the said agenda of the minority Shareholders or not. Moreover, a Shareholder with management positions should not add the meeting agenda that is not informed in advance with unnecessary, especially the important agenda which the Shareholders must take time to study or explore the information before decision making.
- 4) Set the methods for the minority Shareholders to nominate the name of candidates; who has the suitable qualification in order to take a position of the Director, by nominating that name via the Nomination and Remuneration Committee in advance before the date of Shareholders Meeting together with the supporting information for consideration in aspect of the candidates' qualification and their consent.
- 5) Give an opportunity for the Shareholders to use their right to appoint the Director as individual.
- 6) Assign all Directors and the Executive; who have the duty to report their ownership of the Company's shares according to the regulation should regularly submit to the Board an aforesaid report and also should disclose within annual report of the Company.
- 7) Prescribe the written procedures concerning the preservation and protection against abuse of inside information with improperly and notify the aforesaid procedures to all concerns in the Company for compliance. Moreover, it prohibits any person, that involved with the inside information, to trade the Company's securities within one (1) month before disclosure of the quarterly financial statements and annual financial statements and also pending security trade for 24 (twenty-four) hours after disclosure of the significant information.
- 8) Assign the Directors to report their conflicts of interest regarding each agenda item before consideration by the Board and record in the minute of the Board of Directors Meeting. Also, in the case of the Director who has a significant conflict of interest; that may let such Director do not give the free opinion, so the Board should require that Director abstain from participating in the board discussion on a particular agenda item.

During the year 2020 the Company did not receive any complaints relating with disrespect towards the basic shareholder rights. The Company has the equitable treatment of Shareholders.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility Report has been prepared for the year 2020 separate with annual report.
Details can find via the website of the company (www.tfg.co.th).

Sample : TFG's Activities



Internal Control and Risk Management

In the Board Meeting No.1/2021 held on February 24, 2021, where the Audit Committee also attended, the Board reviewed the adequacy of internal control within the Company as presented by the Audit Committee in a format prescribed by the Securities and Exchange Commission based on COSO's internal control framework. The framework incorporates 5 following questions: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. Following the review, the Board is of the opinion that the Company's internal control system was sufficient and appropriate which could help the Company's business operation to achieve goal or mission with efficiency and effectiveness and safeguard the assets from fraud. The financial report of the Company was accurate and reliable in accordance with the financial reporting standards and the generally accepted accounting standards. In summary, opinions from both Internal Audit Division and External Auditor of KPMG Poomchai Audit Ltd. were agreed that the internal control system of the Company is sufficient and satisfactory. The Company's financial statements for the year ended December 31, 2020, were correct, reliable, free from material misstatement, whether due to fraud or error and presented fairly in all material respect.

Chief of Internal Audit

In the Audit Committee Meeting No.1/2017 held on February 23, 2017, the Committee was appointed Miss Pattama Hongsittiwongse, who serves as Internal Audit Division Manager to be a Secretary to the Committee. She has knowledge, abilities and work experience and is qualified to efficiently and adequately perform roles as assigned.

The appointment, transfer and termination of employment of the Chief of Internal Audit department shall be subject to the Audit Committee's approval.

Chief of Compliance

The Company has appointed Ms. Oranuch Pensirivorasap in position of Chief of Compliance department to oversee the compliance of the regulatory authorities responsible for overseeing the Company's business operations.

Related Party Transactions

Related Parties

The Company and subsidiaries had business transactions with related parties. Our relationships with such related parties are summarized below;

Related Person	Relationship
Mr. Winai Teawsomboonkij	<ul style="list-style-type: none"> - Principal shareholder, owns 17.41% of the Company's shares (as of 31 December 2020) - Director, Chairman of the Executive Committee and Chief Executive Officer of the Company
Thai Viet Agri Group ("TVAG")	<ul style="list-style-type: none"> - TVAG produces animal feed in Vietnam. - Seapeak Holding Company Limited hold TVAG 100% shares and controlled by Mr. Winai Teawsomboonkij. - TVAG have no the same shareholders and directors with the Company's group. - TVAG was controlled by Mr. Winai Teawsomboonkij who is the Company's director. - TVAG renew the land lease agreement for another 5 years from 1 June 2017 until 31 July 2022 - For Seapeak Holding Company Limited ("Seapeak") which hold TVAG's share. The Company's group decide to do not the business with Seapeak. Moreover Seapeak would not do the similar business and/or competition business with the Company's group. The Board of Directors and the Audit Committees recommend the Company should report the progress to the meeting.
Seven Foods Co., Ltd. (Operate in Japan)	<ul style="list-style-type: none"> - Seven Foods Co., Ltd. operate distribute frozen chicken products. - T Paragon Holding Company Limited which the subsidiary of the Company, hold Seven Foods Co., Ltd. 45.71% of total share. - Seven Foods Co., Ltd. have no the same shareholders and directors with the Company's group.
TF Tech Holding Co., Ltd	<ul style="list-style-type: none"> - TF Tech Holding Co., Ltd operate holding company - Thai Foods Green Energy Co., Ltd which the subsidiary of the Company, hold TF Tech Holding Co., Ltd. 40.00% of total share.
TF Tech Co., Ltd	<ul style="list-style-type: none"> - TF Tech Co., Ltd operate renewable energy business - TF Tech Holding Co., Ltd hold TF Tech Co., Ltd 100% of total share.
TF Tech Power Co., Ltd	<ul style="list-style-type: none"> - TF Tech Power Co., Ltd operate renewable energy business - TF Tech Holding Co., Ltd hold TF Tech Power Co., Ltd 100% of total share.
Genepeutic Bio Co., Ltd	<ul style="list-style-type: none"> - Genepeutic Bio Co., Ltd operate examination and treatment of leukemia-related diseases that gene therapy treatment. - T Paragon Holding Company Limited which the subsidiary of the Company, hold Genepeutic Bio Co., Ltd 30.00% of total share.

Summary detail of related transactions of related parties which may conflict of interest for the year 2018 - 2020 as follows:

Name	Nature of Transaction	Value of Transaction (Million Baht)			Reason and Necessity and Opinion of the Audit Committee
		2020	2019	2018	
Thai Viet Agri Group ("TVAG")	<u>Purchase Transactions</u>				The Audit Committee emphasized that these were normal transactions and the price of the purchase is the market price and comparable to that of other suppliers and concluded that these transactions were justifiable and fair. - TVAG may extend land lease agreement 5 years from 1 June 2017 to 31 July 2022.
	Thai Viet Swine Line purchases animal feed from Thai Viet Agri Group at the price of Thai Viet Agri Group's cost plus 5%, as the purchase price is considered to be fair compared to the prices of the other suppliers.				
	- Purchases	282.06	289.16	309.89	
	- Accounts Payable	52.69	44.74	83.58	
	<u>Contract Farming</u>				The Audit Committee is of the opinion that the said remuneration is a normal business transaction, with the same terms and conditions as those in other party contracts. With no relationship, therefore, sees that the transaction is reasonable and has a fair price
	Thai Viet Swine Line hired Thai Viet Agri Group to raise the pigs at the price stated in the contract farming contract which is similar to Thai Viet Swine Line's other contract farming contracts.				
	- Cost of Contract Farming	11.73	18.50	18.91	
	- Accounts Payable	2.27	5.99	5.06	
Seven Foods Co., Ltd. (Japan)	Thaifoods Group sells chicken parts to seven foods to market price as same as other clients				The Audit Committee emphasized that these are normal transactions and the prices were the market rate and comparable to that of other companies and concluded that these transactions were justifiable and fair.
	- Sales of Goods	133.02	174.55	191.06	
	- Accounts Receivable	31.23	62.01	65.71	
TF Tech Holding Co., Ltd.	The Company's group has service fees with the market price is comparable to serving other customers.				The Audit Committee is of the opinion that the fee is a normal business transaction, with the same terms and conditions as those in other party contracts. With no relationship, therefore, sees that the transaction is reasonable and has a fair price.
	- Rental income and related service income	0.04	-	-	
	- Other income	0.04	-	-	
	- Other Accounts Receivable	0.09	-	-	

Name	Nature of Transaction	Value of Transaction (Million Baht)			Reason and Necessity and Opinion of the Audit Committee
		2020	2019	2018	
TF Tech Co., Ltd	The Company's group has service fees with the market price is comparable to serving other customers. - Rental income and related service income - Other income - Interest Income - Purchase (Electricity) - Other Accounts Receivable - Other Accounts Payable	0.45 0.22 2.45 15.23 0.19 4.96	- - - - - -	- - - - - -	The Audit Committee is of the opinion that the fee is a normal business transaction, with the same terms and conditions as those in other party contracts. With no relationship, therefore, sees that the transaction is reasonable and has a fair price.
TF Tech Power Co., Ltd	The Company's group has service fees with the market price is comparable to serving other customers. - Rental income and related service income - Other income - Other Accounts Receivable	0.05 0.04 0.09	- - -	- - -	The Audit Committee is of the opinion that the fee is a normal business transaction, with the same terms and conditions as those in other party contracts. With no relationship, therefore, sees that the transaction is reasonable and has a fair price.
Genepeutic Bio Co., Ltd.	The Company's group has service fees with the market price is comparable to serving other customers. - Rental income and related service income - Other income - Interest income - Other Accounts Receivable - Loan	0.22 0.20 0.01 0.22 4.10	- - - - -	- - - - -	The Audit Committee is of the opinion that the fee is a normal business transaction, with the same terms and conditions as those in other party contracts. With no relationship, therefore, sees that the transaction is reasonable and has a fair price.
Mr. Winai Teawsom-boonkij: Director/Chief Executive Committee / Chief Executive Officer	<u>Collateral Loans</u> As of 31 December 2018, the Company has a credit line 1 financial institutions including promissory notes, letters of credit and/or trust receipts and trade exchange in total credit 500 million baht and 15 million USD including TFFM and TFG. Mr. Winai Teawsomboonkij guaranteed the entire debt without any charge requested from the guarantor.	-	-	No compensation	The Audit Committee emphasized that guaranteeing the entire credit line is a normal practice for financial institutions and the transaction is reasonable and beneficial to the business practice to purchase and set up machinery and equipment to produce our products. In addition, no charge or return was requested from Mr. Winai Teawsomboonkij and was considered by the Audit Committee to be reasonable for the transaction. The Audit Committee considered the transaction to be justifiable and fair. - Our Company had approval release the guarantee of Mr. Winai Teawsomboonkij from such financial institution since 2019.

REASON AND NECESSITY FOR THE RELATED PARTY TRANSACTIONS

For the years 2018 - 2020, we entered into a number of related party transactions. Such transactions were necessary and justifiable in order to operate our business continuously and beneficially. The interest rate we received was higher than the deposit rate at local financial institutions and lower than the interest rate we received from financial institutions on our outstanding loans. The short-term loans we obtained have been used for our working capital and the interest rates were higher than those offered by the market and such loans are guaranteed by the directors of our Company in accordance with the conditions set by the lenders. The transactions within our Group are considered to be normal transactions with fair terms and conditions when compared to the market price and/or the transactions with non-related third parties.

The resolution of the Board of Directors No.1/2020 held on 24 February 2021 with the Audit Committee who are independent directors attend the meeting for consideration the such related transaction with opinion was necessary, justifiable and beneficial for the Company

POLICIES AND PROCEDURES FOR FUTURE RELATED PARTY TRANSACTIONS

For future related party transactions, we will comply with applicable laws and regulations, including the Securities and Exchange Act of Thailand, the SET, regulations, notifications, orders or rules of the Capital Market Supervisory Board, regulations of our Company and our subsidiaries, as well as Thailand's generally accepted accounting standards in respect of information disclosure on related persons or businesses as prescribed by the Certified Public Accountant Association of Thailand. Any person who may have a conflict of interest or has an interest in a matter shall not be entitled to vote in respect of the meeting agenda for such related party transaction.

In case of the regulation for approval the related transactions of Board Directors's Meeting or Shareholder's Meeting, the Audit Committee will provide an opinion as to the appropriateness of such transaction.

We have implemented the following policies for related party transactions:

Arm's Length Basis Transaction

Our transactions with a person who may have a conflict of interest or has an interest in such matter or may have a conflict of interest in the future must be considered and approved by the Audit Committee pursuant to the Board of Directors' approval. We may enter into such transactions, provided that such transactions were concluded to be on normal commercial terms in the same manner as a reasonable person would have based on similar circumstances and without influential commercial bargaining power of an individual in the capacity of a director, executive or related person ("Arm's Length Basis"). In addition, the commercial terms of such related party transactions must be within normal operations, or to support our Company and/or our subsidiaries' businesses, provided that the pricing and terms are normal to those in the market and that the transaction will not result in a misappropriation of benefits and include the following:

1. Pricing, terms and conditions received/given by our Company and/or our subsidiaries to the general public;
2. Pricing, terms and conditions received/given by the related person to the general public; and
3. Pricing, terms and conditions of other companies with similar business received/given to the general public.

Should we enter into a transaction on an Arm's Length Basis as stated above, our managements shall consider, evaluate and approve such transaction. Our management shall then provide a report concerning the transaction for our Board of Directors. In the event there are conflicts from the transaction that contradicts the policy, our Audit Committee and Board of Directors shall jointly work towards a solution.

Transactions not on commercial terms or other related party transactions

Should we enter into transactions which are not on normal commercial terms or other related party transactions of our Company and/or our subsidiaries with a person who may have conflict of interest or has an interest in such matter in the future, we shall seek and receive an opinion from our Audit Committee on the necessity and suitability of the transaction, that the price, terms and conditions are consistent with the market practice and that such transaction is comparable with third-party prices. Such transactions will also be presented to and for the consideration of our Board of Directors and/or shareholders. In the event that the Audit Committee does not possess the relevant skill or expertise in relation to such related transaction, we will seek an opinion from an independent expert or our accountant, which will then be considered by our Audit Committee, Board of the Directors and/or at a shareholders' meeting, as the case may be. Any person who may have a conflict of interest or has an interest in such matter shall not be entitled to vote in respect of the meeting agenda for such related transaction.

The details of the transaction will be disclosed in the notes of the financial statements to be reviewed or audited by our Company's auditor and in our annual reports and annual resignation Company's Regulations (Form 56-1).

Policy on future related transactions

Related party transactions occurring from normal operations, in support of normal operations and financial assistance to subsidiaries will occur in the future as necessary and appropriate, such as trading with Thai Foods Feed Mills. Fair and appropriate policies regarding pricing for related transactions will be clearly defined according to market conditions in order to avoid transfers of benefits and with consideration to the best interests of our Company and our subsidiaries, as well as having the Audit Committee advice on such actions.

Collateralization according to loan contracts between our Company and our subsidiaries and persons who may have conflict of interest is expected to continue, due to the necessity of obtaining loans from financial institutions in order to perform normal operations, which is a common requirement for commercial banks to grant loans to businesses. We do not expect to have any expenses from the aforementioned collateralization.

Borrowing from persons who may have conflict of interest is expected to continue according to necessity to the operation of our business. We will define loan contracts with clear conditions and according to the best interests of our Company.

Our Board of Directors will help to ensure that related party transactions that may occur in the future are compliant with applicable laws and regulations, including but not limited to, the Thai SEC regulations, the Capital Market Supervisory Board and the SET, as well as the accounting standards regarding disclosure of information concerning related persons and companies as determined by the Certified Public Accountant Association of Thailand.



Key Financial Information

1) Summary of Financial Statement

The table shows statement of financial position and statement of income in 2018 - 2020 are as follows;

Statement of financial position	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current assets						
Cash and cash equivalents	210.08	0.92	398.77	1.75	783.77	3.00
Trade accounts receivable	1,768.02	7.78	1,581.50	6.94	1,585.99	6.08
Other current receivable	311.60	1.37	279.17	1.23	377.88	1.45
Short-term loans to joint venture	-	-	17.30	0.08	4.10	0.02
Inventories	3,276.38	14.43	2,836.26	12.45	3,350.36	12.84
Current biological assets	3,200.76	14.09	3,109.08	13.64	3,646.16	13.97
Advance payments to farmers	325.65	1.43	218.73	0.96	186.22	0.71
Other current financial assets	-	-	-	-	21.08	0.08
Total current assets	9,092.48	40.04	8,440.80	37.04	9,955.57	38.16
Non-current assets						
Other non-current financial assets	-	-	-	-	0.20	0.00
Advance payments to farmers	225.57	0.99	229.34	1.01	192.60	0.74
Investment in joint ventures	4.05	0.02	27.83	0.12	79.22	0.30
Other long-term investments	0.20	0.00	0.20	0.00	-	-
Trade account receivable	-	-	130.80	0.57	171.18	0.66
Other non-current receivables	6.98	0.03	10.66	0.05	11.53	0.04
Non-current biological assets	972.34	4.28	1,060.23	4.65	1,607.92	6.16
Investment properties	35.38	0.16	35.13	0.15	34.88	0.13
Property, plant and equipment	11,246.24	49.52	11,617.95	50.99	11,135.06	42.68
Right-of-use assets	-	-	-	-	1,694.00	6.49
Goodwill	6.54	0.03	67.30	0.30	60.77	0.23
Other intangible assets	105.11	0.46	107.73	0.47	101.31	0.39
Restricted deposits at financial institutions	104.33	0.03	103.55	0.45	99.95	0.38
Deferred tax assets	892.07	3.93	933.14	4.10	845.90	3.24
Other non-current assets	19.77	0.09	21.92	0.10	100.67	0.39
Total non-current assets	13,618.57	59.96	14,345.79	62.96	16,135.20	61.84
Total assets	22,711.06	100.00	22,786.59	100.00	26,090.76	100.00

Statement of financial position	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions	6,654.79	29.30	5,713.76	25.08	3,376.96	12.94
Trade accounts payable	2,489.51	10.96	1,598.77	7.02	2,228.94	8.54
Other current payables	1,277.96	5.63	1,038.14	4.56	1,376.24	5.27
Current portion of long-term borrowings from financial institutions	605.25	2.66	667.22	2.93	650.70	2.49
Current portion of lease liabilities	226.87	1.00	240.46	1.06	419.26	1.61
Current portion of debentures	-	-	1,148.50	5.04	-	-
Current income tax payable	20.75	0.09	48.26	0.21	257.28	0.99
Other current financial liabilities	-	-	-	-	75.25	0.29
Total current liabilities	11,275.12	49.65	10,455.11	45.88	8,384.62	32.14
Non-current liabilities						
Long-term borrowings from financial institutions	1,271.12	5.60	1,465.70	6.43	1,470.38	5.64
Lease liabilities	876.13	3.86	631.89	2.77	1,156.96	4.43
Debentures	1,148.50	5.06	-	-	3,568.60	13.68
Provisions for employee benefit	22.13	0.10	36.34	0.16	41.34	0.16
Retentions	4.20	0.02	3.67	0.02	3.87	0.01
Deferred tax liabilities	278.51	1.23	308.06	1.35	324.71	1.24
Total non-current liabilities	3,600.59	15.85	2,445.66	10.73	6,565.85	25.17
Total liabilities	14,875.71	65.50	12,900.77	56.62	14,950.48	57.30
Equity						
Authorised share capital	6,138.16	-	6,138.16	-	6,138.16	-
Issued and paid-up share capital	5,113.31	22.51	5,607.57	24.61	5,607.57	21.49
Advance received from exercise of warrants	63.32	0.28	-	-	-	-
Premium on ordinary shares	1,096.18	4.83	1,742.60	7.65	1,742.60	6.68
Deficits on common control transactions	(231.27)	(1.02)	(231.27)	(1.01)	(231.27)	(0.89)
Retained earnings - Legal reserve	197.97	0.87	249.53	1.10	330.51	1.27
Retained earnings - Unappropriated	1,139.02	5.02	2,067.63	9.07	3,207.24	12.29
Other components of equity	456.80	2.01	449.75	1.97	459.83	1.76
Equity attributable to owners of the parent	7,835.33	34.50	9,885.80	43.38	11,116.47	42.61
Non-controlling interests	0.02	0.00	0.02	0.00	23.81	0.09
Total equity	7,835.35	34.50	9,885.82	43.38	11,140.28	42.70
Total liabilities and equity	22,711.06	100.00	22,786.59	100.00	26,090.76	100.00

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2018 - 2020 audited by certified public accountant.

Statement of income	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenue from sale of goods and rendering of services	27,933.54	98.51	28,919.19	99.36	31,338.66	98.37
Net gain on changes in fair value of biological assets	135.60	0.48	-	-	164.01	0.51
Reversal of loss on land revaluation	35.98	0.13	18.79	0.06	-	-
Net foreign exchange gain	-	-	-	-	155.30	0.49
Interest income	61.97	0.22	70.46	0.24	80.75	0.25
Gain on loss of control in subsidiary	105.00	0.37	-	-	-	-
Other income	85.12	0.30	97.08	0.33	118.66	0.37
Total revenues	28,357.21	100.00	29,105.51	100.00	31,857.38	100.00
Expenses						
Cost of sales of goods and rendering of services	25,715.53	90.68	25,719.31	88.37	26,909.14	84.47
Net loss on changes in fair value of biological assets	-	-	39.32	0.14	-	-
Distribution costs	773.31	2.73	698.04	2.40	717.93	2.25
Administrative expenses	797.37	2.81	683.01	3.34	572.90	1.80
Loss on land revaluation of land	-	-	1.92	0.01	23.70	0.07
Net foreign exchange loss	96.31	0.34	18.41	0.06	-	-
Total expenses	27,382.53	96.56	27,160.02	93.32	28,223.66	88.59
Profit from operating activities	974.68	3.44	1,945.49	6.68	3,633.72	11.41
Finance costs	357.09	1.26	403.96	1.39	369.52	1.16
Impairment loss determined in accordance with TFRS 9	-	-	-	-	63.94	0.20
Share of profit of joint venture accounted for using equity method	1.32	0.00	(4.18)	(0.01)	(0.36)	(0.00)
Profit before income tax expense	618.91	2.18	1,545.71	5.31	3,200.62	10.05
Income tax expense	3.32	0.01	105.72	0.36	649.29	2.04
Profit for the year	615.59	2.17	1,440.00	4.95	2,551.33	8.01
Profit attributable to:						
Owners of the parent	645.46	2.28	1,440.00	4.95	2,563.29	8.05
Non-controlling interests	(29.87)	(0.11)	-	-	(11.96)	(0.04)
Other comprehensive income for the year	264.47	0.93	(7.05)	(0.02)	10.08	0.03
Total comprehensive income for the year	880.06	3.10	1,432.94	4.92	2,561.41	8.04

Source : Consolidated financial statements of Thaifoods Group Public Company Limited for the Year 2018 - 2020 audited by certified public accountant.

2) Financial Ratio

	Year ended 31 December		
	2018	2019	2020
Current Ratio			
Current Ratio (Times)	0.81	0.81	1.19
Accounts Receivable Turnover (Times)	19.52	17.27	19.79
Inventory Turnover (Times)	8.34	8.42	8.70
Accounts Payable Turnover (Times)	11.64	12.58	14.06
Profitability Ratio			
Gross Profit (Loss) Margin (%)	7.94	11.06	14.13
Operating (Loss) Margin (%)	3.49	6.74	11.39
Net Profit (Loss) Margin (%)	2.28	4.95	8.05
Return on Equity (%)	8.49	16.25	24.41
Efficiency Ratio			
Return on Total Assets (%)	3.10	6.33	10.49
Return on Fixed Assets (%)	17.51	22.50	30.61
Financial Policy Ratio			
Debt to Equity Ratio (Times)	1.90	1.30	1.34
Interest Coverage Ratio (Times)	6.74	9.05	15.35

Notes : ⁽¹⁾ Current ratio = Total current assets/ Total current liabilities

⁽²⁾ Accounts receivable turnover = Revenue from sale of goods and rendering of services / Average trade account receivable

⁽³⁾ Inventory turnover = Cost of sales of goods and rendering of services / Average inventories

⁽⁴⁾ Accounts payable turnover = Cost of sales of goods and rendering of services / Average trade payables

⁽⁵⁾ Gross profit margin = Gross profit (loss) / Revenue from sale of goods and rendering of services x 100

⁽⁶⁾ Operating margin = Profit (loss) before finance cost and income tax expense / Revenue from sale of goods and rendering of services x 100

⁽⁷⁾ Net profit margin = Profit (loss) for the year / Total revenue x 100

⁽⁸⁾ Return on equity = Profit (loss) for the year / Average total shareholders' equity x 100

⁽⁹⁾ Return on total assets = Profit (loss) for the year / Average total assets x 100

⁽¹⁰⁾ Return on fixed assets = (Profit (loss) for the year + Depreciation) / (Average fix asset) x 100

⁽¹¹⁾ Debt to equity = Total liabilities / Total shareholders' equity

⁽¹²⁾ Interest coverage ratio = EBITDA / Interest expense

Management's Discussion and Analysis

1) Results of Operations

Revenue

Total revenue for the year 2018 - 2020 were Baht 28,357.21 million, Baht 29,105.51 million and Baht 31,857.38 million, respectively or increasing 2.64% and 9.45%, respectively. The majority of the Company's revenue was generated from poultry operations, followed by swine operations and feed operations, respectively, which separate by segment for the year 2018 - 2020 as follow.

Business	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Poultry	17,920.16	63.20	16,443.34	56.50	16,308.82	51.19
Swine	6,255.99	22.06	7,942.83	27.29	9,501.71	29.83
Feed and others	3,757.39	13.25	4,533.02	15.57	5,528.13	17.35
Other income	423.67	1.49	186.32	0.64	518.72	1.63
Total	28,357.21	100.00	29,105.51	100.00	31,857.38	100.00

Revenue from poultry operations

Revenue from poultry operations for the year 2018 - 2020 were Baht 17,920.16 million, Baht 16,443.34 million and Baht 16,308.82 million, respectively. Revenue of 2019 decreased 8.24% from 2018 due to decrease in quantity chicken meat while the average price was increase. The average price in 2019 was Baht 38.62/kg increase from 2018 due to increase in chicken market price. The volume sold in 2019 was 364,660.15 tonnes decrease from 2018 as a result of decreasing in volume sold in the markets.

In 2020, the revenue decrease 0.82% from 2019 due to mainly decrease sale price and volume of sold in domestic market. The average price in 2020 was Baht 38.01/kg decrease from 2019 due to decrease in chicken domestic market price. The volume sold in 2020 was 354,215.63 tonnes decrease from 2019 mainly decrease sale volume of chicken sold in the domestic market.

Revenue from swine operations

Revenue from swine operations for the year 2018 - 2020 were Baht 6,255.99 million, Baht 7,942.83 million and Baht 9,501.71 million, respectively. Revenue for the year 2019 increased 26.96% from 2018 as a result of price and volume. Average selling prices in 2019 were Baht 68.86/kg increased from 2018 and the volumes sold were 100,030.89 tonnes increased from 2018 due to increased farming capacity and expansion of domestic sale of pork parts.

Revenue for the year 2020 increased 19.63% from 2019 as a result of price and volume. Average selling prices in 2020 were Baht 75.54/kg increased from 2019 due to increase in domestic price increase in capacity and the volumes sold were 108,651.56 tonnes increased from 2019 due to increased farming capacity.

Revenue from feed operations and others

Revenue from feed operations and others for the year 2018 - 2020 were Baht 3,757.39 million, Baht 4,533.02 million and Baht 5,528.13 million, respectively or increased 20.64% and 21.95%, respectively due to increase sale volume to external customer. The sell volumes for the year 2018 - 2020 were 290,328.28 tonnes, 344,753.29 tonnes and 412,084.64 tonnes, respectively or increase equivalent to 18.75% and 19.53% respectively.

Cost of sales of goods and rendering of services

Cost of sales of goods and rendering of services for the year 2018 - 2020 were Baht 25,715.53 million, Baht 25,719.31 million and Baht 26,909.14 million, respectively or increased by 0.01% and 4.63% respectively related to sale increase. Gross profit margin for the year 2018 - 2020 were 7.94%, 11.06% and 14.13%, respectively.

Selling and Administrative expenses

Distribution costs for the year 2018 - 2020 were Baht 773.31 million, Baht 698.04 million and Baht 717.93 million, respectively. In 2019 distribution cost was decreased by 9.73% from 2018 due to improvement of sales to more efficiency. For the year 2020 increased by 2.85% from 2019 as a result of the increase in sales of export and domestic to more cover the sale area.

Administrative expenses for the year 2018 - 2020 were Baht 797.37 million, Baht 683.01 million and Baht 572.90 million, respectively or decreased by 14.34% and 16.12% due to improvement of administrative expenses to more efficiency. Operating Margin for the year 2018-2020 were 3.49%, 6.74% and 11.39% respectively.

Finance cost

Finance cost for the year 2018 - 2020 were Baht 357.09 million, Baht 403.96 million and Baht 369.52 million, respectively. For the year 2019 increased by 13.13% from 2018 due to a higher amount drawn on banking facilities for purchase raw material to support the increased production capacity. For the year 2020 decreased by 8.53% mainly due to cost management.

Profit (loss) for the year

Profit (loss) for the year 2018 - 2020 were Baht 615.59 million, Baht 1,440.00 million and Baht 2,551.33 million, respectively. For the year 2019-2020 profit increased by 133.92% and 77.18% due to performance of swine operation. Net profit (Loss) margin were 2.28% 4.95% and 8.05% respectively.

2) Financial Position

Assets

Total assets at the end of year 2018 - 2020 were Baht 22,711.06 million, Baht 22,786.59 million and Baht 26,090.76 million, respectively or increased by 0.33% and 14.50%, respectively. Primarily total assets were property, plant and equipment. Return on total assets at the end of year 2018 - 2020 were 3.10%, 6.33% and 10.49%, respectively.

Property, plant and equipment

Property, plant and equipment at the end of year 2018 - 2020 were Baht 11,246.24 million, Baht 11,617.95 million and Baht 11,135.06 million, respectively. For the end of year 2019 increased by 3.31% from 2018 mainly due to the additional of land, farm and factory to support the increasing capacity, machinery for export product and more efficiency production. At the end of year 2020 decreased by 4.16% from 2019 mostly due to impact from the adoption of TFRS 16 as resulting in partial property, plant and equipment have been reclassified to right-of-use asset.

Trade accounts receivable

Trade accounts receivable (Include current and non-current) at the end of year 2018 - 2020 were Baht 1,768.02 million, Baht 1,712.30 million and Baht 1,757.17 million, respectively. For the end of year 2019 decreased by 3.15% from 2018 mainly due to higher of allowance for doubtful account. The end of 2020 was increased by 2.62% from 2019 mostly due to increase sale through export channel and other channel which higher credit term.

Inventories

Inventories at the end of year 2018 - 2020 were Baht 3,276.38 million, Baht 2,836.26 million and Baht 3,350.36 million, respectively. For the end of year 2019 decreased by 13.43% from the end of 2018 due to the decrease in raw materials from had change criteria of minimum stock. For the end of year 2020 increased by 18.13% from the end of 2019 due to the increase of raw materials corresponds to the increased production capacity of the feed mill.

Advance payments to farmers

Advance payments to farmers at the end of year 2018 - 2020 were Baht 551.22 million, Baht 448.07 million and Baht 378.82 million, respectively or decreased by 18.71% and 15.46%, respectively. Advance payments to farmers were decrease due to the Company provided the assistance for the farmers by contact and negotiation with commercial banks. Moreover, the Company provided more channel to request the credit facility for the farmers, therefore the farmers earned the expediting credit facility as a result of the company decreased in payment the advance payment to the farmers.

Liabilities

Total liabilities at the end of year 2018 - 2020 were Baht 14,875.71 million, Baht 12,900.77 million and Baht 14,950.48 million, respectively. At the end of 2019 was decrease 13.28% from the end of 2018 mostly due to decrease in short- term and long term borrowings form financial institutions and trade account payable. At the end of 2020 was increased 15.89% from the end of 2019 mostly due to increase in long-term borrowings and debentures.

The majority of the company's total liabilities comprised of short-term and long-term from financial institutions trade and other accounts payable.

Interest-bearing debt

Interest-bearing debt at the end of year 2018 - 2020 were Baht 10,782.66 million, Baht 9,867.53 million and Baht 10,642.86 million, respectively. At the end of 2019 was decreased by 8.49% from the end of 2018 due to repayment short-term borrowings. At the end of year 2020 was increased by 7.86% from the end of 2019 due to the Company's expansion and issuance debenture. At the end of 2020 primarily interest-bearing debt were short-term interest- bearing debt represented by 41.78% of interest-bearing debt and long-term interest-bearing debt represented by 58.22% of interest-bearing debt.

Short-term borrowings from financial institutions at the end of year 2018 - 2020 were Baht 6,654.79 million, Baht 5,713.76 million and Baht 3,376.96 million, respectively or decreased by 14.14% and 40.90% respectively was mostly due to adjust the proportion of short term and long term debt to more appropriate ratio.

Long-term borrowings from financial institutions (including current and non current portion) at the end of year 2018 - 2020 were Baht 1,876.37 million, Baht 2,132.92 million and Baht 2,121.08 million, respectively. At the end of year 2019, was increased by 13.67% from the end of 2018 due to long term borrowing from financial mostly due to expansion of factories, farms and machineries and equipments. At the end of 2020 was decreased by 0.56% was mostly due to normal repayment.

Lease liabilities (including current and non current portion) at the end of year 2018 - 2020 were Baht 1,103.00 million, Baht 872.35 million and Baht 1,576.22 million, respectively. At the end of 2019 was decreased by 20.91% from the end of 2018 due to normal repayment. At the end of 2020 was increased by 80.69% from the end of 2019 due to impact from the adoption of TFRS 16 as a result, the Company has to record the lease agreement aged from 1 year as a lease liability.

Debentures at the end of year 2020 were Baht 3,568.60 million to use for long term investment for business expansion and working capital.

Debt to equity at the end of year 2018 - 2020 was 1.90 times, 1.30 times and 1.34 times, respectively.

The following table sets out of interest-bearing debt at the end of year 2018 - 2020;

Interest-bearing debt	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term borrowings from financial institutions	6,654.79	61.72	5,713.76	57.90	3,376.96	31.73
Current portion of long-term borrowings from institutions	605.25	5.61	667.22	6.76	650.70	6.11
Current portion of lease liabilities	226.87	2.10	240.46	2.44	419.26	3.94
Current portion of Debenture	-	-	1,148.50	11.64	-	-
Total short-term interest-bearing debt	7,486.91	69.43	7,769.94	78.74	4,446.92	41.78
Long-term borrowings from financial institutions	1,271.12	11.79	1,465.70	14.85	1,470.38	13.82
Lease liabilities	876.13	8.13	631.89	6.40	1,156.96	10.87
Debentures	1,148.50	10.65	-	-	3,568.60	33.53
Total long term interest-bearing debt	3,295.75	30.57	2,097.59	21.26	6,195.94	58.22
Total interest-bearing debt	10,782.66	100.00	9,867.53	100.00	10,642.86	100.00

Trade accounts payable

Trade accounts payable at the end of year 2018 - 2020 was Baht 2,489.51 million, Baht 1,598.77 million and Baht 2,228.94 million, respectively at the end of 2019 was decreased by 35.78% from the end of 2018 mostly due to higher order in domestic raw material. The end of 2020 was decreased by 39.42%, mostly due to higher trade accounts payable in part of purchase raw materials.

Total equity

Total equity at the end of year 2018 - 2020 were Baht 7,835.35 million, Baht 9,885.83 million and Baht 11,140.28 million, respectively. Total equity increased by 26.17% and 12.69% respectively due to the company has an improved performance.

Return on equity at the end of year 2018 - 2020 was 8.49%, 16.25% and 24.41%, respectively.

3) Liquidity

Profit for the year 2018 - 2020 were Baht 615.59 million, Baht 1,440.00 million and Baht 2,551.33 million, respectively. To adjust with the non-cash item and changes in operating assets and liabilities, the Company has net cash provided by (used in) operating activities for the year 2018 - 2020 in the amount of Baht 1,047.72 million, Baht 2,329.64 million and Baht 3,823.65 million, respectively. The adjustment comprised of depreciation, depreciation of biological assets, finance costs bad debt and doubtful debts, ect and changes in operating assets and liabilities which mostly were current and non-current biological assets, trade accounts payable and trade accounts receivable.

Net cash used in investing activities for the year 2018 - 2020 were Baht 3,404.31 million, Baht 1,291.90 million and Baht 1,446.63 million, respectively, mainly due to cash payments for property, plant and equipment for the year 2018 - 2020 for in the amount of Baht 3,537.88 million, Baht 1,289.00 million and Baht 1,455.57 million, respectively.

Moreover, net cash provided by (used in) financing activities for the year 2018 - 2020 were Baht 1,485.39 million, Baht 849.67 million and Baht 1,992.02 million, respectively. For the year 2019 increased due to cash received from the exercise of TFG-W1 and short - term borrowings from financial institutions. For the year 2020 increased due to cash received form long term borrowings and issuance debenture.

The following table sets forth certain information concerning our cash flows for the year 2018 - 2020.

(Unit : Million Baht)	2018	2019	2020
Net cash provided by (used in) operating activities	1,047.72	2,329.64	3,823.65
Net cash used in investing activities	(3,404.31)	(1,291.89)	(1,446.63)
Net cash provided by (used in) financing activities	1,485.39	(849.67)	(1,992.02)
Net increase (decrease) in cash and cash equivalents	(871.20)	188.07	385.00
Cash and cash equivalents from loss control's subsidiary	(24.05)	-	-
Effect of exchange rate changes on balances held in foreign currencies	-	0.62	-
Cash and cash equivalents at the beginning of the year	1,105.33	210.08	398.77
Cash and cash equivalents at the end of the year	210.08	398.77	783.77

The investors can study additional information on 56-1 form as shown as follows;

- Website of the Securities Exchange Commission (www.sec.or.th) or
- Website of the Stock Exchange of Thailand (www.set.or.th) or
- Website of the Company (www.tfg.co.th)



Thaifoods Group Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูเก็ต จำกัด
ชั้น 50-51 เซ็นทรัลพลาซ่า
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

To the Shareholders of Thaifoods Group Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Thaifoods Group Public Company Limited and its subsidiaries (the “Group”) and of Thaifoods Group Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions 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, were 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.

Valuation of deferred tax assets	
Refer to Notes 4(u) and 28 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group recognised the deferred tax assets in respect of the unutilised tax loss carry forward in the significant amount. The recognition involves management judgment in forecasting future taxable income and the Group's capability to utilise tax loss. Thus this is one of the key areas to focus on my audit.	<p>My audit procedures included;</p> <ul style="list-style-type: none"> - Inquired of management to understand the basis of forecasting future taxable profit; - Reconciled tax loss and the expiration date with tax report; - Assessed the reasonableness of the assumptions adopted in the forecasting future taxable profit by comparing with historical results, business plan and available comparable industry data and other market factors; - Tested the calculation of forecasting; and - Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment on investments in subsidiaries and plant and equipment	
Refer to Notes 4(b), 4(j), 4(n), 12 and 15 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>According to the deficits of certain subsidiaries and the operating losses from those subsidiaries arising from the product price fluctuations are the indicators of impairment in subsidiaries in the separate financial statements, and the subsidiaries' plant and equipment in the consolidated financial statements.</p> <p>Assessing impairment of investments in subsidiaries and impairment of plant and equipment involves highly subjective judgments. The Group and the Company have estimated net present value of future cash flow from assets used for operating from the management's assumptions resulted to the impairment assessment could vary significantly in case the vary assumptions made by management are changed. Thus this is one of the key areas to focus on my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - inquired of management to gain an understanding of the process of identifying and assessment the impairment indicators; - assessed the budgeting procedures which is the source of discounted future cash flow model; - assessed the reasonableness of the key assumptions, for assessing the asset's recoverable amount by comparing with historical results, business plan and available comparable industry data and other market factors; - assessed the appropriateness of the discount rate by comparing the average rate of industry in which the Group operated; - tested the sensitivity of the key assumptions and assessed the impact on discounting future cash flow; and - considered the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.

Valuation of trade accounts receivable and advance payments to farmers	
Refer to Notes 3, 4(f), 4(m) and 31 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>TFRS 9 was first implemented by the Group on 1 January 2020. This new standard requires the Group to recognise expected credit losses (ECL) on financial instruments which involves significant judgement in estimation by the Group.</p> <p>The Group has trade accounts receivable from distributing frozen and chilled chicken products and swine products and advance payments which are paid to farmers to operate their poultry and swine farm business. The Group measured expected credit losses on trade receivables and advance payment to farmers are based on management's estimate of the lifetime expected credit loss, which is estimated by taking into account the credit history of the Group's customers, the current and future market environment and customer-specific conditions including the security of farmers .</p> <p>I identified the measurement of expected credit losses as a key audit matter because trade receivables and advance payment to farmers are material to the Group and the recognition of expected credit loss requires the exercise of significant management judgement.</p>	<p>My audit procedures to assess measurement of expected credit losses on trade receivables and advance payment to farmers included the following:</p> <ul style="list-style-type: none"> - obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls over the measurement of expected credit losses on trade receivables and advance payment to farmers, including credit approval process, credit monitoring management, segmentation on trade receivables and advance payment to farmers by risk characteristics, aging analysis review, forward-looking, management overlay and estimation of allowance for expected credit losses; - testing the historical default data by assessing the segmentation on trade receivables and advance payment to farmers by risk characteristics with management analysis report, Group's historical experience, by industry knowledge; - testing the default data by assessing the categorization in the trade receivables and advance payment to farmers aging report by comparing a sample with the relevant underlying documents and inspecting on a sample basis, cash receipts from debtors subsequent from 31 December 2020; - evaluating the reasonableness of the economic factors used by management in the models to adjust losses rate based on current economic conditions and forward-looking information by comparing them to relevant market information; - performing sensitivity testing, using the Group's models, to evaluate the impact of varying weighted economic scenarios within a reasonable possible range. This enabled to critically challenge the Group's quantification of weighted economic scenarios and focus my procedures to the most sensitivity weighted economic;

Valuation of trade accounts receivable and advance payments to farmers	
Refer to Notes 3, 4(f), 4(m) and 31 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> - assessing overall data and assumptions used in management estimation whether the assumptions used in making the accounting estimate are reasonable, including interdependent and internally consistent for that accounting estimate - assessed the security of farmers and tested a sample with related documents; - testing the calculation of expected credit losses on trade receivables and advance payment to farmers, including testing the calculation of the adjustment on first time adoption of TFRS 9; and - considering the adequacy of disclosures in accordance with Thai financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does 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 charge with governance and request that the correction be made.

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 TFRSs, and for such internal control as management determines is 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 and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company'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 TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism 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 and the Company'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 and the Company'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 and the Company 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.



(Veerachai Ratanajaratkul)
Certified Public Accountant
Registration No. 4323

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2021

Thaifoods Group Public Company Limited

Statements of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents	8, 31	783,769	398,769	244,958	123,088
Trade accounts receivable	3, 7, 31	1,585,988	1,581,504	566,792	630,210
Other current receivable	3, 7, 31	377,875	279,165	172,008	83,267
Current portion of finance lease receivables	3	-	-	8,824	-
Short-term loans to subsidiaries	3, 7, 31	-	-	3,632,491	2,870,210
Short-term loans to joint ventures	7, 31	4,100	17,300	-	-
Inventories	9	3,350,364	2,836,255	593,630	788,134
Current biological assets	10	3,646,162	3,109,080	-	-
Advance payments to farmers	3, 11, 31	186,224	218,730	-	-
Other current financial assets	3, 31	21,083	-	971	-
Total current assets		9,955,565	8,440,803	5,219,674	4,494,909
Non-current assets					
Other non-current financial assets	3	200	-	-	-
Advance payments to farmers	11	192,597	229,341	-	-
Investments in subsidiaries	12	-	-	5,813,972	5,714,834
Investment in joint ventures	13	79,223	27,834	-	-
Other long-term investments		-	200	-	-
Trade account receivable	31	171,180	130,802	-	-
Other non-current receivables		11,534	10,656	7,969	7,214
Finance lease receivables	3	-	-	753	-
Long-term loans to subsidiary	7, 31	-	-	2,000,000	-
Non-current biological assets	10	1,607,917	1,060,236	-	-
Investment properties	14	34,878	35,128	22,538	22,538
Property, plant and equipment	3, 15	11,135,064	11,617,953	2,615,800	3,152,370
Right-of-use assets	3, 16	1,693,995	-	499,320	-
Goodwill		60,769	67,304	-	-
Other intangible assets	18	101,310	107,732	29,662	49,219
Restricted deposits at financial institutions	19	99,954	103,546	1,391	2,892
Deferred tax assets	3, 28	845,900	933,135	529,901	646,498
Other non-current assets		100,674	21,920	16,863	16,863
Total non-current assets		16,135,195	14,345,787	11,538,169	9,612,428
Total assets		26,090,760	22,786,590	16,757,843	14,107,337

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

Thaifoods Group Public Company Limited

Statements of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from					
financial institutions	20, 31	3,376,964	5,713,762	1,841,692	1,944,030
Trade accounts payable	7, 31	2,228,941	1,598,772	133,255	184,806
Other current payables	7	1,376,236	1,038,139	361,477	377,913
Short-term borrowings from subsidiaries	7, 20, 31	-	-	226,400	-
Current portion of long-term					
borrowings from financial institutions	20, 31	650,695	667,223	292,720	371,942
Current portion of lease liabilities					
<i>(2019: Current portion of finance</i>					
<i>lease liabilities)</i>	3, 20, 31	419,258	240,458	182,702	183,058
Current portion of debentures	20, 31	-	1,148,500	-	1,148,500
Current income tax payable		257,279	48,256	-	-
Other current financial liabilities	31	75,249	-	-	-
Total current liabilities		8,384,622	10,455,110	3,038,246	4,210,249
Non-current liabilities					
Long-term borrowings from financial					
institutions	20, 31	1,470,381	1,465,697	605,474	542,816
Lease liabilities					
<i>(2019: Finance lease liabilities)</i>	3, 20, 31	1,156,959	631,892	205,167	318,467
Debentures	20, 31	3,568,600	-	3,568,600	-
Provisions for employee benefits	21	41,337	36,339	8,611	7,304
Retentions		3,869	3,671	-	-
Deferred tax liabilities	28	324,708	308,056	52,471	39,758
Total non-current liabilities		6,565,854	2,445,655	4,440,323	908,345
Total liabilities		14,950,476	12,900,765	7,478,569	5,118,594

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



Thaifoods Group Public Company Limited

Statements of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity (Continued)	Note	2020	2019	2020	2019
(in thousand Baht)					
Equity					
Share capital	22				
Authorised share capital		6,138,160	6,138,160	6,138,160	6,138,160
Issued and paid-up share capital		5,607,573	5,607,573	5,607,573	5,607,573
Additional paid-in capital					
Premium on ordinary shares	22	1,742,597	1,742,596	1,742,597	1,742,596
Deficits on common control transactions		(231,270)	(231,270)	-	-
Retained earnings					
Appropriated					
Legal reserve	23	330,509	249,528	330,509	249,528
Unappropriated	3	3,207,236	2,067,628	1,561,517	1,353,415
Other components of equity		459,828	449,749	37,078	35,631
Equity attributable to owners					
of the parent		11,116,473	9,885,804	9,279,274	8,988,743
Non-controlling interests		23,811	21	-	-
Total equity		11,140,284	9,885,825	9,279,274	8,988,743
Total liabilities and equity		26,090,760	22,786,590	16,757,843	14,107,337

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

Thaifoods Group Public Company Limited

Statements of income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sale of goods and					
rendering of services	24	31,338,662	28,919,187	15,110,053	15,158,272
Net gain on changes in fair value					
of biological assets	10	164,013	-	-	-
Reversal of loss on revaluation of land		-	18,785	-	10,395
Net foreign exchange gain		155,297	-	141,966	-
Interest income	7	80,752	70,461	235,646	104,600
Dividend income	7, 12	-	-	1,903,997	600,000
Other income	7	118,657	97,078	81,757	89,318
Total revenues		31,857,381	29,105,511	17,473,419	15,962,585
Expenses					
Cost of sales of goods and					
rendering of services	7, 9, 26	26,909,141	25,719,314	14,476,690	13,853,142
Net loss on changes in fair value					
of biological assets	10	-	39,321	-	-
Distribution costs	26	717,927	698,042	508,537	530,752
Administrative expenses	26	572,901	683,011	419,324	398,012
Loss on revaluation of land		23,695	1,921	-	170
Net foreign exchange loss		-	18,409	-	7,146
Total expenses		28,223,664	27,160,018	15,404,551	14,789,222

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



Thaifoods Group Public Company Limited

Statements of income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Profit from operating activities		3,633,717	1,945,493	2,068,868	1,173,363
Finance costs	27	369,522	403,956	217,695	159,166
Impairment loss determined in accordance with TFRS 9	31	63,944	-	102,338	-
Share of profit of joint venture accounted for using equity method		(364)	(4,176)	-	-
Profit before income tax expense		3,200,615	1,545,713	1,748,835	1,014,197
Income tax expense (income)	28	649,287	105,718	129,208	(16,971)
Profit for the year		2,551,328	1,439,995	1,619,627	1,031,168
Profit attributable to:					
Owners of the parent		2,563,292	1,439,995	1,619,627	1,031,168
Non-controlling interests		(11,964)	-	-	-
Profit for the year		2,551,328	1,439,995	1,619,627	1,031,168
Basic earnings per share (in Baht)	29	0.46	0.27	0.29	0.19

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

Thaifoods Group Public Company Limited

Statement of comprehensive income

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
<i>Note</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Profit for the year	2,551,328	1,439,995	1,619,627	1,031,168
Other comprehensive income				
<i>Items that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
financial statement	493	(7,515)	-	-
Total items that will be reclassified				
<i>subsequently to profit or loss</i>	493	(7,515)	-	-
<i>Items that will not be reclassified</i>				
<i>to profit or loss</i>				
Gain on revaluation of land	11,983	577	1,809	-
Income tax relating to items that will				
not be reclassified to profit or loss	28 (2,397)	(115)	(362)	-
Total items that will not be reclassified				
<i>to profit or loss</i>	9,586	462	1,447	-
Other comprehensive income for				
the year, net of tax	10,079	(7,053)	1,447	-
Total comprehensive income for the year	2,561,407	1,432,942	1,621,074	1,031,168
Total comprehensive income				
attributable to:				
Owners of the parent	2,573,371	1,432,942	1,621,074	1,031,168
Non-controlling interests	(11,964)	-	-	-
	2,561,407	1,432,942	1,621,074	1,031,168

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

Statement of changes in equity

Consolidated financial statements													
		Retained earnings			Other components of equity								
					Exchange			differences on		Total		Equity	
					translating			financial		Gain on		attributable to	
					statements			of land		revaluation		owners of	
					Unappropriated			of equity		components		the parent	
					(in thousand Baht)								

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

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

Statement of changes in equity

		Separate financial statements					Other components of equity		
		Retained earnings				Total			
		Issued and paid-up share capital	Advance received for shares	Premium on ordinary shares	Legal reserve	Unappropriated	Gain on revaluation of land	components of equity	Total
	Note					(in thousand Baht)			
For the year ended 31 December 2019									
Balance at 1 January 2019		5,113,306	63,323	1,096,180	197,970	833,630	35,631	35,631	7,340,040
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owner									
Issue of ordinary shares	22	494,267	(63,323)	646,416	-	-	-	-	1,077,360
Dividend	30	-	-	-	-	(459,825)	-	-	(459,825)
Total contributions by and distributions to owner									
		494,267	(63,323)	646,416	-	(459,825)	-	-	617,535
Total transactions with owners, recorded directly in equity									
		494,267	(63,323)	646,416	-	(459,825)	-	-	617,535
Comprehensive income for the year									
Profit		-	-	-	-	1,031,168	-	-	1,031,168
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	1,031,168	-	-	1,031,168
Transfer to legal reserve									
	23	-	-	-	51,558	(51,558)	-	-	-
Balance at 31 December 2019									
		5,607,573	-	1,742,596	249,528	1,353,415	35,631	35,631	8,988,743

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

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

Thaifoods Group Public Company Limited

Statements of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Cash flows from operating activities					
Profit for the year		2,551,328	1,439,995	1,619,627	1,031,168
<i>Adjustments to reconcile profit to cash receipt</i>					
Depreciation of biological assets	10	675,087	693,897	-	-
Depreciation	14, 15, 16	1,391,070	975,559	446,458	380,292
Amortisation	18	35,072	36,026	22,340	25,955
Impairment losses on investment in subsidiaries	12	-	-	4,384	19,972
Impairment loss recognised in profit or loss	31	63,944	-	102,338	-
Elimination of unrealised gain on downstream sales to joint venture		(407)	(316)	-	-
Bad and doubtful debts expense	26	-	192,514	-	13,583
Losses (reversal of allowance for losses) on inventories devaluation	9	(20,263)	(47,867)	15,136	(33,569)
Interest income		(80,752)	(70,461)	(235,646)	(104,600)
Dividend income	12	-	-	(1,903,997)	(600,000)
Finance costs	27	369,522	403,956	217,695	159,166
Provisions for employee benefit	21	6,168	10,194	1,368	1,607
Unrealised (profit) loss on exchange		(17,765)	(3,072)	686	1,269
(Gain) loss on changes in fair value of other current financial assets and liabilities		46,482	-	(971)	-
(Gain) loss on changes in fair value of biological assets	10	(164,014)	39,321	-	-
Loss (reversal loss) on land revaluation	15	23,695	(16,864)	-	(10,225)
Loss on disposal and write-off of plant and equipment		12,156	13,349	6,502	7,520
Loss on write-off of right-of-use assets		10,679	-	345	-
Loss on write-off of intangible assets		1,694	26	1,697	-
Share of profit of joint ventures accounted for using equity method		(364)	(4,176)	-	-
Loss from sale business		3,182	-	-	-
Income tax expense (income)	28	649,287	105,718	129,208	(16,971)
		5,555,801	3,767,799	427,170	875,167
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(71,970)	(36,532)	38,885	138,523
Other current receivable		(111,442)	37,686	(73,844)	41,508
Inventories		(493,845)	521,407	179,368	(49,403)
Current and non-current biological assets		(1,595,836)	(734,659)	-	-
Other non-current receivables		(878)	(3,679)	(754)	(2,996)
Other non-current assets		(78,755)	(800)	-	(2,627)

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

Thaifoods Group Public Company Limited

Statements of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
<i>Cash flows from operating activities (continued)</i>					
<i>Changes in operating assets and liabilities (continued)</i>					
Trade accounts payable		637,247	(935,854)	(51,551)	(31,076)
Other current payables		309,754	(187,394)	14,772	(50,252)
Provisions for employee benefit paid	21	(1,170)	(844)	(61)	(309)
Retentions		199	(529)	-	-
Net cash provided by operating		4,149,105	2,426,601	533,985	918,535
Taxes paid		(325,456)	(96,966)	-	-
Net cash provided by operating activities		3,823,649	2,329,635	533,985	918,535
<i>Cash flows from investing activities</i>					
Interest received		65,521	62,127	220,206	103,946
Dividend received	12	-	-	1,903,997	600,000
Changes in restricted deposits at financial institutions		3,592	780	1,501	(28)
Proceeds from finance lease receivables		-	-	7,537	-
Cash outflow on short-term loans to subsidiaries	7	-	-	(5,919,550)	(10,397,140)
Proceeds from repayment of short-term loans to subsidiaries	7	-	-	5,038,880	9,308,460
Cash outflow on long-term loans to subsidiaries	7	-	-	(2,000,000)	-
Cash outflow on long-term loans to joint ventures	7	(212,600)	(72,600)	-	-
Proceed from repayment of short-term loan to joint ventures	7	225,800	55,300	-	-
Advance payments received from farmers		28,251	72,158	-	-
Acquisition of investments in subsidiaries	12	-	-	(133,522)	(394,969)
Proceed from sale of investments in subsidiaries	12	-	-	30,000	-
Acquisition of subsidiary, net of cash acquired		-	(236,493)	-	-
Acquisition of unit trust - debts securities		(20,000)	-	-	-
Acquisition of investments in joint ventures	13	(70,125)	(20,000)	-	-
Proceed from sale in ownership of joint venture	13	20,000	-	-	-
Proceed from sale business		3,750	-	-	-
Acquisition of property, plant and equipment	33	(1,455,567)	(1,289,003)	(356,050)	(472,650)
Proceed from sale of plant and equipment		7,789	161,699	607	590
Acquisition of right-of-use assets		(16,196)	-	(16,105)	-
Acquisition of other intangible assets	33	(26,868)	(25,862)	(4,480)	(219)
Proceeds from sale of other intangible assets		25	-	-	-
Net cash use in investing activities		(1,446,628)	(1,291,894)	(1,226,979)	(1,252,010)

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



Thaifoods Group Public Company Limited

Statements of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2020	2019	2020	2019
		(in thousand Baht)			
Cash flows from financing activities					
Proceeds from sale of interest in subsidiary		29,999	-	-	-
Payment for purchase of interest in subsidiary		(6,250)	-	-	-
Interest paid		(364,956)	(404,696)	(211,918)	(159,586)
Payment of lease liabilities (2019 : Payment by a lessee for reduction of the outstanding liability relating to a finance lease)		(455,929)	(382,114)	(211,080)	(176,245)
Decrease in short-term borrowings from financial institutions		(2,325,410)	(936,944)	(102,338)	(149,431)
Increase in short-term borrowings from subsidiary		-	-	226,400	-
Proceeds from long-term borrowings from financial institutions	20	833,000	903,800	533,000	448,281
Repayment of long-term borrowings from financial institutions	20	(844,844)	(647,251)	(549,564)	(214,579)
Proceeds from issue of debentures	20	3,568,600	-	3,568,600	-
Repayment of debentures	20	(1,148,500)	-	(1,148,500)	-
Proceeds from exercise of warrants		1	1,077,360	1	1,077,360
Proceeds from issue of ordinary shares from subsidiaries		12,005	-	-	-
Dividend paid to owners of the Company	30	(1,289,737)	(459,825)	(1,289,737)	(459,825)
Net cash provided by (used in) financing activities		(1,992,021)	(849,670)	814,864	365,975
Net increase in cash and cash equivalents before effect of exchange rates		385,000	188,071	121,870	32,500
Effect of exchange rate changes on cash and cash equivalents		-	622	-	-
Net increase in cash and cash equivalents		385,000	188,693	121,870	32,500
Cash and cash equivalents at 1 January		398,769	210,076	123,088	90,588
Cash and cash equivalents at 31 December	8	783,769	398,769	244,958	123,088

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

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

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Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

These notes form an integral part of the interim financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2021.

1 General information

Thaifoods Group Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 8 October 2015. The Company’s registered office at 1010, Shinawatra Tower 3 Building, 12th Floors, Viphavadi Rangsit Road, Kwang Chatuchak, Khet Chatuchak, Bangkok 10900, Thailand.

The Company’s major shareholders during the financial year were New Star Victor Co., Ltd. (incorporated in Thailand), NEWSAGA LIMITED (incorporated in British Virgin Islands), Mr. Winai Tiewsomboonkij, which owned the Company’s share capital of 31.12%, 19.03% and 17.41%, respectively.

The principal activities of the Company and its subsidiaries (together referred to the “Group”) are producing chicken and distributing frozen and chilled chicken products, producing and distributing swine, producing and distributing feed mill and producing and distributing processed products. Details of the Company’s subsidiaries as at 31 December 2020 and 2019 are given in note 12 to the financial statements.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3 to the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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(b) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand and million unless otherwise stated.

(c) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes to the financial statements:

4(a) and 13	Equity-accounted investees: whether the Group has significant influence over an investee;
4(l) and 17	Leases: <ul style="list-style-type: none"> - whether an arrangement contains a lease; - whether the Group is reasonably certain to exercise extension options; - whether the Group exercise termination options; - whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to sub-lessees.
5	Impact of COVID-19 Outbreak

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes to the financial statements:

4(l)	Determining the incremental borrowing rate to measure lease liabilities;
5	Impact of COVID-19 Outbreak
10	Measurement of biological assets;
11 and 31	Measurement of ECL allowance for trade receivables, other current receivables and advance payments to farmers: key assumptions in determining the weighted-average loss rate;
12 and 15	Impairment test of investment in subsidiaries and impairment of plant and equipment: key assumptions underlying recoverable amounts;
21	Measurement of defined benefit obligations: key actuarial assumptions;
28	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

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3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16.

<i>Impact on changes in accounting policy</i>	<i>Note</i>	Retained earnings	
		Consolidated financial statements	Separate financial statements
		<i>(in thousand Baht)</i>	
At 31 December 2019 - as reported		2,067,628	1,353,415
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Classification of financial instruments	<i>A(1)</i>	(27,683)	-
Impairment losses on financial assets	<i>A(2)</i>	(31,355)	(39,917)
Related tax		11,867	-
Adoption of TFRS 16 - net of tax	<i>B</i>	(5,795)	(890)
At 1 January 2020 - restated		<u>2,014,662</u>	<u>1,312,608</u>

A. TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4(d) and 4(m) to the financial statement. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group recognised interest income and interest expenses at the rate specified in the contract.

Under TFRS 9, all derivatives are measured at fair value in the statement of financial position.

Previously, TFRS were silent on the requirements of derivatives held for risk management purposes. In 2019, the Group accounted for these transactions as described in accounting policies in note 4(d.5).

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The following table shows classification and measurement categories under previous standards and TFRS 9.

	Consolidated financial statements		
	Classification under previous standards at 31 December 2019	Classification under TFRS 9 at 1 January 2020	
	Carrying amounts	Fair value through profit or loss (in thousand Baht)	Amortised Cost - Net Total
Financial assets			
Other long-term investments	-	-	200
	-	-	200
Financial liabilities			
Other financial liabilities			
- Forward contract	-	27,683	-
	-	27,683	27,683

(2) Impairment - Financial assets

TFRS 9 introduces the 'expected credit loss' (ECL) model whereas previously the Group estimates the allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments.

The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an additional/decrease allowance for impairment loss as follows:

	Consolidated financial statements (in thousand Baht)	Separate financial statements
Allowance for impairment losses at 31 December 2019		
Allowance for doubtful debts		
- Trade accounts receivables	276,416	18,970
- Other current receivable	11,304	-
- Advance payments to farmers	134,717	-
	422,437	18,970
<i>Additional impairment loss recognised at 1 January 2020 on:</i>		
- Trade accounts receivables	3,386	(306)
- Other current receivables	144	-
- Advance payments to farmers	27,825	-
- Short-term loans to subsidiaries	-	40,223
	31,355	39,917
Allowance for impairment losses at 1 January 2020	453,792	58,887

The Group has opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

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B. TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

(1) As lessee

Previously, the Group, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following recognition exemption:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- do not recognise right-of-use assets and lease liabilities for lease of low-value assets;
- use hindsight when determining the lease term; and
- apply a single discount rate to a portfolio of leases with similar characteristics.

(2) As a lessor

The accounting policies under TFRS 16 that the Company applied as a lessor are not different from those under TAS 17, except for a sub-lease. Under TFRS 16, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, the consideration received are allocated to each lease and non-lease component based on its stand-alone selling prices.

The Company reassessed the classification of sub-leases contracts, resulting in recognition of lease receivables and recognition of gain in retained earnings at 1 January 2020.

	Consolidated financial statements	Separate financial statements
<i>Impact from the adoption of TFRS 16</i>		
<i>At 1 January 2020</i>		
Decrease in property, plant and equipment	(934,173)	(551,751)
Increase in right-of-use assets	1,372,057	588,516
Increase in lease receivable	-	15,403
Increase in deferred tax assets	1,449	260
Increase in lease liabilities	(445,128)	(53,318)
Decrease in retained earnings	5,795	890

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<i>Measurement of lease liability</i>	Consolidated financial statements <i>(in thousand Baht)</i>	Separate financial statements
Operating lease commitment as disclosed at 31 December 2019	400,518	55,451
Recognition exemption for short-term leases	(17,738)	(2,839)
Recognition exemption for leases of low-value assets	(2,407)	(455)
Extension and termination options reasonably certain to be exercised	92,340	3,980
	472,713	56,137
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020	445,128	53,318
Finance lease liabilities recognised as at 31 December 2019	872,350	501,525
Lease liabilities recognised at 1 January 2020	1,317,478	554,843
Weighted-average incremental borrowing rate (% per annum)	4.03 - 9.62	2.59 - 5.21

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3 to the financial statement.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquire.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases.

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Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statement. Unrealised gains arising from transactions with joint venture is eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Investments in subsidiaries and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

Interests in subsidiaries, associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the separate financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence, control or joint control ceases.

Disposal of investments in the separate financial statements

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(c) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operation are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

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Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation difference reserve in equity until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(d) Financial instruments

Accounting policies applicable from 1 January 2020

(d.1) Recognition and initial measurement

Trade receivables, debt securities issued and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(d.2) Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group claim to cash flows from specified assets (e.g. non-recourse features).

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Financial assets - subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(d.3) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d.4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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(d.5) Derivatives

Derivative are recognised at fair value. At the end of each reporting period the fair value is measured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Accounting policies applicable before 1 January 2020

Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives are not used for trading purposes. The Group entering into forward exchange contracts to hedge certain exposure to hedge of future foreign currency transactions.

Gains and losses on forward exchange contracts are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

Deposit that have restriction on use are presented separately in the account "Restricted deposit at financial institution" in the statement of financial position.

(f) Trade and other accounts receivable

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

A receivable is measured at transaction price less allowance for expected credit loss (2019: *allowance for doubtful accounts*) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition less all attributable discount, allowance or rebate. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost are calculated using the following principles:

Merchandise goods	- at cost (first in first out)
Finished goods and work in progress	- at standard cost which approximates actual (first in first out)
Raw materials and factory supplies	- at cost (weighted average cost)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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(h) *Biological assets*

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Cost of biological assets comprises expenditure that is directly attributable to the acquisition of the asset and other costs incurred in bringing the assets to their present location and condition.

Depreciation of biological assets that produce such breeder is calculated using straight line basis from cost less estimate residual value over their useful lives of breeder as follow;

Poultry breeders	10 months
Swine breeders	2.5 years

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption “Non-current assets”. Other biological assets are presented under the caption “Current assets” in the statement of financial position.

(i) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful life of buildings is 40 years.

No depreciation is provided on freehold land or assets under construction.

Transfers to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, the carrying amount of investment properties is transferred to property and plant at the date of change in use.

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(j) Property, plant and equipment

Recognition and measurement

Owned assets

Land is stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less impairment losses. Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items, restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When there is a disposal of revalued assets, the amount recognised in revaluation reserve is reclassified to retained earnings.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation reserve is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the carrying amount of property and plant is transferred to investment properties at the date of change in use.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	6 - 40 years
Utilities system	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture, fixture and office equipment	3 - 20 years
Vehicles	5 - 15 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of business is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible asset that are acquired by the group and have indefinite useful lives i.e. trademarks is measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

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Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	5 - 20 years
Customer relationship	7 years
Trademarks	indefinite useful lives

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(I) Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'other income.' Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

The Group recognises lease receivables at the amount of the Group's net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net investment in the lease (See note 4(m)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Accounting policies applicable before 1 January 2020

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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As a lessor, rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(m) Impairment of financial assets

Accounting policies applicable from 1 January 2020

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, loans to others and related parties).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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For the year ended 31 December 2020

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Group recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 365 days past due, probable the debtor will enter bankruptcy.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Accounting policies applicable before 1 January 2020

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

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(n) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) Fair values measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(r) Revenue

Revenue is recognised 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 or other sales taxes and is after deduction of any trade discounts and volume rebates.

Sale of goods and services rendered

Revenue from sales of goods is recognised 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 recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

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

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) 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.

(s) Other income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income and others is recognised in profit or loss as it accrues.

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(t) *Interest*

Accounting policies applicable from 1 January 2020

Effective Interest Rate (EIR)

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Accounting policies applicable before 1 January 2020

Interest income is recognised in profit or loss at the rate specified in the contract.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an assets which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(u) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *Basic earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(w) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(x) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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5 Impact of COVID-19 pandemic

Due to the COVID-19 pandemic at the beginning of the year 2020, Thailand and many other countries have enacted several protective measures against the pandemic, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible.

As at 31 December 2020, the situation of COVID-19 pandemic is still ongoing, resulting in estimation uncertainty on the potential impact, therefore, the Group elected to apply temporary relief measures for additional accounting options in response to impact from the situation of COVID-19 pandemic on the following.

(a) Impairment of assets

The Group considered impairment of trade accounts receivables under provision matrix using historical loss rate and did not take forward-looking information into account.

The Group elected to exclude the COVID-19 situation as impairment indicator for property, plant and equipment investment properties intangible assets and elected to exclude the COVID-19 situation, which may affect future financial forecasts, from the impairment testing factors of goodwill other intangible assets with an indefinite useful life intangible assets under installation.

(b) Deferred tax assets

The Group elected to exclude the factor of COVID-19 situation in considering sufficiency of future taxable profits to review the amount of deferred tax assets at 31 December 2020.

6 Acquisitions of subsidiaries

2019

On 17 June 2019, the Group obtained control over Food Blessing (1988) Co., Ltd. ("FBC"), which operate producing and distributing for domestic and export of sauce and seasoning products by acquiring shares and voting interests in FBC from existing shareholders of 1,800,000 shares with the consideration paid of Baht 155.9 per share (par value of Baht 100.0 per share) totaling of Baht 280.6 million. As a result, the Group's equity interest in FBC was 100%.

The Group has applied Thai Financial Reporting Standards ("TFRS") No. 3 *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed:

Consideration transferred

	(in thousand Baht)
Cash	280,556
Total	280,556

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Identifiable assets acquired and liabilities assumed

	<i>(in thousand Baht)</i>
Cash and cash equivalent	44,063
Trade accounts receivable	61,672
Other current receivables	5,804
Inventories	33,419
Property, plant and equipment	133,446
Other intangible assets	14,146
Other non-current assets	1,346
Trade accounts payable	(45,417)
Other accounts payable	(16,641)
Provisions for employee benefit	(4,860)
Deferred tax liabilities	(7,191)
Total identifiable net assets	219,787
Goodwill arising from the acquisition	60,769
Consideration transferred	280,556
Net cash obtained from the acquisition of the subsidiary	44,063
Cash paid	(280,556)
Net cash outflows	(236,493)

Goodwill

The factor contributed to goodwill include the benefits from exchange of knowledge and skill among personnel, which increasing the Group's the operating efficiency and product development.

Acquisition-related cost

The Group incurred business acquisition-related costs totaling of Baht 8.3 million related to external legal fees and due diligence costs. The Group recorded these costs in the administrative expenses in the Group's consolidated statement of income for year ended 31 December 2019.

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7 Related parties

Relationships with subsidiaries, associates and joint ventures are described in notes 12 and 13. Other related parties that the Group had significant transactions with during the year were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
New Star Victor Co., Ltd.	Thailand	Major shareholder and shared directors and shareholders
NEWSAGA LIMITED	British Virgin Islands	Major shareholder and shared directors and shareholders
Star Capital (H.K.) Limited	Hong Kong Special Administrative Region of the People's Republic of China	Shareholder and shared directors and shareholders
Thai Viet Agri Group Co., Ltd.	Vietnam	Shareholder have relationship with director
Mr. Winai Teawsomboonkit	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including major shareholder and director of the Group
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Agreed price
Service income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund cost
Dividend income	Right to receive dividends
Rental income	Contractual price
Purchase of raw materials and goods	Agreed price
Interest expense	Agreed rates stipulated in the agreements
Other income/ other expenses	Service rates as specified by service providers

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Significant transactions for the years ended 31 December with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
<i>For the year ended 31 December</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenue from sales of goods	-	-	897,258	411,395
Purchase of raw materials and goods	-	-	10,882,590	10,713,131
Interest income	-	-	233,192	104,374
Dividend income	-	-	1,903,997	600,000
Rental income and related service income	-	-	74,292	68,393
Other income	-	-	9,703	4,899
Interest expense	-	-	20,057	83
Other expenses	-	-	36,415	34,160
<i>Joint venture</i>				
Revenue from sales of goods	133,021	174,548	133,021	174,548
Rental income and related service income	759	66	675	66
Interest income	2,460	349	-	-
Other income	500	-	500	-
Other expenses	15,230	-	8,005	-
<i>Other related parties</i>				
Purchase of raw materials	282,055	289,164	-	-
Farming service fees	11,729	18,499	-	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	60,701	51,759	19,607	20,962
Post-employment benefits	3,957	3,506	1,891	1,724
Total key management benefit expenses	64,658	55,265	21,498	22,686

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Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts receivable</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	134,138	51,611
Joint venture	31,233	62,009	31,233	62,009
Other related parties	-	73	-	-
Total	31,233	62,082	165,371	113,620
<i>Less allowance for impairment (2019: allowance for doubtful accounts)</i>	-	(310)	-	(310)
Net	31,233	61,772	165,371	113,310
Reversal of impairment losses (2019: Reversal of allowance for doubtful accounts) for the year	(310)	(19)	(310)	(19)

	Consolidated financial statements		Separate financial statements	
<i>Other current receivable</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	74,134	14,213
Joint venture	595	215	411	1
Total	595	215	74,545	14,214

**Impairment losses (2019: Bad and
doubtful debts) for the year**

-	-	-	-
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	Consolidated financial statements			
<i>Short-term loans</i>	At 1 January	Increase	Decrease	At 31 December
		<i>(in thousand Baht)</i>		
2020				
Joint venture	17,300	212,600	225,800	4,100
Total	17,300	212,600	225,800	4,100
2019				
Joint venture	-	72,600	55,300	17,300
Total	-	72,600	55,300	17,300

Notes to the financial statements

	Separate financial statements			
	At 1 January	Increase (in thousand Baht)	Decrease	At 31 December
Short-term loans				
2020				
Subsidiaries	2,870,210	5,919,550	5,038,880	3,750,880
Total	2,870,210	5,919,550	5,038,880	3,750,880
Less allowance for impairment	(40,223)			(118,389)
Net	2,829,987			3,632,491
2019				
Subsidiaries	1,781,530	10,397,140	9,308,460	2,870,210
Total	1,781,530	10,397,140	9,308,460	2,870,210
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Impairment losses (2019: Bad and doubtful debts) for the year	-	-	78,166	-

	Separate financial statements			
	At 1 January	Increase (in thousand Baht)	Decrease	At 31 December
Long-term loan				
2020				
Subsidiary	-	2,000,000	-	2,000,000
Total	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Impairment losses (2019: Bad and doubtful debts) for the year	-	-	-	-

	Consolidated		Separate	
<i>Trade accounts payable</i>	financial statements		financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Subsidiaries	-	-	80,551	143,708
Other related parties	54,958	50,728	-	-
Total	54,958	50,728	80,551	143,708

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Notes to the financial statements

For the year ended 31 December 2020

Other current payable	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	24,635	5,647
Joint venture	4,955	1	2,490	-
Total	4,955	1	27,125	5,647

Short-term borrowing	Separate financial statements			
	At 1 January	Increase	Decrease	At 31 December
	<i>(in thousand Baht)</i>			
2020				
Subsidiaries	-	5,628,400	5,402,000	226,400
Total	-	5,628,400	5,402,000	226,400

As at 31 December 2020, short-term borrowing from subsidiary was unsecured and at call; and bear interest at the rates 4.41% per annum

Significant agreements with related parties

As at 31 December 2020, the Group had the following significant agreements with related parties.

Sublease and service agreements

The local subsidiaries have sublease and service agreements with the Company. Under the terms of the agreements, the Company agreed to provide the office premises sublease. In this regard, the subsidiaries agreed to pay sublease fee to the Company at the rate stipulated in the agreements. These agreements are starting from 1 February 2016 to 31 January 2019 (“the first sublease period”) which is not longer than the period of office premises lease as stipulated in lease and service agreements. At the end of the first sublease period either party will extend the agreements as agreed term and conditions. The extended sublease agreements are starting from 1 February 2019 to 31 January 2022.

Land lease agreement

The Company had land lease agreement with local subsidiaries. Under the term of the agreement, the Company agreed to lease land to build the building using for production or sale of goods or perform any other act in accordance with the purpose of local subsidiaries. In this regards, local subsidiaries agreed to pay lease fee to the Company at the rate stipulated in the agreement. This agreement is starting from 26 July 2017 to 24 January 2025. At the end of lease period either party will extend the agreements as agreed term and conditions.

Sale and purchase of chicken agreement

The Company has sale and purchase of chicken agreement with a local subsidiary, Thai Foods Contract Farming Co., Ltd. (“TFCF”). In this regard, the sale volume and selling price are specified by TFCF, if there is any price changes, TFCF has to inform the Company in advance. This agreement is effective starting from 1 July 2015. If the Company has intention to terminate the agreement, written notification must be made to TFCF at least 30 days and repaid the outstanding debt.

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Notes to the financial statements

For the year ended 31 December 2020

Swine farming service contracts

A foreign subsidiary, (Thai Viet Swine Line Joint Stock Co., Ltd.) has swine farming service contracts with Thai Viet Agri Group Co., Ltd., a related company (“the party”). Under the terms of the agreement, the party agreed to provide the breeding services for swine in accordance with the condition in the agreement. In this regard, a subsidiary agreed to pay the farming service fees as stipulated in the agreements. These agreements are effective for a period of 5 years and will expire in December 2023 and March 2024.

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Cash on hand	1,231	1,023	148	121
Cash at financial institutions - current accounts	441,411	192,150	160,624	82,012
Cash at financial institutions - savings accounts	341,127	205,596	84,186	40,955
Total	783,769	398,769	244,958	123,088

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Raw materials	1,542,545	1,191,787	8,454	11,917
Work in progress	3,410	5,182	-	-
Finished goods	751,022	921,229	469,614	694,423
Package and supplies	480,659	365,310	145,822	127,190
Raw materials in transit	616,986	417,268	-	-
Total	3,394,622	2,900,776	632,890	833,530
Less allowance for decline in value of inventories	(44,258)	(64,521)	(30,260)	(45,396)
Net	3,350,364	2,836,255	593,630	788,134
Inventories recognised in ‘cost of sales of goods’				
- Cost	26,929,404	25,767,181	14,491,826	13,886,711
- Write-down to net realisable value (reversals of write-down)	(20,263)	(47,867)	(15,136)	(33,569)
Net	26,909,141	25,719,314	14,476,690	13,853,142

Thaifoods Group Public Company Limited

Notes to the financial statements

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10 Biological assets

	Consolidated financial statement		
	Chicken	Swine	Total
	<i>(in thousand Baht)</i>		
As at 1 January 2020			
Cost	1,929,948	2,833,548	4,763,496
Accumulate depreciation and impairment losses	(210,123)	(373,083)	(583,206)
Exchange differences on translating financial statement	-	(10,974)	(10,974)
	1,719,825	2,449,491	4,169,316
Increases due to purchase/raise	33,005,415	10,726,715	43,732,130
Decreases due to sale/harvest	(32,584,654)	(9,551,640)	(42,136,294)
Depreciation	(411,919)	(263,168)	(675,087)
Gain on change in fair value less cost to sale	-	164,014	164,014
As at 31 December 2020	1,728,667	3,525,412	5,254,079
As at 31 December 2020			
Cost	1,815,527	3,773,235	5,588,762
Accumulate depreciation and impairment losses	(86,860)	(247,823)	(334,683)
Total	1,728,667	3,525,412	5,254,079
Current	1,728,667	1,917,495	3,646,162
Non-current	-	1,607,917	1,607,917
Total	1,728,667	3,525,412	5,254,079

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statement		
	Chicken	Swine (in thousand Baht)	Total
As at 1 January 2019			
Cost	2,001,328	2,493,190	4,494,518
Accumulate depreciation and impairment losses	(94,746)	(226,671)	(321,417)
	1,906,582	2,266,519	4,173,101
Increases due to purchase/raise	25,042,418	8,956,391	33,998,809
Decreases due to sale/harvest	(24,810,035)	(8,470,243)	(33,280,278)
Depreciation	(441,017)	(252,880)	(693,897)
Gain on change in fair value less cost to sale	-	(39,322)	(39,322)
Reversal of allowance for decline in value of inventories	21,877	-	21,877
Exchange differences on translating financial statement	-	(10,974)	(10,974)
As at 31 December 2019	1,719,825	2,449,491	4,169,316
As at 31 December 2019			
Cost	1,929,948	2,833,548	4,763,496
Accumulate depreciation and impairment losses	(210,123)	(373,083)	(583,206)
Exchange differences on translating financial statement	-	(10,974)	(10,974)
Total	1,719,825	2,449,491	4,169,316
Current	1,719,825	1,389,255	3,109,080
Non-current	-	1,060,236	1,060,236
Total	1,719,825	2,449,491	4,169,316

Biological assets such as swine breeder, fattening swine, chicken breeder, chicken etc. Biological assets are measured at cost less accumulated depreciation and impairment losses (except fattening swine which are measured at fair value using quoted prices at the reporting date as references) due to the short production cycle. In particular, the market prices or fair values at present condition of the biological assets which are breeders are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle e.g. cost of new-born animals, feed costs, and other farm costs.

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2020 and 2019 were as follows:

	Consolidated financial statements	
	2020	2019
	<i>(Thousand head)</i>	
Chicken	15,925	14,773
Swine	644	543
Total	16,569	15,316

The estimates of physical quantities of the Group's biological assets were based on experience and historical data.

Fair value measurement

The fair value of the Group's biological assets including carrying amount in the consolidated financial statements were as follows:

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2020					
Biological assets at fair value					
less cost to sale	324,528	-	324,528	-	324,528
31 December 2019					
Biological assets at fair value					
less cost to sale	279,966	-	279,966	-	279,966

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which use quoted prices based on market prices at the reporting date.

Thaifoods Group Public Company Limited

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11 Advance payments to farmers

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current				
Advance payments to farmers	194,203	218,730	-	-
Less allowance for impairment (2019: allowance for doubtful accounts)	(7,979)	-	-	-
Net	186,224	218,730	-	-
Non-current				
Advance payments to farmers	360,335	364,058	-	-
Less allowance for impairment (2019: allowance for doubtful accounts)	(167,738)	(134,717)	-	-
Net	192,597	229,341	-	-
Total	378,821	448,071	-	-
Impairment losses (2019: Bad and doubtful debts) for the year	13,175	30,992	-	-

Advance payments are paid to the farmers to operate their poultry and swine farms business. These contract farmers are contracted to rear chicks and pigs for the Group. The advance payments bear interest at 5.0% to 11.0% per annum (2019: 9.50% per annum). In respect of current advance payments to farmers, the farmers will repay the Group when they obtain loans from financial institutions. The Group expects that the repayment of current advance payments to farmers will be received within 1 year. The non-current advance payments to farmers will repay to the Group based on agreed method of payments depending on the operating performance of contract farming of each individual farmer. The non-current advance payments to farmers are secured by farmers' land.

12 Investments in subsidiaries

Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		(in million Baht)											
Local direct subsidiaries													
Thai Foods Feed Mills Co., Ltd.	Manufacturing and distribution of feed	99.99	99.99	2,000	2,000	2,000	2,000	-	-	2,000	2,000	500	600
Thai Foods Poultry Farm Co., Ltd.	Production and distribution of broiler chick	99.99	99.99	1,200	1,200	1,200	1,200	-	-	1,200	1,200	-	-
Thai Foods Contract Farming Co., Ltd.	Production and distribution of broiler chicken	99.99	99.99	125	125	125	125	-	-	125	125	-	-
Thai Foods Research Center Co., Ltd.	Research of cattle disease and manufacturing of vaccine	99.99	99.99	50	50	50	50	-	-	50	50	-	-
Thaifoods Service and Supply Co., Ltd.	Equipment rental service	99.99	99.99	180	180	180	180	(141)	(137)	39	43	-	-
Thai Foods Swine Farm Co., Ltd.	Production and distribution of swine	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Ayothaya Agri Tech Co., Ltd.	Manufacturing of sack and plastic sack	99.99	99.99	53	53	53	53	-	-	53	53	-	-
T Paragon Holding Co., Ltd.	Holding company	99.99	99.99	328	239	328	239	-	-	328	239	-	-

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For the year ended 31 December 2020

Separate financial statements <i>(continued)</i>										
Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		Dividend income for the year
		2020	2019	2020	2019	2020	2019	2020	2019	
		(%)						<i>(in million Baht)</i>		
Thai Food Swine International Co., Ltd.	Production and distribution of swine	99.99	99.99	180	180	113	113	-	-	1,404
Thaifoods Further Co., Ltd.	Production and distribution of processed product	99.99	99.99	500	500	470	500	-	-	-
Thai Foods Green Energy Co., Ltd.	Holding company	99.99	99.99	100	100	100	90	(10)	(10)	-
Thai Process Food Co., Ltd.	Production and distribution of processed swine	99.99	99.99	13	13	13	13	-	-	-
Food Blessing (1988) Co., Ltd.	Production and distribution of sauce and seasoning products	100.00	100.00	180	180	289	289	-	-	-
Money Hub Service Co., Ltd.	Credit providers and guarantees	88.50	-	50	-	44	-	-	-	-
Total				5,965	5,862	(151)	(147)	5,814	5,715	600

All associates were incorporated and mainly operate in Thailand.

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Purchase of investment

The Company increased its investment in a local subsidiary, T Paragon Holding Co., Ltd. (“T Paragon”) amounting to Baht 89.3 million detail as follows;

- Called the remaining for paid-up share capital of Baht 13.5 per share for 2,753,000 ordinary shares, totaling of Baht 37.2 million.
- Increased the authorised share capital from Baht 276.3 million to Baht 350.0 million and to called paid-up at 30% at Baht 22.1 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 18 June 2020.
- Increased the authorised share capital from Baht 350.0 million to Baht 450.0 million and to called paid-up at 30% at Baht 30.0 million. The registration of the increase in share capital with the Ministry of Commerce has been completed on 1 September 2020.

Board of Directors of the Company have approved a subsidiary, T Paragon to set up a indirect local subsidiary, Thai foods Fresh Market Co., Ltd. (“TFM”) with an initial authorised share capital of Baht 20 million and to call for paid-up capital at 25% of Baht 5.0 million. In this regard, T Paragon has 99.99% shareholding of the TFM totaling of Baht 5.0 million. The registration of initial share capital of the TFM with the Ministry of Commerce has been completed on 16 June 2020.

The Company increased its investment in a local subsidiary, Thaifoods Further Co., Ltd. (“TFFT”), amounting to Bath 1,000 for 10 ordinary shares.

The Company set up a local subsidiary, Money Hub Service Co., Ltd. (“MHS”), with an initial authorised share capital of Baht 50 million and to call for paid-up capital at 100% of Bath 50.0 million. In this regard, the Company has 76.0% shareholding of the subsidiary at Baht 38.0 million. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 21 September 2020.

Purchase of non-controlling interests

In November 2020, the Group acquired an additional 12.5% interest in MHS amounting to Baht 6.2 million and investment totaling Bath 44.2 million, increasing its ownership interest from 76.0% to 88.5%. The carrying amount of MHS’s net assets in the Group’s financial statements on the date of the acquisition was Baht 50 million. The Group recognised a decrease in non-controlling interests of Baht 6.2 million.

Disposals of investment

On 14 July 2020, the Group has sold its 6% in a subsidiary, TFFT, for cash of Bath 30 million.

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Impairment testing for investments in subsidiaries

The recoverable amount was based on its value in use, determined by discounting the future cash flows. Five years of cash flows were included in the discounted cash flow model. The key assumptions used in the estimation of value in use were growth rate of earnings before income tax, depreciation and amortisation (“EBITDA”) which was based expectations of future outcomes taking into account past experience adjusted for anticipated revenue growth, discount rate which calculated from weighted average cost of capital, and terminal value growth rate.

According to the impairment testing, the estimated recoverable amount were lower than the carrying amount of investment in certain subsidiaries. Therefore, the management considered to recognise impairment losses of investment in the subsidiaries amounting to Baht 4.4 million for the year ended 31 December 2020 (2019: 20.0 million).

Details of the Company’s indirect subsidiaries as at 31 December 2020 and 2019 were as follows:

Name of party	Type of business	Country of incorporation	Ownership interests	
			2020	2019
			(%)	
<i>Foreign indirect subsidiary</i>				
Thai Viet Swine Line Joint Stock Co., Ltd.	Production and distribution of swine	Vietnam	99.99	99.99
<i>Local indirect subsidiary</i>				
FBC Exim Co.,Ltd	Trading	Thailand	100.00	100.00
Thai Foods Fresh Market Co., Ltd.	Trading	Thailand	99.99	-

Impairment testing for CGUs containing goodwill

Most of the goodwill arose from the Company’s purchase of share of Food Blessing (1988) Co., Ltd. For the purpose of impairment testing, goodwill has been allocate to the Group’s CGU which is Food Blessing (1988) Co., Ltd.

The recoverable amount was based on its value in use, determined by discounting the future cash flows. Five years of cash flows were included in the discounted cash flow model. The key assumptions used in the estimation of value in use were growth rate of earnings before income tax, depreciation and amortisation (“EBITDA”) which was based expectations of future outcomes taking into account past experience adjusted for anticipated revenue growth, discount rate which calculated from weighted average cost of capital, and terminal value growth rate.

Base on the impairment testing, the recoverable amount of CGU was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

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13 Investment in joint ventures

Consolidated financial statements											
Name of party	Type of business	Country of operation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income for the year
			2020	2019	2020	2019	2020	2019	2020	2019	
(in thousand Baht)											
Non-marketable securities											
Direct joint venture											
Seven Foods Co., Ltd	Distribution of frozen chicken products	Japan	45.71	45.71	*	*	9,552	9,552	8,767	8,070	-
Genepeutic Bio Co., Ltd.	Specialized medical practice activities diagnosis and treatment of leukemia	Thailand	30.00	-	***	-	750	-	-	-	-
TF Tech Holding Co., Ltd.	Holding company	Thailand	40.00	-	****	-	40,000	-	41,428	-	-
Thaifoods Nucleus Genetics Co., Ltd.	Production and distribution of swine breeder	Thailand	50.00	-	*****	-	29,375	-	29,028	-	-
TF Tech Co., Ltd.	Electric power generation and transmission	Thailand	-	40.00	**	**	-	20,000	-	19,764	-
Total							79,677	29,552	79,223	27,834	-

- * Incorporated in Japan with 1,400 common shares, Yen 50,000 par value and fully paid (Joint venture 1)
- ** Incorporated in Thailand with 2,000,000 common shares, Baht 100 par value and call for paid-up capital at 25% (Joint venture 2)
- *** Incorporated in Thailand with 100,000 common shares, Baht 100 par value and call for paid-up capital at 25% (Joint venture 3)
- **** Incorporated in Thailand with 2,000,000 common shares, Baht 100 par value and call for paid-up capital at 50% (Joint venture 4)
- ***** Incorporated in Thailand with 2,350,000 common shares, Baht 100 par value and call for paid-up capital at 25% (Joint venture 5)

The Group accounts for investment in joint ventures by using the equity method in the consolidated financial statements.

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The Group has not recognised losses relating to a joint venture accounted for using equity method, Genepeutics Bio Co., Ltd. (“GB”) where its share of losses exceeds the carrying amount of those investment. As at 31 December 2020, the Group’s cumulative share of unrecognised losses was Baht 0.5 million (2019: nil), of which Baht 0.5 million was the Group’s share of the current year’s losses (2019: nil). The group has no obligation in respect of these losses.

2020

Board of Directors of the Company have approved a subsidiary, Thai Foods Green Energy Co., Ltd. (“TFGE”) to set up a local joint venture, Genepeutic Bio Co., Ltd. with an initial authorised share capital of Baht 1 million and to call for paid-up capital at 25% of Baht 250,000. In this regard, the Company has 30% shareholding of the joint venture totaling of Baht 75,000. The registration of initial share capital of the joint venture with the Ministry of Commerce has been completed on 4 March 2020. On 8 May 2020, board of Directors of the Company have approved TFGE transfer share capital in a joint venture, Genepeutic Bio Co., Ltd. to T Paragon. The registration of the transfer of share capital with the Ministry of Commerce has been completed on 8 May 2020.

Board of Directors of the Company have approved a joint venture, Genepeutic Bio Co., Ltd. increased the authorised share capital from Baht 1 million to Baht 10 million and to called paid-up at 25% at Baht 2.5 million. In this regard, the Company has 30% shareholding of the joint venture totaling of Baht 750,000. The registration of the increase in share capital with the Ministry of Commerce has been completed on 29 July 2020.

Board of Directors of the Company have approved a subsidiary, Thai Foods Green Energy Co., Ltd. (“TFGE”) to set up a local joint venture, TF Tech Holding Co., Ltd. with an initial authorised share capital of Baht 200 million and to call for paid-up capital at 50% of Baht 100 million. In this regard, the Company has 40% shareholding of the joint venture totaling of Baht 40 million. The registration of initial share capital of the joint venture with the Ministry of Commerce has been completed on 7 October 2020. Board of Directors of the Company have approved TFGE transfer share capital in a joint venture, TF Tech Co., Ltd to TF Tech Holding. The registration of the transfer of share capital with the Ministry of Commerce has been completed on 7 October 2020.

Board of Directors of the Company have approved a subsidiary, T Paragon to set up a local joint venture, Thaifoods Nucleus Genetics Co., Ltd. with an initial authorised share capital of Baht 235 million and to call for paid-up capital at 25% of Baht 58.8 million. In this regard, the Company has 50% shareholding of the joint venture totaling of Baht 29.4 million. The registration of initial share capital of the joint venture with the Ministry of Commerce has been completed on 9 October 2020.

TF Tech Holding Co., Ltd called an additional for paid-up capital 25% of Baht 100 par value for 799,988 ordinary shares amounting to Baht 20 million.



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2019

The Company set up a local subsidiary, TF Tech Co., Ltd., (“TF Tech”) with an initial authorised share capital of Baht 100 million and to call for paid-up capital at 25% of Baht 25 million. In this regard, the Company has 76.0% shareholding of the subsidiary totaling of Baht 19.0 million. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 12 September 2019.

The shareholders of the Company have approved a subsidiary, Thai Foods Green Energy Co., Ltd. (“TFGE”) (formerly Thai National Logistic Co., Ltd.) to acquire shares of TF Tech. In addition, TF Tech increased the authorised share capital from Baht 100 million to Baht 200 million and to call for paid-up capital at 25% amounting to Baht 25 million. TFGE waived the right to purchase certain additional shares of TF Tech and paid for share capital at Baht 2.5 per share for 400,000 ordinary shares, totaling of Baht 1 million. In this regards, the shareholding change from 76% to 40% at the paid- up capital and change from a subsidiary to joint venture. The registration of the increase in share capital with the Ministry of Commerce has been completed on 12 December 2019.

The Group has considered that none of the joint venture is regarded as individually material to the Group.

Notes to the financial statements

For the year ended 31 December 2020

Immaterial joint ventures

The following table summarised the financial information of the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Consolidated financial statements									
	Immaterial joint ventures									
	Joint venture 1	Joint venture 2	Joint venture 3	Joint venture 4	Joint Venture 5	(in million Baht)				
	2020	2019	2020	2019	2020	2020	2019	2020	2019	2019
Carrying amount of interests in immaterial joint ventures	8,767	8,070	-	19,764	-	41,428	-	29,028	-	-
Group's share of:										
- Profit (loss) from continuing operations	(203)	4,411	-	(235)	(750)	4,330	-	(347)	-	-
- Other comprehensive income	493	(711)	-	-	-	-	-	-	-	-
- Total comprehensive income	290	3,700	-	(235)	(750)	4,330	-	(347)	-	-

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

14 Investment properties

		Consolidated financial statements			Separate financial statement	
			Buildings and improvement	Total	Land	Total
	Note	Land		(in thousand Bath)		
Cost						
At 1 January 2019		26,797	10,655	37,452	22,538	22,538
At 31 December 2019		<u>26,797</u>	<u>10,655</u>	<u>37,452</u>	<u>22,538</u>	<u>22,538</u>
At 31 December 2020		<u>26,797</u>	<u>10,655</u>	<u>37,452</u>	<u>22,538</u>	<u>22,538</u>
Accumulate depreciation						
At 1 January 2019		-	(2,074)	(2,074)	-	-
Depreciation charge for the year		-	(250)	(250)	-	-
At 31 December 2019		-	<u>(2,324)</u>	<u>(2,324)</u>	-	-
Depreciation charge for the year		-	(250)	(250)	-	-
At 31 December 2020		-	<u>(2,574)</u>	<u>(2,574)</u>	-	-
Net book value						
At 31 December 2019	20	<u>26,797</u>	<u>8,331</u>	<u>35,128</u>	<u>22,538</u>	<u>22,538</u>
At 31 December 2020	20	<u>26,797</u>	<u>8,081</u>	<u>34,878</u>	<u>22,538</u>	<u>22,538</u>

Information relating to leases are disclosed in note 17.

	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2020	2019	2020	2019
	<i>(in million Baht)</i>			
<i>Amounts recognised in profit or loss</i>				
Rental income	341	346	2,653	2,487
Repair and maintenance expense:				
- property that generated rental income	71	1	-	-

The fair value of investment properties as at 31 December 2020 of Baht 91 million (2019: Baht 91 million) in consolidated financial statements and Bath 22 million (2020: Baht 22 million) in separate financial statement were determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 2 fair value.

The fair value measurement for the land has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant observable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Quotation and actual sales prices of comparable land adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

Notes to the financial statements

For the year ended 31 December 2020

15 Property, plant and equipment

Consolidated financial statements									
		Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>(in thousand Baht)</i>									
Cost/revaluation									
At 1 January 2019		1,577,184	4,299,027	1,582,743	5,774,620	267,418	85,668	1,292,385	14,879,045
Additions		26,484	117,373	168,462	331,690	17,373	486	711,583	1,373,451
Acquired through business combination	6	112,599	13,435	-	6,153	1,259	-	-	133,446
Reversal of loss on revaluation of land		16,864	-	-	-	-	-	-	16,864
Land revaluation surplus		577	-	-	-	-	-	-	577
Transfers		42,110	466,959	238,813	787,610	9,101	-	(1,544,593)	-
Disposals		-	(150,225)	(8,004)	(92,161)	(5,641)	(19,140)	-	(275,171)
Write-off		-	(2,360)	(8,996)	(10,729)	(2,009)	(24)	(1,240)	(25,358)
Exchange differences on translating financial statement		-	(2,506)	-	177	1,564	346	-	(419)
At 31 December 2019		1,775,818	4,741,703	1,973,018	6,797,360	289,065	67,336	458,135	16,102,435
Recognition of right-of-use asset on initial application of TFRS 16 (see note 3(b))		-	(223,706)	(17,115)	(1,164,913)	-	(30,537)	-	(1,436,271)
At 1 January 2020 - as adjusted		1,775,818	4,517,997	1,955,903	5,632,447	289,065	36,799	458,135	14,666,164

Consolidated financial statement (continued)

	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
				(in thousand Baht)				
Cost/revaluation								
At 1 January 2020 - as adjusted	1,775,818	4,517,997	1,955,903	5,632,447	289,065	36,799	458,135	14,666,164
Additions	51,740	68,486	63,088	191,785	27,783	2,143	1,075,638	1,480,663
Land revaluation surplus	11,983	-	-	-	-	-	-	11,983
Loss on land revaluation	(23,695)	-	-	-	-	-	-	(23,695)
Transfers	159,610	174,053	184,069	593,831	9,324	-	(1,120,887)	-
Transfer from right-of-use	-	-	-	-	-	19,577	-	19,577
Disposals	-	(5,612)	(722)	(68,947)	(4,619)	(14,553)	-	(94,453)
Write-off	(98)	(3,986)	(2,510)	(13,581)	(2,765)	-	(2,814)	(25,754)
At 31 December 2020	1,975,358	4,750,938	2,199,828	6,335,535	318,788	43,966	410,072	16,034,485

Notes to the financial statements

Thaifoods Group Public Company Limited

For the year ended 31 December 2020

Net book value

At 31 December 2019

Owned assets

Assets under finance leases

At 31 December 2020

Owned assets

Consolidated financial statements (continued)

	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
	1,775,818	3,634,139	1,195,609	3,519,074	92,989	8,016	458,135	10,683,780
	-	168,401	13,709	740,469	-	11,594	-	934,173
	1,775,818	3,802,540	1,209,318	4,259,543	92,989	19,610	458,135	11,617,953
	1,975,358	3,707,678	1,223,232	3,707,508	100,863	10,353	410,072	11,135,064
	1,975,358	3,707,678	1,223,232	3,707,508	100,863	10,353	410,072	11,135,064

(in thousand Baht)

Notes to the financial statements

For the year ended 31 December 2020

	Separate financial statements (in thousand Baht)						Total
	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation
Cost/revaluation							
At 1 January 2019	209,614	731,736	427,934	2,216,782	127,251	6,053	4,129,946
Additions	34,520	10,353	224	43,424	5,430	22	510,807
Reversal of loss on revaluation of land	10,225	-	-	-	-	-	10,225
Transfers	627	178,814	88,133	230,630	5,187	-	-
Disposals	-	(91)	-	(11,659)	(1,100)	(142)	(12,992)
Write-off	-	(1,630)	(4,027)	(5,168)	(1,042)	-	(12,061)
At 31 December 2019	254,986	919,182	512,264	2,474,009	135,726	5,933	4,625,925
Recognition of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	(7,346)	(908,409)	-	(3,405)	(919,160)
At 1 January 2020 - as adjusted	254,986	919,182	504,918	1,565,600	135,726	2,528	3,706,765
Additions	3,247	3,672	340	28,768	8,390	168	319,044
Land revaluation surplus	1,809	-	-	-	-	-	1,809
Transfers	10,785	146,211	76,811	323,932	7,149	-	-
Disposals	-	(2,095)	-	(4,346)	(597)	(721)	(7,759)
Write-off	-	(326)	(928)	(3,197)	(1,637)	-	(8,863)
At 31 December 2020	270,827	1,066,644	581,141	1,910,757	149,031	1,975	4,010,996

Separate financial statements (continued)

	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation and impairment losses								
At 1 January 2019	-	(150,709)	(159,801)	(711,565)	(84,063)	(4,068)	-	(1,110,206)
Depreciation charge for the year	-	(30,098)	(42,194)	(289,320)	(17,584)	(1,096)	-	(380,292)
Transfers	-	3	69	(67)	(5)	-	-	-
Disposals	-	7	-	7,232	1,076	121	-	8,436
Write-off	-	991	2,512	4,106	898	-	-	8,507
At 31 December 2019	-	(179,806)	(199,414)	(989,614)	(99,678)	(5,043)	-	(1,473,555)
Recognition of depreciation of right-of-use asset on initial application of TFRS 16 (see note 3(b))	-	-	1,630	362,411	-	3,368	-	367,409
At 1 January 2020 - as adjusted	-	(179,806)	(197,784)	(627,203)	(99,678)	(1,675)	-	(1,106,146)
Depreciation charge for the year	-	(35,331)	(47,207)	(202,191)	(13,509)	(325)	-	(298,563)
Transfers	-	119	179	(62)	(236)	-	-	-
Disposals	-	343	-	3,390	559	702	-	4,994
Write-off	-	51	446	2,386	1,636	-	-	4,519
At 31 December 2020	-	(214,624)	(244,366)	(823,680)	(111,228)	(1,298)	-	(1,395,196)

Separate financial statements (continued)

Net book value							
At 31 December 2019							
	Land and land improvements	Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation
Owned assets	254,986	739,376	307,134	938,397	36,048	853	323,825
Assets under finance lease	-	-	5,716	545,998	-	37	-
	<u>254,986</u>	<u>739,376</u>	<u>312,850</u>	<u>1,484,395</u>	<u>36,048</u>	<u>890</u>	<u>323,825</u>
At 31 December 2020							
Owned assets	270,827	852,020	336,775	1,087,077	37,803	677	30,621
	<u>270,827</u>	<u>852,020</u>	<u>336,775</u>	<u>1,087,077</u>	<u>37,803</u>	<u>677</u>	<u>30,621</u>

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2020 amounted to Baht 908 million and Baht 448 million, respectively (2019: Baht 832 million and Baht 376 million, respectively).

The Group and the Company entered into the sale and leaseback agreements for machineries and vehicles the amount of Baht 1,026 million and Baht 857 million, respectively (2019: Baht 996 million and Baht 827 million, respectively). As at 31 December 2020, the Group's and the Company's machineries and vehicles under sale and leaseback agreement with total net book value of Baht 798 million and Baht 471 million, respectively (2019: Baht 752 million and Baht 552 million, respectively) were pledged under finance lease and leaseback agreements.

Security

As at 31 December 2020, the Group's and the Company's property, plant and equipment with total net book value of Baht 4,041 million and Baht 461 million, respectively (2019: Baht 2,849 million and Baht 292 million, respectively) were pledged under overdrafts and short-term borrowings from financial institutions, long-term borrowings from financial institutions and letters of guarantee from financial institutions.

Property, plant and equipment under construction

Assets under construction and installations of the Group and the Company as at 31 December 2020 amounting to Baht 410 million and Baht 31 million, respectively (2019: Baht 458 million and Baht 324 million, respectively) were mainly represented cost of construction factory building, machinery and equipment including the related installation costs.

The Group and the Company's capitalised borrowing costs relating to the acquisition of the land and the construction of the new factory amounted to Baht 18 million and Baht 14 million, respectively (2019: Baht 42 million and Baht 12 million, respectively), with a capitalisation rate of 1.80% to 4.90% and 1.80% to 4.90%, respectively (2019: 2.45% to 5.03% and 2.45% to 4.90%, respectively).

Measurement of fair values

Fair value hierarchy

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's and the Company's land portfolio every 3 years. The appraised value was Baht 1,346 million and Baht 213 million, respectively (2019: Baht 1,112 million and Baht 167 million, respectively).

The fair value measurement for land has been categorised as a Level 2 fair value based on the inputs to the valuation technique used by using the sales comparison approach. Sale prices of comparable land in close proximity are adjust for difference in key attributes such as property size. The most significant input into this valuation approach is price per square wah.

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

Impairment testing for plant and equipment

The recoverable amount was based on its value in use, determined by discounting the future cash flows. Five years of cash flows were included in the discounted cash flow model. The key assumptions used in the estimation of value in use were growth rate of earnings before income tax, depreciation and amortisation (“EBITDA”) which was based expectations of future outcomes taking into account past experience adjusted for anticipated revenue growth, discount rate which calculated from weighted average cost of capital, and terminal value growth rate.

According to the impairment testing, the estimated recoverable amount was greater than the carrying amount of plant and equipment. Therefore, the management considered to not recognise an impairment loss of property plant and equipment for the year ended 31 December 2020 (2019: nil).

16 Right-of-use assets

Right-of-use assets	Note	Consolidated financial statements				
		Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles
						Total
Cost						
At 1 January 2020		597,170	17,114	1,164,914	2,196	92,761
Additions		620,978	665	48,675	-	60,546
Transfers to property, plant and equipment		-	-	-	-	(19,577)
Write-off		(11,287)	(607)	(77)	(50)	(1,810)
At 31 December 2020		1,206,861	17,172	1,213,512	2,146	131,920
						1,874,155
						730,864
						(19,577)
						(13,831)
						2,571,611
Accumulated depreciation						
At 1 January 2020		(55,305)	(3,406)	(424,445)	-	(18,942)
Depreciation charge for the year		(190,759)	(2,956)	(161,568)	(858)	(34,976)
Transfers to property, plant and equipment		-	-	-	-	12,445
Write-off		2,661	272	68	-	153
At 31 December 2020		(243,403)	(6,090)	(585,945)	(858)	(41,320)
						3,154
						(877,616)
Net book value						
At 1 January 2020	3	541,865	13,708	740,469	2,196	73,819
At 31 December 2020		963,458	11,082	627,567	1,288	90,600
						1,372,057
						1,693,995

Notes to the financial statements

For the year ended 31 December 2020

<i>Right-of-use assets</i>	<i>Note</i>	Separate financial statements (in thousand Baht)				
		Buildings and building improvements	Utilities system	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles
Cost						
At 1 January 2020		20,554	7,346	908,409	2,196	17,420
Additions		956	665	48,679	-	10,322
Write-off		(1,245)	(607)	(77)	(50)	(283)
At 31 December 2020		20,265	7,404	957,011	2,146	27,459
						955,925
						60,622
						(2,262)
						1,014,285
Accumulated depreciation						
At 1 January 2020		-	(1,630)	(362,411)	-	(3,368)
Depreciation charge for the year		(9,359)	(1,491)	(127,791)	(858)	(8,396)
Write-off		-	272	67	-	-
At 31 December 2020		(9,359)	(2,849)	(490,135)	(858)	(11,764)
						339
						(514,965)
Net book value						
At 1 January 2020	3	20,554	5,716	545,998	2,196	14,052
At 31 December 2020		10,906	4,555	466,876	1,288	15,695
						588,516
						499,320

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Notes to the financial statements

For the year ended 31 December 2020

17 Leases

	Consolidated financial statements	Separate financial statements
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
Right-of-use assets		
Buildings	963,458	10,906
Utilities system	11,082	4,555
Equipment	627,567	466,876
Furniture, fixtures and office equipment	1,288	1,288
Vehicles	90,600	15,695
Total	1,693,995	499,320

The Group has entered into a number of various assets categories primarily on respect of farm and building lease agreements. These agreements are effective for period of 3 years to 15 years, which will expire on various dates until November 2035 with extension options at the end of lease term. The rental is payable as specified in the contract.

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	Consolidated financial statements		Separate financial statements	
<i>For the year ended 31 December</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Amounts recognised in profit or loss				
Sub-lease income	-	-	8,143	-
Depreciation of right-of-use assets:				
- Buildings	190,759	-	9,359	-
- Utilities system	2,956	-	1,491	-
- Machinery and equipment	161,568	-	127,791	-
- Furniture, fixtures and office equipment	858	-	858	-
- Vehicles	34,976	-	8,396	-
Interest on lease liabilities	73,900	-	16,596	-
Expenses relating to short-term leases	15,168	-	1,209	-
Expenses relating to leases of low-value assets	1,600	-	258	-

In 2020, total cash outflow for leases of the Group and the Company were Baht 546.7 million and 230.1 Baht million, respectively.

Notes to the financial statements

For the year ended 31 December 2020

18 Other intangible assets

Cost	Note	Consolidated financial statements				
		Computer software	Trademarks	Customer relationship (in thousand Baht)	Computer software under installation	Total
At 1 January 2019		193,669	-	-	3,823	197,492
Additions		24,253	-	-	279	24,532
Acquired through business combination	6	846	11,256	2,044	-	14,146
Transfer		543	-	-	(543)	-
Write-off		(49)	-	-	-	(49)
At 31 December 2019 and 1 January 2020		219,262	11,256	2,044	3,559	236,121
Additions		6,383	-	-	23,987	30,370
Transfer		4,038	-	-	(4,038)	-
Write-off		(2,878)	-	-	(318)	(3,196)
Disposals		(32)	-	-	-	(32)
At 31 December 2020		226,773	11,256	2,044	23,190	263,263

Notes to the financial statements

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Accumulated amortisation

At 1 January 2019

Amortisation charge for the year

Decrease from loss control in subsidiary

At 31 December 2019

and 1 January 2020

Amortisation charge for the year

Write-off

Disposals

At 31 December 2020

Net book value

At 31 December 2019

At 31 December 2020

Consolidated financial statements (continued)

	Computer software	Trademarks	Customer relationship (in thousand Baht)	Computer software under installation	Total
	(92,386)	-	-	-	(92,386)
	(36,026)	-	-	-	(36,026)
	23	-	-	-	23
	(128,389)	-	-	-	(128,389)
	(35,072)	-	-	-	(35,072)
	1,499	-	-	-	1,499
	9	-	-	-	9
	(161,953)	-	-	-	(161,953)
	90,873	11,256	2,044	3,559	107,732
	64,820	11,256	2,044	23,190	101,310

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

	Separate financial statement		
	Computer software	Computer software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2019	148,120	304	148,424
Additions	63	12	75
At 31 December 2019 and 1 January 2020	148,183	316	148,499
Additions	440	4,040	4,480
Transfers in/(out)	4,038	(4,038)	-
Disposals	(2,878)	(318)	(3,196)
At 31 December 2020	149,783	-	149,783
Accumulated amortisation			
At 1 January 2019	(73,325)	-	(73,325)
Amortisation charge for the year	(25,955)	-	(25,955)
At 31 December 2019 and 1 January 2020	(99,280)	-	(99,280)
Amortisation charge for the year	(22,340)	-	(22,340)
Disposals	1,499	-	1,499
At 31 December 2020	120,121	-	120,121
Net book value			
At 31 December 2019	48,903	316	49,219
At 31 December 2020	29,662	-	29,662

The gross amount of the Group's and the company's fully amortised intangible assets that were still in use as at 31 December 2020 amounted to Baht 85 million and Baht 70 million, respectively (2019: Baht 6 million and Baht 2 million, respectively).

19 Restricted deposits at financial institutions

As at 31 December 2020, the Group and the Company had restricted deposits at financial institutions totalling Baht 100 million in the consolidated statement of financial position and Baht 1 million in the separate statement of financial position, respectively (2019: Baht 104 million and Baht 3 million, respectively) in order to comply with conditions for using credit facilities of foreign financial institutions and as collateral for letters of guarantee issued by the depository financial institutions in favour of state enterprises.

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

20 Interest-bearing liabilities

	Consolidated financial statements					
	Secured	2020 Unsecured	Total (in thousand Baht)	Secured	2019 Unsecured	Total
Short-term borrowings from financial institutions	1,780,186	1,596,778	3,376,964	4,870,029	843,733	5,713,762
Debenture	2,000,000	1,568,600	3,568,600	-	1,148,500	1,148,500
Long-term borrowings from financial institutions	2,121,076	-	2,121,076	2,132,920	-	2,132,920
Lease liabilities (2019: Finance lease liabilities)	-	1,576,217	1,576,217	-	872,350	872,350
Total interest-bearing liabilities	5,901,262	4,741,595	10,642,857	7,002,949	2,864,583	9,867,532

	Separate financial statements					
	Secured	2020 Unsecured	Total (in thousand Baht)	Secured	2019 Unsecured	Total
Short-term borrowings from financial institutions	451,432	1,390,260	1,841,692	1,100,297	843,733	1,944,030
Short-term borrowings from subsidiary	-	226,400	226,400	-	-	-
Debenture	2,000,000	1,568,600	3,568,600	-	1,148,500	1,148,500
Long-term borrowings from financial institutions	898,194	-	898,194	914,758	-	914,758
Lease liabilities (2019: Finance lease liabilities)	-	387,869	387,869	-	501,525	501,525
Total interest-bearing liabilities	3,349,626	3,573,129	6,922,755	2,015,055	2,493,758	4,508,813

Asset pledged as security for liabilities as at 31 December

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Property, plant and equipment	4,041,495	2,849,213	461,239	292,489
Investment properties	33,949	33,949	15,396	-
Total	4,075,444	2,883,162	476,635	292,489

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

<i>Long-term borrowings from financial institutions</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	2,132,920	1,876,371	914,758	681,056
Increases	833,000	903,800	533,000	448,281
Decreases	(844,844)	(647,251)	(549,564)	(214,579)
At 31 December	2,121,076	2,132,920	898,194	914,758

As at 31 December 2020, the Group had secured long-term borrowing agreements with financial institutions. Details were as follows:

Name of Company	Borrowing agreement	Approved credit facilities	Balance as at 31 December 2020 <i>(million Baht)</i>	Interest rate <i>(% per annum)</i>	Term of payment
Thaifoods Group Public Company Limited	The first	300	200	Fixed rate as specified	Every 3 months for 38 months
	The second	18	1	BIBOR plus specified rate	Every months for 14 months
	The third	40	18	Fixed rate as specified	Every months for 24 months
	The fourth	47	25	Fixed rate as specified	Every months for 28 months
	The fifth	89	44	Fixed rate as specified	Every months for 60 months
	The sixth	22	11	Fixed rate as specified	Every months for 60 months
	The seventh	20	10	Fixed rate as specified	Every months for 60 months
	The eighth	76	33	Fixed rate as specified	Every months for 60 months
	The ninth	44	33	Fixed rate as specified	Every months for 60 months
	The tenth	333	333	Fixed rate as specified	Every years for 5 years
	The eleventh	200	190	Fixed rate as specified	Every months for 60 months
Thaifoods Further Co., Ltd.	The first	1,100	606	MLR minus specified rate	Every months for 84 months
Thai Foods Feed Mills Co., Ltd.	The first	26	13	Fixed rate as specified	Every months for 60 months
	The second	50	24	Fixed rate as specified	Every months for 60 months
	The third	119	54	Fixed rate as specified	Every months for 60 months
	The fourth	39	25	Fixed rate as specified	Every months for 56 months
	The fifth	102	77	Fixed rate as specified	Every months for 56 months
Thai Foods Poultry Farm Co., Ltd.	The first	6	3	Fixed rate as specified	Every months for 60 months
	The second	59	37	Fixed rate as specified	Every months for 60 months
	The third	13	8	Fixed rate as specified	Every months for 60 months
	The fourth	80	59	Fixed rate as specified	Every months for 56 months
	The fifth	6	4	Fixed rate as specified	Every months for 60 months
	The sixth	21	13	Fixed rate as specified	Every months for 60 months
	The seventh	300	300	MLR minus specified rate	Every months for 56 months



Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

Debentures	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	1,148,500	1,148,500	1,148,500	1,148,500
Increase	3,568,600	-	3,568,600	-
Decrease	(1,148,500)	-	(1,148,500)	-
At 31 December	3,568,600	1,148,500	3,568,600	1,148,500

Debentures**Debentures 1/2020**

On 8 January 2020 the Company issued Baht 2,000 million unsubordinated, secured debentures in registered name from, which offering for specific investors. Maturity date at 8 January 2025 with bearing interest at the fixed rate of 2.48% per annum.

Debentures 2/2020

On 30 April 2020 the Company issued Baht 569 million unsubordinated, unsecured debentures in registered name from, which offering for specific investors. Maturity date at 30 April 2023 with bearing interest at the fixed rate of 4.50% per annum.

Debentures 3/2020

On 26 November 2020 the Company issued Baht 1,000 million unsubordinated, unsecured debentures in registered name from, which offering for specific investors. Maturity date at 26 November 2023 with bearing interest at the fixed rate of 4.50% per annum.

In this regards, the Company must comply with the specific covenants such as to maintain debt to equity ratio in the annual consolidated financial statements through the terms of debenture etc.

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statements			Separated financial statements		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
At 31 December 2019						
Within 1 year	280,919	40,461	240,458	197,198	14,140	183,058
1 - 5 years	632,749	77,745	555,004	331,459	12,992	318,467
After 5 years	87,377	10,489	76,888	-	-	-
Total	1,001,045	128,695	872,350	528,657	27,132	501,525

Unutilised credit facilities

As at 31 December 2020, the Group and the Company had unutilised credit facilities totaling Baht 3,685 million and Baht 1,148 million, respectively (2019: Baht 1,448 million and Baht 526 million, respectively).

21 Provisions for employee benefits

The Group has defined benefit plans for employee's retirement based on the Labour law requirements of each country.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Defined benefit plans	41,337	36,339	8,611	7,304
Total	41,337	36,339	8,611	7,304

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

Present value of the defined benefit obligations	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(in thousand Baht)			
At 1 January		36,339	22,129	7,304	6,006
Include in profit or loss:					
Current service costs		5,225	6,280	1,164	1,163
Past service costs		-	2,739	-	270
Interest on obligation		943	1,175	204	174
		6,168	10,194	1,368	1,607

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

Present value of the defined benefit obligations	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Acquired through business combination	6	-	4,860	-	-
Benefits paid by the plan		(1,170)	(844)	(61)	(309)
At 31 December		41,337	36,339	8,611	7,304

Principal actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
				(%)
Discount rate	2.50 - 3.48	2.50 - 3.48	2.80	2.80
Future salary growth	4	4	4	4
Turnover rate	0 - 39	0 - 39	17 - 39	17 - 39

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2020, the weighted-average duration of the defined benefit obligations were 9 to 29 years (2019: 9 to 29 years).

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.

Effect to the defined benefit obligation At 31 December	Consolidated financial statements			
	1% increase in assumption 2020	1% increase in assumption 2019	1% decrease in assumption 2020	1% decrease in assumption 2019
				(in thousand Baht)
Discount rate	(3,174)	(2,797)	3,795	3,360
Future salary growth	3,986	3,244	(3,384)	(2,759)
Employee turnover	(6,551)	(5,277)	10,392	8,125

Effect to the defined benefit obligation At 31 December	Separate financial statements			
	1% increase in assumption 2020	1% increase in assumption 2019	1% decrease in assumption 2020	1% decrease in assumption 2019
				(in thousand Baht)
Discount rate	(513)	(458)	579	519
Future salary growth	635	502	(571)	(453)
Employee turnover	(2,128)	(1,690)	3,660	2,841

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

22 Share capital

	<i>Par value per share (in Baht)</i>	Consolidated/Separate financial statements			
		2020		2019	
		Number of shares	Amount (million shares/million Baht)	Number of shares	Amount
Authorised shares at 31 December		6,138	6,138	6,138	6,138
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	5,608	5,608	5,113	5,113
Exercise of warrants	1	-	-	495	495
At 31 December					
- ordinary shares	1	5,608	5,608	5,608	5,608

During the period ended 31 December 2019, TFG-W1 were exercised and registered as issued and paid-up share capital of 494.2 million shares (equivalent to Baht 494.2 million) with the proceed of Baht 1,235.7 million (2018: 67.2 million shares (equivalent to Baht 67.2 million) with the proceed of Baht 168.1 million). The Company registered the increase share capital of 3.9 million shares (equivalent to Baht 3.9 million) with the Ministry of Commerce.

<i>Warrants TFG-W1</i>	2020	2019
	<i>(in thousand unit)</i>	
At 1 January	-	433,371
Less: Exercised during the period	-	(430,944)
Exercise period expired	-	(2,427)
At 31 December	-	-

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

23 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.



Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

The Company appropriated legal reserve for the year ended 31 December 2020 amounted to Baht 81.0 million (2019: Baht 51.6 million).

Other components of equity

Translation reserve

The translation reserves comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

24 Segment information and disaggregation of revenue

Segment information

Segment information is based on core business operations of producing and distributing frozen and chilled chicken meat and products of chicken meat including producing and distributing swine and feed mill. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 : Poultry business
- Segment 2 : Swine business
- Segment 3 : Feed mill business
- Segment 4 : Others

The CODM considers the monthly performance of each reporting segment based upon profit before finance costs and income tax expense.

Disaggregation of revenue

The Group's main revenue is derived from revenue from sales and have timing of revenue recognition only at a point in time.

Notes to the financial statements

For the year ended 31 December 2020

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2020 and 2019 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>													
Revenue from external customer	16,309	16,443	9,501	7,943	5,222	4,335	31,032	28,721	307	198	-	-	31,339	28,919
Revenue from intra-group	13,238	12,596	2,044	1,610	12,169	12,021	27,451	26,227	245	414	(27,696)	(26,641)	-	-
Total revenue from sales of goods and rendering of services	29,547	29,039	11,545	9,553	17,391	16,356	58,483	54,948	552	612	(27,696)	(26,641)	31,339	28,919
Profit (loss) from operation after intra-group elimination and internal expense allocation	(135)	228	3,295	1,413	352	275	3,512	1,916	58	30	-	-	3,570	1,946
Share of profit of joint ventures accounted for using equity method													-	4
Finance costs													(370)	(404)
Income tax expense													(649)	(106)
Profit for the year													2,551	1,440

Assets and liabilities, based on segments, in the consolidated financial statements as at 31 December 2020 and 2019 were as follows:

	Poultry		Swine		Feed mill		Total		Others		Eliminate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>													
Reportable segment assets as at 31 December	24,333	21,988	7,864	5,304	8,633	7,729	40,830	35,021	989	717	(15,728)	(12,951)	26,091	22,787
Reportable segment liabilities as at 31 December	13,793	10,968	4,560	3,128	5,558	4,972	23,911	19,068	128	110	(9,089)	(6,277)	14,950	12,901

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

During the year 2020 and 2019, there was no single external customer that contributed 10% or more of the Group's total revenue.

Promotional privileges

The Group has been granted promotional certificates by the Office of the Board of Investment for feedmill operations, farming, breeding animals, frozen and chilled productions etc. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

Year ended 31 December	Consolidated financial statements					
	Promoted businesses		Non-promoted business		Total	
	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>					
Local sales	10,250	9,577	14,773	14,293	25,023	23,870
Export sales	4,202	4,247	2,114	802	6,316	5,049
Total revenue from sale of goods	14,452	13,824	16,887	15,095	31,339	28,919
Other income	130	4	388	183	518	187
Total revenues	14,582	13,828	17,275	15,278	31,857	29,106

Year ended 31 December	Separate financial statements					
	Promoted businesses		Non-promoted business		Total	
	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>					
Local sales	3,471	3,528	6,686	7,417	10,157	10,945
Export sales	2,933	3,405	2,020	808	4,953	4,213
Total revenue from sale of goods	6,404	6,933	8,706	8,225	15,110	15,158
Other income	86	-	2,277	805	2,363	805
Total revenues	6,490	6,933	10,983	9,030	17,473	15,963

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Notes to the financial statements

For the year ended 31 December 2020

25 Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
<i>Note</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Salaries and wages	2,817,406	2,629,718	1,575,695	1,515,987
Bonus	581,230	432,634	238,730	174,597
Staff welfares	162,985	156,400	74,881	75,065
Incremental benefit for employee	77,623	74,798	40,893	42,936
Contribution to social security fund	76,828	87,863	40,317	46,875
Defined contribution plans	16,796	12,298	6,227	3,936
Severance pay	21 6,168	10,194	1,368	1,607
Other compensation	6,020	2,454	3,927	853
Training expenses	4,019	4,758	1,272	1,577
Others	3,376	2,355	1,627	560
Total	3,752,451	3,413,472	1,984,937	1,863,993

Defined contribution plans

The Company and its local subsidiaries have established a contributory provident fund for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries and by the Company at rates ranging from 3% to 5% of the employees' basic salaries depend on the length of employment. The Company's and its local subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

Employee Joint Investment Program No.1 (EJIP#1)

The Company has appointed a local financial institution to manage the Employee and Employer Joint Investment Program No.1 ("EJIP") and to be the representative in the trading securities to buy the ordinary shares of Thaifoods Group Public Company Limited ("TFG") in the Stock Exchange of Thailand. EJIP is an investment program for accumulative buying shares of TFG by the employees and executives with designation of manager and above of the Company, established to serve as another means for compensating the Company's employees and subsidiaries effective for the period from December 2020 to November 2030.



Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Raw materials used		18,328,675	17,768,544	11,240,012	10,812,850
Employee benefit expenses	25	3,752,451	3,413,472	1,984,937	1,863,993
Depreciation and amortisation		2,101,229	1,701,730	468,798	406,246
Rental and utilities expenses		986,597	1,143,856	428,317	426,606
Factory supplies used		922,441	828,450	385,002	360,852
Transportation expenses		858,444	806,764	375,154	399,860
Repair expenses		461,840	408,103	260,846	244,446
Idle cost		188,435	288,056	-	-
Examine analysis expenses		145,478	129,379	64,245	56,150
Wages and service fees		94,314	63,007	75,379	49,766
Recruitment expenses		68,504	66,882	36,803	34,121
Factory and office expenses		49,152	52,987	22,996	25,432
Advertising and sale					
promotion expenses		41,526	44,137	25,908	29,147
Professional fees		31,726	23,311	12,770	9,370
Bad debts (2019: <i>bad and doubtful</i>					
<i>depts expenses</i>)		925	192,514	102	13,583
Impairment losses on investment					
in subsidiary	12	-	-	4,384	19,972
Others		168,232	169,175	18,898	29,512
Total cost of sales of goods and					
 rendering of services,					
 distribution costs and					
 administrative expenses		28,199,969	27,100,367	15,404,551	14,781,906

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

27 Finance costs

Interest expense	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Related parties	7	-	-	20,057	83
Financial institutions		212,504	338,776	94,891	94,369
Other parties under finance leases		73,990	50,728	16,596	19,996
Debentures		100,534	56,276	100,534	56,276
		<u>387,028</u>	<u>445,780</u>	<u>232,078</u>	<u>170,724</u>
Less amount include in the cost of property, plant and equipment under construction	15	<u>(17,506)</u>	<u>(41,824)</u>	<u>(14,383)</u>	<u>(11,558)</u>
Net		<u>369,522</u>	<u>403,956</u>	<u>217,695</u>	<u>159,166</u>

28 Income tax

<i>Income tax recognised in profit and loss</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Current tax</i>				
Current year	<u>534,481</u>	<u>124,537</u>	<u>-</u>	<u>-</u>
	<u>534,481</u>	<u>124,537</u>	<u>-</u>	<u>-</u>
<i>Deferred income tax</i>				
Movements in temporary differences	(6,951)	(52,769)	7,451	9,134
Benefit of tax losses recognised	<u>121,757</u>	<u>33,950</u>	<u>121,757</u>	<u>(26,105)</u>
	<u>114,806</u>	<u>(18,819)</u>	<u>129,208</u>	<u>(16,971)</u>
Income tax expense (income)	<u>649,287</u>	<u>105,718</u>	<u>129,208</u>	<u>(16,971)</u>

Consolidated financial statements						
	2020		2019			
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	(in thousand Baht)					
Income tax						
Recognised in other comprehensive income						
Gains on land revaluation	11,983	(2,397)	9,586	577	(115)	462
Total	11,983	(2,397)	9,586	577	(115)	462

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Separate financial statements						
	Before tax	2020 Tax expense	Net of tax (in thousand Baht)	Before tax	2019 Tax expense	Net of tax
Income tax						
Recognised in other comprehensive income						
Gains on land revaluation	1,809	(362)	1,447	-	-	-
Total	1,809	(362)	1,447	-	-	-

Reconciliation of effective tax rate

Applicable tax rate (%)

Consolidated financial statements

0 20 Others Total
(in million Baht)

2020

Accounting profit before

income tax expense

910

2,023

268

3,201

Income tax at the applicable tax rates

-

405

11

416

Tax effect of income and expenses

that are not taxable income or not

deductible in determining

taxable profit, net

141

92

-

233

Net

141

497

11

649

2019

Accounting profit (loss) before

income tax expense

1,722

(215)

39

1,546

Income tax at the applicable tax rates

-

(43)

-

(43)

Tax effect of income and expenses

that are not taxable income or not

deductible in determining

taxable profit, net

(13)

162

-

149

Net

(13)

119

-

106

Reconciliation of effective tax rate

Applicable tax rate (%)

Separate financial statements

0 20 Total
(in million Baht)

2020

Accounting profit before

income tax expense

185

1,564

1,749

Income tax at the applicable tax rates

-

313

313

Tax effect of income and expenses

that are not taxable income or not

deductible in determining

taxable profit, net

126

(310)

(184)

Net

126

3

129

Thaifoods Group Public Company Limited

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For the year ended 31 December 2020

Reconciliation of effective tax rate

Applicable tax rate (%)	Separate financial statements		
	0	20	Total
	<i>(in million Baht)</i>		
2019			
Accounting profit before income tax expense	678	336	1,014
Income tax at the applicable tax rates	-	67	67
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	4	(88)	(84)
Net	4	(21)	(17)

Deferred tax	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Deferred tax assets	845,900	933,135	529,901	646,498
Deferred tax liabilities	(324,708)	(308,056)	(52,471)	(39,758)
Net deferred tax assets	521,192	625,079	477,430	606,740

Notes to the financial statements

For the year ended 31 December 2020

			Consolidated financial statements		
			(Charged)	Credited to	
	Brought forward balance -as previously reported	Impact of change in accounting policies <i>(see note 3)</i>	At 1 January	Profit or loss	At 31 December
			<i>(in thousand Baht)</i>		
Deferred tax					
2020					
Deferred tax assets (liabilities)					
Trade accounts receivable and advance payments to farmers	84,131	6,331	90,462	18,984	109,446
Inventories	1,073	-	1,073	7,212	8,285
Biological assets	69,856	-	69,856	(15,080)	54,776
Investment in joint ventures	(20)	-	(20)	(81)	(101)
Property, plant and equipment	(305,321)	-	(305,321)	(14,298)	(322,016)
Right-of-use assets	-	1,449	1,449	-	1,449
Intangible asset	(2,671)	-	(2,671)	-	(2,671)
Provisions for employee benefit	5,660	-	5,660	917	6,577
Forward exchange contracts	-	5,536	5,536	9,297	14,833
Loss carry forward	772,371	-	772,371	(121,757)	650,614
Net	625,079	13,316	638,395	(114,806)	521,192
				(2,397)	

Thaifoods Group Public Company Limited

Notes to the financial statements

For the year ended 31 December 2020

Consolidated financial statements

		<div>(Charged)/Credited to</div>			
<i>Deferred tax</i>	At 1 January	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Decrease from loss of control in subsidiary	At 31 December
<i>2019</i>					
<i>Deferred tax assets (liabilities)</i>					
Trade accounts receivable and advance payments to farmers	45,995	38,136	-	-	84,131
Inventories	4,938	(3,865)	-	-	1,073
Biological assets	30,589	39,267	-	-	69,856
Investment in joint ventures	(36)	16	-	-	(20)
Property, plant and equipment	(278,508)	(22,178)	(115)	(4,520)	(305,321)
Intangible asset	-	-	-	(2,671)	(2,671)
Provisions for employee benefit	4,267	1,393	-	-	5,660
Loss carry forward	806,321	(33,950)	-	-	772,371
Net	613,566	18,819	(115)	(7,191)	625,079

Notes to the financial statements

For the year ended 31 December 2020

	Brought forward balance -as previously reported	Impact of change in accounting policies (see note 3)	Separate financial statements (Charged)/Credited to		
			At 1 January (in thousand Baht)	Profit or loss	Other comprehensive income
Deferred tax					At 31 December
2020					
Deferred tax assets (liabilities)					
Trade accounts receivable	3,679	-	3,679	4,834	-
Property, plant and equipment	(39,758)	-	(39,758)	(12,351)	(362)
Right-of-use assets	-	260	260	-	-
Provisions for employee benefit	1,092	-	1,092	261	-
Forward exchange contracts	-	-	-	(195)	-
Loss carry forward	641,727	-	641,727	(121,757)	-
Net	606,740	260	607,000	(129,208)	(362)
					477,430

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For the year ended 31 December 2020

		Separate financial statements (Charged)/Credited to		
	At	Profit or	Other	At
<i>Deferred tax</i>	1 January	loss	comprehensive	31 December
		<i>(in thousand Baht)</i>		
<i>2019</i>				
<i>Deferred tax assets (liabilities)</i>				
Trade accounts receivable	963	2,716	-	3,679
Property, plant and equipment	(27,648)	(12,110)	-	(39,758)
Provisions for employee benefit	832	260	-	1,092
Loss carry forward	615,622	26,105	-	641,727
Net	589,769	16,971	-	606,740

The tax losses will expire during the year 2021 to 2027. As at 31 December 2020 the Group had temporary difference arising from the unutilised tax losses carry forward totaling Baht 426 million (2019: Baht 396 million) which have not been recognised as deferred tax assets in the consolidated statement of financial position totaling Baht 85 million (2019: Baht 79 million) because it is not probable that the Group will be able to utilise the tax benefit in the foreseeable future.



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Notes to the financial statements

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29 Earnings per share

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht/thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>2,563,292</u>	<u>1,439,995</u>	<u>1,619,627</u>	<u>1,031,168</u>
Number of ordinary shares outstanding at 1 January	5,607,573	5,113,306	5,607,573	5,113,306
Effect of shares issued during the year	-	319,369	-	319,369
Weighted average number of ordinary shares outstanding (basic)	<u>5,607,573</u>	<u>5,432,675</u>	<u>5,607,573</u>	<u>5,432,675</u>
Earnings per share (basic) (in Baht)	<u>0.46</u>	<u>0.27</u>	<u>0.29</u>	<u>0.19</u>

30 Dividend

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2020</i>				
Interim dividend	24 March 2020	10 April 2020	0.055	308.4
Interim dividend (special)	24 March 2020	22 April 2020	0.145	813.1
Interim dividend	26 August 2020	9 September 2020	0.030	168.2
				<u>1,289.7</u>
<i>2019</i>				
Annual dividend	29 April 2019	10 May 2019	0.013	67.3
Interim dividend	8 August 2019	5 September 2019	0.070	392.5
				<u>459.8</u>

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31 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements							
	Carrying amount			Fair value			
	Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>							
31 December 2020							
Financial assets							
Other financial asset							
Foreign currencies exchange forward contracts	1	-	1	-	1	-	1
Unit trust :							
- Debt instruments	20	-	20	-	20	-	20
Long-term loans to subsidiary	-	2,000	2,000	-	2,070	-	2,070
Financial liabilities							
Lease liabilities	-	1,576	1,576	-	1,899	-	1,899
Debentures	-	3,569	3,569	-	3,520	-	3,520
Other financial liabilities							
Foreign currencies exchange forward contracts	75	-	75	-	75	-	75
Separate financial statements							
	Carrying amount			Fair value			
	Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>							
31 December 2020							
Financial assets							
Other financial asset							
Foreign currencies exchange forward contracts	1	-	1	-	1	-	1
Financial liabilities							
Lease liabilities	-	388	388	-	403	-	403
Debentures	-	3,569	3,569	-	3,520	-	3,520



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For the year ended 31 December 2020

Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2019					
Financial liabilities not measured at fair value					
Debentures	1,149	-	1,160	-	1,160
Finance lease liabilities	872	-	920	-	920
Foreign currency forward contract	-	-	(48)	-	(48)

Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
31 December 2019					
<i>Financial liabilities not measured at fair value</i>					
Debentures	1,149	-	1,160	-	1,160
Finance lease liabilities	502	-	496	-	496

Financial instruments measured of fair value

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Investments in marketable unit trusts classified as financial assets measured at FVTPL	The net asset value as of the reporting date.

Financial instruments non measured of fair value

Type	Valuation technique
Debenture	Discounted cashflows
Finance lease liabilities	Discounted cashflows

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(b) Financial risk management policies

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade accounts receivables, other current receivables, advance payments to farmers, loans to subsidiaries and investments in debt securities.

(b.1.1) Trade accounts receivables, other current receivables, advance payments to farmers and loans to subsidiaries.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of four months.

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Notes to the financial statements

For the year ended 31 December 2020

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivables, other current receivables and advance payments to farmers.

<i>At 31 December 2020</i>	Consolidated financial statements				Allowance for impairment losses
	Trade accounts receivables	Other current receivables	Advance payments to farmers	Total carrying amounts	
	<i>(in thousand Baht)</i>				
Within credit terms	1,296,402	26	56,270	1,352,698	8,984
Overdue:					
Less than 3 months	202,014	1,206	25,328	228,548	17,294
3 - 6 months	25,402	435	18,835	44,672	1,788
6 - 12 months	56,460	85	32,220	88,765	3,636
Over 12 months	62,270	751	267,381	330,402	46,231
Litigation	246,192	39,108	154,503	439,803	439,803
Total	1,888,740	41,611	554,537	2,484,888	517,736
Less allowance for expected credit loss	(302,752)	(39,268)	(175,716)	(517,736)	
Net	1,585,988	2,343	378,821	1,967,152	

<i>At 31 December 2020</i>	Separate financial statements				Allowance for impairment losses
	Trade accounts receivables	Other current receivables	Total carrying amounts		
	<i>(in thousand Baht)</i>				
Within credit terms	493,881	-	493,881		804
Overdue:					
Less than 3 months	72,652	-	72,652		2,248
3 - 6 months	1	-	1		-
6 - 12 months	-	-	-		-
Over 12 months	11,850	-	11,850		8,540
Litigation	20,485	10,759	31,244		31,244
Total	598,869	10,759	609,628		42,836
Less allowance for expected credit loss	(32,077)	(10,759)	(42,836)		
Net	566,792	-	566,792		

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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	Consolidated financial statements (in thousand Baht)	Separate financial statements
Trade accounts receivables		
At 31 December 2019		
Within credit terms	1,353,665	555,693
Overdue:		
Less than 3 months	148,391	67,910
3 - 6 months	34,489	7,947
6 - 12 months	52,593	14,893
Over 12 months	268,782	2,737
	1,857,920	649,180
Less allowance for doubtful accounts	(276,416)	(18,970)
Net	1,581,504	630,210

The normal credit term granted by the Group ranges from 1 days to 110 days.

		Consolidated financial statements (in thousand Baht)	Separate financial statements
Allowance for impairment - simplified approach			
	<i>Note</i>		
Trade accounts receivable, other current receivable and advance payments to farmers			
At 1 January 2020 - restated	3	453,792	18,664
Additions		63,944	24,172
At 31 December 2020		517,736	42,836

		Separate financial statements 12-months ECL (in thousand Baht)
Allowance for impairment - general approach		
	<i>Note</i>	
Loans to related parties		
At 1 January 2020 - restated	3	40,223
Net remeasurement of loss allowance		78,166
At 31 December 2020		118,389

		Consolidated financial statements (in thousand Baht)	Separate Financial statements
Impairment loss of financial assets for the periods ended 31 December 2020			
Recognised in profit or loss			
Impairment loss of trade accounts receivables		22,950	13,413
Impairment loss of other receivables		27,819	10,759
Impairment loss of advance payments to farmers		13,175	-
Impairment loss of loans to subsidiaries		-	78,166
Total		63,944	102,338

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(b.1.2) Investment in debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least BBB from Fitch Rating.

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

(b.1.3) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

(b.1.4) Guarantees

The Group's policy to provide financial guarantee to farmers' borrowings from financial institutions which are for construction of poultry and swine coops to rear the Group's poultry and swine under memorandum of understanding with the financial institutions of poultry and swine contract farming projects.

(b.2) Liquidity risk

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

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements

Consolidated financial statements						
At 31 December 2020	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
			(in million Baht)			
<i>Non-derivative financial liabilities</i>						
Trade payables	2,229	(2,229)	-	-	-	(2,229)
Other current payables	643	(643)	-	-	-	(643)
Borrowing from financial institutions	5,498	(4,028)	(621)	(849)	-	(5,498)
Lease liabilities	1,576	(505)	(352)	(510)	(642)	(2,009)
Debentures	3,569	-	-	(3,569)	-	(3,569)
	13,515	(7,405)	(973)	(4,928)	(642)	(13,948)

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Consolidated financial statements

At 31 December 2020	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
			(in million Baht)			
Derivative financial liabilities						
Forward exchange contracts						
- Cash inflow	(1)	1	-	-	-	1
- Cash outflow	75	(75)	-	-	-	(75)
	<u>74</u>	<u>(74)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74)</u>

Separate financial statements

At 31 December 2020	Carrying amount	1 year or less	Contractual cash flows			Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
			(in million Baht)			
Non-derivative financial liabilities						
Trade payables	133	(133)	-	-	-	(133)
Other current payables	210	(210)	-	-	-	(210)
Borrowing from financial institutions	2,740	(2,135)	(260)	(345)	-	(2,740)
Borrowing from subsidiaries	226	(226)	-	-	-	(226)
Lease liabilities	388	(193)	(117)	(96)	-	(406)
Debentures	3,569	-	-	(3,569)	-	(3,569)
	<u>7,266</u>	<u>(2,687)</u>	<u>(377)</u>	<u>(4,010)</u>	<u>-</u>	<u>(7,284)</u>
Derivative financial liabilities						
Forward exchange contracts						
- Cash inflow	(1)	1	-	-	-	1
	<u>(1)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

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For the year ended 31 December 2020

		Consolidated financial statements			
<i>As 31 December 2019</i>	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
Financial assets					
Advance payments to farmers	9.50	218,730	229,341	-	448,071
Total		218,730	229,341	-	448,071
Financial liabilities					
Debentures	4.90	1,148,500	-	-	1,148,500
Promissory notes and bill of exchanges	2.45 - 4.50	4,391,884	-	-	4,391,884
Liabilities under trust receipts	2.40 - 4.20	1,321,878	-	-	1,321,878
Long-term borrowings from financial institutions	3.84 - 5.03	667,223	1,465,697	-	2,132,920
Finance lease liabilities	2.45 - 9.62	240,458	555,004	76,888	872,350
Total		7,769,943	2,020,701	76,888	9,867,532
		Separate financial statements			
<i>As 31 December 2019</i>	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
Financial assets					
Short-term loans to subsidiaries	4.68 - 4.75	2,870,210	-	-	2,870,210
Total		2,870,210	-	-	2,870,210
Financial liabilities					
Debentures	4.90	1,148,500	-	-	1,148,500
Promissory notes and bill of exchanges	2.45 - 4.35	1,941,772	-	-	1,941,772
Liabilities under trust receipts	2.52 - 2.97	2,258	-	-	2,258
Long-term borrowings from financial institutions	3.84 - 4.65	371,942	542,816	-	914,758
Finance lease liabilities	2.59 - 5.21	183,058	318,467	-	501,525
Total		3,647,530	861,283	-	4,508,813

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

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(b.3) Market risk

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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Assets and liabilities denominated in the foreign currencies as at 31 December

	Consolidated financial statements					
	2020		2019			
	Euro	United States Dollars	Vietnam dong	Japan Yen	United States Dollars	Total (in million Baht)
Cash and cash equivalents	-	10	116	-	-	126
Trade and other receivables	-	179	25	31	320	235
Short-term borrowings from financial institutions	-	271	-	-	-	271
Trade and other payables	(8)	(746)	(136)	-	(590)	(890)
Advance payments to farmers	-	-	43	-	-	43
Gross balance sheet exposure	(8)	(286)	5	31	(270)	(258)
Currency forwards purchase	-	3,885	-	-	1,407	3,885
Currency forwards sales	-	(166)	-	-	-	(166)
Net exposure	(8)	3,433	5	31	1,137	3,461

Separate financial statements

	2020		2019			
	Euro	United States Dollars	Japan Yen	Euro	Japan Yen	Total
Trade and other receivables	-	123	31	-	62	315
Short-term borrowings from financial institutions	-	-	-	(2)	-	(2)
Trade and other payables	(1)	-	-	(4)	-	(4)
Gross balance sheet exposure	(1)	123	31	(6)	62	309
Currency forwards sales	-	(166)	-	-	-	-
Net exposure	(1)	(43)	31	(6)	62	309

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

<i>At 31 December 2020</i>	Movement (%)	Consolidated financial statements Profit/(Loss)		Separate financial statements Profit/(Loss)	
		Strengthening	Weakening <i>(in million Baht)</i>	Strengthening	Weakening
USD	1	45	(45)	(3)	3

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and borrowings interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from debt securities and borrowings (see note to the financial statement 20). The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates.

Exposure to interest rate risk at 31 December

	Consolidated financial statements		Separate financial statements	
	<i>(in million Baht)</i>			
	2020	2019	2020	2019
Financial instruments with fixed interest rates				
Financial assets				
Advance payments to farmers	379	448	-	-
Other long-term	-	-	-	-
Long-term loans to subsidiary	-	-	2,000	-
Financial liabilities				
Debentures	(3,569)	(1,149)	(3,569)	(1,149)
Short-term borrowings from financial institutions	(3,377)	(5,714)	(1,842)	(1,944)
Long-term borrowings from financial institutions	(1,214)	(986)	(897)	(565)
Lease liabilities	(1,576)	(872)	(388)	(502)
	(9,357)	(8,273)	(4,696)	(4,160)

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Exposure to interest rate risk at 31 December	Consolidated financial statements		Separate financial statements	
	<i>(in million Baht)</i>			
	2020	2019	2020	2019
Financial instruments with variable interest rates				
Financial assets				
Short-term loans to subsidiaries	-	-	3,632	2,870
Short-term loans to joint venture	4	17	-	-
Financial liabilities				
Short-term borrowings from subsidiary	-	-	(226)	-
Long-term borrowings from financial institutions	(907)	(1,147)	(1)	(350)
	(903)	(1,130)	3,405	2,520

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonable possible change of 1 % in interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Consolidated financial statements		Separate financial statements	
	Profit/(loss)		Profit/(loss)	
At 31 December 2020	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
	<i>(in million Baht)</i>			
Financial instruments with variable interest rate	(9)	9	54	(54)
Cash flow sensitivity (net)	(9)	9	54	(54)

32 Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities dividend by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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Notes to the financial statements

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33 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets paid by cash during the years ended 31 December 2020 and 2019 were as follows:

Property, plant and equipment

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Increases during the year	15	1,480,663	1,373,451	319,044	510,807
Add (less) - changes in payables		(25,096)	67,012	37,006	(8,232)
- assets under finance leases liabilities		-	(151,460)	-	(29,925)
Purchase and paid by cash		1,455,567	1,289,003	356,050	472,650

Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Increases during the year	18	30,370	24,532	4,480	75
Add (less) - changes in payables		(3,502)	1,330	-	144
Purchase and paid by cash		26,868	25,862	4,480	219

34 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Capital commitments				
Contracted but not provided for				
Buildings and equipment	817,223	148,631	55,618	132,103
Other intangible assets	8,054	510	-	510
Total	825,277	149,141	55,618	132,613

Other commitments

Unused letters of credit for purchases of goods, raw materials, supplies and others	5,362,487	3,222,212	-	-
Purchase orders for goods, raw material, supplies and others	897,268	1,571,541	35,032	75,974
Total	6,259,755	4,793,753	35,032	75,974

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35 Contingent liabilities

Farmers' borrowings guarantee commitments

As at 31 December 2020, the Group had commitments under memorandum of understanding with the financial institutions for poultry and swine contract farming projects. Under contract farming projects, the Group guarantee farmers' borrowings from financial institutions. The farmers' borrowings are for construction of poultry and swine coops to rear the Group's poultry and swine. The guarantees on outstanding farmers' borrowing principals amounted to Baht 92 million (2019: Baht 187 million).

36 Events after the reporting period

36.1 As the Company's Board of Directors held on 24 February 2021, the Company's directors approved the following significant resolutions:

- The issuance and allocation of not exceeding 560.76 million units of warrants which is the right to purchase the newly issued ordinary shares of the company No.3 ("TFG-W3 Warrant") to the existing shareholders in proportion to their respective shareholding without charge, at the allocation ratio of 10 existing ordinary shares with the par value Bath 1 per share to 1 unit of TFG-W1 Warrants (10:1). The exercise ratio is 1 unit of TFG-W3 Warrants to purchase 1 ordinary share with the exercise price of Bath 5.5 per share (except for the rights adjustment). The warrant will be expired within 3 years after the issuance of TFG-W3 Warrants.
- The decrease of the Company's authorised share capital of Bath 530.59 by canceling 530.59 unsubscribed shares of the Company with the par value of Bath 1 per share. The increase of the Company's authorised share capital in the aggregate amount not exceeding 560.76 million ordinary shares with the par value of Bath 1 per share and 560.76 million ordinary shares with the par value of Bath 1 per share, after decrease of authorised share capital by canceling unsubscribed shares for accommodation the exercise of TFG-W3.
- The declaration of the annual dividend of Baht 0.055 per share for 5,607.6 million ordinary shares, totaling Baht 308.42 million, from unappropriated retained earnings as at 31 December 2020. The declaration of the annual dividend must be approved by the shareholders' meeting of the Company.

36.2 As disclosed in note 5, the Group has elected to apply accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of coronavirus pandemic (COVID-19). The guidance expired on 31 December 2020.

The COVID-19 pandemic continued subsequent to the expiration of the guidance as increasingly affected cases were found and spread all over Thailand. In response to the situation, Thailand has enacted measures to monitor and control the spread, encouraging people to keep social distancing, avoid crowded gathering and travel less. Meanwhile, according to information from the World Health Organization (WHO), vaccines for COVID-19 have become available and are being rolled out around the world. However, it is still not possible to predict for how long and to what extent the vaccines will provide protection and when the spread will be over.

As the situation is highly uncertain and fluid, it is currently not possible to determine the impact of the continued pandemic, government measures and roll out of the vaccination on the business of the Group. Management is closely monitoring the situation and managing to lessen the impact as much as possible.

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Notes to the financial statements

For the year ended 31 December 2020

37 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 have been reclassified to conform to the presentation in the 2020 financial statements. The reclassifications are as follows:

	2019 Separate financial statements		
	Before reclassification	Reclassification (in thousand Baht)	After Reclassification
<i>Statement of financial position as at 31 December</i>			
Investment properties	-	22,538	22,538
Property, plant and equipment	3,174,908	(22,538)	3,152,370
		-	
<i>Statement of income for the year ended 31 December</i>			
Cost of sales of goods and rendering of services	25,431,258	288,056	25,719,314
Administrative expenses	971,067	(288,056)	683,011
		-	





THAIFOODS GROUP PUBLIC COMPANY LIMITED

1010 Shinawatra tower 3, 12 FL, Vibhavadi Rangsit Rd.,
Chatuchak, Bangkok 10900

www.tfg.co.th ,Tel 02-513-8989

