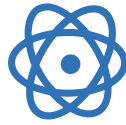


# THAI WAH TOGETHER WE GROW

2020 Annual Report



THAI WAH  
PUBLIC COMPANY LIMITED



## Vision

To be a regional leader in starch and starch-related food products



## Mission

We will produce premium quality products to satisfy our customers, and  
work with pride, integrity and consistency



## Core Value

Integrity | Pride | Consistency



**THAI WAH**  
PUBLIC COMPANY LIMITED

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## Message from the Chief Executive Officer

2020 was an unprecedented year of challenge and uncertainty for all of us, as Covid-19 and the global pandemic upturned the way we live, work and play. Amidst these challenges and turmoil, Thai Wah Public Company Limited delivered a steady and profitable operating performance positioned for sustainable growth. By far, the most important thing we did in 2020 was keeping our associates, supply chain and partners safe and healthy amidst this global pandemic, especially for our 3,000 associates working across the region at the frontline.

As we know it, the first half of 2020 was chaotic and disruptive, with Covid-19 ravaging across many parts of Asia including our key markets in Thailand, Vietnam, China, Indonesia, USA and Europe. Our biggest priority in the first half of the year was to keep our teams and associates safe with full safety and hygiene protocols while keeping operations running smoothly. We saw temporarily loss in demand and severe supply chain disruptions for 3 months, but overall fundamental demand and customer pick up returned in the second half of 2020. As food and consumer food products is a daily necessity and consumer staple, we remain optimistic on the long-term prospects and continue to proudly serve our customers from Farm to Shelf.

In spite of Covid-19, volume from our China tapioca business managed to grow by 17% as we witnessed a strong recovery in second half of 2020. The demand for tapioca starch especially premium food grade where Thai Wah operates in, remains steady as a key staple. The impact of Covid 19 resulted in supply chain disruption for a few months, as well as higher idle cost and operating expenses during this period. We faced lower starch content during several periods of the year also resulting in higher raw material costs and lower gross margins overall. Despite these headwinds, we continue to grow our business steadily focusing on better distribution, sales and marketing across our regional



offices in China and Southeast-Asia. At the same time we increased the variety of our starch solutions such as cassava flour, rice flour, organic tapioca starch and pre-mixes and have launched this to over 10 global markets.

We continue to aspire to be the leading tapioca brand in the world. Our Rose brand is the preferred brand for food-grade tapioca starch in China, Taiwan and ASEAN markets. Through several online-exhibitions and key market channels this year such Food Ingredients China (FIC) in China, ThaiFex - World of Food Asia and Food ingredients Asia (FIA), we continue to build our evolution to become a starch-solutions provider and have made strong momentum in gaining market share and better distribution in markets such as Vietnam, Japan and Indonesia. Virtual collaboration is now becoming critical for all customer interaction and we have partnered with regional and global trade channels to access our markets online and through digital exhibitions, trade fairs and e-conferences.



Thai Wah is a sponsor and partner for Future Food Asia and continues to play a role in regional events.

Our Food business delivered exceptional operating performance and its higher profit ever. The efforts of the company over the last 3 years to strengthen our export and international channels for our Food Business have paid off - during Covid - 19 pandemic in 2020 our export food business grew more than 95% and our Vietnam business more than doubled. This is strong validation of the company's strategy to be a leading global player in all types of starch-based noodles and noodle solutions to serve a global market.

Agriculture and Food is one of Southeast Asia's most important exports and we are committed to serving our consumers and customers better by putting innovation and sustainability at the core of our long-term vision. These efforts were enabled by a new R&D hub based at Chulalongkorn University in Thailand. We launched more than 10 new products for both starch and food business and will continue to invest in its growth and innovate for the future, developing a more open innovation ecosystem for partnership and breakthrough technologies in areas of food modification, and bioplastics. Looking towards the future we will be launching new prototypes of bioplastic, bio-based and new protein applications as part of our overall push to improve the portfolio.

Although the net profit decreased in 2020 compared to previous year, we remain in a strong cash position with a strong balance sheet. We continue to invest with discipline by measuring Returns on Invested Capital and our policy on generating long term equity value for shareholders, focusing on improving operating cash flow as one of our key performance metrics. This filters down to the way we manage supply chain, working capital, maintenance and renovation and new capital expenditure. Overall, our net operating cash flow improved in 2020.

All-in-all, the Company's net profit for the period

from 1 January to 31 December 2020 based on its consolidated financial statements amounted to Baht 38 million (Baht 0.04 / share). On this note, the Board of Directors has resolved to recommend a dividend payment of Baht 0.134 per share in respect of the full financial year ended December 31, 2020 which is subjected to shareholder's approval at the Company's Annual General Meeting on 23 April 2021.

We are also proud to announce that Thai Wah was selected to list on the "Thailand Sustainability Investment (THSI)" in 2020 by the Stock Exchange of Thailand (SET) and were awarded the Sustainability Disclosure Award by Thaipat for the second consecutive year. This is driven by how we embed sustainability targets in farming, environment, safety and health standards and strive to operationalize our sustainability framework. In addition, we won the Winner of The International Innovation Awards (IIA) 2020 for Bean Vermicelli Double Dragon Balance (DD Balance) product by Enterprise Asia and received the Outstanding Disability Employer Awards of the year 2020 from the department of Social Development and Welfare for the 4th consecutive year. We are proud to have received "Excellent CG Scoring" rating for the first year in 2020 for our corporate governance from IOD. These awards are testament of our passion to drive change, accountability and transparency across our entire value chain.

Looking forward to the next decade, the Thai Wah family remains focused and committed to deliver our vision in creating Innovation and Sustainability from Farm to Shelf. While uncertainty and chaos may seem the new normal, we continue to build our foundations the Thai Wah way, in pursuit of creating value from farm to shelf.



Mr. Ho Ren Hua  
Chief Executive Officer

## Financial Highlights

(Unit : Million Baht)

	2020	2019	2018
Total current assets	3,491	3,243	3,158
Total non-current assets	4,629	4,626	3,914
Total Assets	8,120	7,869	7,072
Total current liabilities	993	987	794
Total non-current liabilities	1,921	1,586	412
Total Liabilities	2,914	2,573	1,206
Total Shareholders' equity	5,206	5,295	5,866
Sales	7,090	7,323	7,248
Dividend income	10	33	1
Share of gain from investments in associated companies	(0)	(5)	(2)
Total revenues	7,203	7,419	7,327
Cost of sales	5,977	6,133	6,063
Total expenses	7,090	7,246	7,047
Operating profit	57	133	288
EBITDA	571	526	559
Earnings before finance cost and income tax expense	113	173	280
Finance cost	69	48	7
Income tax expense	9	32	58
Net profit for the year	35	94	214
Net profit attributable to non-controlling interest	(3)	26	17
Net profit attributable to equity holders of the Company	38	68	197
<b>Other information</b>			
Earnings Per Share (Baht)	0.04	0.08	0.22
Dividend Per Share (Baht)	*0.134	0.134	0.32
Book Value Per Share (Baht)	5.91	6.01	6.66

**Note :** \* At the time of printing this report, a Baht 0.134 per share dividend had been proposed by the Board of Directors but had not been approved by the Annual General Meeting.

## Financial Ratios

	2020	2019	2018
<b>Profitability ratio</b>			
Gross profit margin (%)	16	16	16
Operating profit ratio (%)	1	2	4
Other income ratio (%)	0.40	0.38	(0.01)
Cash to operating profit ratio (%)	1,009	351	71
Return on Total Revenue (%)	0	1	3
Return on Total Equity (%)	1	2	4
<b>Efficiency ratio</b>			
Return on Total Assets (%)	0	1	3
Return on fixed assets ratio (%)	13	13	17
Assets turnover ratio (times)	0.90	0.99	1.03
<b>Liquidity ratio</b>			
Liquidity ratio (times)	4	3	4
Quick liquidity ratio (times)	2	2	3
Cash flow liquidity ratio (times)	0.58	0.52	0.26
Average collection period (day)	36	35	37
Average Sale period (day)	48	43	35
Average payment period (day)	22	20	20
Cash cycle (day)	61	59	52
<b>Financial policy ratio</b>			
Debts to equity ratio (times)	0.56	0.49	0.21
Interest coverage ratio (times)	9	11	41
Repayment ability ratio (cash basis) (times)	0.37	0.12	0.09
Dividend payout ratio (%)	308	414	143

# Management Discussion and Analysis

## Business Overall

The spread of the COVID-19 pandemic has never before transformed the whole world into the New Normal, changing ways of life, work, and interactions between people in the society. The business sector and industries have also faced significant challenges and transformation in many aspects, such as manufacturing process, sales, transportation, and logistics, among others. According to the report of the National Economic and Social Development Council, the 2020 GDP had shrunk by 6.5 percent, the highest contraction rate in Thai economic history. The 2nd wave of COVID-19 had also increased the possibility of continuous GDP contraction into the 1st quarter of 2021. The World Bank had also forecasted that this COVID-19 crisis would severely impact the world economy for at least another 2-3 years before the situation returns to normalcy.

The impact of the COVID-19 pandemic has made 2020 a very difficult year for people throughout the world, including Thailand's agro-industrial and agricultural sectors. COVID-19 pandemic has added more difficulty for the tapioca industry, which has earlier been severely affected by constant drought disaster and the spread of Cassava Mosaic Disease (CMD) since the end of 2018, causing the cassava productivities to decline. In addition, the lockdown measure and social distancing to prevent COVID-19 from spread over impacted the logistics activities. Moreover, with the decline in global demand for agro product consumption, a significant impact against Thailand's agricultural sector is inevitable, especially when the country is export-dependent.

In spite of the fact that the global economic crisis has broadly damaged across all industries, thereby causing a global economic recession, Thailand's tapioca starch is still in high demand for consumption, and the product's export volume continues to increase. Tapioca starch export in the 4th quarter of 2020 has recovered to compensate for a slowdown in sales volume due to the COVID-19 situation at the beginning of the year (source: Thai Customs), especially to China, a major destination for tapioca starch export, which had increased by 16 percent YoY.

Fresh cassava productivity during the 2020/2021 crop season is expected at 28.3 million tons, an increase of 12 percent from the 2019/2020 crop season. This is as a result of the ongoing price guarantee scheme for cassava farmers implemented to sustain cassava price stability, which is at 2.50 Baht/kg. for fresh cassava roots with starch content of 25 percent. Besides, cassava cultivation areas have been increased through farmers' switch of crops from sugar cane and maize to cassava due to the problems of sugar cane price decline and the armyworms in maize. Although harvesting area may be less than earlier expected as a result of the drought disaster at the beginning of the cropping season, the weather in mid-year became supportive, with a proper raining for the growing of cassavas. Therefore, the average yield per rai is expected to increase, which could compensate those that were damaged by the drought disaster. Starch content in cassava roots is also higher compared to the same period of the previous year.

Despite various challenges the tapioca starch business has continued to face during the past several years, such as the outbreak of COVID-19, the spread of Cassava Mosaic Disease (CMD), and widespread drought, Thai Wah has undertaken a number of preventive and control measures for prompt response against the spread of COVID-19. Process innovation has also been adopted to reduce production costs. The development of agro products to create value-added has also been undertaken from raw material sourcing, manufacturing, and sale & marketing management. In light of all these efforts, the overall export volume of tapioca starch in 2021 is expected to be significantly increase compared to the previous year.

The key factors affecting the Company's performance in year 2020 were;

### 1) Impact of the COVID-19 Pandemic

Lockdown and social distancing measures, implemented to strictly control the spread of COVID-19, had resulted in the decrease of export volume in the early part of the year, especially to China and Taiwan. And post-lockdown, there was competitive pricing in the middle part of the year as starch entrepreneurs dumped the price to clear high stock. In addition, expenses related to COVID-19 prevention incurred at the approximate amount of THB 18 million, i.e., a COVID-19 insurance scheme for employees, preventive supplies, office and factory disinfection, rental of reserved warehouses, port demurrage charge, transportation fee to temporary warehouses near the port, etc.

The spread of COVID-19 had also resulted in a global decline in the demand for glucose syrup, a high value-added (HVA) product made from tapioca starch. The main reason behind this is that foreign

tourists are unable to enter the country, thereby, the decreased demand of customers from the beverage industry. Overseas customers had also been impacted by the COVID-19 pandemic, thus a decline in their demand. Moreover, shortage of containers and significant increase of ocean freight rates since the 4th quarter as a result of global ocean container shortage.

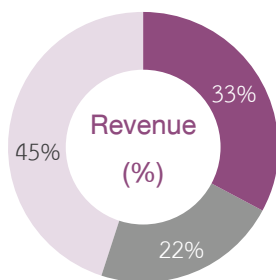
### 2) Increase of shareholding proportion in Asia Tapioca Products Company Limited (ATP)

In January 2020, Thai Wah, through Thai Wah (6) Company Limited (TW6), a subsidiary of the Company with the shareholding percentage of 99.99 percent, had made an acquisition of ordinary shares in Asia Tapioca Products Company Limited (ATP), amounting to 69.49 percent of the total shares from 18 former shareholders at the purchase price of THB 49.64 million. Following the acquisition, the Company, directly and indirectly, holds ATP shares equivalent to 99.49 percent. The acquisition was in accordance with the Company's strategy to expand investment in tapioca starch products and high value-added tapioca starch in Vietnam.

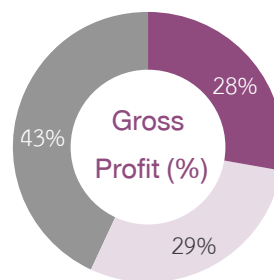
### 3) Decline of average tapioca starch export price

The export price of tapioca starch in 2020 was at the average of 441 USD/ton, a 3 percent decrease from 453 USD/ton in 2019 (source: TTDI). Thailand's tapioca starch export volume in 2020 also dropped 3 percent from 2.84 million tons to 2.78 million tons in 2020. As a result, tapioca starch export value in 2020 was THB 36,103 million, a decrease of 6 percent comparing to THB 38,500 million in the year 2019.

## The Operating Results 2020



- Native Starch
- High Value Added Product (HVA)
- Food Product



The year 2020 was a remarkably difficult year globally due to the COVID-19 pandemic inevitably affecting economics globally across all sectors. Thailand's cassava industry faced numerous challenges such as a downward trend of average export prices of tapioca starch, effects of the COVID-19 pandemic, the epidemic of cassava mosaic virus disease, and the drought conditions in several areas. The total sales was THB 7,090 million, which decreased by THB 233 million or 3 percent from the total sales last year, mainly affected by the lower export price of tapioca starch. The revenue was comprised of the starch business of THB 3,181 million or 45 percent; revenue from the high value-added products business of THB 2,343 million

or 33 percent; and revenue from the food business of THB 1,566 million or 22 percent. The Company recorded a net profit of THB 38 million and a gross profit of THB 1,157 million, comprising 31 percent of which was attributable to the tapioca starch business, 26 percent of which was attributable to the high value-added products business; and 43 percent of which was attributable to the food business. Although the decrease in tapioca starch selling price and effects of the COVID-19 pandemic, the Company was able to maintain a gross profit margin of 16 percent in 2020, similar to the previous year. The operating results are shown according to each business as follows:

	2018		2019		2020	
	M Baht	%	M Baht	%	M Baht	%
<b>THAILAND</b>						
NATIVE STARCH	1,838	25	1,615	22	1,343	18
HIGH VALUE ADDED PRODUCT (HVA)	2,016	28	1,905	26	1,604	22
FOOD	1,444	20	1,438	20	1,527	21
OTHER	84	1	72	1	132	2
<b>TOTAL REVENUE FROM THAILAND</b>	<b>5,382</b>	<b>74</b>	<b>5,030</b>	<b>69</b>	<b>4,606</b>	<b>63</b>
<b>INTERNATIONAL</b>						
NATIVE STARCH	1,026	14	1,473	20	1,691	23
HIGH VALUE-ADDED PRODUCT (HVA)	821	11	765	10	729	10
FOOD	8	0	15	0	40	1
OTHER	11	0	40	1	25	0
<b>TOTAL REVENUE FROM INTERNATIONAL</b>	<b>1,866</b>	<b>26</b>	<b>2,293</b>	<b>31</b>	<b>2,485</b>	<b>34</b>
<b>TOTAL SALES</b>	<b>7,248</b>	<b>100</b>	<b>7,323</b>	<b>100</b>	<b>7,090</b>	<b>100</b>

## Revenue from Starch Business

The tapioca starch business recorded total sales of THB 3,180 million, a decrease of 1 percent from THB 3,200 million in the previous year, while the high value-added (HVA) products business recorded sales of THB 2,343 million, a decrease of 12 percent from THB 2,670 million in the previous year, which mainly because of the average selling price of tapioca starch decreased, slowed down of global demand for value-added starch (HVA) due to COVID-19 as described above.

Revenue from tapioca starch business decreased mainly from a downward trend of the tapioca starch price throughout the year 2020: the average local selling price was 12.82 Baht/kg, and the average export price was USD 441 per ton, while the average local selling price was 13.32 Baht/kg, and the average export price was USD 453 per ton in the year 2019. However, the demand for tapioca starch, which is the basic foundation of the food and non-food

industries, continues to increase, especially in China. The Company aims to expand the cassava sourcing in Thailand, Vietnam, Laos, and Cambodia, reserve during harvest season.

Meanwhile, the revenue of high value-added products (HVA) of the Company in 2020 has decreased mainly due to pressure by high competition of glucose syrup in Vietnam, and customers in the beverage industry slowed their demand from the COVID situation. While sales volume of other high value-added products (HVA), such as modified starch and pearl, still growing at a high rate. Due to customers' needs in the food-grade tapioca starch continue to grow, the Company expanded its branches to Indonesia to support customer needs in the future.



## Revenue from Food Business

Despite the COVID-19 pandemic circumstance, the Company remains one of the market leaders in dry vermicelli and fresh vermicelli in Thailand. The Company recorded strong sales of the food business of THB 1,567 million, an increase of 8 percent from THB 1,453 million recorded in the previous year. Domestic sales for the food business contributing to 83 percent of the total sales of the food business, while export sales accounted for the remaining 17 percent of the total food business revenue. Overall, sales of food products increased in key channels, mainly from export, modern trade, and van sale channels. The food business in Vietnam delivered 154 percent growth due to distribution expansion, and our products that offered healthy, hygiene, and convenience choices got well-acceptance from Vietnamese consumers, including expanding distribution channels and good marketing strategies, expanding new customer base, especially the EU countries, China and Vietnam.

Meanwhile, wholesale channels remained a challenge as food operators impacted economic recessions and low border trade sales as border closure as part of COVID-19 control measures.

Nevertheless, the Company confident in maintaining a higher growth rate in the year 2020, compared to the industry by adopted a strategy for promoting sustainable growth by increasing profitability. This will be achieved by the sales volume growth of existing products, developing new products and food innovations that meet the changing demands and lifestyle of consumers in the future, shift towards healthy consumption. The Company seeks to offer new product innovation and penetrate the new markets and constantly expand its customer base, both domestically and internationally.

## Financial Analysis

### Income Statements

	2018		2019		2020	
	M Baht	%	M Baht	%	M Baht	%
SALES	7,226	100	7,323	100	7,090	100
COST OF SALES	6,069	84	6,082	83	5,933	84
<b>GROSS PROFIT</b>	<b>1,157</b>	<b>16</b>	<b>1,241</b>	<b>17</b>	<b>1,157</b>	<b>16</b>
SELLING AND ADMIN EXPENSE	901	12	1,056	14	1,080	15
OTHER PROFIT	39	1	32	0	37	1
<b>OPERATING PROFIT</b>	<b>295</b>	<b>4</b>	<b>217</b>	<b>3</b>	<b>114</b>	<b>2</b>
OTHER INCOME NOT DERIVED FROM THE ORDINARY BUSINESS	29	0	5	0	44	1
SHARE OF PROFITS FROM ASSOCIATES	(2)	0	(5)	0	0	0
<b>EARNING BEFORE INTEREST AND TAX</b>	<b>322</b>	<b>4</b>	<b>217</b>	<b>3</b>	<b>158</b>	<b>2</b>
FINANCE COST	(7)	0	(48)	1	(69)	1
TAX EXPENSE	(66)	1	(42)	1	(18)	0
<b>NET PROFIT</b>	<b>249</b>	<b>3</b>	<b>127</b>	<b>2</b>	<b>71</b>	<b>1</b>
NET PROFIT OF CONTROLLING INTERESTS OF SUBSIDIARIES	(17)	0	(26)	0	3	0
ADJUSTED FROM NON-CASH ITEMS	(35)	0	(33)	0	(36)	1
<b>NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>197</b>	<b>3</b>	<b>68</b>	<b>1</b>	<b>38</b>	<b>1</b>

### Sales

The Company recorded sales of THB 7,090 million in the year 2020, a decrease of THB 233 million, or 3 percent, from THB 7,323 million in the previous year. The tapioca starch business accounted for the largest sales contribution at 45 percent, an increase from 44 percent in 2019. The high value-added products business sales contribution decreased to 33 percent, a decrease from 36 percent in 2019, while the food business sales contribution at 22 percent in the year 2020, an increase from 20 percent in 2019.

In the year 2020, the sales from subsidiary companies outside Thailand accounted for 34 percent of the total sales, an improvement from 31 percent for the year 2019, mainly due to the increased shares in Asia Tapioca Products Co., Ltd in Vietnam. Including the growth of subsidiaries in China in order to expand tapioca starch's customer base for tapioca starch business and Vietnam in the growth of vermicelli sales.

## Gross Profit

The 2020 gross profit margin of the group was 16 percent, similar to the same last year, even though various factors pressured the Company; such as the effects of the COVID-19 pandemic, the decrease in tapioca starch selling price, the epidemic of cassava mosaic virus disease, and the drought conditions in several areas due to an increase in the proportion of food businesses with a high margin, the favorable impact of raw material costs, and continuous production efficiency improvement.

In the year 2020, the gross profit margin of the tapioca starch business in Thailand decreased to 11 percent from 12 percent in 2019 due to the decline of export price and the lower percentage of sales volume of value-added starch that declined from the impact of the COVID-19 crisis, while the gross profit of the food business in 2020 remained at 32 percent.

## Sales and Administrative Expenses

In 2020, the sales and administrative expenses was THB 1,080 million, an increase of THB 24 million from last year. The main additional expenses are extra expenses from COVID-19 pandemics of THB 18 million and expenses arising from the subsidiary acquisition of THB 14 million. However, the Company implement cost containment measure across sales and administrative expenses.

## Earnings before Interest and Tax

The profit before income tax and finance cost margin in 2020 was 2 percent, a decrease of 1 percent, from the previous year, mainly due to the lower revenue and gross profit of the starch business as mentions above offset with an increase in revenue from the food business.

## Net Profit Attributable to Shareholders

The net profit of the Company and its subsidiaries in 2020 was THB 38 million, a decrease by THB 30 million or 44 percent compared to 2019, mainly due to; a decrease in gross profit due to the lower revenue and gross profit of starch business impact and extra expenses due to COVID-19 as mentions above. As a result, the Company's profit before income tax and finance cost was 1 percent, similar to 2019.

## Financial Position

### Assets

Total assets as at 31 December 2020 amounted to Baht 8,120 million, an increase of THB 251 million. The main reasons for the increase were:

- Cash and cash equivalents decreased by THB 4 million, similar to the previous year. The Company continues to reserve sufficient for working capital, especially for the high production season and capital investment project for capacity expansion.
- Other current financial assets increased by THB 234 million from an increased in the investment in debt securities and funds.
- Trade accounts receivable and other accounts receivable were recorded as THB 708 million, with a decrease of trade accounts receivable of THB 23 million from the previous year. The average debt collection period was 35 days. The Company had recording the allowance for doubtful debts that may occur to the debtors who lack the ability to pay debts in compliance with the financial reporting standards.

- Net inventory increased by THB 21 million, or 2 percent, compared to the previous year, the increase mainly due to a shortage of ocean containers in the 4th quarter of 2020 that caused slow demand from the export market. The delayed orders were expected to be delivered within the 1st quarter of 2021. Moreover, the Company's average sale period is 43 days. With respect to inventory management, an allowance for impairment of inventory was recorded when the net realizable value was less than its costs.
- Property, plant and equipment and land held for investment total THB 3,610 million, decreased by THB 162 million from the previous year. This was due to the capacity expansion of the starch business and the food business. Net with a gain on sale of investment property of THB 52 million.

## Sources of funds

Items	2018	2019	2020
Debt to equity ratio	0.21	0.49	0.56
Interest-bearing debts to equity ratio	0.04	0.27	0.34

Total liabilities as of 31 December 2020 amounted to THB 2,914 million, an increase of THB 341 million. Debt to equity ratio was 0.56 and the repayment ability ratio was 0.37 representing a strong financial performance. Moreover, interest-bearing debt to equity ratio was 0.34. The increase in total liabilities arose mainly due to the reasons below:

- Trade and other payables increased by THB 41 million or 8 percent from the previous year, as a result the accrual payable from unrelated parties and the accrued factory expenses increased from the previous year. The Company has average payment period ratio of 20 days, short payment period due to the Company bought the main material of starch production, the cassava roots, from the farmers on cash terms.
- Long-term loans from financial institutions increased by THB 160 million in order to use in business expansion and working capital management.
- The provision for long-term employee benefits increased by THB 22 million, including the provision for compensation on employees' retirement increased by THB 41 million and the payment for compensation on employees' retirement by THB 19 million.

## Shareholders' Equity

Equity attributable to shareholders of the Company as at 31 December 2020 amounted to THB 5,206 million, a decrease of THB 90 million, or 2 percent, from the previous year. The calculation of this decrease can be shown as:

- Retained earnings decreased of THB 80 million baht from gained from profits for the year of THB 38 million baht, with a deduction of the dividend payment of THB 118 million during the year 2019.

- Decreased in non-controlling interests of the subsidiaries by THB 37 million, mainly due to arising from the purchase of shares from the minority shareholders (the result of additional investment in an associated company whose investment proportion was changed to a subsidiary) of THB 41 million.

## Liquidity

### Cash Flow

Items	2018	2019	2020
Cash flow from operating activities	205	466	571
Cash flow from investing activities	56	(1,157)	(434)
Cash flow from (used in) financing activities	(271)	928	(136)
Translation adjustments	(25)	(59)	(5)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(148)</b>	<b>179</b>	<b>(4)</b>

Cash and cash equivalents as at 31 December 2020 of the Company amounted to THB 853 million, a decrease of THB 4 million from the previous year. The main reasons are as follows:

- Net cash flow from operating activities was THB 571 million and the profit before tax of the Company was THB 582 million.
- Net cash flow used for investing activities was THB 434 million, derived mainly from gain from trading current investments and maturing

long-term investment of THB 245 million, a payment for investment in a subsidiary company THB 50 million, and gain from a gain on sale of investment property of THB 70 million. Net with payment for property, plant and equipment THB 240 million.

- Net cash flow used in financing activities was THB 137 million, mainly due receive money from the additional long-term loans during the year THB 220 million, net with dividend payments totaling THB 118 million.

## Key Liquidity Ratio

Total current assets of the Company as at 31 December 2020 were THB 3,491 million, while total current liabilities were THB 993 million. The liquidity ratio and the quick ratio was 3.5, almost unchanged from the previous year, indicating that the Company is able to maintain its high liquidity level cash, current investment and debt instrument as well as a stable financial position.

## Commitments, Contingencies and Off-Balance Sheet Arrangements

The group has commitments and contingent liabilities, please refer to the Notes to consolidated financial statements 2020, number 36.

## The Main Factors that can affect the Cassava Starch Business in the Future

Surveys on cassava cultivation by four associations (the Thai Tapioca Trade Association, the Thai Tapioca Products Factory Association, the North Eastern Tapioca Trade Association, and the Thai Tapioca Starch Association), which was surveyed during the 4th quarter of 2020, reported that cassava productivities in the 2020/2021 crop season will be 28.32 million tons, increase by 12 percent from the 2019/2020 season, moreover cultivation areas will rise from 8.70 million rai in the 2019/2020 season to 9.00 million rai because the government helps growers by insuring the buying price at 2.50 baht per kilogram of fresh cassava roots at the starch content of 25 percent. In addition, weather permitting during mid-year, so the plants have an adequate quantity of water during the most critical part of their growth cycle. Hence, the yield per rai is expected to increase from 2.91 tons per rai to 3.15 tons per rai, which can be compensated for root output loss due to the drought at the beginning of the year.

Realizing that the CMV outbreak in Thailand, Vietnam, and Cambodia may cause a shortage of quality raw materials and impact farmers' incomes, the Company has collaborated with the Thai Tapioca Development Institute (TTDI) to mitigate the disease outbreak by building greenhouses to increase the production of disease-resistant cassava seedlings through rapid multiplication technologies which can produce as much as 20-80 times than the normal practice. In addition, the Company undertook field surveys of the disease outbreak, kept tracking the outbreak data, provided knowledge, and assisted affected farmers.

Thai Wah continues to expand our Farmer Networks through providing the incentives to farmers, promote the knowledge and technology on increasing tapioca yields and production costs reduction, such as soil analysis, use of fertilizer-spraying drone, water system management, modern planting equipment, alternative cropping for soil improvement, and use of machinery in cultivation and harvesting. The aim is to increase productivity, yields per rai, and farmers' incomes.

With regard to tapioca starch export prices, it is expected that the overall export situation is recovered to compensate for a slowdown in sales volume due to the COVID-19 situation in the past year. This will also be in line with the global demand for tapioca starch, especially the demand from China, as its domestically grown cassavas cannot meet the demand of the whole Chinese market. Other competitive opportunities include: 1) Constant increase of China's demand for cassavas for clean energy fuel ethanol production; 2) A declining trend of China's crop cultivation which has resulted in an increasing trend for the country's import of agro products; 3) High value-added of processed cassava products, which will increase

opportunity in the global market and help reduce price competition in the main market. Noted that tapioca starch can also be used as a raw material in different industries such as food and beverages, cosmetics, packaging, and pharmaceutical industries.

Regarding the drought situation, Thai Wah is closely monitoring the amount of reserved water at the reservoirs of our factories and main reservoirs elsewhere on a weekly basis to prepare relevant measures. Besides, we are studying reusing wastewater, improving our production process to reduce water consumption, and building more reservoirs to mitigate water shortages in the future.

However, foreign exchange rate volatility remains as a risk factor of the Company because our revenue comes mainly from exports denominated in US dollars and Chinese yuan. The Company considers closing the foreign currency risk at a reasonable extent.

## Future Prospect and Action Plan of the Food Business in 2021

Regarding our long-term plan and business direction in 2021, the Company expects steady growth this year thanks to three main strategies: 1) Secure Agri Supply by sustainability sourcing strategy, 2) Digital Value Chain by the integration of technology platforms to our Thai Wah value chain to drive speed and efficiency, and 3) Create value-added by expanding our portfolio towards innovative products and services to serve continued rising demand. All these factors should support the Company to reach the double-digit growth sales target. The Company expects that the profitability improves in 2021 because of 1) Expansion market base in key channels in both domestic and international market, 2) Efficient raw material sourcing, 3) Effective cost

control measures, 4) Growth in new product developments, and 4) Potential business acquisition. For sustainable and secure growth and our established leadership in the industry, the Company continues to source raw materials with responsibility, support farmers, and buy raw materials at reasonable prices. This is fundamental for a sustainable agro-industry. The Company has the sourcing strategy to ensure the efficient management of raw materials to feed to factories to meet the customer demand. Although the prices of raw materials are fluctuating and are influenced by various factors, including supply and demand movement at the global levels, weather conditions, and the measurement from the Ministry of Commerce; the Company is confident that we will be able to maintain our export growth momentum, thanks to the steadily increasing demand for cassava starch especially from China and Taiwan, our main markets.

In 2021, the Company aims to maintain a business leader in starch and starch-related food products based on our growth target of two main drivers. One is the growth of our existing business that plan for expanding customer base, continued launching new products to the market, including Ready-to-eat products that capture the new normal trend. In terms of operational excellence, we plan to improve productivity across all functions by leverage more technology to drive the efficiency. In 2021, we have a plan to launch the new high value-added products, starch-based bioplastic products, which will be the fully biodegradable grade that in compliance with the principle of bio-circular economy. The second driver is potential business acquisition. Thai Wah will selectively consider the businesses for the best interest of our shareholders. Regarding the acquisition criteria, the Company acquires businesses that have potential synergy to our business.



Regarding the COVID-19 pandemic, the Company adjusted the capital investment budget to about 300 million baht in 2021. It consists of an annual maintenance budget to continue improving the operational efficiency, an increase of the production capacity for value-added products, such as Bioplastics or biodegradable plastics, and the mergers and acquisitions that related to our core business. Those investments will support our mission to become “a leader in tapioca starch and starch-related foods businesses in Asia”. Besides, Thai Wah aims to maintain the momentum of profit growth and regularly pay dividends to our shareholders.

# Board of Directors



## Mr. Ho KwonPing

Chairman of the Board

Age 68 years

Appointed

• October 1, 2015

Re-elected

• April 26, 2016

• April 26, 2019

Percentage of Shareholding in the company : 6.50%

(57,194,534 shares)

(also including total no. of shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Honorary Doctorate of Business Administration in Hospitality Management, Johnson & Wales University, USA
- Honorary Doctorate of Business Administration, Hong Kong Polytechnic University
- Bachelor of Arts (Economics), National University of Singapore

### Family Relation between Management

- Mr. Ho KwonPing's elder brother and Mr. Ho Ren Hua's and Ms. Ho Ren Yung's father

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Chairman of the Board, Thai Wah Public Company Limited
- Chairman and Chief Executive Officer, Laguna Resorts & Hotels Public Company Limited
- Executive Chairman and Director, Banyan Tree Holdings Limited

##### 2013 - 2020

- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo plc

##### 2000 - 2015

- Chief Executive Officer, Thai Wah Food Products Public Company Limited

##### 1997 - 2015

- Chairman, Thai Wah Food Products Public Company Limited

### In Non-Listed Companies

#### Present

- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman / Director, Singapore Management University
- Chairman / Director, Tropical Resorts Limited
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, RHYC Pte. Ltd.
- Director, Chang Fung Company Limited
- Director, Bibace Investments Ltd and certain related companies
- Director, Recourse Investments Ltd. and certain related companies
- Director, Freesia Investments Ltd.
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, KAP Holdings Ltd. and certain related companies
- Director, Maypole Ltd. and certain related companies
- Director, Mae Samat Land Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Bibace Management Company Limited

#### 2000 - 2016

- Director, Asia Tapioca Products Company Limited



## Mr. Surapon Supratya<sup>(1)</sup>

Director

Age 68 years

Appointed

- October 1, 2015

Re-elected

- April 26, 2016
- April 26, 2019

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Master of Accounting, Thammasat University
- Certified Public Accountant of Thailand
- Directors Accreditation Program (DAP 77/2009), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Independent Director, Laguna Resorts & Hotels Public Company Limited

##### 2016 - 2019

- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited

##### 2013 - 2016

- Deputy Chairman of the Board, Laguna Resorts & Hotels Public Company Limited

##### 1996 - 2015

- Director, Thai Wah Food Products Public Company Limited

#### In Non-Listed Companies

##### 2000 - 2016

- Director, Asia Tapioca Products Company Limited

##### 2003 - 2016

- Director, Vietnam Tapioca Company Limited

##### 1996 - 2016

- Director, Tay Ninh Tapioca Joint Stock Company



## Mr. Ariel P Vera

Director

Age 68 years

Appointed

- October 1, 2015

Re-elected

- April 26, 2016
- April 26, 2019

Percentage of Shareholding in the company : 0.11% (926,105 shares)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, National University of Singapore
- Bachelor of Science in Business Administration, University of the East, Philippines
- Certified Public Accountant of Philippines

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited

##### 2013 - 2020

- Non-Independent and Non-Executive Director, Banyan Tree Holdings Limited

##### 2013 - 2015

- Director, Thai Wah Starch Public Company Limited
- Director, Thai Wah Food Products Public Company Limited

#### In Non-Listed Companies

##### 2015 - 2020

- Director, ICD (HK) Limited



## Mr. Ho KwonCjan

Director

Age 64 years

Appointed

• October 1, 2015

Re-elected

• April 20, 2017

• April 26, 2019

Percentage of Shareholding in the company : 3.91%

(34,416,488 shares)

### Highest Educational Background / Director Certificate Program

- Bachelor of Architecture (Hons),  
National University of Singapore

### Family Relation between Management

- Mr. Ho KwonPing's younger brother and Mr. Ho Ren Hua's  
and Ms. Ho Ren Yung's uncle

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited  
1997 - 2015
- Director, Thai Wah Food Products Public Company Limited

#### In Non-Listed Companies

##### Present

- Director, Certain related companies of  
Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of  
Banyan Tree Holdings Limited
- Director, Profit Chain Ltd.
- Director, Lanna Land Development Company Limited
- Director, Mae Malai Doi Resorts Company Limited
- Director, Platinum Enterprise Limited and certain related  
companies
- Director, Li-Ho Holdings (Private) Limited  
and certain related companies
- Director, Chang Fung Company Limited
- Director, PT Bintan Hotels
- Director, Vail Enterprises Group Corp.
- Director, Freesia Investments Ltd

##### 2006 - 2016

- Director, Bibace Investments Ltd

##### 2000 - 2016

- Director, Asia Tapioca Products Company Limited



## Mr. Ho Ren Hua<sup>(2)</sup>

Director

Age 38 years

Appointed

• October 1, 2015

Re-elected

• April 20, 2017

• April 27, 2020

Percentage of Shareholding in the company : 0.99% (8,734,024 shares)

### Highest Educational Background / Director Certificate Program

- Bachelor of Science in Economics with Honors,  
concentrating in Finance and Management,  
The Wharton School, University of Pennsylvania, USA
- Chartered Director Class (CDC 10/2015),  
Thai Institute of Directors Association
- Directors Certification Program (DCP 214/2015),  
Thai Institute of Directors Association
- Diploma Examination (47/2016), Thai Institute of Directors Association

### Family Relation between Management

- Mr. Ho KwonPing's son, Mr. Ho KwonCjan's nephew and  
Ms. Ho Ren Yung's elder brother

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Director and Chief Executive Officer, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited
- Director, Banyan Tree Holdings Limited

##### Aug 2015 - Sep 2015

- Chief Executive Officer,  
Thai Wah Starch Public Company Limited

##### Jun 2015 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

##### 2011 - 2015

- Director, Thai Wah Food Products Public Company Limited

##### 2010 - 2015

- Executive Director & Country Head, China, Banyan Tree Holdings Limited

#### In Non-Listed Companies

##### Present

- Board of Commissioner, PT Thai Wah Indonesia
- Director, RH Ltd.
- Chairman, Thai Wah International Trade (Shanghai) Company  
Limited
- Director, Thai Wah Vietnam Company Limited
- Director, TWPC Investment (Cambodia) Co., Ltd.
- Director, Tapioca Development Corporation Limited
- Chairman / Director, Certain related companies of  
Banyan Tree Holdings Limited
- Director, Maypole Ltd. and certain related companies
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, United Insulation Services Pte. Ltd.
- Director, Casita Holdings Ltd
- Director, Dawina Investments Ltd
- Director, Rocket International Investments Limited
- Director, Bibace Management Company Limited

##### 2008 - 2020

- Director, Bibace Investments Ltd

##### 2016 - 2017

- Director, Asia Tapioca Products Company Limited



## Dr. Sretsei Saittagaroon

Deputy Chairman of the Board

Age 66 years

Appointed

• October 1, 2015

Re-elected

• April 20, 2017

• April 27, 2020

Percentage of Shareholding in the company : 0.27%  
(2,344,029 shares)

### Highest Educational Background / Director Certificate Program

- Doctor in Agricultural Science (Food Chemistry), Nagoya University, Japan
- Directors Certification Program (DCP 10/2001), Thai Institute of Directors Association
- Finance Directors (1/2005) Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Deputy Chairman of the Board, Thai Wah Public Company Limited

##### 2015 - 2016

- Managing Director (Food Business), Thai Wah Public Company Limited

##### 1998 - 2015

- Managing Director, Thai Wah Food Products Public Company Limited

##### 1995 - 2015

- Director, Thai Wah Food Products Public Company Limited

#### In Non-Listed Companies

##### 2000 - 2020

- Director, Asia Tapioca Products Company Limited

##### 2017 - 2018

- Director, TWPC Investment (Cambodia) Co., Ltd.

##### 2016 - 2018

- Director, Thai Wah International Trade (Shanghai) Company Limited
- Chairman, Thai Wah Vietnam Company Limited

##### 2005 - 2019

- Director, Tapioca Development Corporation Limited

##### 2014 - 2017

- Chairman, Vietnam Tapioca Company Limited
- Director, Tay Ninh Tapioca Joint Stock Company



## Mr. Umnad Sukprasongphol<sup>(2)</sup>

Director

Age 57 years

Appointed

• October 1, 2015

Re-elected

• April 27, 2018

• April 27, 2020

Percentage of Shareholding in the company : 0.01%  
(107,240 shares)

(also including total no. of shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Central State University (Currently known as University of Central Oklahoma), USA
- Directors Certification Program (DCP 15/2011), Thai Institute of Directors Association
- Financial Statements for Directors (FSD 17/2012), Thai Institute of Directors Association
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Director and Managing Director (Starch Business), Thai Wah Public Company Limited

##### 2012 - 2015

- Director, Thai Wah Starch Public Company Limited

##### 2009 - 2015

- Joint Managing Director (Business Operation), Thai Wah Starch Public Company Limited

#### In Non-Listed Companies

##### Present

- Chairman / Director, Subsidiaries companies of Thai Wah Public Company Limited
- Board of Executive Committee, The Thai Tapioca Trade Association (TTTA)

##### 2009 - 2015

- Director, Subsidiaries and associated companies of Thai Wah Starch Public Company Limited



## Mr. Shankar Chandran

Director

Age 58 years

Appointed • December 25, 2016

Re-elected • April 27, 2018

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Postgraduate Diploma in Management Studies, Kingston University, London, UK
- Higher National Diploma Finance South West London College, UK

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Executive Vice President, Group Business Performance Banyan Tree Holdings Limited

#### In Non-Listed Companies

##### Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Banyan Tree Hotels & Resorts (Thailand) Limited

##### 2011 - 2016

- Managing Director, Laguna Lang Co Vietnam



## Mr. Vudhiphol Suriyabhivadh

Independent Director

Age 76 years

Appointed • October 1, 2015

Re-elected • April 26, 2016

• April 26, 2019

Percentage of Shareholding in the company : 0.02%  
(213,053 shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Bachelor of Commerce (Accountancy), University of New South Wales, Australia
- Bachelor of Law, Sukhothai Thammathirat University
- Directors Certification Program (DCP 36/2003), Thai Institute of Directors Association
- Audit Committee Program (ACP 7/2005), Thai Institute of Directors Association
- Executive Course, IMD Lausanne, Switzerland

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Chairman and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited
- Independent Director, Audit, Risk and Corporate Governance Committee Chairman and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit Committee Chairman, Vice Chairman of the Board, L.P.N. Development Public Company Limited

##### 2015 - 2020

- Independent Director, Audit Committee Chairman and Nomination and Remuneration Committee Chairman, Bangkok Ranch Public Company Limited

##### 2003 - 2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

##### 1999 - 2015

- Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

##### 1996 - 2015

- Independent Director, Thai Wah Food Products Public Company Limited





## Dr. Jingjai Hanchanlash

Independent Director

Age 78 years

Appointed

Re-elected

- October 1, 2015
- April 20, 2017
- April 27, 2020

Percentage of Shareholding in the company : 0.30% (2,643,039 shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Doctorate University de Caen (Mention droit), France
- Certificate in Project Analysis, University of Connecticut, USA
- Certificate in Mid-Career Management training, University of Western Ontario, Canada
- Directors Accreditation Program (DAP 1/2003), Thai Institute of Directors Association
- Audit Committee Program (ACP 19/2007), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Chairman, Thai Wah Public Company Limited
- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Chairman, Laguna Resorts & Hotels Public Company Limited
- Vice Chairman, Muang Thai Insurance Public Company Limited
- Director and Executive Director, Asian Phytoceuticals Public Company Limited
- Advisor the Executive Board, Loxley Public Company Limited

##### 2017 - 2019

- Vice Chairman of the Executive Board, Loxley Public Company Limited

##### 2014 - 2019

- Director, Loxley Public Company Limited

##### 2013 - 2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

##### 2000 - 2015

- Independent Director and Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

### In Non-Listed Companies

##### Present

- Honorary Chairman Greater Mekong Sub-Region Business-Forum
- Chairman of the Executive Board, Rutnin-Gimbel Excimer Laser Eye Centre
- Vice Chairman, The Thai Chamber of Commerce
- Board Member, King Prajadhipok's Institute

##### 2003 - 2020

- Board Member, SPIE Oil & Gas Services (Thailand) Limited



## Mr. Subhak Siwaraksa

Independent Director

Age 63 years

Appointed

Re-elected

- February 21, 2017
- April 27, 2018
- April 27, 2020

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Doctor of Philosophy in Economics, University of Pennsylvania, USA
- Master in Law and Diplomacy, Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- Bachelor in English Literature Honors Program and Economics, Georgetown University, Washington D.C., USA
- Advanced Audit Committee Program (AAP 26/2017), Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP 3/2011), Thai Institute of Directors Association
- Directors Certification Program (DCP 72/2006), Thai Institute of Directors Association
- Directors Accreditation Program (DAP 42/2005), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited
- Independent Director and Audit Committee Member, Samitivej Public Company Limited
- Chairman of Audit Committee and Risk Oversight Committee, Prudential Life Assurance (Thailand) Public Company Limited
- Independent Director, Bangkok Dusit Medical Services Public Company Limited

##### 2009 - 2016

- President and Chief Executive Officer, CIMB Thai Bank PCL.

### In Non-Listed Companies

##### Present

- Board Director, Chairman of Risk Oversight Committee, Member of Audit Committee and Member of Monetary Policy Committee, Bank of Thailand
- Country Chairman, Jardine Matheson Group in Thailand

##### 2016 - 2018

- Commissioner, The Securities and Exchange Commission, Thailand

- Governor, Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand

##### 2013 - 2016

- Chairman, Sathorn Asset Management Co., Ltd.





## Mr. Chanin Archjananun

Independent Director

Age 56 years

Appointed • 1 October 1, 2015

Re-elected • April 27, 2018

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Western Illinois University, USA
- Directors Certification Program (DCP 231/2016), Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP 34/2019), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited

#### In Non-Listed Companies

##### Present

- Consultant, Masan Consumer (Thailand) Ltd.
- Director, Intermart (Thailand) Co., Ltd.
- Director, Wanli Packing Enterprise Co., Ltd.
- Director, Natura Harvest Co., Ltd.



## Ms. Parnsiree Amatayakul

Independent Director

Age 50 years

Appointed • April 27, 2018

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Anderson School of Management at UCLA, USA
- Bachelor of Business Administration, Chulalongkorn University
- Directors Certification Program (DCP 99/2008), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Thai Wah Public Company Limited
- Independent Director, Audit Committee Member and Remuneration Committee Member, Siam Cement Public Company Limited

#### In Non-Listed Companies

##### Present

- General Manager, Sales Enterprise and Commercial IBM ASEAN

#### Sep 2018 - Dec 2018

- General Manager, Commercial and Digital Business Group, IBM ASEAN

#### 2011 - 2018

- Managing Director, IBM Thailand Company Limited



## Mr. Prateep Lertvatanakijkul<sup>(2)</sup>

Director

Age 56 years

Appointed

• April 27, 2018

Percentage of Shareholding in the company : 0.01%  
(50,000 shares)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration (Marketing), National Institute of Development Administration
- Bachelor of Agro - Industry, Kasetsart University
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association
- Directors Certification Program (DCP 267/2018), Thai Institute of Directors Association

### Family Relation between Management

- No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Director and Managing Director (Food Business), Thai Wah Public Company Limited

##### Oct 2016 - Dec 2016

- Managing Director (Food Business), Thai Wah Public Company Limited

#### In Non-Listed Companies

##### Present

- Director, Tay Ninh Tapioca Joint Stock Company
- Director, Vietnam Tapioca Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Tapioca Development Corporation Limited
- Director, Thai Wah International Trade (Shanghai) Company Limited
- Chairman, Thai Wah Vietnam Company Limited

##### 2010 - 2016

- Managing Director, Tapioca Development Corporation Limited



## Ms. Ho Ren Yung<sup>(3)</sup>

Director

Age 35 years

Appointed

• April 27, 2020

Percentage of Shareholding in the company : None

### Highest Educational Background / Director Certificate Program

- Bachelor of Science in Sociology and Economic Development, London School of Economics
- A Certificate in Accounting and Finance, National University of Singapore

### Family Relation between Management

- Mr. Ho KwonPing's daughter, Mr. Ho KwonCjan's niece and Mr. Ho Ren Hua's younger sister

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited
- Vice President, Banyan Tree Holdings Limited

#### In Non-Listed Companies

##### Present

- Director, ICD (HK) Limited
- Business Unit Head, Banyan Tree Spa & Gallery
- Director, Bibace Management Company Limited
- Director, Mamaboss Pte. Ltd.
- Director, RY LTD
- Co-Founder, Matter Prints

##### 2008 - 2020

- Director, Bibace Investments Ltd

##### 2016 - 2017

- Director of Retail Operations, Banyan Tree Gallery

**Remarks :** No directors of the Company have any record of committing any illegal action

<sup>(1)</sup> Resigned from the Company effective January 1, 2021

<sup>(2)</sup> Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the company's Affidavit

<sup>(3)</sup> The 2020 Annual General Meeting held on April 27, 2020 approved the appointment of a new director, namely Ms. Ho Ren Yung and increased the total number of directors of the board from 14 to 15 directors.

## Management

Name	Position	Profile
1. Mr. Ho Ren Hua	Chief Executive Officer <b>Appointed</b> October 1, 2015	<b>Profile as shown in the section of</b> “Board of Directors as at December 31, 2020”
2. Mr. Umnad Sukprasongphol	Managing Director (starch Business) <b>Appointed</b> October 1, 2015	
3. Mr. Prateep Lertvatanakijkul	Managing Director (food Business) <b>Appointed</b> January 1, 2017	
4. Ms. Naruemon Srisuma	Vice President - Group Research and Development <b>Appointed</b> October 1, 2016	<p><b>Age</b> 62 Years</p> <p><b>Highest Educational Background / Director Certificate Program</b></p> <ul style="list-style-type: none"> <li>Doctor of Philosophy (Food Science and Human Nutrition), Michigan State University, USA</li> </ul> <p><b>Percentage of Shareholding in the Company</b> None</p> <p><b>Family Relation between Management</b> No relation</p> <p><b>Working Experiences for the Past 5 Years</b></p> <p><b>In Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>Group Research and Development, Thai Wah Public Company Limited</li> </ul> <p><b>2015 - 2016</b></p> <ul style="list-style-type: none"> <li>Assistant Vice President- Research &amp; Development and Quality System, Thai Wah Public Company Limited</li> </ul> <p><b>1995 - 2015</b></p> <ul style="list-style-type: none"> <li>Assistant Vice President-Research &amp; Development and Quality System, Thai Wah Food Products Public Company Limited</li> </ul> <p><b>In Non-Listed Companies</b></p> <p><b>2017 - 2019</b></p> <ul style="list-style-type: none"> <li>Director, Tapioca Development Corporation Limited</li> </ul> <p><b>2017 - 2019</b></p> <ul style="list-style-type: none"> <li>Director, Tay Ninh Tapioca Joint Stock Company</li> </ul>

Name	Position	Profile
(5) Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer <b>Appointed</b> January 1, 2019	<p><b>Age</b> 48 Years</p> <p><b>Highest Educational Background / Director Certificate Program</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, The American Graduate School of International Management (Thunderbird), Arizona, USA</li> <li>• Directors Certificate Program (DCP 224/2016), Thai Institute of Directors Association</li> <li>• Diploma Examination (52/2016), Thai Institute of Directors Association</li> <li>• Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association</li> <li>• CMA-GMS International Program (5/2019), Capital Market Academy</li> </ul> <p><b>Percentage of Shareholding in the Company</b> 0.00% (10,000 shares)</p> <p><b>Family Relation between Management</b> No relation</p> <p><b>Working Experiences for the Past 5 Years In Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Group Chief Financial Officer, Thai Wah Public Company Limited</li> </ul> <p><b>2017 - 2018</b></p> <ul style="list-style-type: none"> <li>• Chief Financial Officer, Thai Wah Public Company Limited</li> </ul> <p><b>2015 - 2017</b></p> <ul style="list-style-type: none"> <li>• Group Finance Director, Thai Wah Public Company Limited</li> </ul> <p><b>In Non-Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Chairwoman / Director, Subsidiaries companies of Thai Wah Public Company Limited</li> </ul> <p><b>2013 - 2015</b></p> <ul style="list-style-type: none"> <li>• Finance Director, Akzo Nobel Paints (Thailand) Limited</li> </ul>

## Company Secretary

Name	Position	Profile
Ms. Manee Lueprasert	Company Secretary <b>Appointed</b> October 1, 2015	<p><b>Age</b> 54 Years</p> <p><b>Highest Educational Background / Director Certificate Program</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, Thammasat University</li> <li>• Anti-Corruption : The Practical Guide (ACPG 11/2014), Thai Institute of Directors Association</li> <li>• Corporate Secretary Development Program, Thai Listed Companies Association</li> <li>• Fundamental Practice for Corporate Secretary (FPCS 18), Thai Listed Companies Association and Thai Company Secretary Club</li> <li>• Corporate Governance Code (CG Code), PWC Thailand</li> <li>• Enhancing Good Corporate Governance based on CGR Score Card, Thai Institute of Directors Association</li> </ul> <p><b>Percentage of Shareholding in the Company</b> 0.05% (483,671 shares)</p> <p><b>Family Relation between Management</b> No relation</p> <p><b>Working Experiences for the Past 5 Years In Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Director of Corporate Affairs and Treasury and Company Secretary, Thai Wah Public Company Limited</li> </ul> <p><b>2012 - 2015</b></p> <ul style="list-style-type: none"> <li>• Director, Thai Wah Starch Public Company Limited</li> </ul> <p><b>2008 - 2015</b></p> <ul style="list-style-type: none"> <li>• Senior Finance Manager and Company Secretary, Thai Wah Starch Public Company Limited</li> </ul> <p><b>In Non-Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Director, Subsidiaries companies of Thai Wah Public Company Limited</li> </ul> <p><b>2012 - 2015</b></p> <ul style="list-style-type: none"> <li>• Director, Subsidiaries and associated companies of Thai Wah Starch Public Company Limited</li> </ul>

**Remarks :** None of the company's management have any record of committing any illegal action

## Details of Position of Directors and Management

Name	TWPC	Subsidiaries																	ATP	VTC			
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL	TW6	TWAS	TWBP			TWIT	TWIC	TWVC
Mr. Ho KwonPing	X																						
Mr. Surapon Supratya	/																						
Mr. Ariel P Vera	/																						
Mr. Ho KwonCjan	/																	X	/	/	/	/	/
Mr. Ho Ren Hua	/, CEO, E																						
Dr. Sretsei Saittagaroon	XX																						
Mr. Umnad Sukprasongphol	/, //, E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	X	/	X	/
Mr. Shankar Chandran	/																						
Mr. Vudhiphol Suriyabhivadh	ID, ARCGC, NRC																						
Dr. Jingjai Hanchanlash	ID, ARCG, NRCC																						
Mr. Subhak Siwaraksa	ID, ARCG, NRC																						
Mr. Chanin Archjananun	ID, ARCG, NRC																						
Ms. Pansiree Amatayakul	ID																						
Mr. Prateep Lertvatanakijkul	/, //, E											/						/			X	/	/
Ms. Ho Ren Yung	/																						
Ms. Naruemon Srisuma	E																						
Ms. Orn-A-Nong Witchucharn	E	/	/	/	/	/	/	/	/	/	/	X	/	/	/	/	/	/	/	/	/	/	X
Ms. Manee Lueprasert	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/					/
Mr. Nam Chitdeechai										/	/												
Ms. Orawan Charoenpatchayakul								/															
Mr. Chalermkeit Chalempromkit												/						/					/
Mr. Sorasak Thanadeecharoenchok												HSB											
Mr. Nguyen Quoc Viet												XX											/
Ms. Vo Thi Linh Phuong												/,GD											
Ms. Phu Thi Diem Chi												MSB											
Mr. Dao Duy Thi												MSB											/
Mr. Pham Van Minh																							

## Details of Position of Directors and Management

Name	TWPC	Subsidiaries														VTC								
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL		TW6	TWAS	TWBP	TWIT	TWIC	TWVC	TWIN	TDC
Mr. Nguyen Phong Phu																								/
Mr. Nguyen Minh Tung													/,DGD											
Mr. Nguyen Thanh Chuong												/										/		XX
Mr. T. Rizky Johan Sjarif																								

### Remarks :

X	=	Chairman of the Board	ARCGC	=	Audit, Risk and Corporate Governance Committee Chairman	HSB	=	Head of Supervisory Board
XX	=	Deputy Chairman of the Board	ARCG	=	Audit, Risk and Corporate Governance Committee Member	MSB	=	Member of Supervisory Board
CEO	=	Chief Executive Officer	NRCC	=	Nomination and Remuneration Committee Chairman	DGD	=	Deputy General Director
/	=	Director	NRC	=	Nomination and Remuneration Committee Member	GD	=	General Director
//	=	Managing Director	E	=	Management according to the definition of the Securities and Exchange Commission, Thailand			
ID	=	Independent Director						



## Abbreviation

Abbreviation	Company Name in Full
ATP	Asia Tapioca Products Company Limited
BPT	Bangpakong Turakij Company Limited
BT5	Bang Thao (5) Company Limited
BT6	Bang Thao (6) Company Limited
CSL	Chiang Saen Land Company Limited
DI	DI Company Limited
LRH	Laguna Resorts & Hotels Public Company Limited
MHSL	Mae Hong Son Land Development Limited
MJ	Mae Joe Land Company Limited
PNR	Phang Nga Resorts Limited
TDC	Tapioca Development Corporation Limited
TMS	Thai Modified Starch Company Limited
TN	Thai Nam Tapioca Company Limited
TN1	Thai Nam Tapioca (1) Company Limited
TNT	Tay Ninh Tapioca Joint Stock Company
TRL	Tropical Resorts Limited
TS1989	Thai Sin Tapioca (1989) Company Limited
TTL	Tha Thungna Land Company Limited
TW6	Thai Wah (6) Company Limited
TWAS	Thai Wah Alpha Starch Company Limited
TWBP	Thai Wah Bio Power Limited
TWIN	PT Thai Wah Indonesia
TWIC	TWPC Investment (Cambodia) Company Limited
TWIT	Thai Wah International Trade (Shanghai) Company Limited
TWPC	Thai Wah Public Company Limited
TWVC	Thai Wah Vietnam Company Limited
VTC	Vietnam Tapioca Company Limited

# Policy and Business Overview

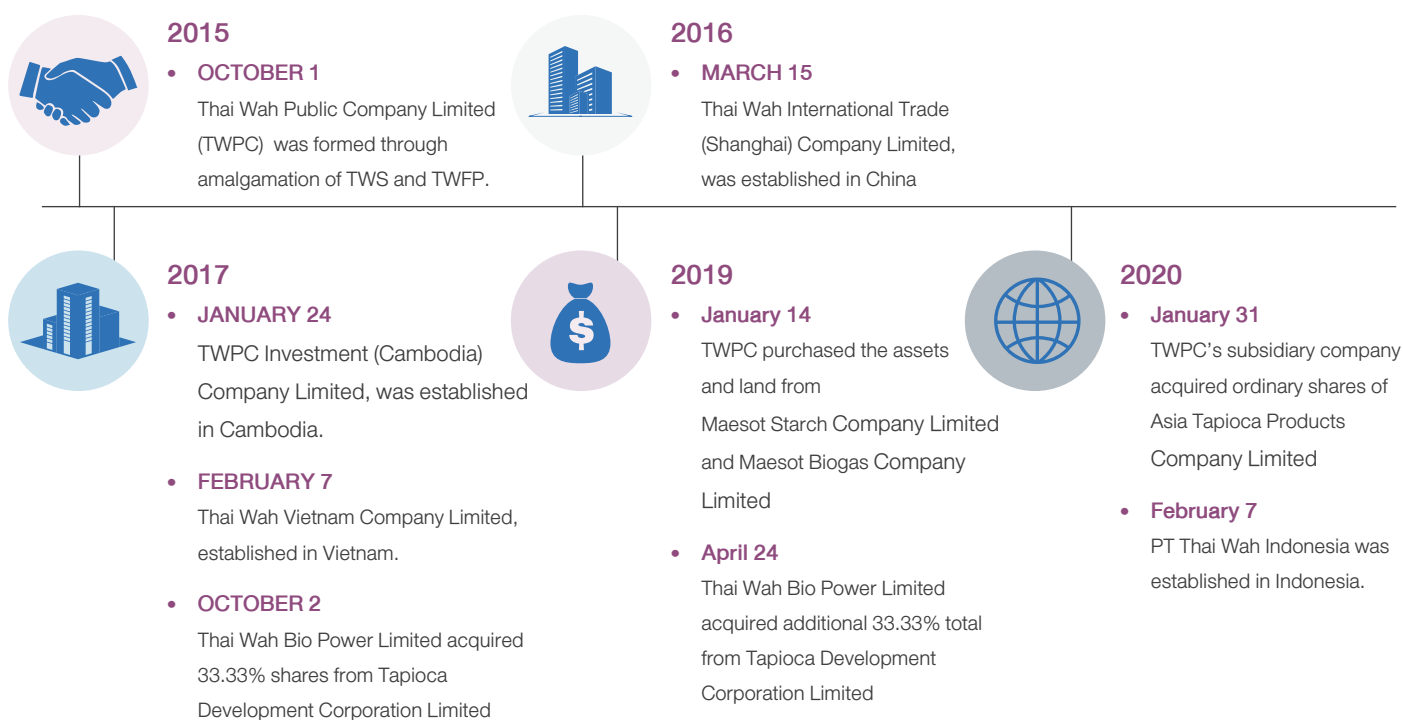
## History

Thai Wah Public Company Limited (“TWPC” or the “Company”) has been formed by the amalgamation of Thai Wah Starch Public Company Limited (“TWS”) and Thai Wah Food Products Public Company Limited (“TWFP”), in order to manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution. The registration of amalgamation was completed with the Department of Business Development, Ministry of Commerce on October 1, 2015.

The Company’s core business is to manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

Additionally, the Company has invested in the ordinary shares of other companies which conduct businesses other than the core business of the Company. The Company and its subsidiaries have invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand.

## Milestones



## Company's Vision and Mission

The Board of Directors' Meeting of the Company has approved the Company's vision and mission, which would be reviewed at least every 5 years as follows:

### Vision

To be a regional leader in starch and starch-related food products

### Mission

We will produce premium quality products to satisfy our customers, and work with pride, integrity and consistency

For the year 2020, the Board of Directors had reviewed and approved the Company's vision, missions, and business strategies. Moreover, this year, TWPC and subsidiaries remained committed to its vision in becoming a regional leader of starch and starch-related food products.

The Board of Directors regularly reviews and monitors the strategy and objectives of the Company and promote innovation to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities. The Board of Directors ensures that effective communication of the Company's vision, mission, strategy etc. are made throughout the Company and that the Company's business model can create value to the Company as well as the stakeholders.

The Board of Directors ensures that the Company's business are conducted in a manner that creates value to the Company, the stakeholders and the society. During the previous year, management had

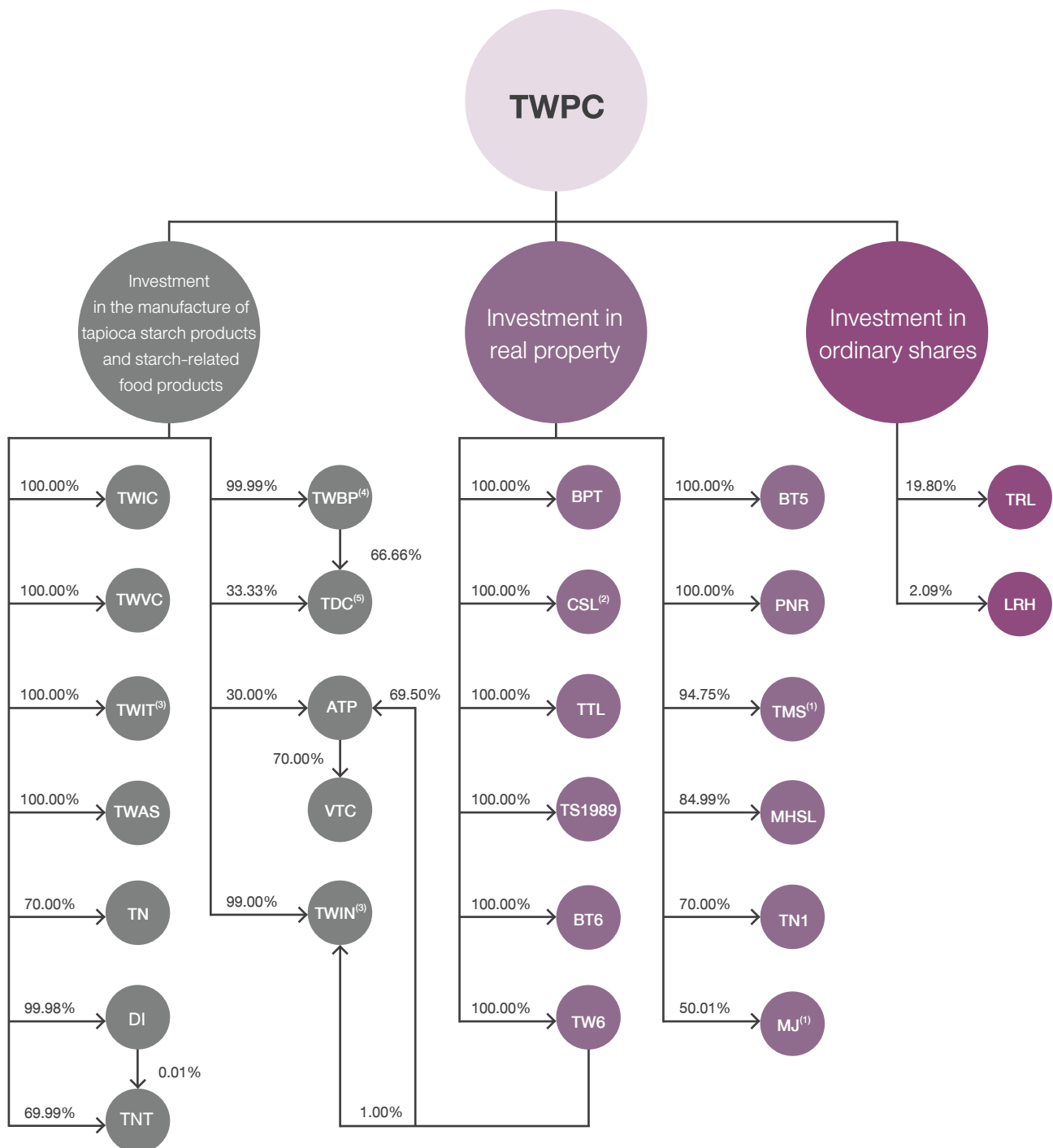
developed a CSV (Creating shared value) framework and monitor it regularly, where the focus was on creating shared value across the entire value chain of the Company starting from the farmers to manufacturing to the final consumers. The Audit, Risk and Corporate Governance Committee reviewed and recommended management on the CSV activities and stakeholder engagement issues that the Company underwent in the year 2020. The Company's goal is to deliver starch and starch related products to enhance the quality of life which leads to better health in the future, while adding value to the agricultural sector with the ambition to create sustainable plant and raw material sources that helps in developing and thriving resilient communities with zero environmental impact. Details of the corporate social responsibilities have been disclosed in the Company's sustainability report and on the Company's website under the heading Sustainability.

([https://investor.thaiwah.com/csr\\_policy.html](https://investor.thaiwah.com/csr_policy.html))

### Key Developments

- N/A -

## Shareholding Structure of the Company



Remarks : <sup>(1)</sup> = Dormant

<sup>(2)</sup> = Registered the dissolution with the Department of Business Development, Ministry of Commerce on April 29, 2020

<sup>(3)</sup> = Type of business : Trading of goods (Tapioca starch and related products)

<sup>(4)</sup> = Type of business : Generate and sale of electricity, including investment in ordinary shares in TDC

<sup>(5)</sup> = Type of business : Manufacture and distributor of modified tapioca starch

## Subsidiaries and Related companies in which the Company has shareholding exceeding 10 percent

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Thai Wah Vietnam Company Limited</b> Lot C1-6 (Lo C1-6), Street N8, Zone C1, Tan Phu Trung Industrial Park, Tan Phu Trung Commune, Cu Chi District, Ho Chi Minh City, Vietnam	Manufacture and distribution of food products (Vermicelli and other products)	VND 67,893,000,000	-	VND 67,893,000,000	100.00
<b>TWPC Investment (Cambodia) Company Limited</b> Osrâmâ Village, Trâpeang Tao Commune, Anlong Veng District, Oddar Meanchey Province, Cambodia	Manufacture of tapioca starch	KHR 12,000,000,000	-	KHR 12,000,000,000	100.00
<b>Thai Wah International Trade (Shanghai) Company Limited</b> Room 442, 4 <sup>th</sup> floor, Building 1, No.458 East Fu Te No.1 Road, Pilot Free Trade Zone, Shanghai, China	Trading of goods	CNY 1,000,000	-	CNY 1,000,000	100.00
<b>PT. Thai Wah Indonesia</b> Level 38, Tower A, Kota Kasablanka, Jl. Casablanca Raya Kav 88, Jakarta, 12870, Indonesia	Trading of goods	Rp. 10,000,000,000	-	Rp. 2,500,000,000	100.00
<b>Thai Wah Alpha Starch Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of alpha starch	18,000,000	100	18,000,000	100.00

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Bang Thao (6) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	21,500,000	100	21,500,000	100.00
<b>Chiang Saen Land Company Limited *</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	75,000,000	100	75,000,000	100.00
<b>Thai Sin Tapioca (1989) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	5,000,000	100	5,000,000	100.00
<b>Tha Thungna Land Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	15,000,000	100	15,000,000	100.00

**Remarks :** \* Registered the dissolution of the company with the Department of Business Development, Ministry of Commerce on April 29, 2020

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Bangpakong Turakij Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	91,000,000	100	91,000,000	100.00
<b>Thai Wah (6) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	69,000,000	100	69,000,000	100.00
<b>Bang Thao (5) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	19,500,000	100	19,500,000	100.00
<b>Phang Nga Resorts Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	30,600,000	100	30,600,000	100.00
<b>Thai Wah Bio Power Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Generate and sale of electricity	450,000,000	1,000	450,000,000	99.9

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Tapioca Development Corporation Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 677 4466 Fax. +66 2 285 0281	Manufacture and distribution of modified tapioca starch	50,000,400	100	50,000,400	99.99
<b>D I Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of tapioca starch	10,000,000	1,000	10,000,000	99.98
<b>Asia Tapioca Products Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Holding company	140,000,000	100	105,250,000	99.50
<b>Thai Modified Starch Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Dormant	40,000,000	1,000	10,000,000	94.75



Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Mae Hong Son Land Development Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	2,000,000	100	2,000,000	84.99
<b>Thai Nam Tapioca Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of tapioca starch	86,600,000	100	86,600,000	70.00
<b>Thai Nam Tapioca (1) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	1,000,000	100	1,000,000	70.00
<b>Tay Ninh Tapioca Joint Stock Company</b> Tan Binh Hamlet, Hoa Thanh District, Tay Ninh Province, Vietnam	Manufacture of tapioca starch, glucose and candy	VND 112,081,200,000	VND 10,000	VND 112,081,200,000	70.00
<b>Vietnam Tapioca Company Limited</b> 043 Cau Hamlet, Tan Phong Commune, Tan Bien District, Tay Ninh Province, Vietnam	Manufacturer of tapioca starch	VND 75,778,422,475	-	VND 75,778,422,475	70.00

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/ Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Mae Joe Land Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Dormant	3,000,000	100	3,000,000	50.01
<b>Tropical Resorts Limited</b> 22 <sup>nd</sup> Floor, Man Hing Commercial Building, 79-83 Queen's Road, Central, Hong Kong Tel. +65 6849 5888 Fax. +65 6849 5713	Resort investment and development	USD 21,000,000	USD 1	USD 21,000,000	19.80

# Nature of Business



## Revenue Structure

The Company's revenue structure of the sale and services to the third party are described as follows:-

Products/Services	2020 Revenue		2019 Revenue		2018 Revenue	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Starch business revenue</b>						
- Tapioca Starch	3,030	42	3,084	42	2,864	43
- High Value-added Starch	661	9	812	11	850	7
- Modified Starch	872	12	910	12	985	14
- Pearl	284	4	291	4	289	4
- Glucose	508	7	648	9	713	10
- By products and other	157	2	112	1	95	1
<b>Total Starch business revenue</b>	<b>5,511</b>	<b>77</b>	<b>5,858</b>	<b>79</b>	<b>5,796</b>	<b>79</b>
<b>Food business revenue</b>						
- Vermicelli and Bean Sheet	1,236	17	1,250	17	1,272	17
- Rice Noodle and Rice Vermicelli	213	3	151	2	123	2
- Mong starch and other starch	106	1	46	1	45	1
- By products and other	11	-	5	-	11	-
<b>Total Food business revenue</b>	<b>1,565</b>	<b>22</b>	<b>1,453</b>	<b>20</b>	<b>1,452</b>	<b>20</b>
<b>Investment in securities</b>						
- Dividend	10	-	33	-	-	-
- Gain from business acquisition	25	-	-	-	-	-
<b>Investment properties</b>						
- Gain on sale of investment property	18	-	-	-	-	-
<b>Other income</b>						
- Service income	13	-	13	-	-	-
- Claim refund from the fire	-	-	12	-	10	-
- Gain on exchange	16	-	6	-	11	-
- Interest income	11	-	17	-	20	-
- Other income	33	1	33	1	41	1
<b>Total</b>	<b>7,203</b>	<b>100</b>	<b>7,424</b>	<b>100</b>	<b>7,329</b>	<b>100</b>

## Type of Business

### Core Business

The core business of the Company is divided into two main categories: manufacture of tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

- a. **Tapioca starch products** all of which are manufactured and sold by the Company and its subsidiaries, namely Thai Nam Tapioca Company Limited, D I Company Limited, Thai Wah Alpha Starch Company Limited, Tay Ninh Tapioca Joint Stock Company, Vietnam Tapioca Company Limited and Tapioca Development Corporation Limited. The Company's products in this category includes tapioca starch, glucose syrup, modified starch, sago and alpha starch.

#### Tapioca starch

Tapioca starch is a product derived from cassava roots. Apart from direct consumption, tapioca starch has many other uses in the food industry. Tapioca starch is an ingredient in seasoning powder (MSG) and sweetener products, and has many uses in other industries, including the paper and textile industries.

The Company and its subsidiaries have a total of 6 tapioca manufacturing plants in different regions of Thailand. These plants have been awarded international certification standards under, ISO 9001: 2015, ISO 14001 : 2015, GMP (Good Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points), USDA (United States Food & Drug Administration), FSSC 22000, the Halal and Kosher standards.

Apart from the above, the Company have 2 tapioca manufacturing plants in Vietnam that it had jointly invested with Tay Ninh Sugar Joint Stock Company and established (1) Tay Ninh Tapioca Joint Stock Company (originally known as Tay Ninh Tapioca Company Limited) (TNT) in Tay Ninh city located in Socialist Republic of Vietnam to manufacture tapioca starch, organic tapioca starch, glucose syrup, organic glucose syrup, rice flour and organic rice flour for organic products. These are all high value-added products sold both locally and internationally. Furthermore, the Company has also been awarded FSSC2200, Kosher, Halal, NOP and EU. (2) The Company invested through Asia Tapioca Products Company Limited to establish Vietnam Tapioca Company Limited located in Tay Ninh province, Socialist

#### Glucose syrup

Glucose syrup is made from hydrolysis of starch and its character is sticky viscous clear liquid, slightly sweet and colorless. It is used as an ingredient in many food products such as candy, toffees, jam, juice powder, ice cream, creamer and other beverages, which are manufactured by TNT, a subsidiary of the Company located in Tay Ninh, Socialist Republic of Vietnam. TNT's glucose syrup products are widely recognized and trusted by consumers for its quality and product standard. Furthermore, the factory has been awarded FSSC 22000 (Food Safety System Certification 22000), GMP standards, HACCP, HALAL, KOSHER and FSMA which are the certification of food safety systems during the manufacturing process including USDA, NOP and EU standards for organic products. Currently, organic glucose syrup is very popular in the European and American markets.



### Modified starch

Modified tapioca starches can be used for several industrial applications including food industry, paper industry and others. This is produced by Tapioca Development Corporation, a subsidiary company located in at Baan Chang District, Rayong Province, for both local and foreign markets. The key export markets are China, Japan, South Korea, Indonesia and other countries in East Asia and ASEAN region.

### Sago

Sago (or tapioca pearls) is another food product derived from tapioca starch. Sago is widely popular among consumers both locally and in other East Asian countries such as China and Taiwan and it is also exported to Europe and the United States of America because sago can be used in cooking savoury dishes as well as desserts, which underpin the upward trend of sago consumption.

Currently, the Company has further developed its sago product line to offer more variety, producing Roselle sago and Pandanus sago, allowing consumers the opportunity to select from products that are different and new. Furthermore, new recipes have been developed for both savoury dishes and desserts. The recipes are available to consumers as “recommended recipes” for greater variety, convenience, and speed. Examples of new recipes include boiled sago dumplings (in place of the traditional method of steaming), tapioca pearls mixed with coriander roots, garlic & pepper, the jade pearls, and the sea pearls, all of which use large tapioca pearls for preparation.

Additionally, a new product called Tiny Pearls has been developed for easy cooking, i.e. by pouring hot water into tiny pearls and leaving them for five minutes. This product can be served as an ingredient for breakfast or be mixed with sausages to add texture.

The Company’s manufacturing plant for sago products has been awarded international certification standards under the ISO 9001:2015, GMP, HACCP and Halal, which can assure customers of the Company’s product quality.

### Alpha starch

Alpha starch is a type of tapioca starch that is modified using a physical modification process. Alpha starch is widely used in the industries of aquatic animal feeds, mosquito repellents, and metal casting. Thai Wah Alpha Starch Company Limited (TWAS), a subsidiary of the Company, manufactures and distributes this product with the main markets being Japan and Taiwan.

TWAS currently focuses on the importance of improving product quality and is currently researching methods to manufacture new products to satisfy the market’s needs. TWAS also has the capability to manufacture alpha starch according to the chemical formula requirements specific to each industry in keeping with recognized standards. This will enable increased exports, both in terms of volume and value. The alpha starch production factory also received ISO 9001: 2015 quality management system certification, GMP and HACCP including the HALAL mark.

### Rice flour, Rice starch

Rice flour is a product derived from rice using the water milling process which is a modern technology. Currently Tay Ninh Tapioca Joint Stock Company, located in Vietnam, produces both rice flour and sticky rice flour using good quality raw materials that produces high quality products that have consistent whiteness and suitable viscosity. At present bread, bakeries, noodle products and other types of desserts are mainly produced using wheat flour which are imported at a relatively high price. Therefore, the development of rice flour in Vietnam is quite important because not only can it be exported, but it is also a gluten-free product that can be used as a substitute for wheat flour and is suitable for further processing by the customers. Attention and control are given to each process so that the rice flour manufactured are safe, clean and has a natural Vietnamese rice smell. The same applies for organic rice flour, a flour processed from organic rice that has been field certified. Each production and processing step is handled with care to ensure that the organic products are in accordance with the required standards of USDA, NOP and EU. For the organic products produced by rice flour products, it has been certified by the food safety management system certification FSSC 22000 (ISO 22000, PAS220), Halal food standards (HALAL), Jewish food standards (KOSHER), making the Company's rice flour trustworthy and in demand amongst consumers around the world.

b. **Vermicelli and noodle products** are manufactured and sold by the Company, with vermicelli as the main product. The raw materials for vermicelli and the other noodle products are pea starch, potato starch, tapioca starch, and rice. The Company's products in this category include vermicelli, rice noodles, rice vermicelli, mung bean starch noodles (Shanghai noodles), noodle kits and instant bean vermicelli and rice noodles.

1. Vermicelli or glass noodle can be classified by quality, price and customer's group as follows:

#### "Double Dragon"

brand: a high premium product.



#### "Phoenix"

brand: a good quality product with standard pricing



#### "Double Kilin"

brand: a standard quality product that answers the requirement of street vendors.



2. Rice noodle and rice vermicelli - the Company produces and distributes rice noodle and rice vermicelli in both dry and fresh varieties under the "Double Kilin" brand which is positioned as a quality product with a medium price available in various forms such as small-strip rice noodle, large-strip rice noodle and rice vermicelli.

3. Mung bean starch noodles (Shanghai noodle) under “Double Dragon” brand are available in Cut sheet type: a high-quality product, convenient to use, Round sheet type: a high-quality product which can be used in various styles of cooking, and Seaweed Cut sheet type: a high-quality product offering seaweed taste and fragrance.
4. Tapioca starch and Sago under the ‘Double Kilin’ and ‘New Grade’ brand, packaged in a retail pack for household consumption or restaurant and packing sacks for sale to industrial plants and leading restaurants that uses in large quantities.
5. Asian Inspired Noodle Kits under the “Double Dragon” brand which are suitable for the lifestyle that prefer convenient and tasty meal cooked by themselves.
6. Instant bean vermicelli and rice noodles under the “Double Dragon” brand that comes in various flavors and are easily available, are targeted at young consumers and working-class groups.

## Non-core business

### a. Investment in real property

The Company and its subsidiaries had invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand (i.e. in the north, upper part of the northeast, central, east, and west). Land investment represents less risk than investment in other assets because land is unlikely to depreciate. The Company expects to derive returns from a higher selling price which is expected to increase in the future as Thailand’s economy improves. Currently, the Company and its subsidiaries have no development plans for such properties.

### b. Investment in ordinary shares

The Company has invested in the ordinary shares of Laguna Resorts & Hotels Public Company Limited and Tropical Resort Limited and is currently holding 2.09 percent and 19.80 percent of the total paid-up capital of each company, respectively. The purpose of investing in these non-core businesses is to diversify the Company’s business risks. By investing in such ordinary shares, the Company expects to derive returns in the form of dividends.



# Marketing and Competition

## Target Customers

### a. Products under tapioca starch category:

The Company distributes products under this category both locally, which accounts for approximately 20 percent, and internationally, which accounts for approximately 80 percent.

The classification of customers are as follows:

#### Tapioca starch

The tapioca products are exported to many countries around the world, including China, Taiwan and the United States of America under the “Rose Brand” trademark. Some parts of this product line are also distributed locally.

#### Glucose syrup

The Company has a factory producing glucose syrup products in Vietnam, most of which are locally distributed.

#### Modified starch

Approximately 30 percent of the modified tapioca starch products are sold locally within the country and approximately 70 percent are exported to Asian countries, including Europe, the United States and Middle East.

#### Sago (tapioca pearls)

This product is mainly exported to East Asian countries such as China, Taiwan and some products are distributed to Europe and the United States, as well as being distributed locally.

## Alpha starch

Alpha starch is exported internationally to Japan, Europe, and Taiwan. Some products are sold in the local market as well.

### b. Products under the vermicelli and noodle category are distributed both locally and international and the sales ratio are as follows:

#### Local market

The Company’s local sales account for 83 percent of total sales for all the products under this category. Local customers mainly comprise of wholesale stores and the proportion of sales is 65 percent from the total sales.

#### Export market

The Company’s export sales account for 17 percent of total sales for all the products under this category. The Company exports to several countries such as Asia region countries, European Union, and the United States of America.

## Distribution Channel

### a. Marketing of tapioca starch products:

In the previous year, the Company’s marketing activities focused on the food industry, instead of the paper and textile industries because of the higher pricing in the tapioca starch food industry.

Regarding distribution channels, the Company directly exports its products to food manufacturers. Some products were indirectly sold through local dealers in the importing countries. In addition, the company has established Thai Wah International Trade (Shanghai) Company Limited as the base for distribution of “Rose brand” products to customers in China

#### **b. Marketing of vermicelli and noodle products:**

Local market - The Company sells its products through various channels including wholesalers, retailers, department stores, superstores, supermarkets, convenience stores, cash vans, restaurants nationwide, industrial clients and selling online.

As for international markets, the Company exports through local agents to several countries in the Asia regions, the European Union, and the United States of America.

### **Competition**

#### **a. Tapioca starch products**

Competition in international markets is quite intense. In addition to local competitors, the Company must compete with foreign manufacturers in ASEAN countries such as Vietnam and Cambodia which have the advantage of lower costs when compared to Thailand. The Company's strategy is to focus on selling products in markets which prefer consistent quality over prices. Competitive environment: In previous years, there were 4-5 competitors whose capacity was equal to or greater than the Company's. While competitors adopted a competitive low-price strategy, the Company pursued the strategy of quality and punctuality of delivery, which are very important in international markets. The Company's strengths include its reputation, quality, punctuality of delivery, and brands, including the "Rose brand" trademark which has been well recognized in the food industry particularly in China and Taiwan.

The COVID 19 pandemic caused the recession of global economy considerably while the volume of tapioca exports in Thailand in 2020 remained close to the year 2019. However, the Thai Baht appreciation against US dollar and CNY resulted in the export value (Thai Baht) to decrease. At the same time, the demand for tapioca starch from China remained stable as their import volume increased slightly from Vietnam, which was sold at a lower price than Thailand.

In 2020, the price of tapioca starch increased from approximately USD 420-450/ ton FOB Bangkok to approximately USD 425-475 / ton FOB Bangkok, at the same time the price of tapioca roots had also increased. China's continuous release of its corn starch stock at a lower price to the market from 2019 to 2020, lowered its stocks to be insufficient in meeting the demands of approximately 277 million tons along with higher corn prices of 2,420 – 2,660 CNY per ton while the prices of tapioca chips in China was approximately 2,080 – 2,120 CNY per ton\*, which was lower than the prices of corn. As a result, China has to substitute corn for tapioca as raw materials for producing alcohol. The Thai tapioca starch export volume in 2020 was approximately 3.81 million tons, a 1.5 percent decrease from 2019, which was approximately 3.87 million tons, while the export value of tapioca starch in 2020 decreased by 4.4 percent compared to 2019.

**\*Remark :** The volume and value of tapioca export referred from Thai Tapioca Starch Association and customs department.

## b. Vermicelli and noodle products

### Vermicelli

#### Industry situation

The Thai vermicelli industry in general is operating in a competitive market with many big players. Various vermicelli products often look similar but can be significantly different in terms of quality, texture and price. It is therefore important for manufacturers to differentiate their products by quality and brand image to gain recognition and acceptance by consumers. The local consumption of vermicelli is estimated to be 38,000 tons per year or Baht 3,451 billion in value. In total, there are 3-4 large manufacturers and approximately 10-15 medium-to-small manufacturers in Thailand. The Company is the largest vermicelli manufacturer in Thailand producing many different types of vermicelli with a total production capacity of 23,000 tons per year.

#### Growth rate

The vermicelli market has an average annual growth rate at approximately 2 - 3 percent. Restaurant owners' switch to fresh vermicelli due to the convenience in using, time saving, and the lower price compared to dry vermicelli, resulting in flat growth of vermicelli in the year 2020.

#### Competition

Since production of vermicelli is rather simple, there are many major producers competing in the market. Competitions however are mainly on price and on distribution and product quality. Quality varies to suit different customer segments in different locations. Consumers

generally trust a particular brand. Competition dimensions in the vermicelli industry can be summarized as follows:

#### Price competition

Each producer usually sets its selling price in line with market prices, marketing promotions, in order to be accepted by the consumers for capturing maximum market share.

#### Creating new market segment

New products such as fresh vermicelli, straight cut vermicelli, instant vermicelli and noodle kits are introduced to give convenience and meet consumer demand.

#### Substitute goods

Currently, no product can directly substitute for vermicelli since it has its own unique characteristics but there are similar food products such as rice vermicelli, egg noodles, or rice noodles.

### Noodles

#### Industry situation and market share

Noodles are one of the most favored dishes among Thais and other East Asian people following from rice. The Company estimates that the market size for rice noodles and rice vermicelli, including Thai rice noodle (Kanom Jeen), is approximately 350,000 - 370,000 tons per year or for value of approximately Baht 15 billion. This is 10 times more volume than vermicelli, and approximately 5 times more value. Given that the market for rice noodles and rice vermicelli including Thai rice noodle is growing both locally and overseas and given the Company's existing large customer base

in the vermicelli market, the Company decided to expand its business into the rice noodle and rice vermicelli market by manufacturing and distributing small-strip rice noodles and rice vermicelli on a trial basis in 2009 and in 2010 respectively with the total capacity of 2,000 tons per year. The Company was very successful in entering this market as evidenced by the continuous growth since the commencement of the operation which increased by over 100 percent per year since inception. As a result, the Company decided to expand the production of noodles and rice vermicelli by building a new factory in the same area as the vermicelli factory at the end of 2015, with the initial production capacity of 4,000 tons per year. The Company's rice noodle and rice vermicelli products comprised of both fresh and dry rice noodle and rice vermicelli. In 2020, the proportion of sales was approximately 44 percent for the local market and 51 percent for the international market.

## Marketing

### Vermicelli

The marketing strategy for vermicelli focuses on developing new products to meet the lifestyle of consumers from different age groups that have different consumption habits. At the same time maintaining brand recognition, to reach more, both existing customer base and new generation of customers via online media. The Company has been certified with the management system standard ISO 9001: 2015, ISO 14000: 2015, ISO 45001: 2018 as well as GMP, HACCP, USFDA, HALAL and Social audit (SMETA).

In addition, double dragon brand vermicelli was also certified by The International Taste Institute assuring the consumers in terms of both quality and taste of the product.

### Fresh and Dry Rice noodle and rice vermicelli

The focus is on research and development of products to meet the different eating habits and cultures in each region while maintaining the good quality production standard right from the raw materials to the production process that is clean and hygienic. The products are easily available at the leading supermarkets. Our products have been certified by BRC certification, making it the first Company to manufacture fresh noodles and fresh vermicelli in Thailand that meets the standard. The Company received certified management system standards ISO 9001: 2015, ISO 14000: 2015, ISO 45001: 2018, as well as GMP, HACCP, USFDA, Organic, HALAL, Social audit (SMETA) and BRC (Global Standard Food Safety) certifications.

In addition, the Company was also the first in Thailand to receive BRC (Global Standard Food Safety) certification for its fresh rice noodle and fresh vermicelli products.

### Mung bean starch noodle (Shanghai noodle)

The selling point are the unique texture of mung bean starch noodles and beautifully curled strips that result from being cooked. Moreover, the Company is the first and only manufacturer of premium quality dried shanghai noodles in Thailand. The Company has been certified for management system ISO 9001: 2015, ISO 14000: 2015, ISO 45001: 2018 as well as GMP, HACCP, USFDA, HALAL and Social audit (SMETA).

## Procurement

### a. Tapioca starch products

#### Production policy

The production process of the Company depends upon the availability of raw materials. The Company will maximize production capacity during the harvest season, which falls during the period of October through April every year. During the harvest period, the price of cassava roots is relatively low compared to other times of the year, so the Company would step up production in order to produce the maximum amount which can either be sold to customers or stored for future sales throughout the year. Towards the end of the harvest season, the price for fresh cassava roots would increase. But with the pending orders from the customers and the profit margin at a satisfactory level, the Company continues with the production for as long as possible.

#### Production capacity and quantity

The Company and its subsidiaries have a total of 8 tapioca manufacturing plants, 6 of which are in Thailand and 2 are located in Socialist Republic of Vietnam. The factories in Thailand are in Nakhon Ratchasima, Kalasin, Udon Thani, Kamphaeng Phet, and Tak. The aggregate production capacity of 438,000 tons per year for producing tapioca starch, coarse flour and tapioca pearls and the factory that produces modified starch, located in Rayong, has a production capacity of 60,000 tons per year. As for the factory that produces glucose syrup and rice flour, located in Socialist Republic of Vietnam, has a production capacity of 50,000 tons and 6,000 tons per year accordingly.

## Procurement of products or services

The core element of raw materials used in the manufacturing process is the locally grown fresh cassava roots that are purchased directly from the farmers.

#### Raw materials and suppliers

Movement in the price of fresh cassava roots depends on the demand and supply, while the selling price of the finished goods increases or decreases depending on the cost of the raw materials. During the year 2020, the average purchase price of fresh cassava roots for the group in Thailand was Baht 1,760 – 2,910 per ton while the price paid by the group in Vietnam was Baht 2,790 – 3,960 per ton.

The Company will purchase the majority of its fresh cassava roots directly from farmers, while the remainder will be purchased from the secondary cassava markets. Where the amount of cassava roots available within the areas close to the factory is not sufficient, the Company will purchase cassava roots from cassava markets in the nearby provinces in order to make up for the shortfall in the amount needed for production.

### b. Vermicelli and noodle products

#### Production capacity

The Company has 1 factory for manufacturing vermicelli and other noodle products. The factory is located at Banglen district, Nakorn Pathom Province on a land plot of 230 rai 3 ngan and 50 square wah and it has a factory floor area of about 48,700 square meters. The total production capacity of vermicelli is approximately 23,000 tons per year and

production capacity for the noodle and rice vermicelli is 4,000 tons per year. The production process employs a modern and efficient manufacturing technology which emphasizes quality and safety of the products for the consumer. The production policy is based on production plan which is mainly determined by customer's demand. At present the total capacity utilization rate is approximately 70 percent.

### Raw materials

The key raw materials are pea starch, potato starch, tapioca starch, and rice. Because they are agricultural products, raw material prices fluctuate according to season and demand and supply in the market. In some situations, the Company has to stock up on raw materials in order to have sufficient raw materials for production and to maintain the costs of raw materials.

The Company directly and indirectly imports pea starch and potato starch through distributors in the EU and China. As such, exchange rates have a direct impact on the cost of imported starch. The Company does not exclusively depend on any particular manufacturer or distributor, managing supply risk by purchasing raw materials from several local and overseas suppliers.

## Environmental Impacts

### a. Tapioca starch products

During the manufacturing of tapioca starch, waste water are resulted from the washing of the fresh cassava roots and starch. Discharge of these waste water has the potential to adversely impact the environment and disturb the surrounding local communities. With great concern over the impact this may cause, the Company established a waste water treatment system which uses the LAGOONING technique. The Company's lagooning system was designed by certified engineers and consists of an anaerobic pond and an oxidation pond. The Company continues developing and improving its waste water treatment system to make it better.

The Company's great concern for the environment resulted in the installation of a biogas system at the manufacturing plant of its subsidiary in Vietnam which was completed in 2011 and has developed the waste water treatment system to meet the high production standards. The factory also became a prototype for government agencies in Tay Ninh or private sector to use as a case study on the wastewater treatment system in a tapioca starch factory. As for the biogas system at the factories such as Kalasin province, Nakhon Ratchasima province and at a subsidiary's plant in Udon Thani province. In the system, biogases that are derived from the treatment ponds can be used as a substitute for furnace oil in the manufacturing procedure. Biogas is an energy-saving initiative and is effective in reducing the consumption of natural resources. Using biogas can reduce the amount of

greenhouse gas emitted into the atmosphere and minimizes the unpleasant smell from waste water treatment ponds that could affect the environment of the surrounding local communities. The Company's and its subsidiaries' factories has been improving the wastewater treatment system in order to achieve high production standard whereby the factory located in Nakhon Ratchasima, Kalasin and Udon Thani province had test run the system since October 2018, November 2018 and September 2019 accordingly.

The Company has begun using the remaining biogas from the production to generate electricity that can be used within the factories. The power plant in Udon Thani and Kalasin started operation since April 2018 and September 2019 accordingly.

**b. Vermicelli and noodle products**

Vermicelli and rice noodle production and their by-products can be sold entirely and hence there is no significant problem of waste in the production. The waste water from the production process are treated by the lagoon system which uses a natural treatment process and therefore its operating and maintenance costs are rather low.

## Undelivered Projects

- N/A -



# Risk Factors

## 1. Risk Relating to Operating Business

### Risk relating to the government policy

The plantation area and tapioca production increased in 2020, partly due to the actions by Ministry of Commerce and Ministry of Agriculture and Cooperatives in providing a scheme for the tapioca farmers for consecutive years 2020/2021 that guaranteed the price of fresh tapioca roots at 25 percent starch content (Baht 2.50 baht per kilogram). The objective was to help alleviate the suffering of tapioca farmers in accordance with government policy during the low price of tapioca roots. The farmers could have a higher earning which would strengthened them compared to growing other crops. The government would pay compensation for the difference between the guaranteed price and the market price to farmers through the Bank of Agriculture and Agricultural Cooperatives.

On the other hand, if this project was discontinued, it may impact the plantation which may result in the lower plantation area and production yield of the tapioca roots.

The Department of International Trade Promotion, Ministry of Commerce, cooperated with the related cassava association / the private sector of cassava business in order to push its members to set a price that reflects the real market's need and prevent the dumping of the selling price which in turn would impact the price of fresh tapioca roots. They also cooperated in verifying rumors or faults information that may affect the prices as well as affect others.

Thus, strict regulations related to the quality and verified quantity measures had been issued on the importing of tapioca and tapioca related products from neighboring countries. And such measures had impact the prices of tapioca and tapioca related products even for the entrepreneurs.

The Company has carried out risk management initiatives to mitigate the impact of unforeseen government intervention by closely monitoring the market situation and the raw materials situation, exchanging information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This is the best way the Company can be prepared for any government intervention in the future and ensure that its finished products bear competitive costs and generate profits for the Company.

### Risk relating to an offshore investment

The Company has entered into a joint venture to conduct the tapioca business in Vietnam and Cambodia. Offshore investment is usually exposed to possible risks relating to changes in political conditions, laws, foreign exchange rates, and economy of the relevant country in which the investment has been made. An adverse significant change in any of these factors could adversely impact the Company's business in such country, and could result in the income and profits from the operation of its foreign business to miss the expected target.



The Company was aware of the above country risks and as a result closely monitors news information related to Vietnam and Cambodia and the areas nearby and also exchanges information on a timely basis about the market and economic conditions with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. Furthermore, the Company has embedded a team of its executives to oversee the operation at the subsidiary's plant in Vietnam and requires the team to submit a report on the operating results to the head office in Thailand on a monthly basis.

#### **Risk relating to climate change**

In the past year, tapioca cultivated areas experienced minor epidemics of mealy bugs, pest or other plant diseases, while drought and flood affected only certain areas. Even though all of the mentioned risks had subsided compared to 2020, these were still risk factors affecting the quantity of cassava roots which was the Company's main raw material.

The Company has taken measures to reduce the impact of such risks by monitoring the drought situation including water ponds in the factory and the water resources on a weekly basis to assess and be well prepared. Moreover the Company has been conducting a study on recycling and reusing waste water from the production process and also improving the production system to reduce the amount of water used as well as storing water for the dry season in order to minimize the impact of droughts and water shortages. The Company works with the local authorities and others in factory locations in order to manage the water supply effectively for all users during water shortage periods.

#### **Risk from the spread of plant diseases and pests**

During the previous year, areas cultivating tapioca roots experienced minor epidemics of mealybugs, pests or other plant diseases. However for Cassava Mosaic Virus (CMV) which had spread vigorously in Vietnam and Cambodia, a result of which impacted the tapioca industry as there was raw materials shortage and affected the occupation and income of the farmers. Thailand may experience major epidemics if the CMV is uncontrollable.

Ministry of Agriculture and Cooperatives, Ministry of Commerce, Thai Tapioca Development Institute, 4 Thai Tapioca Associations and the related private sector including the Company has co-operated by taking measures in preventing the epidemics of CMV in Thailand such as area survey, outbreak surveillance, tracking and gathering outbreak data, publicity, dissemination of knowledge, supporting the farmers who were impacted by the disease, enforcement of relevant inspection and control laws in importing tapioca products, development of cooperation networks to prevent the outbreak including development of tapioca stems. In this regard, the Company collaborated with the Tapioca Development Institute of Thailand Foundation by building green houses to breed healthier stems 20-80 times faster that have good resistance to the CMV virus, including the Company's team attended the training seminars in order to disseminate the knowledge to farmers for them to monitor further.

### Risk from substitute products

Changes in the demand and supply of substitute products such as corn starch and potato starch will cause fluctuation in prices of such products, which in turn will fluctuate the price of tapioca starch as well. With the prices of corn starch increasing or decreasing in China, which may affect the prices of tapioca starch as well.

In order to reduce the impact of the above mentioned risk, the Company closely monitors the market situation and production yields of substitute starches, exchanging of information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This helps the Company to assess likely price impacts and respond more effectively to any price movements in substitute starches.

### Risk from the quantity of raw material (tapioca roots)

The survey results of cassava cultivation from 4 associations (The Thai Tapioca Trade Association, Thai Tapioca Products Factory Association, Northeastern Tapioca Trade Association and Thai Tapioca Starch Association) together with the Office of Agricultural Economics, Department of Agricultural Extension had forecasted that the output of tapioca roots in the year 2020/2021 would be approximately 28.3 million tons or 11.9 percent higher compared to 2020/2021. The increase in the amount of tapioca roots was due to the increase in cultivation in the vacant lands and switchcrop from sugarcane and maize to tapioca which resulted from the drop in the sugar cane prices and the Fall Armyworm damaging the maize crops. In addition, there was also the incentive from the price guarantee scheme for the tapioca farmers, along with favourable weather

conditions for tapioca cultivation. However, the demand from China for using tapioca chips as a raw material for producing alcohol instead of the expensive maize may increase the prices of tapioca roots.

The Company has established measures to mitigate the risks in order to reduce the impact of such risks on the volume of tapioca that are released into the market. In the case where the volume of tapioca is either high or low and does not meet the requirement of the factory, the Company has implemented an automatic queuing system for the farmer's convenience as it speeds up the sale of fresh tapioca roots to the factories. This system also assists the factory to estimate the output as well as manage the continuous supply of raw materials. The Company has set up the root station campaign in tapioca cultivated areas where the farmers can sell directly to the Company. This campaign is also for the convenience of the farmers as it saves time and the transportation cost. Moreover the tapioca volume can be monitored via the online system at any time. The Company had implemented incentive programs for motivating the farmers to directly sell tapioca roots to the company with bonuses as a way of giving back the profits to the participating farmers as well as providing knowledge and supporting machineries and equipments and soil improvement materials necessary for cultivation factors, so that farmers could increase their crop output. Also the Company has procured additional cassava plantation in Laos and Cambodia in order to increase the domestic source of tapioca roots. As a result the Company can estimate the quantity of tapioca roots and production planning accordingly.

## Risk from new pandemic COVID-19

The impact of the Corona virus (COVID-19) pandemic situation resulted in a decrease in sales of tapioca starch business especially in terms of export sales to China which was the first country to identify the pandemic followed by various measures including the government's suspend on international travel that impacted export to foreign countries. In addition, customers in other countries were still impacted by the COVID-19 epidemic resulting in a slowdown of orders for tapioca starch.

The COVID-19 pandemic situation inevitably affected both economic and industrial sectors worldwide. However, the Company expects that the situation would improve once the vaccines are distributed amongst the countries, along with the New Normal lifestyle. The demand for tapioca starch, which is the main foundation of the food industry and other industries, are still high. A prime example is the rising demand for tapioca starch from China in 2020 from both Thailand and Vietnam.

For the food businesses, the COVID-19 epidemic situation has resulted in lower consumption especially for foreign products which are considered unnecessary. Some customers even switched to cheaper products. In order to overcome such risks, the Company seeks new markets by focusing on customers with high purchasing power, demands for hygienic and high standards products and are health conscious.

Furthermore, another impact from the COVID-19 pandemic is on the container freight rates that have soared up very high during this past year. The high freight rates and shortage of containers has impacted the delivery schedule of the Company's products since many of its customers are unable to bear the high shipping cost. And it takes more time

in finding the containers. The Company also faced reduction in the sales opportunities. Therefore, to the maintain continuous supply, the Company has made long-term plans with its key customers.

## 2. Risk Related to Manufacturing of Products

### Fluctuation in raw material prices

#### Tapioca starch products

The Company is the manufacturer and distributor of tapioca starch products. Cassava roots are the key raw material and accounts for approximately 70-80 percent of the total production cost. The prices of fresh cassava roots fluctuate seasonally, depending on the demand & supply in the market, the climate, and the quantity of roots in each season. Because these factors are beyond the Company's control, the Company faces risk related to its projections of raw material costs and selling price of finished products, and risk related to its ability to manage inventory levels. These risks can directly impact the Company's financial position and operating results.

Therefore in order to mitigate these risks, the Company closely monitors the market situation for raw materials, surveying the cultivation sources in Thailand, Vietnam, Laos, and Cambodia, in order to exchange information and knowledge with other cassava manufacturers in Thailand and other countries as well as other organizations related to the cassava root industry etc., focusing mainly on procuring the raw materials during the peak harvest period when there is a large supply and prices are low. In order to guarantee the purchase price of cassava roots in the year 2020, the Company implemented contract farming with farmers who registered to sell cassava to the Company. The purpose of this

project would be to create farmer's confidence that there certainly would be a market to purchase their roots. This would also enable the Company to do production planning, cost estimates, better pricing as well as cementing good relationships and exchanging knowledge, information, news with the local cassava root farmers. This way, the Company would be able to receive good information and forecast on the market trends of cassava roots which would be useful for further planning and managing sustainably.

### Vermicelli and noodle products

Raw material is the single highest cost component amounting to approximately 50 - 70 percent of total production cost. The fluctuation of raw material prices therefore has a large direct impact on the Company's performance. The key raw materials for manufacturing vermicelli and noodle are pea starch, potato starch, tapioca starch and rice which are agricultural products whose prices fluctuate according to seasonal availability, and demand and supply in the market.

In view of the above factors, the Company closely monitors the market situation of its raw materials and has established good relationships with its suppliers in order to forecast market trends and be better able to plan and manage its inventories. If necessary, the Company may stock-up raw materials to ensure that there is adequate supply for production and cost stability throughout the year. When market conditions allow, the Company may also consider the option of passing on any unforeseen increase in raw material prices to its customers by increasing the selling price of its products. However, the Company is always very cautious of such a move due to the very competitive and price sensitive nature of the vermicelli market.

The Company directly and indirectly imports or buys pea starch and potato starch through distributors in the EU and China to be payable in both local and foreign currencies. The movement of foreign exchange rates has a direct impact on the cost of imported starch.

### Labour shortage

The vermicelli industry is labour intensive, especially in the packing process. Any shortage in the work force may adversely affect the Company's operations. To minimise with this risk, the Company offers competitive wages and attractive welfare benefits to retain and motivate its workforce. As a long-term solution to labour shortage risk, the Company is continually automating its production facilities to reduce its dependence on labour and at the same time improving production capacity and efficiency.

## 3. Risk Related to Finance

### Fluctuations in the foreign exchange rate

Since the Company's products are mainly exported to other countries, most of its income is principally linked to the US dollar. As such, the Company may face risk relating to the fluctuation in the foreign exchange rate, which is caused by the conversion of its sales income denominated in the US Dollar into the Thai Baht. The downside risk occurs when the US Dollar depreciates against the Thai Baht, resulting in a decrease in the income to be received in Thai Baht. On the contrary, the Company may obtain an increase in the value of income if the US Dollar appreciates against the Thai Baht. At present, the appreciation of Thai Baht against US Dollar is resulting in an disadvantage for the Thai exports over its significant international competitors, such as Vietnam, which the currency is weak and is relatively stable exchange rates against the US Dollar.

In the year 2020, the Company started using CNY currencies for trading its goods in order to reduce the volatility of US dollar currencies.

The Company can partially manage its foreign exchange risk through the natural hedge which means that the Company can reduce the risk of fluctuation in exchange rates by creating a balance between foreign-currency sales revenues and foreign-currency expenditures. In this regard, the Company's main foreign-currency sales revenues are from exported starch while the Company's main foreign-currency expenditures are from imported pea starch and potato starch, which are the main raw materials for producing vermicelli.

Since the portion of export proceeds is greater than that of import expenditures, the Company is required to manage the remaining exchange rate exposure by entering into foreign currency forward sales contracts and regularly monitor the movement of the foreign exchange rate. Other appropriate financial instruments have also been used to mitigate this risk.

## General Information and Other Key Information

### General Information

<b>The Issuing Company :</b>	Thai Wah Public Company Limited
<b>Security Code :</b>	TWPC
<b>Head Office :</b>	No. 21/11, 21/13, Thai Wah Tower I, 6th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
<b>Telephone :</b>	+66 2 285 0040
<b>Facsimile :</b>	+66 2 285 0255
<b>Website :</b>	<a href="http://www.thaiwah.com">www.thaiwah.com</a>
<b>Branch Office :</b>	

<b>1<sup>st</sup> Branch</b>	Thai Wah Tower 1, 6th Floor, No. 21/10, 21/12, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone: +66 2 285 0031, Facsimile: +66 2 285 0485
<b>2<sup>nd</sup> Branch</b>	No. 76, Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone: +66 38 573 973, Facsimile: +66 38 573 365
<b>3<sup>rd</sup> Branch</b>	No. 87, Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone: +66 38 573 975-6, Facsimile: +66 38 573 329
<b>4<sup>th</sup> Branch</b>	No. 2, Moo 2, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone: +66 38 573 003
<b>5<sup>th</sup> Branch</b>	No. 301, Moo 8, Pimai-Huay Thalaeng Road, Naimueang Sub-District, Pimai District, Nakhon Ratchasima Province 30110, Thailand, Telephone: +66 44 471 368-9, Facsimile: +66 44 471 789
<b>6<sup>th</sup> Branch</b>	No. 136, Moo 12, Natal Sub-District, Thakhantho District, Kalasin Province 46190, Thailand, Telephone: +66 43 877 087 and +66 43 877 053, Facsimile: +66 43 877 032
<b>7<sup>th</sup> Branch</b>	No. 2, Moo 1, Banglane-Dontoom Road, Banglane Sub-District, Banglane District, Nakorn Pathom Province 73130, Thailand, Telephone: +66 34 391 011-4, Facsimile: +66 34 391 015
<b>8<sup>th</sup> Branch</b>	No. 222, Moo 5, Udon - Nong Bua Lam Phu Road, Nikhom Songkhro Sub-District, Mueang Udon Thani District, Udon Thani Province 41000, Thailand, Telephone: +66 89 618 9083
<b>9<sup>th</sup> Branch</b>	B Tower, No. 8 and 9, No. 308 Moo 1, Middle Ring Road, Nong Phueng Sub-District, Saraphi District, Chiang Mai Province 50140, Thailand, Telephone: +66 91 778 7934
<b>10<sup>th</sup> Branch</b>	No. 141, 142, Moo 16, Liang Mueang Road, Roab Mueang Sub-District, Mueang Roi Et District, Roi Et Province 45000, Thailand, Telephone +66 97 139 0691
<b>11<sup>th</sup> Branch</b>	No. 105/8, Moo 3, Hua Ror Sub-District, Mueang Phitsanulok District, Phitsanulok Province 65000, Thailand, Telephone: +66 96 414 9644

12 <sup>th</sup> Branch	No. 45/95, North Bangsaen Sai 4 Road, Saen Suk Sub-District, Mueang Chon Buri District, Chon Buri Province 20000, Thailand, Telephone: +66 91 824 8008
13 <sup>th</sup> Branch	No. 32/18, Warehouse (No.6), Moo 3, Watpradoo Sub-District, Mueang Surat Thani District, Surat Thani Province 84000, Thailand, Telephone: +66 84 837 5405
14 <sup>th</sup> Branch	No. 2, Warehouse H, Moo 5, Nongchabok Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima Province 30000, Thailand, Telephone: +66 91 760 8029
15 <sup>th</sup> Branch	Thai Wah Tower 1, 5th Floor, No. 21/74, 21/76-77, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone: +66 2 285 0040
16 <sup>th</sup> Branch*	No. 13/39, Moo 13, Bang Phueng Sub-District, Phra Pradaeng District, Samut Prakan Province 10130, Thailand, Telephone: +66 84 745 6789
17 <sup>th</sup> Branch	No. 199, Moo 10, Hua Nakham Sub-District, Sithat District, Udon Thani Province 41230, Thailand, Telephone: +66 83 812 6942
18 <sup>th</sup> Branch	No. 105, Moo 19, Nonrang Sub-District, Chumpuang District, Nakhon Ratchasima Province 30270, Thailand, Telephone: +66 44 471 368
19 <sup>th</sup> Branch	No. 194, Moo 8, Mae Kasa Sub-District, Maesot District, Tak Province 36110, Thailand, Telephone: +66 55 508 852
20 <sup>th</sup> Branch	No. 193, Moo 8, Mae Kasa Sub-District, Maesot District, Tak Province 36110, Thailand, Telephone: +66 55 508 852
21 <sup>st</sup> Branch	No.113/44, Warehouse no.15, Moo 1, Thung Sukhla Sub-District, Si Racha District, Chonburi Province 20230, Thailand, Telephone: +66 65 502 5751
22 <sup>nd</sup> Branch	No. 77, Moo 6, Sukhumvit Road, Ban Chang Sub-District, Ban Chang District, Rayong Province 21130, Thailand, Telephone: +66 38 601 344

**Remarks :** \* The branch was relocated on January 1, 2021

<b>Type of Major Business :</b>	Manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago
<b>Corporate Registration Number :</b>	0107558000423
<b>Registered Capital Baht :</b>	Baht 880,420,930
<b>Issued and Paid-up Capital :</b>	Baht 880,420,930
<b>Divided into Ordinary Shares :</b>	880,420,930 Shares
<b>Par Value :</b>	Baht 1
<b>Foreign Limit :</b>	Not exceeding 49 percent of total issued and paid-up shares of the Company
<b>Percentage allowed for Thai</b>	
<b>Trust Fund :</b>	- N/A -
<b>No. of Employees :</b>	2,528 employees (Only employees employed by the Company as at December 31, 2020)

## References

### Regulator for Issuing Company:

#### Securities and Exchange Commission, Thailand (SEC)

Securities and Exchange Commission Building,

No. 333/3 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand

Telephone : +66 2 033 9999 Facsimile : +66 2 033 9660

SEC Help Center : 1207 Email : [info@sec.or.th](mailto:info@sec.or.th) Website : [www.sec.or.th](http://www.sec.or.th)

### Regulator for Listed Company:

#### The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand Building,

No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand

Telephone : +66 2 009 9000 Facsimile : +66 2 009 9991

SET Contact Center : +66 2 009 9000 Email : [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th) Website : [www.set.or.th](http://www.set.or.th)

### Registrar:

#### Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building,

No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand

Telephone : +66 2 009 9000 Facsimile : +66 2 009 9991

SET Contact Center : +66 2 009 9000 Email : [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th) Website : [www.set.or.th/tsd](http://www.set.or.th/tsd)

### Debenture Registrar:

Debenture of Thai Wah Public Company Limited No. 1/2019 Due 2022 (TWPC224A)

Bank of Ayudhya Public Company Limited

No. 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120, Thailand

Telephone : +66 2 296 2000 Facsimile : +66 2 683 1389

Website : [www.krungsri.com](http://www.krungsri.com)

### Auditor:

EY Office Limited by

Ms. Runnapa Lertsuwankul Certified Public Accountant No. 3516 and/or

Ms. Pimjai Manitkajohnkit Certified Public Accountant No. 4521 and/or

Ms. Rosaporn Decharkom Certified Public Accountant No. 5659 and/or

Ms. Sumana Punpongsanon Certified Public Accountant No. 5872

Lake Rajada Office Complex, 33rd floor,

No. 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone : +66 2 264 0777 Facsimile : +66 2 264 0789-90



**Legal Counselor:**

Weerawong, Chinnavat & Partners Ltd.

Mercury Tower, 22nd floor,

No. 540 Ploenchit Road, Lumpini, Patumwan, Bangkok 10330, Thailand

Telephone : +66 2 264 8000 Facsimile : +66 2 657 2222

**Financial Institutions:**

United Overseas Bank (Thai) Public Company Limited, Thai Wah Tower Branch

Krung Thai Bank Public Company Limited, Surawongse Branch

CIMB Thai Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Silom Branch

Bangkok Bank Public Company Limited, Banglane Branch

Kasikorn Bank Public Company Limited, Silom Main Branch

The Siam Commercial Bank Public Company Limited, Thanon Sathorn Branch

TMB Bank Public Company Limited, Head Office

**Other Key Information**

- N/A -

Additional information of the issuing company is available in the Form 56-1 which has been disclosed on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)).

# Shareholders

## Major Shareholders as at December 30, 2020\*

Name of Shareholders	No. of Shares Held	Total No. of Shares Held	% of Shareholding
1. Mr. Ho KwonPing Group - Mr. Ho KwonPing - KAP Holdings Limited - Bibace Investments Ltd. - MDM. Chiang See Ngho	56,740,573 45,976,945 <sup>(1)</sup> 5,278,500 <sup>(2)</sup> 453,961	108,449,979	12.32
2. Chang Fung Company Limited <sup>(3)</sup>	89,093,634	89,093,634	10.12
3. Laguna Resorts & Hotels Public Company Limited <sup>(4)</sup>	88,347,051	88,347,051	10.03
4. Mr. Ho KwonCjan Group - Mr. Ho KwonCjan - Li-Ho Holdings (Private) Limited	34,416,488 29,339,371	63,755,859	7.24
5. Thai NVDR Company Limited	41,783,658	41,783,658	4.75
6. International Commercial Development Company Limited Group - International Commercial Development Company Limited <sup>(5)</sup> - ICD (HK) Limited	34,708,545 4,539,605	39,248,150	4.46
7. Bualuang Basic Dividend LTF	37,260,200	37,260,200	4.23
8. Dawina Investments Ltd.	21,879,072 <sup>(6)</sup>	21,879,072	2.49
9. Bualuang Basic RMF	14,712,400	14,712,400	1.67
10. Bualuang Siriphol Corporate Governance Fund	13,520,300	13,520,300	1.54
Other Minority Shareholders	362,370,627	362,370,627	41.16
<b>Total</b>	<b>880,420,930</b>	<b>880,420,930</b>	<b>100.00</b>

Remarks : \* As at the latest book closing date

<sup>(1)</sup> Including 38,733,163 shares held by Credit Suisse AG, Singapore Branch on behalf of KAP Holdings Limited.

<sup>(2)</sup> The Company's shares are being held by Credit Suisse AG, Singapore Branch.

<sup>(3)</sup> Company registered overseas as a general investment business.

<sup>(4)</sup> Listed on the Stock Exchange of Thailand as a hotel and property development business.

<sup>(5)</sup> Company registered in Thailand as a property rental business.

<sup>(6)</sup> Including 11,501,290 shares held by Credit Suisse AG, Singapore Branch on behalf of Dawina Investments Ltd.

# Dividend Policy

## 1. The Company's Dividend Policy

The Company's Dividend Policy seeks to maximize shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's dividend policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability**

Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.

- **Predictability**

Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.

- **Managed growth**

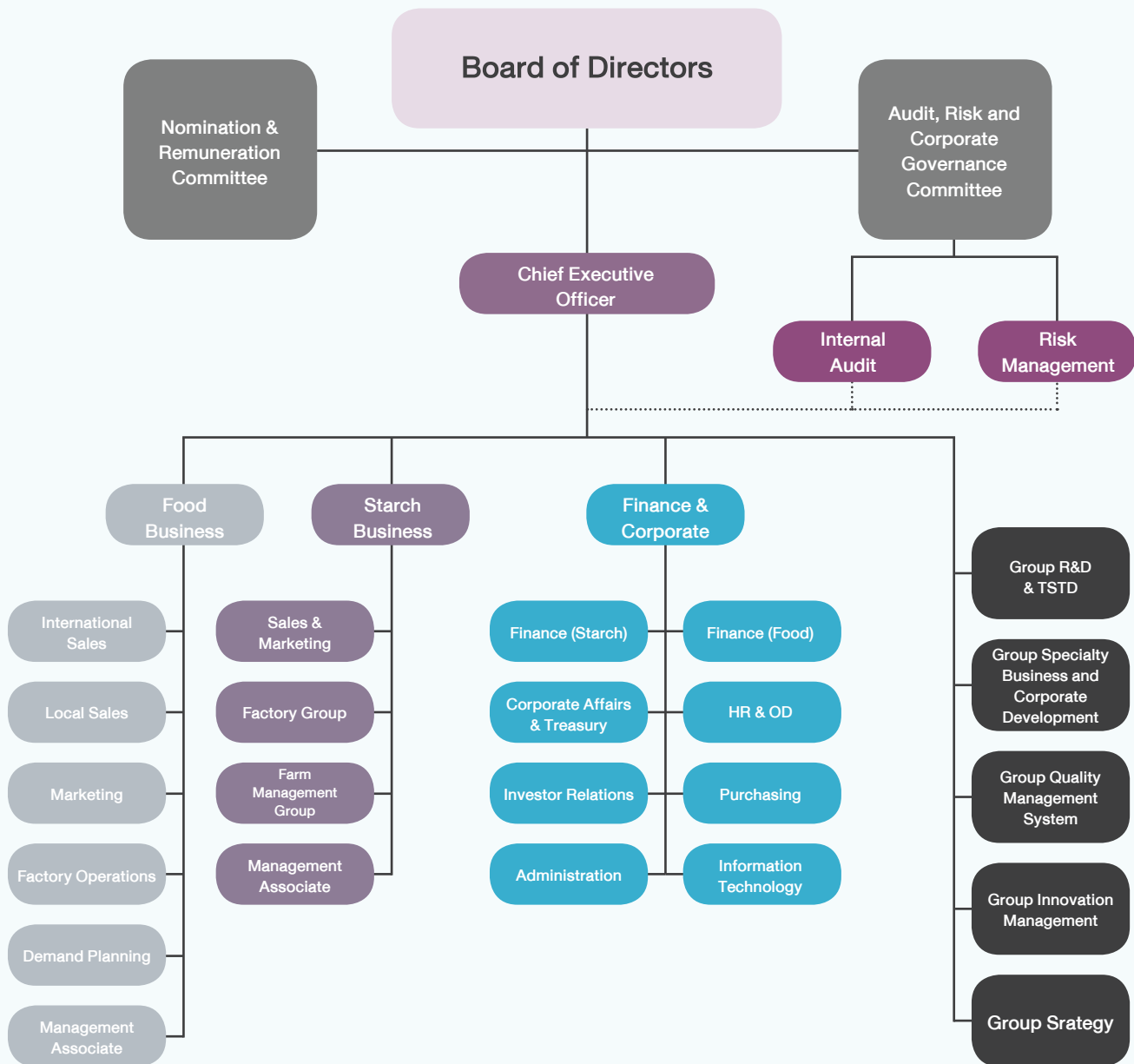
The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

## 2. The subsidiary's dividend policy

The subsidiary's dividend policy is subject to its Board of Directors' discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations in the following year.

# Management Structure

## Organization Structure



## Board of Directors

The Board of Directors comprises of directors who are knowledgeable and experienced in diverse fields relevant to Thai Wah's business. The Board of Directors consists of 15 directors, 5 independent directors or representing one-third of total Board members. The Independent Directors of the

Company possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. There are 7 non-executive directors and 3 executive directors. Details of the Board members are as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2020/Meeting
1	Mr. Ho KwonPing	• Chairman of the Board	October 1, 2015, Re-elected : April 26, 2016 April 26, 2019	4/4
2	Dr. Sretsei Saittagaroon	• Deputy Chairman of the Board	October 1, 2015, Re-elected : April 20, 2017 April 27, 2020	4/4
3	Mr. Surapon Supratya <sup>(a)</sup>	• Director	October 1, 2015, Re-elected : April 26, 2016 April 26, 2019	3/4
4	Mr. Ariel P Vera	• Director	October 1, 2015, Re-elected : April 26, 2016 April 26, 2019	4/4
5	Mr. Ho KwonCjan	• Director	October 1, 2015, Re-elected : April 20, 2017 April 26, 2019	4/4
6	Mr. Ho Ren Hua <sup>(b)</sup>	• Director	October 1, 2015, Re-elected : April 20, 2017 April 27, 2020	4/4
7	Mr. Umnad Sukprasongphol <sup>(b)</sup>	• Director	October 1, 2015 Re-elected : April 27, 2018 April 27, 2020	4/4
8	Mr. Shankar Chandran	• Director	December 25, 2016 Re-elected : April 27, 2018	4/4

No.	Name	Position	Date of Appointment	Number of Attendances in 2020/Meeting
9	Mr. Vudhiphol Suriyabhivadh	• Independent Director <sup>(c)</sup> • Audit, Risk and Corporate Governance Committee Chairman • Nomination and Remuneration Committee Member	October 1, 2015, Re-elected : April 26, 2016 April 26, 2019	4/4
10	Dr. Jingjai Hanchanlash	• Independent Director <sup>(c)</sup> • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Chairman	October 1, 2015, Re-elected : April 20, 2017 April 27, 2020	3/4
11	Mr. Subhak Siwaraksa	• Independent Director <sup>(c)</sup> • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Member	February 21, 2017 Re-elected : April 27, 2018 April 27, 2020	4/4
12	Mr. Chanin Archjananun	• Independent Director <sup>(c)</sup> • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Member	October 1, 2015 Re-elected : April 27, 2018	4/4
13	Ms. Parnsiree Amatayakul	• Independent Director <sup>(c)</sup>	April 27, 2018	4/4
14	Mr. Prateep Lertvatanakijkul <sup>(b)</sup>	• Director	April 27, 2018	4/4
15	Ms. Ho Ren Yung <sup>(d)</sup>	• Director	April 27, 2020	3/3

**Remarks :** Profile details as shown in Attachment 1 to Form 56-1 and in the Company's Annual Report under the heading "Board of Directors"

<sup>(a)</sup> Resigned from the Company effective January 1, 2021

<sup>(b)</sup> Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the Affidavit

<sup>(c)</sup> The definition of "Independent Director" is disclosed under the section of "Corporate Governance"

<sup>(d)</sup> The 2020 Annual General Meeting held on April 27, 2020 approved the appointment of a new director, namely Ms. Ho Ren Yung and increased the total number of director of the board from 14 to 15 directors.

The Board of Directors is the driving force of the organization. Its roles and duties are to set strategies and policies pertaining to business operation for the Company. The Board of Directors must perform its duties responsibly, carefully and loyally in order to maximize the Company's benefits and act in fairness to all stakeholders, according to the principles of good corporate governance. In addition, the board plays an important role in overseeing and assessing the performance of the Management to ensure the accomplishment of the Company's action plan. The Board of Directors has thus resolved to adopt this Charter of the Board of Directors so that every director is aware of his/her duties and responsibilities and performs them correctly and completely.

#### Duties of the Board of Directors

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
  - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
  - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
  - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders' Meetings (Duty of Obedience).
  - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
2. Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
3. Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.
4. Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.
5. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.
6. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company's operations, relevant law and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
7. Ensuring that an appropriate compensation structure and performance evaluation are in place.
8. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
9. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.
10. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's

operational plan in order to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.

11. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
12. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.
13. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
14. Establishing a clear anti-corruption policy and practices and disseminating to the Company's stakeholders for proper implementations.
15. Establishing a mechanism for handling complaints and whistleblowing.
16. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
17. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial

difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

#### Role of the Chairman of the Board

The Chairman of the Board is responsible for leading the Board with the following duties and responsibilities:

1. Summoning meeting for Board and presiding over the meeting. In making decision, the Chairman has a deciding or casting vote in the event of tied votes.
2. Setting Board meeting agenda in consultation with the Chief Executive Officer and Chairman of the Audit, Risk and Corporate Governance Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.
3. Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.
4. Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
5. Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
6. Ensure that all directors contribute to the Company's ethical culture and good corporate governance.



## Composition of the Board of Directors

The compositions of the Board of Directors are as follows:

1. The Board of Directors consist of members in the number that is suitable for the size and business strategy of the Company, but shall be no less than 5 members. At least half of the total directors shall reside in Thailand.
2. The Board of Directors consists of independent directors which shall not be less than one-third of the total number of the directors, with a minimum of 3 directors.
3. The Board of Directors shall elect one of the members to be the Chairman of the Board.

## Term of Office

At each annual general meeting of shareholders, one-third of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third shall retire from office. The director who has held office the longest shall retire. Retiring directors are eligible for re-election.

## Meetings of the Board of Directors

The date and time for the Board meetings shall be planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant.

## The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's regulations, Articles of Association, the Board of Directors' charter, and the resolutions at the

shareholders' meeting.

## Remuneration of Directors

The Board of Directors assigns the Nomination and Remuneration Committee to review the policy and criteria for directors' remuneration and recommend the Board of Directors prior to proposing to the shareholders' meeting for approval. In determining the composition of the remuneration package, the nature of the role, duties and responsibilities performed and market practice are taken into consideration. The package shall also be competitive with the industry's benchmark.

## Development of Directors

1. When a person is appointed as a director of the Company, the Company shall provide him/her with the director orientation to introduce the Company's overview, operations, strategies and working plans and present to him/her the Charter of Board of Directors and various relevant information so that he/she acknowledges his/her roles and duties as a director of the Company.
2. Encouraging directors to be trained and developed in various ways such as seminars, lectures, and excursion trips to enhance up-to-date knowledge and new experience in line with the changing situations in order to benefit the operations of the Company.

## Review of the Charter

The Board of Directors shall review and evaluate the adequacy and appropriateness of the Charter on an annual basis.

Apart from this, the delegation of authority by the Board to the management is clear, details as disclosed under the section of "Corporate Governance".

## Sub-Committees

The Board approved the establishment of two sub-committees, namely the Audit, Risk and Corporate Governance Committee and the Nomination and Remuneration Committee in order to assist the Board to screen operations within certain limits of authority as stipulated in the charter and regularly report the outcome to the Board.

In order to perform their duties transparently and independently, all members of both sub-committees are Independent Directors. Additionally, the Chairman of the Board is neither a Chairman nor a member of both sub-committees.

### 1) Audit, Risk and Corporate Governance Committee

In order to enhance the Company's good corporate governance, the Board of Directors' Meeting dated August 6, 2019 approved the enlargement of the scope of duties and responsibilities of the Audit and Risk Committee to include corporate governance

and renamed it to be read as "Audit, Risk and Corporate Governance Committee (ARCG)".

The Audit, Risk and Corporate Governance Committee comprises 4 Independent Directors of the Company as follows:

No.	Name	Position	Number of Attendances in 2020/Meeting
1	Mr. Vudhiphol Suriyabhivadh	• Chairman	4/4
2	Dr. Jingjai Hanchanlash	• Member	4/4
3	Mr. Subhak Siwaraksa	• Member	4/4
4	Mr. Chanin Archjananun	• Member	4/4

All members of the Audit, Risk and Corporate Governance Committee possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Mr. Vudhiphol Suriyabhivadh and Mr. Subhak Siwaraksa, Chairman and member of the Audit, Risk and Corporate Governance Committee, have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol Suriyabhivadh gains his experience in reviewing the financial reports of some listed companies in the Stock Exchange of Thailand.

Audit, Risk and Corporate Governance Committee formally convened four meetings with the Company's external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. Including, the Audit, Risk and Corporate Governance Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

### **Duties and Responsibilities of the Audit, Risk and Corporate Governance Committee**

1. To review the accuracy and adequacy of financial reporting of the Company;
2. To review the adequacy and effectiveness of internal control and internal audit systems of the Company as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
3. To consider, select and propose the appointment or termination of an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year;
4. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws relating to the business of the Company;
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws, regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company;
6. To report the activities of the Audit, Risk and Corporate Governance Committee to the Board;
7. To prepare and to disclose a report of the Audit, Risk and Corporate Governance Committee in the Company's Annual Report. The report must be signed by the Audit, Risk and Corporate Governance Committee Chairman, comprising at least the following information:
  - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - b. an opinion on the adequacy of the Company's internal control system,
  - c. an opinion on the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company,
  - d. an opinion on the suitability of an auditor,
  - e. an opinion on the transactions that may lead to conflicts of interests,
  - f. the number of the Audit, Risk and Corporate Governance Committee meetings, and the attendance of such meetings by each Audit, Risk and Corporate Governance Committee member,
  - g. an opinion or overview comment received by the Audit, Risk and Corporate Governance Committee from its performance of duties in accordance with the charter, and
  - h. other transactions which, according to the Audit, Risk and Corporate Governance Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;

8. To review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee;
9. In performing the duty of the Audit, Risk and Corporate Governance Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
  - a. a transaction which causes a conflict of interest;
  - b. any fraud, irregularity, or material defect in an internal control system; or
  - c. an infringement of the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company

the Audit, Risk and Corporate Governance Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit, Risk and Corporate Governance Committee thinks fit. If the Board or management fails to make a rectification within such period of time, any Audit, Risk and Corporate Governance Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;
10. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within thirty days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on securities and exchange;
11. To perform any other acts as assigned by the Board and accepted by the Audit, Risk and Corporate Governance Committee;
12. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.
13. To supervise the performance of management to strictly comply with the Company's good corporate governance policy;
14. To review the corporate governance policy and code of business conduct of the Company at least once a year;
15. To oversee the anti-corruption policy to ensure it's sufficient and appropriate for the Company's business;
16. To supervise and offer advices related to the operation concerning the Company's sustainable development; and

## **Authority of the Audit, Risk and Corporate Governance Committee**

In order that the objectives of performance of the duty by the Audit, Risk and Corporate Governance Committee be fulfilled, the Audit, Risk and Corporate Governance Committee shall have the following power:

### **1. Management power**

The Audit, Risk and Corporate Governance Committee shall have the power to invite management, the internal audit, the working unit supervisor or the related staff of the Company to provide clarification, opinions, attend the meetings or submit documents as deemed relevant and necessary.

### **2. Power with respect to the Internal Auditor**

- 2.1 To ensure that there exist a common objective and understanding amongst the internal auditor, external auditor and the Board in regard to internal control;
- 2.2 To approve the appointment, transfer, termination of employment of the chief of the internal audit unit;
- 2.3 To secure the independence of the internal auditor.

### **3. Power with respect to the External Auditor**

- 3.1 To review and evaluate the work performance of the external auditor;
- 3.2 To propose the names and the termination of the external auditor and annual auditing fee to the Board of Directors of the Company for the purpose of obtaining approval at the Annual General Meeting of Shareholders;
- 3.3 To fix wage rate for audit services and other advisory services provided by the external auditor.

### **4. Other powers**

The Audit, Risk and Corporate Governance Committee shall have the power to investigate related persons and matters within its scope of the authority and duty and shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit, Risk and Corporate Governance Committee.

### **The Term of Office**

The term of office of a member of the Audit, Risk and Corporate Governance Committee shall be 2 years. A member of the Audit, Risk and Corporate Governance Committee who vacates his/her office by rotation may be re-appointed.

## 2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 4 Independent Directors of the Company as follows:

No.	Name	Position	Number of Attendances in 2020/Meeting
1	Dr. Jingjai Hanchanlash	• Chairman	1/1
2	Mr. Vudhiphol Suriyabhivadh	• Member	1/1
3	Mr. Subhak Siwaraksa	• Member	1/1
4	Mr. Chanin Archjananun	• Member	1/1

### Duties and Responsibilities of the Nomination and Remuneration Committee

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies of the Company;
2. To review and award the bonus, salary increment and incentives of the Company's Chief Executive Officer and his relatives who are employees of the Company;
3. To review and approve the expense claims of the Company's Chief Executive Officer;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors and sub-committees;
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members;
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed;

12. To report to the Board of Directors on the Committee's activities and findings;
13. To co-operate and consult with Board of Directors/Management in selecting a candidate for the position of top executives (Managing Director/Chief Finance Officer) in accordance with the selection criteria of the Company;
14. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.

#### **Authority of the Nomination and Remuneration Committee**

To assist the Nomination and Remuneration Committee in achieving its objectives, the Nomination and Remuneration Committee shall have the discretion to appoint appropriate third party consultants to review existing employee related policies, propose new employee benefit and welfare programs and/or undertake other human resource related research and studies.

#### **The Term of Office**

The term of office of a member of the Nomination and Remuneration Committee shall be 2 years. A member of the Nomination and Remuneration Committee who vacates his/her office by rotation may be re-appointed.

## Management

Management of the Company comprises the Chief Executive Officer and other Management in

accordance with the definition of the Securities and Exchange Commission, a total of 5 persons, details as follows:

No.	Name	Position
1	Mr. Ho Ren Hua	Chief Executive Officer
2	Mr. Umnad Sukprasongphol	Managing Director (Starch Business)
3	Mr. Prateep Lertvatanakijkul	Managing Director (Food Business)
4	Ms. Naruemon Srisuma	Vice President-Group Research and Development
5	Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer

**Remarks :** Profile details are as shown in Attachment 1 to Form 56-1 and in the Company's Annual Report under the heading "Management and Company Secretary"

### Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer has the following roles and responsibilities:

1. To be in charge of the daily business operations of the Company, supervise and manage the works and operations of the Company for complying with the policy, vision, mission, values, strategy and goals, both in terms of financial and non-financial, as well as to drive the business plan to be able to achieve financial budget as approved by the Board of Directors;
2. To employ, appoint, transfer, dismiss, and terminate employees in all levels, except the appointment, transfer and dismissal of the Head of Internal Audit, which shall also be approved by the Audit, Risk and Corporate Governance Committee;
3. To determine the salary and remuneration, adjust the salary, bonus, reward and welfare of all employees of the Company, including the senior executives in correspondence with the remuneration mechanism and welfare as approved by the Nomination and Remuneration Committee;
4. To issue internal order, policies, announcement and memo of the Company to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including to maintain the organizational disciplinary;
5. To perform other tasks as assigned by the Board of Directors and to perform any other acts as stipulated by laws and regulations of the authorities;



### Risk Management Committee

The Board of Directors assigned the Audit, Risk and Corporate Governance Committee to set up the Risk Management Committee in order to evaluate and determine measures to mitigate or prevent the risk of the Company.

The Risk Management Committee has a total of 10 members, comprising of Mr. Ho Ren Hua as the Chairman and other senior management of the Company as the Directors/Members of the Risk Management Committee.

### Company Secretary

The Board of Directors' meeting of the Company has approved the appointment of Ms. Manee Lueprasert, to be the Company Secretary of the Company effective October 1, 2015.

**Remarks :** Profile details are as shown in Attachment 1 to Form 56-1 and in the Company's Annual Report under the heading "Management and Company Secretary"

### Duties and Responsibilities of the Company Secretary

The Company Secretary has to perform the duties in accordance with section 89/15 and 89/16 of the Securities and Exchange Act with responsibility, due care and loyalty, and in compliance with all laws, the objectives, the articles of association of the Company, the resolutions of the Board of Directors and the resolutions of the Shareholders' Meeting. The Company Secretary has the statutory duties and responsibilities as follows:

- (1) Preparing and keeping the following documents:
  - (a) a register of Director;

- (b) a notice calling for the Board of Directors' Meeting, the minutes of the Board of Directors' Meeting and the Annual Report of the Company;
    - (c) a notice calling for Shareholders' Meeting and the minutes of the Shareholders' Meeting;
  - (2) Keeping a report on interest filed by the Director or Executive and submit a copy of such report in accordance with section 89/14 to the Chairman and the Audit, Risk and Corporate Governance Committee Chairman within seven business days upon receipt;
  - (3) Performing any other acts as specified in the notification of the Capital Market Supervisory Board. Apart from this, the Company Secretary has other duties as specified in the job descriptions and as assigned by the Company.

## Details of Securities held by Directors and Management in the Company

### Board of directors and management

No.	Name	Position	No. of shares			Shareholding in the Company (%)
			held as at December 31, 2019	changed in 2020 Increase / (Decrease)	held as at December 31, 2020	
1	Mr. Ho KwonPing	• Chairman of the Board	56,740,573	-	56,740,573	6.45%
	Spouse and Minor child		453,961	-	453,961	0.05%
2	Dr. Sretsei Saittagaroon	• Deputy Chairman of the Board	2,344,029	-	2,344,029	0.27%
	Spouse and Minor child		-	-	-	-
3	Mr. Surapon Supratya <sup>(1)</sup>	• Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
4	Mr. Ariel P Vera	• Director	926,105	-	926,105	0.11%
	Spouse and Minor child		-	-	-	-
5	Mr. Ho KwonCjan	• Director	34,416,488	-	34,416,488	3.91%
	Spouse and Minor child		-	-	-	-
6	Mr. Ho Ren Hua	• Director • Chief Executive Officer	5,774,524	2,959,500	8,734,024	0.99%
	Spouse and Minor child		-	-	-	-
7	Mr. Umnad Sukprasongphol	• Director • Managing Director (Starch Business)	100,226	-	100,226	0.01%
	Spouse and Minor child		7,014	-	7,014	0.00%
8	Mr. Shankar Chandran	• Director	-	-	-	-
	Spouse and Minor child		-	-	-	-

No.	Name	Position	No. of shares			Shareholding in the Company (%)
			held as at December 31, 2019	changed in 2020 Increase / (Decrease)	held as at December 31, 2020	
9	Mr. Vudhiphol Suriyabhivadh	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Audit, Risk and Corporate Governance Committee Chairman</li> <li>• Nomination and Remuneration Committee Member</li> </ul>	-	-	-	-
	Spouse and Minor child		213,053	-	213,053	0.02%
10	Dr. Jingjai Hanchanlash	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Audit, Risk and Corporate Governance Committee Member</li> <li>• Nomination and Remuneration Committee Chairman</li> </ul>	-	-	-	-
	Spouse and Minor child		2,643,039	-	2,643,039	0.30%
11	Mr. Subhak Siwaraksa	<ul style="list-style-type: none"> <li>• Independent Director,</li> <li>• Audit, Risk and Corporate Governance Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> </ul>	-	-	-	-
	Spouse and Minor child		-	-	-	-
12	Mr. Chanin Archjananun	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Audit, Risk and Corporate Governance Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> </ul>	-	-	-	-
	Spouse and Minor child		-	-	-	-
13	Ms. Parnsiree Amatayakul	<ul style="list-style-type: none"> <li>• Independent Director</li> </ul>	-	-	-	-
	Spouse and Minor child		-	-	-	-
14	Mr. Prateep Lertvatanakijkul	<ul style="list-style-type: none"> <li>• Director</li> <li>• Managing Director (Food Business)</li> </ul>	50,000	-	50,000	0.01%
	Spouse and Minor child		-	-	-	-

No.	Name	Position	No. of shares			Shareholding in the Company (%)
			held as at December 31, 2019	changed in 2020 Increase / (Decrease)	held as at December 31, 2020	
15	Ms. Ho Ren Yung <sup>(2)</sup>	• Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
16	Ms. Naruemon Srisuma	• Vice President-Group Research and Development	-	-	-	-
	Spouse and Minor child		-	-	-	-
17	Ms. Orn-A-Nong Witchucharn	• Group Chief Financial Officer	10,000	-	10,000	0.00%
	Spouse and Minor child		-	-	-	-

**Remarks :** <sup>(1)</sup> Resigned from the Company effective January 1, 2021

<sup>(2)</sup> The 2020 Annual General Meeting held on April 27, 2020 approved the appointment of a new director, namely Ms. Ho Ren Yung and increased the total number of director of the board from 14 to 15 directors.

## Method of Appointment and Removal of Directors as included in the Company's Articles of Association

### Appointment of the Directors

1. The Company shall have a Board of Directors comprising at least five (5) directors. At least half of the total directors shall reside in Thailand.
2. The directors shall be elected at the Shareholders' Meeting in accordance with the following criteria and procedures:
  - (1) A shareholdes shall have one (1) vote per share.
  - (2) Each shareholder may exercise all the votes he or she has to elect one or several persons as director(s), but the shareholder cannot allot his or her votes to any person in any number; and
  - (3) The candidates who received the highest votes in their respective order of the votes shall be elected as the directors until all of the director positions that the Company has, or are to be elected at such meeting, are filled. In the event the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.
3. In the event of a vacancy on the Board of Directors for reasons other than by rotation, the Board of Directors shall elect any person who is qualified and who does not have any of the prohibited characteristics under the law on public limited companies and/or under the law governing securities and exchange as a substitute director at the subsequent Board of Directors' Meeting, unless the remaining term of office of the vacant directorship is less than two (2) months. The aforesaid substitute director shall retain office only for the remaining term of office of the replaced director.

The resolution of the Board of Directors under the first paragraph shall be passed by a vote of not less than three-fourths (3/4) of the remaining directors.

In the case where the directors' position is vacant and results in an insufficient number of directors to constitute a quorum, the remaining directors shall transact on behalf of the Board of Directors only to call a Shareholders' Meeting to elect the replacement of such vacant positions.

The Shareholders' Meeting to elect new directors to fill the vacant positions shall be held within one (1) month from date on which the number of directors becomes insufficient to form a quorum.

## Removal of Directors

1. At each annual general meeting, one-third ( $\frac{1}{3}$ ) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third ( $\frac{1}{3}$ ) shall retire from office.  
  
Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.  
  
Retiring directors are eligible for re-election.
2. Besides retiring by rotation, the directors shall be vacated from office upon:
  - (1) death;
  - (2) resignation;
  - (3) a lack of qualifications or having prohibited characteristics under the law on public limited companies and the law governing securities and exchange;
  - (4) removal by a resolution of the Shareholders' Meeting; and
  - (5) removal by a court order.
3. A director may be removed from office prior to the end of his/her term of office by a resolution passed at the Shareholders' Meeting, by a vote of not less than three-fourths ( $\frac{3}{4}$ ) of the total number of shareholders who are present at the meeting and are eligible to vote, holding together not less than one-half ( $\frac{1}{2}$ ) of the total number of shares of the shareholders who are present at the meeting and are eligible to vote.

# Remuneration Policy

## 1. Employees' Remuneration

The Company's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset. The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality staff. The typical compensation package for employees comprises basic salary, variable performance bonus, allowances, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive with the industry's benchmark, the Company periodically reviews its base salary ranges and benefits package with comparative groups in the agribusiness and food sectors.

The remuneration for the Company's senior management and senior executives aims to motivate them to achieve the Company's annual and long-term goals to ensure that they are aligned with shareholders' interests. In addition to the above elements, performance-related elements therefore also form a part of senior management and senior executives' total remuneration.

The Company's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organization that will help attain the Company's financial objectives.

## 2. Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Executive Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the AGM.

## Remuneration for the Board of Directors and Management

The remuneration policy of the directors was established based on the scope and the extent of each director's responsibilities by measuring against industry benchmarks and are competitive.

The Nomination and Remuneration Committee will review the appropriateness and ensure that it is in accordance with the policy. Directors' fees are subject to the shareholders' approval at the AGM.

### Remuneration for the Board of Directors

The shareholders' meeting approved the remuneration for the Board of Directors and sub-committee. For the year 2020, the Annual General Meeting held on April 27, 2020 had approved the remuneration of

the Board of Directors and sub-committees at the same rate as the remuneration for the year 2019. The below table shows the remuneration paid to the Board of directors for the year 2018-2020.

#### Board of directors

Position	Remuneration/Meeting / Person (Baht)		
	2020	2019	2018
Chairman	265,000	265,000	265,000
Independent Director	180,000	180,000	180,000
Non-Executive Director	180,000	180,000	180,000
Executive Director	159,000	159,000	159,000

The remuneration for executive directors are lower than the remuneration for non-executive directors because the executive directors receive a salary and also other benefits as part of their executive's duties and responsibilities.

In addition to the monetary remuneration, the Company does not provide any other benefits to its Board of directors.

### Remuneration for the sub-committee

#### Audit, Risk and Corporate Governance Committee

The below table shows the remuneration paid to the member for the year 2018 - 2020.

Position	Remuneration/Meeting / Person (Baht)		
	2020	2019	2018
Chairman	90,000	90,000	90,000
Member	48,000	48,000	48,000



## Nomination and Remuneration Committee

The below table shows the remuneration paid to the member for the year 2018 - 2020.

Position	Remuneration/Meeting / Person (Baht)		
	2020	2019	2018
Chairman	90,000	90,000	90,000
Member	48,000	48,000	48,000

## Remuneration for Management

Monetary remuneration for 5 management in 2020 was in the total amount of Baht 50,807,567.47 consisting of salaries, bonus, social security payment, car allowance, provident fund payment, laptop allowance, telephone expenses, medical expenses, children education, and etc.

No non-monetary remuneration were given to management in the year 2020.

## Remuneration and Other Benefits of the Directors during the Year 2020

The remuneration of the Company's directors in the year 2020 can be summarized in the table below:

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)			Total (Baht/Year)
			The Board	Audit, Risk and Corporate Governance Committee	Nomination and Remuneration Committee	
1.	Mr. Ho KwonPing	• Chariman of the Board	1,060,000 / -	- / -	- / -	1,060,000
2.	Dr. Sretsei Saittagaroon	• Deputy Chairman of the Board	720,000 / -	- / -	- / -	720,000
3.	Mr. Surapon Supratya <sup>(1)</sup>	• Director	720,000 / -	- / -	- / -	720,000
4.	Mr. Ariel P Vera	• Director	720,000 / -	- / -	- / -	720,000
5.	Mr. Ho KwonCjan	• Director	720,000 / -	- / -	- / -	720,000
6.	Mr. Ho Ren Hua	• Director	636,000 / -	- / -	- / -	636,000
7.	Mr. Umnad Sukprasongphol	• Director	636,000 / -	- / -	- / -	636,000
8.	Mr. Shankar Chandran	• Director	720,000 / -	- / -	- / -	720,000

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)			Total (Baht/Year)
			The Board	Audit, Risk and Corporate Governance Committee	Nomination and Remuneration Committee	
9.	Mr. Vudhiphol Suriyabhivadh	• Independent Director • Audit, Risk and Corporate Governance Committee Chairman • Nomination and Remuneration Committee Member	720,000 / -	360,000 / -	48,000 / -	1,128,000
10.	Dr. Jingjai Hanchanlash	• Independent Director • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Chairman	720,000 / -	192,000 / -	90,000 / -	1,002,000
11.	Mr. Subhak Siwaraksa	• Independent Director • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Member	720,000 / -	192,000 / -	48,000 / -	960,000
12.	Mr. Chanin Archjananun	• Independent Director • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Member	720,000 / -	192,000 / -	48,000 / -	960,000
13.	Ms. Parnsiree Amatayakul	• Independent Director	720,000 / -	- / -	- / -	720,000
14.	Mr. Prateep Lertvatanakijkul	• Director	636,000 / -	- / -	- / -	636,000
15.	Ms. Ho Ren Yung <sup>(2)</sup>	• Director	540,000 / -	- / -	- / -	540,000
Total			10,708,000	936,000	234,000	11,878,000

Remarks : <sup>(1)</sup> Resigned from the Company effective January 1, 2021.

<sup>(2)</sup> The 2020 Annual General Meeting held on April 27, 2020 approved the appointment of a new director, namely Ms. Ho Ren Yung as a Director and increased the total number of directors of the board from 14 to 15 directors. .

## Human Resources

As at December 31, 2020 there were 2,528 employees in the Company as follows:

	Starch business	Vermicelli and Noodle business	Subsidiaries*	Total
Direct labor (person)	908	968	941	2,817
Indirect labor (person)	130	168	196	494
Head office employee (person)	111	243	38	390
<b>Total (person)</b>	<b>1,149</b>	<b>1,379</b>	<b>1,175</b>	<b>3,701</b>

**Remarks :** \* Subsidiaries are

1. Thai Nam Tapioca Company Limited
2. DI Company Limited
3. Thai Wah Bio Power Limited
4. Tapioca Development Corporation Limited
5. Thai Wah International Trade (Shanghai) Company Limited
6. TWPC Investment (Cambodia) Company Limited
7. Thai Wah Vietnam Company Limited
8. Tay Ninh Tapioca Joint Stock Company
9. PT Thai Wah Indonesia

Total remuneration and benefits paid to the employees of the Company as at December 31, 2020 was Baht 1,065,365,637.31 comprising salary and bonus, car allowance, social security fund, provident fund, accident & health insurance, medical, etc

### Human Resources Development Policy

The Company recognizes the importance of human resources and has a policy to develop the employees to be knowledgeable and competent. The Company places great importance on the human resources starting from recruitment, defining clear scope of works, training and development, performance evaluation, individual career development plan, providing fair remuneration and good welfare as well as promoting activities to strengthen the unity and positive atmosphere in the workplace.

## Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) of Thai Wah Public Company Limited (“the Company”) comprises of four independent directors and has the following objectives:

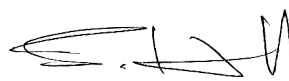
1. To formulate and align HR policies and programs for senior management to business goals and market practices.
2. To attract and retain the right people for senior management positions in the Company.
3. To ensure that the Company’s senior management remuneration and benefit package remain competitive with the industry’s benchmark.
4. To advise the Board on matters relating to the composition of the Board and its committees so that the Board is able to adequately discharge its responsibilities and duties
5. To resolve and/or advise on any employee’s remuneration which have conflict-of-interest issues.
3. To review and approve the expense claims of the Company’s Chief Executive Officer.
4. To review and if necessary, propose changes to the remuneration of the Company’s directors serving on the Board of Directors and sub-committees.
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company.
6. To establish criteria for Board membership.
7. To formulate a standard and transparent process for the selection of directors.
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy.

**In the pursuit of its objectives, the NRC is empowered to perform the following functions :**

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company.
2. To review and award the bonus, salary increment and incentives of the Company’s Chief Executive Officer and his relatives who are employees of the Company.
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board’s policy
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members.

11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed.
12. To report to the Board of Directors on the Committee's activities and findings.
13. To co-operate and consult with Board of Directors/Management in selecting a candidate for the position of top executives (Managing Director/Chief Finance Officer) in accordance with the selection criteria of the Company.
14. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.

The NRC met one time in 2020 to deliberate and decide on the level of annual bonus and salary increment for the Company's employees. The NRC also considered and made recommendation to the Board regarding the remuneration for the directors and sub-committee members and on the re-nomination of directors. Apart from this, the NRC had also recommended to the Board on the appointment of a new director and increased the total number of directors of the board from 14 to 15 directors. The NRC had also conducted its self-evaluation (as a whole) for the year 2020, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.



Dr. Jingjai Hanchanlash  
Nomination and Remuneration Committee Chairman  
15 January 2021

# Corporate Governance

The Company is committed towards maintaining high standards of good Corporate Governance within the Company in order to protect and enhance long-term shareholders' value. The Company has adopted and continuously developed a set of good corporate governance practices and policies that are modeled on the principles or sub-principles of Corporate Governance for listed companies in 2017 (CG Code). The Board of Directors' Meeting No. 4/2020 held on November 11, 2020 had reviewed and revised the corporate governance policy to be more in line with the CG code. As for the principles or sub-principles that cannot be applied or are not applicable, the reasons for not applying those codes had been recorded in the Board's resolution.

The Company's corporate governance are as per the details set out in the following sections:

## 1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights as the investors and the owner of the Company. All shareholders are encourage to exercise their fundamental rights, e.g. trading or transferring of shares, sharing of profits, receiving adequate information, whether via the Company's website, the Stock Exchange of Thailand's website or through other channels, attending shareholders' meetings to acknowledge the Company's annual performance and casting votes at the shareholders' meetings to approve significant matters as specified by laws, such as the appointment or removal directors, the determination of directors' remuneration, the appointment of auditor and the determination of

audit fee, the dividend payment or suspension of dividend payment, and the capital increase and the issuance of new securities, including making enquiries or comments on matters that the Board of Directors presents to or requests for approval at the shareholders' meetings.

Apart from the abovementioned rights of shareholders, the Company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

- 1.1 All shareholders have the same basis and rights in the casting of votes at meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 The Company has a policy to facilitate and encourage all classes of shareholders including institutional investors to attend every shareholders' meeting by selecting meeting venues that are convenient for attendance, distributing a package containing the notice and meeting documents in English to foreign shareholders, setting up a separate registration desk for institutional investors, and distributing proxy forms which include clear supporting documents, together with the notice in order to facilitate shareholders who are unable to attend a meeting in person. In addition, any shareholders who arrive at the meeting after the meeting has begun are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.

- 1.3 The Company has invited the shareholders to propose Annual General Meeting (AGM) agenda items in advance of the AGM by disclosing criteria and procedures through the channels of the SET and the Company's website ([www.thaiwah.com](http://www.thaiwah.com)).

The Company does not invite the minority shareholders to nominate their own candidates to be appointed as the Company's directors ahead of the meeting. This is because the Company already gives all shareholders an opportunity to nominate their own candidates (who meet the requirements under the Public Limited Companies Act) and to vote for candidates at the shareholders' meeting.

- 1.4 The Company has assigned Thailand Securities Depository Company Limited, which is the Company's share registrar, to distribute a package containing the notice and agenda of the meeting to the shareholders at least 10 days prior to the meeting. The meeting documents include the facts and rationales and opinions of the Board as well as other information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map to the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc. This is to enable shareholders to prepare themselves for the meeting. In addition, the notice of the shareholders' meeting will be advertised in the press, all information contained in the meeting documents both in Thai and English will also be posted on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) at least 1 month prior to

the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

In addition, a barcode system has been utilized for registration, vote counting, and result presentation at the shareholders' meeting for its convenience, speed, and accuracy.

- 1.5 The Chairman conducts each meeting according to the sequence of the agenda and does not add any agenda items without prior notice to shareholders unless shareholders holding not less than one-third of the total number of paid-up shares may request the meeting to consider matters other than those specified in the notice.
- 1.6 Before the start of every shareholder's meeting, the Company Secretary explains the voting methodology to shareholders (voting criteria, procedures on using the voting slip, and the voting right). A team of legal counsels from a law firm is invited to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The Company disseminates the results of the vote of each agenda item at the shareholders' meeting on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) within the next business days after the meeting was held. Apart from this, the same results and a summary

of questions from shareholders and answers have also been included in the minutes of the meeting which are accurately and completely documented in all material aspects.

1.7 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and the management questions regarding matters affecting the Company. The Chairman allocates appropriate time for discussion and encourages the shareholders to express their opinions and ask questions related to the Company's operation. In addition, to facilitate shareholders in protecting their rights, shareholders who have any questions that require the Company's clarification during the meeting may send their questions to the Company in advance at Investor Relations Department ([ir@thaiwah.com](mailto:ir@thaiwah.com)) or fax them to +66 2 285 0255.

1.8 Apart from the external auditor who attends the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit, Risk and Corporate Governance Committee and the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors also endeavour as far as reasonably practicable to be present at the shareholders' meeting in order to assist the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from a law firm to attend the meeting in case a legal question requiring clarification arises during the meeting. Furthermore, the Company provides a professional translator to be present at the

meeting to assist shareholders and the Board to communicate more effectively in English and Thai.

1.9 News and information relating to the Company is disseminated through the Company's website ([www.thaiwah.com](http://www.thaiwah.com)), which includes information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information, information which may affect the Company's share price, Annual Report, etc.

## 2. Equal Treatment of Shareholders

The Company recognizes its duty to ensure equal treatment of shareholders by complying with all relevant laws and regulations as following details:

2.1 With regard to voting at the shareholders' meeting, the shareholders shall have votes equal to the number of ordinary shares held by each of them, which means one ordinary share is entitled to one vote. The Company has only ordinary shares.

2.2 For shareholders who are unable to attend a meeting in person, the Company provides opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using proxy form B sent by the Company. Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow shareholders to make voting directions. Moreover, the Company provides opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in



the proxy forms, together with the profile of that independent director who have been given proxy to vote on behalf of shareholders that are unable to attend the meeting, all of which are attached as part of the meeting documents.

2.3 Any director or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate in the decision making process involving such transaction. In case shareholders' approval is required, the Company has disclosed details and reasons to enter into the transaction to the shareholders prior to entering into the transaction and strictly followed the procedures on such transaction in accordance with the regulations of the SET and notification of the Capital Market Supervisory Board. Details are further described under the heading "Connected transaction" in the Company's Form 56-1 and in the Company's Annual Report. There are no violation of the connected transactions and/or of the acquisition and disposition of assets found during previous year.

2.4 The Company has formulated a Code of Business Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The Statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved the policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period".

Details are further described under clause 2.6 hereof "Supervision on the Use of Inside Information". There is no violation of the policy found during the previous year.

2.5 The Company provides the opportunity for such shareholders who hold shares of the Company representing at least 5 percent of the total voting rights of the Company to propose AGM agenda items 30 days in advance prior to the end of the Company's accounting period which will be reviewed by the Audit, Risk and Corporate Governance Committee and then presented to the Board of Directors for consideration. If the nomination constitutes an agenda, the Company will declare it in the notification letter as a shareholder-proposed agenda. In the event that the Board of directors disapproves including the nomination in the agenda, the Company will declare its rational at the Annual General Meeting.

The Company provides channels for minor shareholders to give suggestions, express opinions or file complaints by submitting the actual evidence or signed statement to the company secretary via postal mail to the Company's address or via phone at +66 2285 0040 ext. 1501.

2.6 Supervision on the use of inside information

Adhering to high standards of best corporate governance practice, the Company has a Statement of Business Conduct to guide its Board of Directors, senior management and all rank and file employees in the use of inside information for the purpose of preserving the interest of all stakeholders of the Company. Apart from this, in order to prevent the misuse of confidential and price-sensitive

corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing such confidential and price-sensitive corporate information for personal gain or for any other reason not in the Company's interest or dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period" which is defined as one month before and up to the date of announcement of results for each of the first three quarters and the full-year financial results of the Company's financial year. The policy and reminder of the embargo period have been communicated to directors, management and employees on an annually and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have a direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's shares by its directors, and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's shares and in accordance with the rules of the Securities and Exchange Commission.

Apart from the above, the directors and management of the Company have to file report of their holding of the Company's securities to the SEC upon their appointment and to report any change in their holding of the Company's securities to the SEC within 3 business days, if they have purchased, sold,

transferred or obtained any Company's securities, in accordance with the Securities and Exchange Act. The securities holding report is also included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.

In addition, the Board of Directors shall monitor all required actions in accordance with related measures. Any changes in the shareholding of a directors or executives shall be reported in the Board of Directors' meeting and disclosed in the annual report.

## 2.7 Preventing conflicts of interest

The Board has established policies and measures regarding conflicts of interest as follows:

- a. Shareholding structures of the Company and its subsidiaries shall be disclosed in the Annual report for transparency.
- b. Directors and executives shall file a report stating their own and their related persons' interest in the management of the Company or subsidiaries to the Company Secretary. The Company Secretary shall deliver a copy of such report to the Chairman and the Chairman of the Audit, Risk and Corporate Governance Committee within 7 days upon receipt of the report.
- c. In case any directors or executives has a vested interest in any agenda items under consideration, such a person shall not attend the meeting or shall abstain from voting on such an agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

- d. The Company has established the use of inside information policy as shown in the business code of conduct, whereby if an executive or employee disclose the internal information to the public or use it for their own benefit, disciplinary actions would be taken.

### 3. Role of Stakeholders

The Company pays close attention to the importance of the roles and rights of all groups of stakeholders by ensuring that they are treated properly, equitably and fairly. The Company believes that maintaining good relationships with all group of stakeholders is significant. The Company has established various guidelines for each stakeholders, details as shown in the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) under the heading Code of business conduct.

In its pursuit for sustainable growth and financial returns for its shareholders, the Company respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

#### Shareholders :

The Board of Directors is committed to perform its duties honestly, transparently and diligently in the best interest of all its shareholders to preserve and enhance long-term shareholder value. All important information which may have an impact on the Company's share price and/or shareholders decisions are fully disclosed on a timely manner.

#### Employees :

The Company believes that its people are its greatest asset. The Company has set the policies and guidelines regarding the remuneration and

welfare for ensuring that all labour laws are complied with and all employees are treated fairly without discrimination or favoritism. The Company regularly reviews the compensation and welfare benefits to all its employees to be in a competitive rate comparable to the industry norms, related to the Company's short-term and long-term operating results, and to the performance of each individual employee. The Company ensures that the legal rights of employees are not violated.

The following are the employee's welfares provided by the Company :

1. Provident fund
2. Social security fund
3. Workmen's compensation fund
4. Financial support in case of death or death of a spouse or parents.
5. Financial support in case of disaster
6. Group's health and accident insurance

Apart from this, the Company provides its employees a safe, hygienic, and suitable working environment which has been recognized and certified in compliance with the OHSAS 18001 and TIS 18001 standards by the relevant organizations. The Company has also monitored, evaluated, controlled the risks and developed a safety guidelines and a hygienic work environment. Furthermore, the Company provides a provident fund, and encourages its employees to attend training courses related to their line of responsibility and allows job rotation to enhance and diversify their knowledge and skills.

**Customers :**

The Company aims to provide its customers good value, high quality and hygienic products which are manufactured with the finest ingredients. In addition, continuous research and development along with communication channel is valued to ensure that the customers' needs are met. This is in compliance with the Company's mission approved by the Board of Directors.

**Competitors :**

The Company believes that competition is the essence of a free and open market and therefore avoids any actions which may prevent, obstruct or discourage potential competitors from entering the markets in which the Company operates in. The Company takes the view that healthy competition encourages product and service innovations in the market place which would increase market standards and ultimately benefit consumers and society at large. In accordance with the Code of Business Conduct approved by the Board of Directors of the Company, the Company will neither engage in any fraudulent act to violate or obtain competitors' trade secrets nor in any infringement of intellectual property or copyright including anti-corruption and anti-bribery for the benefit of the Company's business. Moreover, the Company will not violate legal rights of competitors by any of the Company's actions and decisions which has been stated in the Company's Code of Business Conduct approved by the Board of Directors.

**Community & Society :**

The Company gives importance to the rights of stakeholders by not violating the rights of other people who live in the community and society, including cooperating with various agencies for

developing and supporting the community activities that can create the public's interest. The Company has a policy to improve the quality of life for the people within the community which includes the development of farmers' careers, technological supporting, knowledge and tools or equipment for farming.

**Environment :**

The Company operates under various laws, standards and regulations in regard to the environmental issues by taking into account the impact on natural resources and the environment. The Company is determined to protect the environment by establishing environmental management system, controlling waste disposal or pollution released from the production process, including using effective technology and closely monitoring the system regularly. The Company also supports and encourages energy conservation, using alternative energy, development of environmental management system that can reduce greenhouse gas emissions.

The Company also promotes and develop effective and sustainable water resource in order to reduce the conflict of using water with the local community, to also include cooperation in the development, rehabilitation and conservation of water resources in the community.

**Suppliers :**

The Company strives to forge long-term business relationships with its suppliers and therefore has the policy to always give a fair profit to its suppliers and to respect payment terms and conditions. In addition, in selecting its suppliers, the Company gives all suppliers an equal opportunity to propose their bid. The Company has established the Tender

Committee to select its suppliers through the tender process for any transactions which are over Baht 1 million for transparency purpose.

#### **Creditors :**

The Company considers creditors as important business partners and therefore commits to fulfill all of its obligations under contracts to its creditors, to not conceal information nor facts that may damage its creditors, and to notify its creditors swiftly in advance in any case where there might be any potential event which could cause the Company to fail to comply with any obligations under contracts including guarantee conditions, capital management, and its debt servicing. In such cases the Company works with its creditors to mutually resolve those potential problems.

#### **Innovations :**

The Company is committed to promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in operating development plan and corporate strategy.

The Company also promotes innovation in order to enhance long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products or services, promoting research, improving production and operation processes, and collaborating with partners/suppliers.

There were no violations of laws in relation to labour, employment, consumers, competitors, or environment found in the previous year. In addition, no creditor alleged that the Company had failed to comply with any obligations under contracts.

### **3.1 Anti-discrimination and Human rights policy**

The Company recognizes the importance of human dignity, rights, freedom and equality. Therefore a policy was established against any action that would violate human rights and related laws by focusing on equal treatment and not discriminating against all groups of stakeholders which covers the following:

- Does not discriminate against people based on any physical and mental differences, race, nationality, religion, gender, age, skin color, education, social status including no discrimination in any processes of employment since recruiting, compensation, working hours and holidays, work assignments, performance assessment, training and development, progress planning including not using forced labor, laborers from human trafficking or illegal child labor.
- Give priority to business associates and suppliers that do not violate human rights.
- Communicate, disseminate and support business partners in order to engage in business with good corporate governance and respect for human rights.
- Conduct strictly according to the policy and guidelines.

### **3.2 Labour Policy**

It is the Company's policy not to undertake actions which might violate the human rights and the relevant laws. The Company will focus on equality and will not discriminate base on difference in physical and mental aspects, race, nationality, religion, gender, age, language, skin, education, social status or any other traits. The Company will treat everyone fairly in every stage of recruitment starting from selection, remuneration, working hours

and job holidays, job assignments, performance appraisal, learning and development, career path planning. The Company will not support forced labor in all forms, labor from human trafficking or child labor.

### 3.3 Anti - Piracy Policy

The Company has an anti-piracy policy which has been clearly stated in the standard operating procedures, of using only intellectual property that it does not own if it is properly authorized to do so, i.e., the use of authorized computer program licenses which would be periodically audited by the internal auditor of the Company. The Company was not a party to any piracy cases during 2020.

### 3.4 Anti - Corruption and Anti - Bribery Policy and Guidelines

Thai Wah Public Company Limited (“the Company”) has established and adhered firmly and consistently to our business operation guidelines in accordance with good corporate governance in exercising corporate social responsibility (CSR) and giving importance to promoting anti-fraud and anti-corruption practices. The Board of Directors’ Meeting No. 1/2017 on February 21, 2017, had approved the Company to join the Private Sector Collective Action Coalition Against Corruption.

To enhance the efficiency, integrity, honesty and transparency of the anti-fraud and anti-corruption business practices, in accordance with the Company’s objectives and to serve as clear guidelines for Directors, Executives and staff, therefore, the Board of Directors Meeting No. 4/2017 approved the anti-corruption policy to promote the anti-fraud and anti-corruption practices. The Board of Directors’ Meeting No. 4/2020 on November 11, 2020, had approved the revised Anti-corruption Policy, details as follows:

#### Definitions

##### Fraud means

an intentional act committed to secure unfair or unlawful gains for one’s self or others. Fraud can be broken down into three types: corruption, asset misappropriation and fraudulent reporting, for example, fraudulent financial statements.

##### Corruption means

the misuse of position or power of influence for inappropriate gains for the organization, one’s self or others. Corruption includes any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

##### Bribery means

the act of paying, offering, promising to pay, receiving, requesting or soliciting anything of value, such as assets, money, things, rights or other advantages that are against good ethics, conduct, rules, regulations or laws with government officials, government organization, private organizations or other individual(s) - directly or indirectly - in order for that person to wrongfully act or wrongly refrain from performing their duties to receive or retain benefits that are inappropriate for the business.

**Political Contribution** means

monetary or non-monetary support provided to a political party, representative of a political party, politician or candidate for election. As such, non-monetary political contributions include lending or donating any equipment for free of charge.

**Charitable Contribution and Sponsorships** means

grants or contributions paid to individuals and/or organizations of the public and private sector including the reasonable charities. The objective is to support business operations, brand promotion or the Company's reputation which useful for creating a reliable trade, strengthen a business relationship and in accordance with the Company's Code of Conduct that focus on accuracy, transparency and good Corporate Governance in the business.

**Hospitality** means

receptions, provision of food and drinks, and recreational activities, such as entertainments, sports event, etc.

**Gift, tokens, assets, or any other benefits** means

anything of mental values, cash or non-cash, that are courteously given on important occasions according to common customs and culture, to award, honor, support, or to be given out of kindness. They could be privileges to service, entertainments, recreations, or coverage of expenses related to traveling, accommodations, meals, or any other similar expenses, such as tickets, lotteries, etc. It also includes tokens given out of courtesy, or in accordance with local traditions, such as New Year gifts, birthday presents, or congratulatory new job gifts, etc.

This Policy is applicable to all levels of employees including Directors, Executives, employees in the head office or working abroad, the factory workers, trainees, contract-based employees, or any other relevant persons. All must strictly comply with the Anti-corruption Policy as well as the additional guideline (if any).

This Policy is also applicable to the employees of the subsidiaries companies.

Directors, Executives and the Company's staff are prohibited from operating or accepting any type of corruptions either direct or indirect manner, in all businesses or from any concerned parties, the anti-corruption practices are required to be consistently counter-checked while the Anti-corruption policy and business operation guidelines are to be reviewed to reflect the changes in business, regulations and applicable laws.

**Roles and Responsibilities**

1. The Board of Directors is responsible for establishing policies, monitoring, and forming an effective system or guideline supporting Anti-corruption practices in order to affirm that the Management or the Executives intensively emphasize Anti-corruption.
2. The Audit, Risk and Corporate Governance Committee is responsible for revision of financial and accounting reports, internal audit, risk management process, anti-corruption policies and measures including reviewing the guidelines for monitoring and implementing the Anti-Corruption Policy to ensure the appropriateness and efficiency of the internal controls.



3. The Chief Executive Officer and the Executives are responsible for establishing guidelines or implementing methods to support the Anti-corruption Policy, as well as for setting communication channels and organizing training program relating to the Anti-corruption policy, regulations and implementation methods/procedures for staff, personnel and all related persons. They also are responsible for reviewing the appropriateness of related procedures to align with any changes in business, procedures, regulations and applicable laws.
  4. The Company's staff are responsible for complying with the Anti-corruption guidelines and all related announcements. The Company's staff must report to their supervisor or to a designated reporting channel, when they have any queries or encounter any suspicions of fraud or breach of the Company's regulations.
4. A person who commits the corruption is to be considered disciplinary action followed by the Company's standard. Besides, possible legal penalty may be applied, if such act violates the laws.
  5. The Company shall disseminate, share the knowledge and establish a common understanding with other people who are involved or affect the Company, especially on matters involving Anti-corruption Policy.
  6. This Anti-corruption Policy covers to Human Resource Management process starting from recruitment, selection, promotion, training, evaluation, compensation and benefits provided to staff. All supervisors at all levels must communicate and establish common understanding of the policy with staff to apply in the business activities under their responsibility and to monitor the effectiveness of implementation.

### Guidelines

1. Executives, the Company's staff or persons acting on behalf of the Company, shall not request, provide, persuade or promise to provide or accept bribery or any forms of inappropriate payments including facilitation payments.
  2. The Company's staff shall not be negligent in any corruption conditions involved directly with the Company. All staff must notify such act to supervisors or responsible person, as well as provide cooperation in the investigation process.
  3. The Company shall provide fairness and safeguard staff who informs corruption cases relating to the Company by applying Protection Policy for appellant, witness or persons who
7. Charitable contributions and sponsorships to individuals or organizations, to both government or private sectors, must be transparent for charity purposes, and not be made with the expectation for favorable treatment in return that may be considered as fraud or corruption. The request and approval processes must be performed in accordance with the Company's guideline on charitable contributions and sponsorships.
  8. The provision and acceptance of gifts are permitted according to local tradition. However, the Company does not encourage its staff to accept gifts from business partners



beyond reasonable amounts. The provision and acceptance of gifts must not be made for influence to impair the objectivity.

9. The Company prohibits the provision or acceptance of gifts that include advantages in exchange for the business treatment/agreement in return.
10. The Company's staff shall avoid providing or accepting gifts or other advantages that may constitute bribery or raise suspicions about integrity issues or conflicts of interest which may impact the Company's reputation.
11. The Company prohibits providing or accepting money, services, gifts, or anything of values to/from government officials or the private sector in exchange for benefits or inappropriate business advantages.
12. The request and approval process for gifts must be performed in accordance with the Company's Announcement or guideline on gifts.
13. The Company's staff shall create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors. All staff shall raise awareness by working honestly, ethically and transparency without engaging in fraud and corruption.
14. The Company adopts a political neutrality policy and will not participate or make a political contribution to any activities of political parties, political groups, or politicians, whether directly or indirectly. The Company shall not allow political supporters to use the Company's resources or premises for political activities.
15. The Company has no policy to demote or punish or mistreat any employee who denies corruption even though it may cause the Company to lose business opportunity.

#### The Additional Guideline

The Chief Executive Officer has the authority to order or establish the additional guideline to align with the Anti-corruption Policy.

#### Measures

#### Procedures for monitoring risks from fraud and corruption

1. Put in place the audit process, internal control and risk management systems covering key operating systems, such as, purchasing, account recording and payment systems, etc., aiming to prevent and monitor fraud and corruption risk.
2. Set forth a risk management system suitable to the Company's business nature by identifying risks level from fraud and corruption that may arise and establishing appropriate preventive measures, measurement methods and resources required to mitigate the risks and evaluating the performance under the established risk management plan.

#### Guidelines for Monitoring and Evaluating the Implementation of the Anti-Corruption Policy

1. Internal Audit Unit is set up to oversee the internal control system, corporate governance and to provide recommendations continuously by conducting audit in accordance with the annual audit plan including reporting significant results with recommendations to the Audit, Risk and Corporate Governance Committee.

2. Risk Management Department is responsible for evaluating the fraud and corruption risk on a regular basis to ensure that the Anti-Corruption Policy is implemented effectively, including monitoring, reviewing and improving the guidelines on a continuous basis, with the assessment results being presented to the Risk Committee and reported to the Audit, Risk and Corporate Governance Committee.
3. If there is an action that may have a significant impact on the Company's financial position or operations, including an offense or breach of laws or the Company's Code of Business Conduct or guidelines for the Anti-Corruption Policy, the Audit, Risk and Corporate Governance Committee will report such matters to the Board of Directors.

## Communication

This Policy is communicated to all levels of the employees. In addition, channels are provided for internal whistleblowing, complaints, or suggestions as well as trainings and taking the tests to ensure that they have sufficient understanding for complying with the Policy.

## Disciplinary Actions

Policies and guidelines on anti-corruption are parts of the work disciplines for the Company's directors, executives, and employees. Negligence and ignorance to comply with the Company's policies and guidelines is considered breaches of discipline. Punishment will be in accordance with the Company's rules. However, if the act is also against the law, the Company will consider proceeding accordingly.

Apart from the above policy, in order to comply with the anti-corruption policy, the Company has

issued a cooperation letter to refrain from giving gifts to directors, executives and employees of the Company.

The Company also held an anti-corruption workshop in order to educate the staffs on the anti-corruption policy and practices. The Company's employees attended the Thai Institute of Directors Association training course on Ethical Leadership Program and Anti-Corruption: The Practical Guide. The Company had also provided training on anti-corruption policies, "Anti-Corruption ... for Sustainable Organization" to managers and above. The Company also arranged for training of the anti-corruption policy at all the factories.

In 2020, the Company had organized an anti-corruption course via E-learning. The objective was to increase knowledge, understanding about the policy and the principles of anti-corruption, with a course that included various subjects as follows:

1. Definition of "Corruption"
2. Protection against fraud and the related law
3. Overall situation of corruption in Thailand
4. The Company's anti-corruption policy
5. Employee's guidelines, punishment and the no-gift policy

After all the employees and executives have completed the course, they must take a test with score not less than 80 percent to pass the course. If they failed, they would have to retake the course and the test until they pass the criteria specified by the Company.

### 3.5 Gift and Hospitality Policy

#### Definitions

##### **Stakeholders** means

persons/entities directly or indirectly impacted by the Company's business or involved with the Company's interests or impacting on the Company's business, such as the Company's directors, shareholders, customers, suppliers, competitors, creditors, employees, social and communities and environment.

##### **Gift, tokens, assets, or any other benefits** means

anything of mental values, cash or non-cash, that are courteously given on important occasions according to common customs and culture, to award, honor, support, or to be given out of kindness. They could be privileges to service, entertainments, recreations, or coverage of expenses related to traveling, accommodations, meals, or any other similar expenses, such as tickets, lotteries, etc. It also includes tokens given out of courtesy, or in accordance with local traditions, such as New Year gifts, birthday presents, or congratulatory new job gifts, etc.

##### **Hospitality** means

receptions, provision of food and drinks, and recreational activities, such as entertainments, sports event, etc.

Giving and receiving of valuable items such as presents or souvenirs, services, facilitating or entertainment of associates must follow the traditions in each local or country including relevant laws. At the same time, it should be of reasonable value and does not influence the Employees into wrongdoing.

#### Guidelines

1. Before giving or accepting a present and hospitality to/from associates, the Employees should make sure that the price is appropriate to the occasion and complies with laws, regulations, announcements or custom in each locality.
2. Avoid giving or accepting valuable item, service or hospitality that can cause influence to impair the objectivity and wrongfully act.
3. Keeping records of expenses as evidence of the value of the items service or reception, so that they can be examined later.
4. In the case that Employees have been assigned or permitted by their superior to an outside agency, they may receive money, items, or presents according to the guidelines or standards set by the outside.
5. Be cautious when giving items, services and hospitality to the superior or internal people/units, and the case of receiving items, services and hospitality from the subordinate or internal people/units. Such activity must not create motivation leading to unfair decision making.

### 3.6 Whistle-blowing Policy

#### Definitions

##### **Stakeholders** means

persons/entities directly or indirectly impacted by the Company's business or involved with the Company's interests or impacting on the Company's business, such as the Company's directors, shareholders, customers, suppliers, competitors, creditors, employees, social and communities and environment.

## Fraud means

an intentional act committed to secure unfair or unlawful gains for one's self or others. Fraud can be broken down into three types: corruption, asset misappropriation and fraudulent reporting, for example, fraudulent financial statements.

## Corruption means

the misuse of position or power of influence for inappropriate gains for the organization, one's self or others. Corruption includes any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

Board of Directors had approved the Whistleblowing Policy as a mechanism for the Company's employees and third parties to report any misconduct, or file for grievances without being discriminated or mistreated should they be aware of any wrongdoing, or fall victim to fraud and corruption, or violation of laws / Company regulations.

## Whistleblowing Channel



- Telephone : 66 2 285 0040 ext. 2701



- Facsimile : 66 2 285 0255



- Postal mail : Head of Internal Audit Unit  
Thai Wah Public Company Limited

21/11, 21/13 Thai Wah Tower 1,  
6th Floor  
South Sathorn Road,  
Tungmahamek, Sathorn  
Bangkok 10120, Thailand



- Email : The Chairman of the Board  
- bod@thaiwah.com

The Chairman of Audit, Risk and  
Corporate Governance Committee  
- arc@thaiwah.com

Head of the Internal Audit Unit  
- ia@thaiwah.com



- Website : www.thaiwah.com

## Whistle-Blowing Reporting Procedures

1. The whistle-blower can complain via whistleblowing channels verbally or in writing.
2. If the whistle-blower wishes not to disclose his/her name, there must be sufficient factual details or clear evidence to provide grounds for believing that a violation of laws, rules and regulations or the Company's Code of Conduct had occurred in the Company's business.
3. The complaint shall be deemed confidential. However, if he/she does disclose his/her identity, this would allow the Company to report him/her the outcome of the investigation or additional particulars concerning the matter of complaint.

## Investigating the Facts Procedure

1. Upon receiving the whistleblowing, the Internal Audit (IA) team as assigned by the Audit, Risk and Corporate Governance Committee (ARCG)

will gather all the reported cases and ensure that the issues raised are professionally and independently addressed.

2. IA team will then investigate, access and propose the appropriate procedures for managing the whistleblowing to the ARCG.
3. The ARCG will consider the results and enforced the disciplinary actions based on the Company's rules and regulations and/or file the police report.
4. The ARCG Chairman will then report the conclusions of the investigation to the Board of Directors.

#### **Mechanism to Protect Whistle-Blowers**

1. All concerns and irregularities will be treated confidentially and access to the information will be limited only to responsible persons. Any information of the whistle-blower will not be disclosed.
2. The collaborator and the officers involved in the investigation will be protected as well as the whistle-blowers.
3. If the whistle-blower made an allegation in bad faith or for personal gain, appropriate action will be taken against him/her which might be disciplinary action and/or file the police report.
4. If a whistle-blower believes that he/she is being subjected to discrimination, retaliation, or harassment for having made a report, he/she should immediately report those facts to the Board of Directors or the Audit, Risk and Corporate Governance Committee or the IA Team through one of the above whistle-blowing channels.

5. Those who incur harm will be compensated in a fair and appropriate manner.

#### **3.7 Political Contributions Policy**

The Company shall maintain a neutral stance in politics and, hence, does not make any political contribution in any forms whatsoever. Nonetheless, the Company recognizes and respects the freedom of employees to exercise their political rights, such as voting or belonging to a political party.

##### **Guidelines**

1. Avoiding any act that others might construe as signifying the Company's involvement in, or supporting or preferring to a political program or party, political group, person with political influence or election candidates.
2. Exercising the political right on your behalf and avoiding any activity influencing other people to believe that it is done on the Company's behalf.
3. Refraining from expression of political opinions at the workplace or during working hours, as this might lead to conflict.

#### **3.8 Charitable Contribution and Sponsorships Policy**

##### **Definitions**

**Charitable Contribution and Sponsorships** means grants or contributions paid to individuals and/or organizations of the public and private sector including the reasonable charities. The objective is to support business operations, brand promotion or the Company's reputation which useful for creating a reliable trade, strengthen a business relationship and in accordance with the company's business

ethics handbook (Code of Conduct) that focus on accuracy, transparency and good governance (Good Corporate Governance) in the business.

The Company has a policy and guidance for charitable contributions and giving money to people in public or private organizations, as well as charitable organizations. It must be transparent and aims for the charity does not expect the benefits or any other consideration that may be considered dishonest and corrupt.

Charitable contribution and sponsorship to public and private sector individuals/institutions, and charitable organizations must be proceeded under the following conditions:

1. Organizations that are credible, and legally established.
2. The charity contribution must be under the Company's name, and are made in a transparent and legal manner, in compliance with the Company's rules and regulations and Delegation of Authority. Proofs of contribution must be clear and accountable.
3. Donation should not be made under an individual's name unless specified in the request for sponsorship, and with written proof of request of sponsorship. Payment will not be in cash.
4. Monitoring should be conducted to ensure that the donation and sponsorship fund are used genuinely for charity, or in accordance with its purpose (without any hidden agenda nor for improper business interests.)
5. Employees are to seek approval according to the Company's reimbursement procedure and the Delegation of Authority prior to actual

reimbursement of charity contribution and sponsorship fund. In the reimbursement request, names of charitable institution/organization, and rationale must be specified for traceability purpose.

### 3.9 Allocation and Management of Information Technology Resources

The Company had established a policy regarding the allocation and management of IT resources in order to comply with the business's requirements by considering the priorities of IT plan such as complying with the strategic plan, impact on the business operations, urgency, budget, IT's human resources and consistency with the business model etc., The Company has allocated sufficient information technology resources for business operations and has established guidelines to support in the case that it is unable to allocate such resources. The Board of Directors has approved the IT security policy and procedures including safeguard against unauthorized access, confidentiality, measures to maintain the integrity of relevant data and ensure availability of critical data.

### 3.10 Social participation and development

The Company's policy is to maintain and build relationships with local communities by supporting community activities regularly with a focus on improvement of the quality of life in nearby communities. A series of campaigns with the aim of achieving proper sustainable development for the benefit of local and social communities have been launched, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

### 3.11 Promote Sustainable Use of Resources

Economic growth and an increase in the world's population have led to an increase in human consumption of resources every year, resulting in shortages of limited resources and creating environmental problems. The Company is aware of these problems and, in order to promote the efficient use of resources, has established the Environment, Occupational Health and Safety Committee and continuously carried out various energy conservation campaigns and projects, including set goals for certain campaigns, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

### 3.12 Environmental Training for the Employees

The Company continuously provides training and instills sense of awareness on environmental issues to employees by carrying out various energy conservation campaigns and projects and communicating across the organization through the Company's intranet system and the notice board. Guest speakers are also invited periodically to educate and to provide training to the employees on matters related to the environment, such as environmental conservation, etc.

## 4. Information Disclosure and Transparency

The Company's emphasis on the disclosure of accurate and complete information in a transparent and timely manner as shown by the following:

4.1 Each of the directors and executives of the Company has filed with the Company a report covering his interest or his related person's interest in relation to management of the Company or its subsidiaries in accordance

with the criteria and procedures as specified in the notification of the Capital Market Supervisory Board and has updated and filed with the Company within 30 days should there be any change in the report. Such report is also included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.

4.2 In the previous year, the Company disclosed all general and financial information as well as information which may affect the price of the Company's securities correctly, completely, transparently and on a timely manner, in accordance with the rules and regulations of the SEC and the SET. All information is communicated to investors, shareholders and relevant sectors through the channels of the SET and the Company's website ([www.thaiwah.com](http://www.thaiwah.com)).

4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number +66 2 285 0040 or at Investor Relations Department ([ir@thaiwah.com](mailto:ir@thaiwah.com)).

4.4 The Company's financial statements contain accurate and complete information and are prepared in accordance with generally accepted accounting standards. In addition, it is audited/ reviewed by auditors from a well-known auditing firm (currently EY Office Limited) and is approved by the Company's Audit, Risk and Corporate Governance Committee and Board before being disclosed through the SET. The information relating to the "Board of Directors' Responsibility for the Company's Financial Statements" is available in the



Company's Annual Report. In 2020, the Company's financial statements were certified unconditionally from the auditor.

4.5 In the year 2020, the Company has neither a share repurchase program, nor any shareholders' agreement which has a material impact on the Company or other shareholders. Furthermore the Company did not provide financial assistance to any company which is not a subsidiary of the Company. Therefore, the Company could not disclose such information.

4.6 The Company wishes to refer the following matters to the disclosure made in other places:

- The name of directors and the scope of the powers, duties and responsibilities of the Board (including matters to be approved by the Board) and other committees are detailed under the heading "Management Structure" in the Company's Form 56-1 and in the Company's Annual Report.
- The professional experience of the directors and members of other committees is detailed in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.
- The number of Board meetings held and the number of Board meetings attended by each director in during 2020 are detailed in clause 5 hereof: "Board Responsibility".
- The performance of the Audit, Risk and Corporate Governance Committee in the

past year is detailed in Attachment 5 to the Company's Form 56-1, and under the heading "Report of the Audit, Risk and Corporate Governance Committee" in the Company's Annual Report.

- The performance of the Nomination and Remuneration Committee in the past year is detailed in Attachment 6 to the Company's Form 56-1, or under the heading "Report of the Nomination and Remuneration Committee" in the Company's Annual Report.
- The remuneration for directors and management is detailed under the heading "Directors' and Management's Remuneration" in the Company's Form 56-1 and in the Company's Annual Report.
- Policy of disclosing/reporting of sales and purchase of the Company's securities held by directors and management has been disclosed in clause 2.6 hereof: "Corporate Governance".

Change in securities held by directors and management in the Company is detailed under the heading "Management Structure" in the Company's Form 56-1 and under the heading "Details of Securities held by Directors and Management in the Company" in the Company's Annual Report.

- Criterion for directors and senior management remuneration is detailed under the heading "Remuneration Policy" in the Company's Form 56-1 and in the Company's Annual Report.



- Director's remuneration for each individual director is detailed under the heading "Remuneration and Other Benefits of the Directors during the year 2020" in the Company's Form 56-1 and in the Company's Annual Report.

4.7 In 2020, the Company made full disclosure of information (including key events) within the time frame specified in the regulations of the SET and the SEC. In addition, neither the Listing Department of the SET nor the SEC challenged that the Company had failed to comply with any disclosure requirement.

## 5. Board Responsibility

### 5.1 Board Structure

#### 5.1.1 Members of the Board and Terms of Directorship

The Company's Board of Directors comprise of 15 members, 5 of whom are independent Directors, 3 of whom are executive directors and the remaining 7 are non-executive directors. The majority of the board are non-executive directors and therefore can exercise objective and independent judgements.

The Board consists of directors with appropriate and necessary qualifications, knowledge, skills, experience, character traits and age balance in order to achieve the objectives of the Company and stakeholder interests. Dr. Sretsei Saittagaroon, Deputy Chairman of the Board, is also a non-executive director who possesses knowledge and experience in the core business or the industry in which the Company operates.

The Company has 5 independent directors, representing one-third of total board members. The independent directors of the Company possess the

qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. All independent directors can work effectively with the Board and can express their opinions freely.

#### 5.1.2 Consecutive terms of office of an independent director

Consecutive terms of an independent director may serve no more than 3 consecutive terms, and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be considered independent.

All Independent Directors of the Company are independent of the Management and major shareholders of the Company. None of the Independent Directors holds a directorship position in more than 5 listed companies in Thailand.

The Company's policy to fix the term of office of directors is under Article 18 of the Company's Articles of Association which stipulated that at each annual general meeting, one-third (1/3) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third (1/3) shall retire from office.

Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.

Retiring directors are eligible for re-election.

The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed by the annual general meeting.

### 5.1.3 Definition of “Independent Director”

The Board of directors approved the definition of an independent director of the Company, which meant a person who possess all qualifications and independence that is stringent than the criterias of the Capital Market Supervisory Board. At present, the said regulations stipulate the following qualifications of independent directors:

- (a) holding shares not exceeding 0.75 percent of the total number of voting rights of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, including the shares held by related persons of such independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the company;
- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives,

major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the company or its subsidiary;

- (d) not having a business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking

place during the course of one year prior to the date on which the business relationship with the person commences;

- (e) neither being nor having been an auditor of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years from the date of appointment;
- (f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of appointment;
- (g) not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;
- (h) not operate any business which has the same nature as and is in significant competition with the business of the company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or not holding shares exceeding one per cent of the total number of voting rights

of any other company operating business which has the same nature as and is in significant competition with the business of the company or subsidiary;

- (i) not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (a) to (i) of the first paragraph, the independent director may be assigned by the board of directors to take part in the business decision of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

#### 5.1.4 Nomination of Board members

The Nomination and Remuneration Committee will be responsible for the nomination of new directors. The Nomination and Remuneration Committee will search for potential candidates and propose the same to the Board of Directors' or the shareholders' meeting (as the case may be) for consideration and appointment. The following matters will be taken into consideration as part of the selection criteria: the structure of the Board of Directors, which shall consist of members in the number that is suitable for the size and business strategy of the Company, the diversity in the structure of the Board of Directors (Board Diversity), including but not limited to, race, religion, national origin and gender, the appropriateness of the qualifications and skills of the director(s) that are necessary but lacking in the Board of Directors. The Board Skill Matrix will be used to identify the required qualifications.

Each candidate for a Company directorship must have the qualifications prescribed by the SET, the SEC and the Public Limited Companies Act, and must be nominated by the Nomination and Remuneration Committee to the Board and to the shareholders' meeting. Additional details in regard to method of appointment of Directors have been disclosed under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

#### **5.1.5 Nomination Procedures of the Board of Directors**

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

#### **5.1.6 Nomination of the Company's leader (CEO or equivalent)**

The Nomination and Remuneration Committee will select candidates for the position of Chief Executive Officer or its equivalent of the Company and propose the same to the Board of Directors' for consideration and appointment. The followings will be taken into consideration as part of the selection criteria.

1. Integrity, Honesty and Visionary;
2. Knowledgeable and has an understanding of the Company's business;
3. Ability to adapt, change and maintain the Company's competitiveness;

4. Ability to mitigate risks, maintain and increase the value of shares for the shareholders;
5. Leadership skills and ability to manage the human resources.

#### **5.1.7 Nomination Procedures of the Company's Leader (CEO or equivalent)**

The Nomination and Remuneration Committee will select the candidates for the position of Chief Executive Officer (or equivalent) from the recommendation of others from both outside and inside the organization or through the service of external professional search firms, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

#### **5.1.8 Role of Chairman of the Board**

Details regarding the roles and responsibilities of the Chairman of the Board have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

#### **5.1.9 Role of Chief Executive Officer**

Details in regard to the roles and responsibilities of the Chief Executive Officer of the Board have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

#### **5.1.10 Performance Assessment of Chief Executive Officer and senior management**

The Nomination and Remuneration Committee will assess the performance of the Chief Executive Officer and senior management of the Company and present the assessment results to the Board of Directors for approval. The remuneration of Chief Executive Officer and senior management of the Company will be determined based on their

individual performance achievements against the targets set per the balanced scorecard which will consider both financial and non-financial KPIs (Key performance indicator), as follows:

1. On the Company's operating results such as increase in total revenue or sales of the Company.
2. On the business performance – to be in accordance with assigned policy and / or strategy by the Board of Directors by comparing each target against the percentage of the achievement such as sustainable growth strategy / development of local communities or farmers to earn higher income and at the same time not destroying the environment;
3. On the customer's side - ability to meet the target such as customer's satisfaction.
4. On the organizational development - ability to meet the target regarding the organizational development such as training and employee's satisfaction.

#### **5.1.11 Aggregation or Separation of Positions – Chairman of the Board and Chief Executive Officer**

To enhance the good corporate governance of the Company, the Company has separated the positions of the Chairman of the Board and the Chief Executive Officer.

Mr. Ho KwonPing is the Chairman of the Board while Mr. Ho Ren Hua is the Chief Executive Officer in order to manage business operations of the Company effectively.

#### **5.1.12 Succession Plan**

The Board of Directors places importance on having an effective and efficient management as well as the continuance of its business operations, which are

essential factors to the sustainable growth of the organization. Thus, the Company is required to prepare a succession plan for the positions of Chief Executive Officer, Managing Directors, and other senior executive positions, and to review every 3 years to ensure that there will be competent senior executives for the succession of these key positions in the organization.

#### **5.1.13 External Directorship Policy**

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps to ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of 5 other listed companies without any exception.

In addition, the Company has a guideline in case the Chief Executive Officer is appointed as director in another company, the matter has to be proposed to the Nomination and Remuneration Committee's meeting for approval. While for the executive level up, it must be approved by the Managing Director or Chief Executive Officer.

### **5.2 Sub-Committees**

Details in regard to the roles and responsibilities of the sub-committees have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

#### **5.2.1 Audit, Risk and Corporate Governance Committee**

For improving the good corporate governance of the Company, the Board of Directors' Meeting held on August 6, 2019 had approved the enlargement

of the scope of duties and responsibilities of the Audit and Risk Committee to cover the review of corporate governance and changed the name from the Audit and Risk Committee to “ Audit, Risk and Corporate Governance Committee.”

The Audit, Risk and Corporate Governance Committee comprises four Independent Directors, two of whom, namely Mr. Vudhiphol Suriyabhivadh and Mr. Subhak Siwaraksa have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol Suriyabhivadh has experience on reviewing the financial reports of some listed companies in the Stock Exchange of Thailand. The members and the scope of duties and responsibilities of the Audit, Risk and Corporate Governance Committee have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and in the Company’s Annual Report.

#### **5.2.2 Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises 4 Independent Directors, thus forming a strong and independent element which will enable decisions on nomination and remuneration to be made independently. Members and the scope of duties and responsibilities of the Nomination and Remuneration Committee have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and in the Company’s Annual Report.

### **5.3 Role, Duty and Responsibility of the Board**

#### **5.3.1 Duties of the Board of Directors**

Duties of the Board of Directors have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and the Company’s Annual Report.

#### **5.3.2 Corporate Governance Policy**

On November 11, 2020, the Board of Directors’ meeting No. 4/2020 had approved the Corporate Governance Policy and the Code of Business Conduct (revised edition). The Board had also assigned the management to promote and monitor the implementation of the policy and code of business conduct of the Company. Details of Corporate Governance Policy and the Code of Business Conduct have been posted on the Company’s website under the Corporate Governance section. The Standard Operating Procedures have also been documented and applied by the Company. In addition, new internal rules and regulations with an aim to continuously improve the good corporate governance of the Company are approved and announced from time to time.

During the previous year, none of the non-executive directors resigned due to corporate governance issues and no impairment of the Company’s reputation arose due to the failure of the Board of Directors’ supervision.

#### **5.3.3 Code of Business Conduct**

The Company holds strongly to the belief that good business ethics is one of the key elements for sustainable growth. To protect the interest of all stakeholders and in the interest of promoting and advocating good business ethics throughout the organization, the Company has adopted a Code of Business Conduct, which has been approved by the Board of Directors and communicated across the organization through electronic mail, the Company’s intranet system, and notice boards in order to understand and to ensure that the Board of Directors, Management and employees strictly adhere to the Code as well as to encourage them to comply with the Code accordingly.



The Code has been drafted based on the principles of integrity, transparency and good corporate governance practices and good social ethics and disseminate through the Company's website ([www.thaiwah.com](http://www.thaiwah.com)).

During the previous year, the Company's Board of Directors was not aware of any claim or allegation that the Company's Code of Business Conduct was disobeyed.

#### **5.3.4 Delegation of authority between the Board and the Management**

The Company has a management structure that clearly defines the separation of power, duties and responsibilities of the Board of Directors and the Management. The Board of Directors, as the policy supervisor, has the duties to define the Company's vision, mission, values, strategy and long-term goals, including overseeing monitoring, and evaluating the performance of the Management. Management, as the executives, has the duties to perform day-to-day operations to be efficient, effective and in compliance with the defined policies, vision, mission, values, strategy and long-term goals and report its performance to the Board of Directors on a regular basis.

The delegation of authority between the Board and management/ Chief Executive Officer is clear. Annual budgeted capital expenses require approval by the Board. Unbudgeted capital expenses require approval as authorized by the Board as follows:

- Unbudgeted capital expenses less than Baht 2.0 million to be solely approved by the Managing Director.
- Unbudgeted capital expenses ranging from Baht 2.0 million to Baht 10.0 million to be

jointly approved by the Chief Executive Officer and any one of the directors.

- Capital expenses ranging from Baht 10.0 million to Baht 50.0 million to be jointly approved by the Chief Executive Officer and any one of the directors and also requires ratification by the Board of Directors.
- Capital expenses in excess of Baht 50.0 million to be solely approved by the Board of Directors.

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

Duties and responsibilities of the Board have been disclosed under the heading "Management Structure" in the Company's Form 56-1 and the Company's Annual Report.

#### **5.3.5 Conflict of Interest**

Transactions between the Company and its connected parties which may give rise to a conflict of interest are scrutinized by the Audit, Risk and Corporate Governance Committee and if necessary, the approval to enter into such transactions are sought from the Board of Directors and/or shareholders based on the nature and size of transaction in accordance with the provisions of the Capital Market Supervisory Board. Any director or management who has an interest in, or is related to, such transaction will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis. In the event that the price is

unavailable, the Company will then rely on the report of an independent appraiser appointed by the Company to value important connected transactions to arrive at a pricing which is fair to both the Company and the connected party.

All connected transactions are disclosed clearly and accurately. Details are further described under the heading “Connected Transactions” in the Company’s Form 56-1 and in the Company’s Annual Report.

### 5.3.6 Internal Audit and Control

The Company realizes the significance of effective system of control. The Board of Directors has assigned the Audit, Risk and Corporate Governance Committee to review the Company’s internal control system in order to ensure that the Company’s internal control system comprising of 5 components, namely control environment, risk assessment, control activities, information & communication, and monitoring activities in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission : COSO, is adequate and to report the outcome to the Board accordingly.

Opinions of the Audit, Risk and Corporate Governance Committee and of the Board of Directors on the internal control system of the Company are disclosed under the heading “Report of the Audit, Risk and Corporate Governance Committee” and “Opinion of the Board of Directors on the Company’s internal control” in the Company’s Form 56-1 and in the Company’s Annual Report

### Internal Audit

The Company has established the Internal Audit Department, an independent unit, head by Mr.

Sorasak Thanadeecharoenchok. Mr. Sorasak reports directly to the Audit, Risk and Corporate Governance Committee. His role is to audit and to assess the adequacy and efficiency of the Company’s internal control based on the internal audit schedules approved by the Audit, Risk and Corporate Governance Committee and to regularly report the findings to the Audit, Risk and Corporate Governance Committee on a quarterly basis in order to improve the efficiency and effectiveness of the operation of the Company.

The appointment, transfer and termination of employment of the chief of the Internal Audit Unit have to be approved by the Audit, Risk and Corporate Governance Committee.

## 5.4 Meetings of the Board and Sub-Committees

### 5.4.1 The Board

The Company conducts regular scheduled Board meetings at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. In the year 2020, the Company had conducted a total of 4 Board meetings and encourages each director to attend the Board of Directors’ meeting at least 75 percent of the total number of meetings in each fiscal year, except in case of necessity and emergency. In the past year, the board of directors had attended the meeting, which accounted for 96.67 percent. The Company had provided the meeting materials to the directors in advance at least 5 days prior to the meeting to allow the directors to have sufficient time to study the information beforehand.

The Company encourages that at the time of Board’s decision, the quorum of the meeting should not be lesser than two-thirds of total number of



directors. Besides, the non-executive directors attended one meeting among themselves without the executives on November 11, 2020 to discuss on issues related to management, corporate governance, development, and executive succession

plan to be in line with the Company's goals and long-term plans. Management will receive guidance from the Chairman of the Board for the Company's further development.

Attendance of all directors as shown below.

No.	Name	Number of Attendances in 2020/Meeting
1	Mr. Ho KwonPing	4/4
2	Dr. Sretsei Saittagaroon	4/4
3	Mr. Surapon Supratya*	3/4
4	Mr. Ariel P Vera	4/4
5	Mr. Ho KwonCjan	4/4
6	Mr. Ho Ren Hua	4/4
7	Mr. Umnad Sukprasongphol	4/4
8	Mr. Shankar Chandran	4/4
9	Mr. Vudhiphol Suriyabhivadh	4/4
10	Dr. Jingjai Hanchanlash	3/4
11	Mr. Subhak Siwaraksa	4/4
12	Mr. Chanin Archjananun	4/4
13	Ms. Parnsiree Amatayakul	4/4
14	Mr. Prateep Lertvatanakijkul	4/4
15	Ms. Ho Ren Yung**	3/3

**Remarks :** \* Resigned from the Company effective January 1, 2021

\*\* The 2020 Annual General Meeting held on April 27, 2020 approved the appointment of a new director, namely Ms. Ho Ren Yung and increased the total number of directors of the board from 14 to 15 directors.

The Board is of the view that the contribution of each director should not be focused only on his or her attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board

meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

#### 5.4.2 Audit, Risk and Corporate Governance Committee

The Company conducts regular scheduled Audit, Risk and Corporate Governance Committee's meetings at least 4 times a year, prior to the Board meeting, on a quarterly basis which are planned and formally agreed upon in advance during the fourth quarter before the start of the new financial

year. Additional meetings are convened as and when circumstances warrant. In 2020, the Company conducted 4 Audit, Risk and Corporate Governance Committee's meeting. Each of the Audit, Risk and Corporate Governance Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2020/Meeting
1	Mr. Vudhiphol Suriyabhivadh	4/4
2	Mr. Subhak Siwaraksa	4/4
3	Dr. Jingjai Hanchanlash	4/4
4	Mr. Chanin Archjananun	4/4

In addition, the Audit, Risk and Corporate Governance Committee also attended one meeting with external auditors without the attendance of

management in order to consider the Company's directions and auditing plans including the problems or establishing guidelines for internal control.

### 5.4.3 Nomination and Remuneration Committee

The Company conducts regular scheduled Nomination and Remuneration Committee's meetings, prior to the Board meeting, at least once a year. The meetings are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional

meetings are convened as and when circumstances warrant. In 2020 the Company conducted one Nomination and Remuneration Committee's meeting. Each of the Nomination and Remuneration Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2020/Meeting
1	Dr. Jingjai Hanchanlash	1/1
2	Mr. Vudhiphol Suriyabhivadh	1/1
3	Mr. Subhak Siwaraksa	1/1
4	Mr. Chanin Archjananun	1/1

## 5.5 Board of Directors' Report

### 5.5.1 Financial Report

The Board of Directors is accountable to its shareholders for the Company's financial statements as well as the financial information as shown in the Annual Report. The Board of Directors is satisfied that the Company's financial statements are prudently prepared in accordance with generally accepted accounting principles and are independently reviewed and audited by the international auditors who has expressed an unqualified opinion on the Company's financial statements. Additionally, the Audit, Risk and Corporate Governance Committee has been tasked

to independently review the Company's financial report and internal control practices directly with the auditors. All pertinent information relating to the financial statements is clearly and completely disclosed in the accompanying notes.

Details are described under the heading "Internal Control and Risk Management" in the Company's Form 56-1 and under the heading "Opinion of the Board of Directors on the Company's Internal Control System" and the "Board of Directors' Responsibility for the Company's Financial Statements" in the Company's Annual Report.

### 5.5.2 Minutes of Meeting

The minutes of the meetings of the Board and other committees were accurately and completely recorded in all material aspects addressed at each meeting, including the questions, opinions and clarifications. The Company has a safe and secure filing system in place to keep the minutes of meetings and other supporting documents.

### 5.6 Monitoring the implementation of the Company's strategy

The Board of directors had supervised management in establishing the strategy and the annual plan to align with the Company's objective and mission/ vision including reviewing the objective, goals and medium-term business strategies (3-5 years). And to ensure that all these various strategies and work plans are implemented effectively, there is a company-wide communication for everyone in the organization to join, drive or implement it in the same direction in order to achieve the objectives and goals of the Company as defined. The Board of directors had assigned management (Chief Executive Officer / Managing Directors) to report on their performance in accordance to the strategic plan and or assigned work plan in every board meetings.

### 5.7 Development of Directors and Management

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions. Details of the training previously undertaken by each director are set out in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.

In 2020, directors and management attended the training and seminar courses as follows:

Name	Position	Course
Mr. Ho Ren Hua	Director and Chief Executive Officer	Blue Ocean Leadership Workshop
Mr. Umnad Sukprasongphol	Director and Managing Director (Starch Business)	Blue Ocean Leadership Workshop
Mr. Prateep Lertvatanakijkul	Director and Managing Director (Food Business)	Blue Ocean Leadership Workshop
Ms. Orn-a-nong Witchucharn	Group Chief Financial Officer	Blue Ocean Leadership Workshop
Ms. Naruemon Srisuma	Vice President-Group Research and Development	<ul style="list-style-type: none"> <li>Blue Ocean Leadership Workshop</li> <li>Use of microorganisms for the production of Bio fertilizer</li> </ul>
Ms. Manee Lueprasert	Company Secretary	<ul style="list-style-type: none"> <li>Leaders in COVID-19 Crisis: Powerful Ways to Lead Your Team</li> <li>Design Thinking for Leaders</li> <li>Brain-Based Leadership in the Digital Era</li> <li>Be an Inspirational Leader</li> <li>The Innovative Leader</li> <li>Coaching Skill : A Tool to Groom Your People &amp; Yourself</li> <li>Enhancing Good Corporate Governance based on CGR Score Card, Thai Institute of Directors Association</li> </ul>

## 5.8 Orientation

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provides information on the business of the Company and other information

related to the operations of the Company to new directors, i.e. annual report and the relevant rules and regulation. Such materials are useful for them in performing their duties as directors of the Company.

## 5.9 Assessment of the Performance

### 5.9.1 Board of Directors

The Board of Directors conducts an assessment of its annual performance as a group and individual based on the assessment forms developed from the Stock Exchange of Thailand. The purpose is to

review the performance outcome, problems and obstacles in the business operation in the past year so as to improve the work efficiency.

**The assessment criteria of the Board of Directors (group and individual) covers 4 assessment subjects, are as follows:**

- 1) Board structure and qualifications,
- 2) The Board of Directors' Meetings,
- 3) Roles, Duties and Responsibilities of the Board of Directors and
- 4) Others.

**The assessment procedure:**

1. The Company secretary will distribute the assessment forms, group and individual, as approved by the Board of Directors to all the board of directors to assess their performances;
2. After each director has completed the self-assessment forms of the Board of Directors as a group and individual basis, the Company Secretary shall calculate the scores and provide a summary of these scores to the Board of Directors;
3. The Board of Directors' meeting shall jointly consider and find a solution in order to improve the unsatisfactory scores and use it as a guideline for their performance in the following year, including considering and reviewing the comments and suggestions raised by each director.

## 5.9.2 Sub-committees

The Company's Corporate Governance Policy stipulates that the Board of Directors assigns all subcommittees to conduct self-assessment in order to consider performance and problems for further improvements and report the assessment result to the Board of Directors on an annual basis.

**The assessment procedure:**

1. The secretary of the sub-committee will distribute the assessment forms as approved by the Board of Directors to all the members to assess their performances;
2. After each director has completed the self-assessment form of the sub-committee as a whole, the Company Secretary shall calculate the scores and provide a summary of these scores to the sub-committees' meeting;
3. The Company Secretary shall present the results of the self-assessment (as a whole) to the Board of Directors meeting for further consideration.

The assessment scores in the roles and responsibilities (including corporate governance) section was good. As for the rest, it was excellent.

**The assessment results of Board of Directors and the sub-committees for the year 2020 were as follows:**



**Board of Directors**  
87.31%



**Board of Directors  
as a individual**  
89.95%



**Audit, Risk and Corporate  
Governance Committee**  
90.95%



**Nomination and  
Remuneration Committee**  
86.84%

## 5.10 Supervision on the operations of the subsidiaries and the associated companies

The Board shall appoint the directors and executives of the subsidiary companies. Except for operating arms or associate companies, the board may delegate this authority to the chief executive officer and the chief executive officer can appoint the appropriate person to be the director in such a company. The number of representative directors will be subject to the proportion of shareholding.

The Company shall define the duties and responsibilities of subsidiary directors who are the Company's representative in subsidiaries and associated companies. They will oversee the subsidiaries' operations to ensure compliance with applicable law and standards and the subsidiaries' policies. As well as overseeing that the subsidiaries'

internal control systems are effective and that all transactions comply with relevant law and standards.

List of directors who serve on the Board of Directors of the subsidiaries or the associated companies is disclosed under the heading "Details of position of directors and management" in the Company's Form 56-1 and in the Company's Annual Report.

## 5.11 Investor relations Functions

The Board has established a dedicated investor relations function who is responsible for regular, effective and fair communication with shareholders and other stakeholders such as analysts and potential investors by providing the Company's information in an appropriate, equal and timely manner via appropriate channels.

## 6. Auditors' Remuneration

### 6.1 Audit Fees

The Company and subsidiary companies paid the audit fees to the audit firm for the year 2020 for a total amount of Baht 7,180,000 and for a total

amount of Baht 2,258,216 for 6 of its subsidiaries based abroad, details as follows:

Company	Auditors' remuneration
The Company	Baht 2,500,000
Subsidiary companies	
- 18 companies in Thailand	Baht 4,680,000
- 2 companies in Vietnam	VND 593,700,000 (approximately Baht 799,482)
- 1 company in China	CNY 185,000 (approximately Baht 839,612)
- 1 company in Cambodia	USD 17,600 (approximately Baht 550,768)
- 1 company in Indonesia	IDR 32,000,000 (approximately Baht 68,354)

## 6.2 Non Audit Fees

The Company and subsidiary company paid the fees for agreed upon procedures to the audit firm for the year 2020 for a total amount of Baht 240,000, details as follows:

Company	Auditors' remuneration
The Company	Baht 120,000
Subsidiary company	Baht 120,000

## 7. Communication with Shareholders and External parties

The Company established the Investor Relations Department and Senior Management responsible for communicating crucial information to the investors and all stakeholders in order for all stakeholders to receive the company's information which is equally, accurate, and timely. In addition, the Company also open mind for feedback from external stakeholders as this is considered part of the Company's long-term strategic plan in the future.

All stakeholders are able to contact the unit directly at Ms. Ratinan Wongwatcharanon (Head of Corporate Communication and Sustainability) Telephone +66 2285 0040 Ext. 1109 e-mail [ir@thaiwah.com](mailto:ir@thaiwah.com) or through Company website <http://investor.thaiwah.com/home.htm>, which disclosures of information based on the criteria on information disclosures, as specified by the Stock Exchange of Thailand (SET), provides both Thai and English versions along with the updated information. In the year 2020, the Company provided corporate presentations and information reports to the institutional investors, retail/individual investors, shareholders and domestic and international analysts, details are as follow:

Activities	Times/Year
Analyst Meeting	4
Opportunity Day	3
Outbound Roadshow	1
Inbound Roadshow	N/A
Conference Call	20
Company Visit	1
Site Visit	N/A



# Corporate Social Responsibility

Details of the corporate Social responsibility have been disclosed in the Company's sustainability report and on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) under the heading Sustainability





## Internal Control System and Risk Management

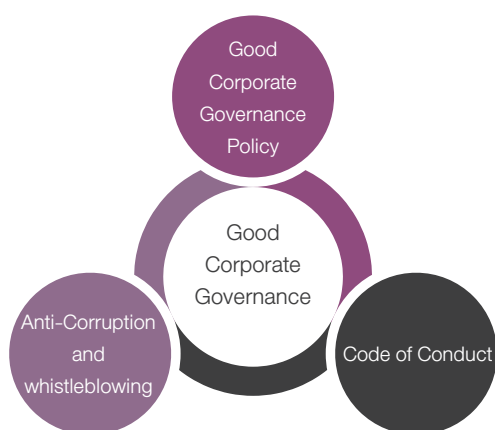
The Company's Board of Directors recognizes the importance of internal controls and risk management systems that are key fundamental to drive company's sustainable growth with added value to Company's stakeholders by assigned the Audit, Risk and Corporate Governance Committee to supervise, oversee and ensure that the Company's internal control and risk management systems are appropriate and effective, and that the Company punctually complies with relevant laws and regulations with no conflict of interest nor Related Parties Transaction, and also responsible for monitoring and overseeing the operations of the Company, assuring no use of the Company's assets for illegal or unauthorized purposes, and protecting the Company's assets by preventing leakage, loss, fraud or misconduct. The Company has established check and balance mechanism by assigned internal audit department and risk management department perform audit, review and report audit and review results directly to the Audit, Risk and Corporate Governance Committee, and coordinate across all functions included all factories to conduct overall assessments on internal control system and Company risks on the annual basis based on the guidelines for evaluating the adequacy of internal controls and risk managements as set out by The Securities and Exchange Commission. Furthermore, the Board of Directors has determined the standard operating procedure and practice for internal control and risk management based on the guidelines of The Committee of Sponsoring Organization of the Treadway Commission - Enterprise Risk Management ("COSO-ERM").

The Board of Directors also recognizes the importance of risk management to mitigate the risks derived from external factors (inherent risks) and internal factors (control risks) that need to manage the impact to be remained at the acceptable or immaterial risk level. The review scope of these internal audit and risk management are also included subsidiaries. The review of internal audit and risk management are to ensure all operation controls are set in place, all financial reporting are reliable, and to ensure there are no conflict of interest for any related party transaction.

Below are key components of internal control and risk management based on the COSO-ERM guidelines;

## Control Environment

Board of Directors have given the management guideline and organizational structure that allowed the operation can be run independently, practically, with communication effectively. These clear guideline & structure as well as clear Company objective will drive the Company success in running business with good corporate governance, transparency and fairness. The combination of control environment is as followed;



## Objective Setting

Board of Directors have determined the objectives to departments, factory and staff about the strategies that including the implementation policy, rules and regulations. These objectives and goals has been communicated to staff, departments and factory to align with the overall Company's mission.

## Event Identification or Risk Factors

Board of Directors have identified events or factors for both internal and external risks that may have unfavorable impact to the Company goals and objectives at corporate and operations level. This is included process of review and monitor those risk factors regularly.

## Risk Assessment

Board of Directors assigned risk management department to take the lead to coordinate with all functions included all factories to perform risk assessment process and set up appropriate risk management to control and mitigate those defined risks that may lead to unfavorable impacts to the company goals and objectives. For considering risk level, there are two aspects to be considered included the potential loss or damage resulted from those risk occurrence (impact) and the probability of those risk occurrence (likelihood) and report to management person, Board of Directors and Audit, Risk and Corporate Governance Committee every quarterly.

The process of risk management area as follow:

## Control activities

Board of directors have defined the standard operating procedure to ensure that the operation is run appropriately. The control activities included as follow:

### Preventive Control

- Standard Operating Policies and Procedures,
- Segregation of duty,
- Verify, review and approve.

### Detective Control

- Assigned internal audit department to evaluate and audit.
- Analytical financial data and ratio.

### Corrective Control

- Summarize audit issues, deficiencies and weaknesses for set up policy and procedure to implementation.

## Information system and communication

Board of Directors recognizes the importance to the information system and effective communications by assigning the information technology department to regulate, monitor, and continuously develops the IT system to be up to date to the current trend of technology. During year 2017, the Company and subsidiaries have implemented the Enterprise Resource Planning (ERP) for entire data management across all functions. This ERP will help company enable to use data management effectively with the timely decision making. Apart from this, the Board has also established policies based on the laws of Computer Related Crime Act to govern the use of sensitive information and other company's IT equipment. The information of policy, regulation and code of conduct included documentations and other announcements are communicated within the organization through channels via email and intranet to the employees.

## Monitoring

The Board of Directors and Audit, Risk and Corporate Governance Committee have the meeting at least once to review the company performance against the Company plan and objective. This review has also included monitoring, and follow-up on any inefficient process that have to be corrected by used the performance evaluation system helped to evaluated and monitored that there is accordance with the objectives of the Company.

In addition the Internal Audit Unit, which is an independent unit, has also been assigned as another whistle-blowing reporting channel for receiving information or complaints including evidences, thus ensuring that the Company has a transparent and fair whistle-blowing process and comply with the Good Corporate Governance.

Base on the policies and practices on internal controls and risk managements, the Board of Directors considers the Company's internal control system and risk managements to be adequate, appropriate and efficient and no significant material weaknesses in the Company's internal control system and risk managements.

## Head of Internal Audit

The Audit, Risk and Corporate Governance Committee's meeting had appointed Mr. Sorasak Thanadeecharoenchok to be the head of the internal audit department based on qualifications, knowledge and abilities to perform the tasks. He attended several training courses of internal audit by the Institute of Internal Auditors of Thailand. He also has experiences in auditing and reviewing financial statements of other enterprises which can be applied in practice. He has full understanding of the Company's processes and procedures, and believes that he has full ability in performing his role.

The appointment, transfer and dismissal of the head of Internal Audit of the Company must be approved by the Audit, Risk and Corporate Governance Committee. Further details on his qualifications of the head of internal audit as follows:

## Profile of the Head of Internal Audit Unit

**Name** : Mr. Sorasak Thanadeecharoenchok

**Age** : 40 years

**Education background** : Bachelor degree of Business Administration,  
Major in Accounting, Thammasat University

**Experiences** :

2020 - Present Senior manager - Internal Audit, Thai Wah Public Company Limited

October 2015 - 2019 Internal Audit Manager, Thai Wah Public Company Limited

2014 - September 2015 Internal Audit Manager, Thai Wah Food Products Public Company Limited

2011 - 2013 Assistant Internal Audit Manager, Thai Wah Food Products Public Company Limited

**Training and Seminars** :

- Anti-Corruption: The Practical Guide
- The Practical Guide Taxation updating
- Procurement Fraud, eDiscovery and Robotic Process Automation (RPA)
- Crisis management and Business Continuity Plan Incentive
- Business Continuity Management & Risk Management Masterclass
- Cyber Security and Infrastructure protection, Governance, Risk management
- PDPA guideline and action

## Opinion of the Board of Directors on the Company's Internal Control System

The Board of Directors ensures that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards. The Board is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the Company's financial statements for the year ended 2020 are presented fairly.

The Board has also taken note of, and accepted, the Audit, Risk and Corporate Governance Committee's report on the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication, and monitoring activities and therefore concludes that the Company's internal control system is adequate with sufficient personnel to conduct the system efficiently and that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing  
Chairman of the Board

# Report of the Audit, Risk and Corporate Governance Committee

In order to enhance the Company's good corporate governance, the Board of Directors' Meeting dated August 6, 2019 approved the enlargement of the scope of duties and responsibilities of the Audit and Risk Committee to include corporate governance and renamed it to be read as "Audit, Risk and Corporate Governance Committee (ARCG)".

The Audit, Risk and Corporate Governance Committee of Thai Wah Public Company Limited ("the Company") comprise of 4 independent directors. The Committee is empowered to:

- review the Company's financial reports, internal control and internal audit systems, disclosure of connected transactions and compliance with all relevant regulations and laws;
- recommend special audit plans to the internal auditor as well as approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
- advise management on matters related to the principles of good corporate governance;
- select and propose the appointment and termination of an independent person to be the external auditor of the Company and propose their remuneration;
- review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee;

- Supervise the compliance with the Anti-corruption Policy;
- To supervise the performance of management to strictly comply with the Company's good corporate governance policy;
- To review the corporate governance policy and code of business conduct of the Company at least once a year;
- To oversee the anti-corruption policy to ensure it's sufficient and appropriate for the Company's business;
- To supervise and offer advices related to the operation concerning the Company's sustainable development.

During 2020, the Audit, Risk and Corporate Governance Committee formally convened four meetings with the Company's external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. The meetings also included the discussions with the Company's internal auditor to review and advise on its findings and to follow up on matters arising from the schedule of work it had approved the internal auditor to undertake during 2020 thereby ensuring that the work was both sufficient and effective. Besides, the Audit, Risk and Corporate Governance Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and

audit plans also approved the Internal Audit's work plan for the year 2021.

All members of the Audit, Risk and Corporate Governance Committee attended the meetings convened in 2020.

In regard to Risk Management, the Audit, Risk and Corporate Governance Committee was assigned by the Board to oversee the Company's risk management processes and activities in order to mitigate and manage risk at the acceptable level. The Audit, Risk and Corporate Governance Committee had received a report from the Risk Management Committee which comprised of Senior Management on the operational risks and the measures taken to address them. The Audit, Risk and Corporate Governance Committee approved the 2020 Risk Management Committee's work plan and reviewed the progress on risk management of the Company on a quarterly basis. In addition, the Audit, Risk and Corporate Governance Committee also provided recommendations to the Risk Management Committee in order to enhance the effectiveness and appropriateness of the risk management system suitable for the Company's operations.

The Audit, Risk and Corporate Governance Committee agrees with the certified public accountant that the Company's financial statements and disclosures of relevant information were adequate and fairly presented, in all material respects, in accordance with the general accepted accounting principles. The Audit, Risk and Corporate Governance Committee is satisfied that the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication and monitoring activities is sufficient both to support the operations including financial procedures and to enable the

external auditors to fairly express an opinion on the financial statements. Where internal control weaknesses have been detected during the course of the Audit, Risk and Corporate Governance Committee's review, the management has been alerted and has taken appropriate corrective action.

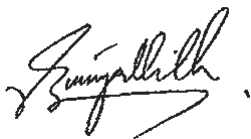
The Audit, Risk and Corporate Governance Committee also reviewed the connected transactions that required the Board of Directors or Shareholders' approval in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission regulations as well as the disclosure of the Company's connected transactions. The Audit, Risk and Corporate Governance Committee is satisfied that the connected transactions had been entered into an arms' length basis applying the principle of an open market between willing parties and the disclosure is sufficient and transparent.

The Audit, Risk and Corporate Governance Committee is satisfied that the Company has performed in compliance with the Securities and Exchange Commission/The Stock Exchange of Thailand rules and regulations and the laws related to the business of the Company and that the Company had supported and continuously developed its good corporate governance principles. The Company does not discriminate against any groups of the stakeholders. At the same time the interest of all shareholders remains the principal objective of the Audit, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance Committee has reviewed the corporate governance policy and code of business conduct, as well as provide recommendations for the Company's sustainable development and reviewed the Operating results and financial reports for transparency and completeness. As for the Anti-Corruption, the Audit, Risk and Corporate

Governance Committee reviewed the anti-corruption policy and assigned the Internal Audit Department to review and establish the internal annual audit plan in order to comply with the Anti-Corruption Policy. In this regard the Audit, Risk and Corporate Governance Committee has satisfactorily resolve all matters arising within the terms of its Charter with both the management and the external and internal auditors.

The Audit, Risk and Corporate Governance Committee had also conducted its self-evaluation (as a whole) for the year 2020, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.

The Audit, Risk and Corporate Governance Committee has recommended the Board to appoint Ms. Runghapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Sumana Punpongsanon, Certified Public Accountant No. 5872 of EY Office Limited to be the Company's auditors for the fiscal year 2021 with the recommended auditing fee of Baht 2,133,900. The appointment and the auditing fee would be subject to the approval at the Annual General Shareholders' Meeting.



(Mr. Vudhiphol Suriyabhivadh)

Audit, Risk

and Corporate Governance Committee Chairman

February 18, 2021

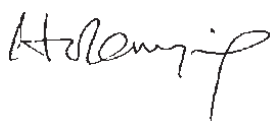


## Board of Directors' Responsibility for the Company's Financial Statements

The Board of Directors is responsible for the Company's financial statements including the notes to the financial statements.

In its review of the financial statements, the Board of Directors has relied upon the reports and work performed by the Company's external auditors, EY Office Limited, and the Company's Audit, Risk and Corporate Governance Committee which has carried out extensive discussions with management of the Company. The Board has also satisfied itself that there is no material weaknesses in the Company's internal accounting controls, internal control system and standard operating procedures.

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2020 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company.



Mr. Ho KwonPing  
Chairman of the Board



Mr. Ho Ren Hua  
Chief Executive Officer

# Report and consolidated financial statements

31 December 2020



# Independent Auditor's Report

## To the Shareholders of Thai Wah Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Thai Wah Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Wah Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Wah Public Company Limited and its subsidiaries and of Thai Wah Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have

fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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

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

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

### Revenue recognition

The revenue from sales is the significant amount in the statement of comprehensive income and is also the key indicator of business performance on which the users of financial statements focus. In

addition, the Company has a large customer base. There is therefore a risk of the Company recognising revenue that has not actually occurred.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of sales, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

## Goodwill and trademarks

As discussed in Notes 20 and 19, to the financial statements, respectively, because the assessment of impairment of goodwill and intangible assets is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting

an appropriate discount rate and long-term growth rate. There are thus risks with respect to the values of goodwill and trademarks.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and intangible assets, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

## Allowance for impairment of investments in subsidiaries

As discussed in Note 14 to the financial statements, because the impairment assessment on investments in subsidiaries is a significant accounting estimate requiring the management to exercise a high degree of judgment in identifying and estimating the recoverable amounts that are expected to be

generated from those investments in subsidiaries. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Moreover, the amount of the allowance for impairment of investments in subsidiaries is a significant account presented in the statement of financial position. There is thus a risk with respect to the valuation of investments in subsidiaries.

I assessed the identification of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I tested the significant assumptions applied by management in preparing estimates of the recoverable amounts that are expected to be generated from the investments in subsidiaries, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average finance costs of the subsidiaries and of the industries tested the calculation of the realisable values of the investments in subsidiaries using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates.

## Other Information

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the

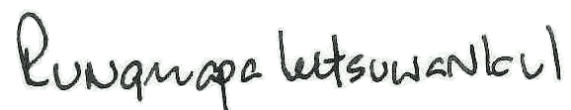
Group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Rungrapa Lertsuwankul

Certified Public Accountant (Thailand) No.3516

EY Office Limited

Bangkok: 24 February 2021

**Thai Wah Public Company Limited and its subsidiaries**  
**Statement of financial position**  
**As at 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	853,230,495	857,164,975	434,625,867	319,951,380
Current investments	9	-	384,335,563	-	343,149,849
Trade and other receivables	7, 10	707,870,786	723,741,514	543,422,796	569,751,152
Short-term loans to and interest receivables					
from related parties	7	-	-	95,933,202	80,852,723
Inventories	11	1,168,815,455	1,147,354,785	523,118,591	574,044,331
Current tax assets		4,887,450	8,673,920	-	7,292,685
Other current financial assets	9	617,965,271	-	580,807,300	-
Other current assets		137,895,444	121,561,203	68,438,170	48,104,189
<b>Total current assets</b>		<b>3,490,664,901</b>	<b>3,242,831,960</b>	<b>2,246,345,926</b>	<b>1,943,146,309</b>
<b>Non-current assets</b>					
Restricted bank deposits	12	41,979,988	25,736,938	-	-
Other non-current financial assets	15	103,379,065	-	103,379,065	-
Investments in associates	13	-	21,149,254	-	31,600,000
Investments in subsidiaries	14	-	-	705,585,458	695,627,108
Other long-term investments	15	-	146,168,400	-	146,168,400
Long-term loans to and interest receivables					
from related parties - net of current portion	7	-	-	568,513,183	590,203,643
Investment properties	16	79,919,630	131,455,030	504,000	504,000
Property, plant and equipment	17	3,529,713,049	3,640,085,818	2,239,521,648	2,376,500,494
Right-of-use assets	18	243,756,395	-	63,656,402	-
Intangible assets	19, 20	500,044,210	533,679,063	457,764,101	477,166,515
Goodwill	20	100,678,428	100,678,428	100,678,428	100,678,428
Deferred tax assets	31	11,623,868	6,724,919	-	-
Other non-current assets		18,291,808	20,062,679	4,953,527	15,209,758
<b>Total non-current assets</b>		<b>4,629,386,441</b>	<b>4,625,740,529</b>	<b>4,244,555,812</b>	<b>4,433,658,346</b>
<b>Total assets</b>		<b>8,120,051,342</b>	<b>7,868,572,489</b>	<b>6,490,901,738</b>	<b>6,376,804,655</b>

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



**Thai Wah Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2020**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	21	230,000,000	275,940,058	-	100,000,000
Trade and other payables	7, 22	579,729,206	539,090,846	433,534,895	367,633,482
Short-term loans from and accrued interests to related parties	7	-	2,697,750	-	7,610,973
Current portion of lease liabilities	18	28,937,019	4,590,455	12,780,248	4,590,455
Current portion of long-term loans from financial institutions	23	60,000,000	60,000,000	60,000,000	60,000,000
Income tax payable		7,211,613	9,410,291	-	-
Other current financial liabilities	38.1	693,047	-	398,332	-
Other current liabilities		86,923,452	95,123,083	57,282,979	27,935,093
Total current liabilities		993,494,337	986,852,483	563,996,454	567,770,003
Non-current liabilities					
Long-term loans from and accrued interests to related parties	7	2,707,187	-	-	-
Lease liabilities - net of current portion	18	178,150,165	5,025,046	49,591,260	5,025,046
Long-term loans from financial institutions - net of current portion	23	270,000,000	110,000,000	270,000,000	110,000,000
Debentures	24	998,088,025	996,692,599	998,088,025	996,692,599
Provision for long-term employee benefits	25	348,396,734	326,038,195	280,094,194	263,217,813
Deferred tax liabilities	31	120,432,131	136,152,874	84,359,174	108,094,662
Other non-current liabilities		3,134,841	12,416,001	3,133,365	12,413,088
Total non-current liabilities		1,920,909,083	1,586,324,715	1,685,266,018	1,495,443,208
Total liabilities		2,914,403,420	2,573,177,198	2,249,262,472	2,063,213,211

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

**Thai Wah Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2020**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2020	2019	2020	2019
<b>Shareholders' equity</b>					
Share capital					
Registered					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Issued and fully paid up					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Share premium		300,740,523	300,740,523	300,740,523	300,740,523
Surplus on the amalgamation		764,866,016	764,866,016	764,866,016	764,866,016
Surplus on changes in ownership interests					
in subsidiary	14	66,886,183	66,886,183	-	-
Retained earnings					
Appropriated - statutory reserve	27	89,705,000	89,705,000	89,705,000	89,705,000
Unappropriated		3,046,276,192	3,125,986,153	2,283,451,860	2,312,945,598
Other components of shareholders' equity		(254,527,435)	(207,772,900)	(77,545,063)	(35,086,623)
Equity attributable to owners of the Company		4,894,367,409	5,020,831,905	4,241,639,266	4,313,591,444
Non-controlling interests of the subsidiaries		311,280,513	274,563,386	-	-
<b>Total shareholders' equity</b>		<b>5,205,647,922</b>	<b>5,295,395,291</b>	<b>4,241,639,266</b>	<b>4,313,591,444</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,120,051,342</b>	<b>7,868,572,489</b>	<b>6,490,901,738</b>	<b>6,376,804,655</b>

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

Thai Wah Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		7,076,885,042	7,310,453,107	4,857,221,110	5,185,713,938
Service income		13,304,504	12,551,584	4,882,424	4,220,610
Gain from business acquisition	2.2	24,802,360	-	-	-
Dividend income		10,440,600	32,748,682	40,289,630	120,439,959
Claim refund from the fire		-	12,149,334	-	-
Gain on sales of investment properties		18,464,600	-	-	-
Gain from fair value measurement of derivatives		3,221,337	-	3,444,361	-
Other income		45,773,415	38,783,402	62,099,988	36,053,165
<b>Total revenues</b>		<b>7,192,891,858</b>	<b>7,406,686,109</b>	<b>4,967,937,513</b>	<b>5,346,427,672</b>
<b>Expenses</b>					
Cost of sales		5,963,465,447	6,121,847,349	4,058,154,691	4,415,844,243
Cost of services		13,077,909	11,604,036	4,163,024	3,499,662
Selling and distribution expenses		567,072,745	563,332,982	365,191,807	373,241,745
Administrative expenses		546,298,340	549,164,760	429,410,492	430,708,073
<b>Total expenses</b>		<b>7,089,914,441</b>	<b>7,245,949,127</b>	<b>4,856,920,014</b>	<b>5,223,293,723</b>
<b>Profit from operating activities</b>		<b>102,977,417</b>	<b>160,736,982</b>	<b>111,017,499</b>	<b>123,133,949</b>
Share of loss from investments in associates	13	(333,472)	(4,536,595)	-	-
Finance income	28	10,562,237	17,140,677	34,480,728	39,523,008
Finance cost	29	(68,832,345)	(47,566,655)	(54,636,844)	(40,037,163)
<b>Profit before income tax expenses</b>		<b>44,373,837</b>	<b>125,774,409</b>	<b>90,861,383</b>	<b>122,619,794</b>
Income tax expenses	31	(9,445,960)	(31,886,191)	(2,379,328)	(620,067)
<b>Profit for the year</b>		<b>34,927,877</b>	<b>93,888,218</b>	<b>88,482,055</b>	<b>121,999,727</b>

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

**Thai Wah Public Company Limited and its subsidiaries**
**Statement of comprehensive income (continued)**
**For the year ended 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currencies		(5,591,200)	(101,885,858)	-	-
Unrealised loss on changes in fair value of available-for-sale investments - net of income tax		-	(18,793,080)	-	(18,793,080)
Share of other comprehensive income from investments in associates - net of income tax	13	1,034,918	(6,420,321)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(4,556,282)	(127,099,259)	-	(18,793,080)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Loss on investment in equity designated at fair value through other comprehensive income - net of income tax		(42,458,440)	-	(42,458,440)	-
Actuarial loss - net of income tax	25	-	(28,184,114)	-	(27,925,976)
Share of other comprehensive income from investments in associates - net of income tax	13	-	(249,679)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		(42,458,440)	(28,433,793)	(42,458,440)	(27,925,976)
<b>Other comprehensive income for the year</b>		<b>(47,014,722)</b>	<b>(155,533,052)</b>	<b>(42,458,440)</b>	<b>(46,719,056)</b>
<b>Total comprehensive income for the year</b>		<b>(12,086,845)</b>	<b>(61,644,834)</b>	<b>46,023,615</b>	<b>75,280,671</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		38,265,832	68,039,186	88,482,055	121,999,727
Non-controlling interests of the subsidiaries		(3,337,955)	25,849,032		
		<u>34,927,877</u>	<u>93,888,218</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(8,488,703)	(68,564,735)	46,023,615	75,280,671
Non-controlling interests of the subsidiaries		(3,598,142)	6,919,901		
		<u>(12,086,845)</u>	<u>(61,644,834)</u>		
<b>Basic earnings per share</b>	33				
Profit attributable to equity holders of the Company		<u>0.04</u>	<u>0.08</u>	<u>0.10</u>	<u>0.14</u>

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

Thai Wah Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2020

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Surplus on ownership interests in subsidiary	Retained earnings			Other components of equity						
				Appropriated - statutory reserve	Unappropriated	Unrealised gain (loss) on changes in fair value of available-for-sale investments	Gain (loss) on investments in equity designated at fair value through other comprehensive income	Exchange differences on translation of financial statements in foreign currencies	Total other components of shareholders' equity of the Company	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
880,420,930	300,740,523	764,866,016	-	89,705,000	3,368,104,316	(16,262,026)	-	(83,340,746)	(99,602,772)	5,304,234,013	561,909,230	5,866,143,243	
-	-	-	-	-	68,039,186	-	-	-	-	68,039,186	25,849,032	93,888,218	
-	-	-	-	-	(28,433,793)	(18,805,549)	-	(89,364,579)	(108,170,128)	(136,603,921)	(18,929,131)	(155,533,052)	
-	-	-	-	-	39,605,393	(18,805,549)	-	(89,364,579)	(108,170,128)	(68,564,735)	6,919,901	(61,644,834)	
-	-	-	66,886,183	-	-	-	-	-	-	66,886,183	(286,886,183)	(220,000,000)	
-	-	-	-	-	(281,723,556)	-	-	-	-	(281,723,556)	(7,379,562)	(289,103,118)	
880,420,930	300,740,523	764,866,016	66,886,183	89,705,000	3,125,966,153	(35,067,575)	-	(172,705,325)	(207,772,900)	5,020,831,905	274,563,386	5,295,395,291	
880,420,930	300,740,523	764,866,016	66,886,183	89,705,000	3,125,966,153	(35,067,575)	-	(172,705,325)	(207,772,900)	5,020,831,905	274,563,386	5,295,395,291	
-	-	-	-	-	-	35,067,575	(35,067,575)	-	-	-	-	-	
880,420,930	300,740,523	764,866,016	66,886,183	89,705,000	3,125,966,153	-	(35,067,575)	(172,705,325)	(207,772,900)	5,020,831,905	274,563,386	5,295,395,291	
-	-	-	-	-	38,265,632	-	-	-	-	38,265,632	(3,337,855)	34,927,777	
-	-	-	-	-	-	-	(42,458,440)	(4,296,095)	(46,754,535)	(46,754,535)	(260,187)	(47,014,722)	
-	-	-	-	-	38,265,632	-	(42,458,440)	(4,296,095)	(46,754,535)	(8,488,703)	(3,596,142)	(12,086,846)	
-	-	-	-	-	(117,975,793)	-	-	-	-	(117,975,793)	(1,372,378)	(119,348,171)	
-	-	-	-	-	-	-	-	-	-	-	41,687,647	41,687,647	
880,420,930	300,740,523	764,866,016	66,886,183	89,705,000	3,046,276,192	-	(77,526,015)	(177,001,420)	(254,527,435)	4,894,367,409	311,280,513	5,205,647,922	

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

Thai Wah Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2020

	Separate financial statements										(Unit: Baht)
	Other components of equity										
	Other comprehensive income										
	Retained earnings					Unrealised gain (loss) on changes in fair value of available-for-sale investments		Gain (loss) on investments in equity designated at fair value through other comprehensive income		Total other components of shareholders' equity	
Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2019	880,420,930	300,740,523	764,866,016	89,705,000	2,500,595,403	(16,293,543)	-	(16,293,543)	4,520,034,329		
Profit for the year	-	-	-	-	121,999,727	-	-	-	121,999,727		
Other comprehensive income for the year	-	-	-	-	(27,925,976)	(18,793,080)	-	(18,793,080)	(46,719,056)		
Total comprehensive income for the year	-	-	-	-	94,073,751	(18,793,080)	-	(18,793,080)	75,280,671		
Dividend paid (Note 26)	-	-	-	-	(281,723,556)	-	-	-	(281,723,556)		
Balance as at 31 December 2019	880,420,930	300,740,523	764,866,016	89,705,000	2,312,945,598	(35,086,623)	-	(35,086,623)	4,313,591,444		
Balance as at 1 January 2020	880,420,930	300,740,523	764,866,016	89,705,000	2,312,945,598	(35,086,623)	-	(35,086,623)	4,313,591,444		
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard (Note 2)	-	-	-	-	-	35,086,623	(35,086,623)	-	-		
Balance as at 1 January 2020 - as restated	880,420,930	300,740,523	764,866,016	89,705,000	2,312,945,598	-	(35,086,623)	(35,086,623)	4,313,591,444		
Profit for the year	-	-	-	-	88,482,055	-	-	-	88,482,055		
Other comprehensive income for the year	-	-	-	-	-	-	(42,458,440)	(42,458,440)	(42,458,440)		
Total comprehensive income for the year	-	-	-	-	88,482,055	-	-	(42,458,440)	46,023,615		
Dividend paid (Note 26)	-	-	-	-	(117,975,793)	-	-	-	(117,975,793)		
Balance as at 31 December 2020	880,420,930	300,740,523	764,866,016	89,705,000	2,283,451,860	-	(77,545,063)	(77,545,063)	4,241,639,266		

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

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before tax	44,373,837	125,774,409	90,861,383	122,619,794
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Claim refund from the fire	-	(12,149,334)	-	-
Depreciation and amortisation	457,774,738	352,368,873	272,567,038	215,198,103
Reversal of allowance for impairment on property, plant and equipment	-	(2,625,305)	-	(2,625,305)
Increase in (reversal of) bad debt and allowance for expected credit losses/allowance for doubtful accounts	12,606,348	8,260,734	(40,941,930)	1,090,861
Increase in (reversal of) allowance for reducing cost of inventories to net realisable value	10,476,122	(9,927,755)	4,027,369	(7,709,170)
Reversal of allowance for impairment on rental prepayment	-	(4,000,000)	-	(4,000,000)
Gain on sales of investment property	(18,464,600)	-	-	-
Loss on sales and write-off of property, plant equipment and intangible assets	7,293,077	21,068,038	7,891,989	21,496,135
Gain from business acquisition	(24,802,360)	-	-	-
Loss (gain) on sales of investments	3,233,879	(6,879,743)	3,302,847	(5,814,579)
Gain on dissolution of the subsidiary	-	-	(14,844,230)	-
Increase in allowance for impairment on investments in subsidiaries	-	-	46,513,636	58,536
Loss on redemption of matured current investments	-	1,479,348	-	1,479,348
Unrealised loss (gain) on changes in fair value of investments	3,445,496	(180,378)	3,411,225	(59,827)
Gain on changes in fair value of derivatives	(3,221,337)	-	(3,444,361)	-
Unrealised loss (gain) on exchange rates	2,316,377	(1,771,083)	1,408,292	(2,204,560)
Amortised transaction cost of debenture	1,395,426	927,638	1,395,426	927,638
Provision for long-term employee benefits	39,637,633	65,209,607	28,961,575	52,697,993
Actuarial loss from other long-term employee benefits	-	10,018,127	-	9,159,934
Interest income	(10,562,237)	(17,140,677)	(34,480,728)	(39,523,008)
Share of loss from investments in associates	333,472	4,536,595	-	-
Dividend income from related parties	(10,440,600)	(32,748,682)	(40,289,629)	(120,439,959)
Interest expenses	67,436,919	46,639,017	53,241,418	39,109,525
Profit from operating activities before changes in operating assets and liabilities	582,832,190	548,859,429	379,581,320	281,461,459

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

**Thai Wah Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
Operating assets (increase) decrease				
Trade and other receivables	16,980,147	(1,001,849)	21,406,684	(11,042,140)
Inventories	20,683,568	(149,653,260)	46,898,371	(157,880,836)
Other current assets	(6,434,215)	27,359,019	(13,389,324)	53,832,884
Other non-current assets	2,659,048	29,576,218	10,256,039	19,463,781
Operating liabilities increase (decrease)				
Trade and other payables	33,064,764	24,801,521	77,612,625	(34,083,235)
Other current liabilities	(8,398,350)	49,972,074	29,149,455	2,363,517
Other non-current liabilities	(11,184,952)	(7,709,723)	(9,272,115)	85,395
Advance received of VAT refund from the Revenue Department	-	9,279,724	-	9,279,724
Cash flows from operating activities	630,202,200	531,483,153	542,243,055	163,480,549
Proceeds from claim refund from the fire	-	12,149,334	-	-
Cash paid for long-term employee benefits	(19,331,094)	(13,744,416)	(12,085,194)	(10,576,494)
Cash paid for income tax expenses	(39,661,459)	(63,882,506)	(15,152,180)	(37,397,792)
<b>Net cash flows from operating activities</b>	<b>571,209,647</b>	<b>466,005,565</b>	<b>515,005,681</b>	<b>115,506,263</b>
<b>Cash flows from investing activities</b>				
Interest received	8,380,080	18,134,552	68,184,532	34,630,608
Increase in short-term loans to related parties	-	-	(15,000,000)	(228,266,506)
Decrease in long-term loans to related parties	-	-	29,059,804	141,049,819
Acquisition of investments	(923,060,271)	(2,328,450,157)	(796,060,271)	(1,968,205,929)
Acquisition of investments in subsidiaries	(49,642,857)	-	(54,409,375)	(83,423,700)
Cash of the subsidiary from acquisition of investment in subsidiary	4,875,662	-	-	-
Cash received from dissolution of the subsidiary	-	-	44,381,619	-
Acquisition of property, plant and equipment	(239,720,983)	(1,188,961,081)	(138,570,095)	(1,021,459,249)
Acquisition of intangible assets	(4,331,112)	(40,551,212)	(3,962,698)	(15,921,930)
Proceeds from sale of investments	678,308,102	2,478,773,699	545,247,724	2,158,529,471
Proceeds from redemption of matured investments	-	81,798,204	-	50,000,000
Proceeds from sale of property, plant and equipment	10,845,637	9,879,578	12,437,144	4,597,915
Proceeds from sale of intangible assets	-	3,841	-	3,841
Proceeds from sales of investment properties	70,000,000	-	-	-
Cash paid by subsidiary for acquisition of investments to non-controlling interest of subsidiary	-	(220,000,000)	-	-
Dividends received from related parties	10,440,600	32,748,682	40,289,630	120,439,959
<b>Cash flows used in investing activities</b>	<b>(433,905,142)</b>	<b>(1,156,623,894)</b>	<b>(268,401,986)</b>	<b>(808,025,701)</b>

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



Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from financing activities</b>				
Decrease (increase) in restricted bank deposits	(16,186,717)	39,809,361	-	-
Increase (decrease) in short-term loans from financial institutions	(65,279,258)	55,940,058	(100,000,000)	100,000,000
Decrease in short-term loans from related parties	-	-	(7,600,000)	(168,000,000)
Cash paid under lease agreements	(31,306,053)	(4,069,359)	(13,807,600)	(4,069,359)
Repayment of long-term loans from financial institutions	(60,000,000)	(30,000,000)	(60,000,000)	(30,000,000)
Cash received from long-term loans from financial institution	220,000,000	200,000,000	220,000,000	200,000,000
Cash received from debenture issuance	-	1,000,000,000	-	1,000,000,000
Cash paid for transaction cost of debenture	-	(4,235,039)	-	(4,235,039)
Interest paid	(64,657,723)	(39,001,168)	(52,744,246)	(31,814,086)
Dividends paid	(117,777,077)	(282,710,935)	(117,777,362)	(282,710,935)
Dividends paid by the subsidiaries to non-controlling interests	(1,372,378)	(7,379,562)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(136,579,206)</b>	<b>928,353,356</b>	<b>(131,929,208)</b>	<b>779,170,581</b>
Translation adjustments	(4,659,779)	(59,190,508)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,934,480)</b>	<b>178,544,519</b>	<b>114,674,487</b>	<b>86,651,143</b>
Cash and cash equivalents at beginning of year	857,164,975	678,620,456	319,951,380	233,300,237
<b>Cash and cash equivalents at end of year</b>	<b>853,230,495</b>	<b>857,164,975</b>	<b>434,625,867</b>	<b>319,951,380</b>

**Supplemental cash flow information**

Non-cash items				
Undue installments for acquisition of property, plant and equipment	64,194,167	62,214,966	44,175,898	57,188,989
Undue installments for acquisition of computer software	2,594,750	1,359,044	2,594,750	1,351,030
Increase in lease agreements	15,980,338	1,118,000	4,625,996	1,118,000
Sales of equipment that has not yet been collected	-	-	5,893,451	9,235,347
Dividend receivables	-	-	-	3,624
Dividend payables	553,287	354,569	553,002	354,569
Decrease in investments in subsidiaries from liquidation	-	-	29,537,389	-
Loss on investments in equity designated at fair value	(53,073,050)	-	(53,073,050)	-
Reclassification of investment in associate to investment in subsidiaries	21,325,175	-	31,600,000	-
Decrease in trade and other receivables from bad debts written-off	10,571,323	10,399,294	331,800	159,771
Actuarial loss	-	(35,230,143)	-	(34,907,470)
Transfer of short-term loans to long-term loans from related parties	2,700,000	-	-	-

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

## **Thai Wah Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2020**

#### **1. General information**

##### **1.1 General information of the Company**

Thai Wah Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of vermicelli, tapioca starch and other food products. Its registered address is 21/11, 21/13 Thai Wah Tower 1 Bldg., 6th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

##### **1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

#### **2. Basis of preparation**

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thai Wah Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
Thai Wah Alpha Starch Company Limited	Manufacture and distribution of starch	Thailand	100.00	100.00
DI Company Limited	Manufacture and distribution of tapioca starch	Thailand	99.98	99.98
Thai Nam Tapioca Company Limited	Manufacture and distribution of tapioca starch	Thailand	70.00	70.00
Tapioca Development Corporation Limited <sup>(1)</sup>	Manufacture and distribution of modified tapioca starch	Thailand	100.00	100.00
Tay Ninh Tapioca Joint Stock Company <sup>(2)</sup>	Manufacture and distribution of tapioca starch, glucose and candy	Vietnam	70.00	70.00
Thai Wah International Trade (Shanghai) Company Limited	Distribution of tapioca starch	China	100.00	100.00
TWPC Investment (Cambodia) Company Limited	Manufacture and distribution of related products of tapioca starch	Cambodia	100.00	100.00
Thai Wah Vietnam Company Limited	Manufacture and distribution of food products (vermicelli and other products)	Vietnam	100.00	100.00
PT Thai Wah Indonesia <sup>(3)</sup>	Distribution of tapioca starch, rice flour and glucose	Indonesia	100.00	-
Asia Tapioca Products Company Limited <sup>(4)</sup>	Holding company	Thailand	99.50	30.00
Thai Wah Bio Power Limited	Generation and sale of electricity	Thailand	99.99	99.99

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
Bangpakong Turakij Company Limited	Landholding	Thailand	100.00	100.00
Chiang Saen Land Company Limited	Landholding	Thailand	-	100.00
Thai Wah (6) Company Limited	Landholding	Thailand	100.00	100.00
Bang Thao (6) Company Limited	Landholding	Thailand	100.00	100.00
Tha Thungna Land Company Limited	Landholding	Thailand	100.00	100.00
Thai Sin Tapioca (1989) Company Limited	Landholding	Thailand	100.00	100.00
Mae Hong Son Land Development Limited	Landholding	Thailand	84.99	84.99
Thai Nam Tapioca (1) Company Limited	Landholding	Thailand	70.00	70.00
Phang Nga Resorts Limited	Landholding	Thailand	100.00	100.00
Bang Thao (5) Company Limited	Landholding	Thailand	100.00	100.00
Mae Joe Land Company Limited <sup>(5)</sup>	Landholding	Thailand	50.01	50.01
Thai Modified Starch Company Limited	Landholding	Thailand	94.75	94.75

<sup>(1)</sup> The shareholding percentage in Tapioca Development Corporation Limited included indirect holding of 66.67% by a subsidiary of the Company

<sup>(2)</sup> The shareholding percentage in Tay Ninh Tapioca Joint Stock Company included indirect holding of 0.01% by a subsidiary of the Company.

<sup>(3)</sup> The shareholding percentage in PT Thai Wah Indonesia included indirect holding of 1.00% by a subsidiary of the Company.

<sup>(4)</sup> The shareholding percentage in Asia Tapioca products Company Limited included indirect holding of 69.95% by a subsidiary of the Company.

<sup>(5)</sup> The shareholding percentage in Mae Joe Land Company Limited included indirect holding of 0.02% by a subsidiary of the Company

On 31 January 2020, Thai Wah (6) Company Limited, a subsidiary, in which the Company is holding 99.99% of the share capital, purchased 973,000 ordinary shares of Asia Tapioca Products Company Limited (ATP) (or 69.50% of the total issued and paid up 1,400,000 shares), or a total of Baht 49.64 million. ATP is holding 70% interest investments in a subsidiary in Vietnam. As a result of the transaction, the Group's investment proportion in ATP and in that indirect associate in Vietnam increased from 30% to 99.50% and from 21% to 69.65%, respectively. The Company changed the recording of the investments in ATP from investments in associated company to investments in subsidiary from Thai Wah (6) Company Limited's investment date onwards.

These consolidated financial statements included the consolidated statement of financial position of ATP as at 31 December 2020 and the consolidated comprehensive income for the period from the investment date to 31 December 2020. The company recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price under the fair value of the net assets acquired has been recorded as gain from business acquisition in consolidated income statement. During the first quarter of the current year, the Company already obtained the appraisal report of fair value of assets acquired and liabilities assumed as prepared by an independent valuation appraiser.

Details of the fair value for net assets of ATP and its subsidiary are as follows:

	(Unit: Thousand Baht)
	<u>Fair value</u>
<b>Assets</b>	
Cash and cash equivalents	4,876
Investments in open ended fund	1,926
Trade and other receivables	12,320
Inventories	52,620
Property, plant and equipment	70,928
Right-of-use assets - land	32,348
Other assets	2,575
Total assets	<u>177,593</u>
<b>Liabilities</b>	
Short-term loans from financial institutions	19,339
Trade and other payables	3,341
Provision for long-term employee benefits	2,052
Deferred tax liabilities	13,465
Other liabilities	1,894
Total liabilities	<u>40,091</u>
Net assets value	<u>137,502</u>
Equity of the Group (%)	<u>69.65%</u>
Fair value of net asset value attributable to the Group's investments	<u>95,770</u>

The Group recognised the loss on revaluation of previously held investments, related to reclassification of investments in associate to investments in subsidiary and gain on bargain purchase in the consolidated income statement, in accordance with related financial reporting standard as detailed below.

Details of the acquisition are as follows:

(Unit: Thousand Baht)

Fair value of previously held investments	21,276
Book value of previously held investments in equity method as at acquisition date	(21,325)
Loss from reclassification of investments recognised in the income statement	(49)
Consideration paid for additional investments	(49,643)
Fair value of previously held investments	(21,276)
Fair value of net assets under interests acquired	95,770
Gain on bargain purchase recognised in the income statement	24,851

Net effect from this transaction can be presented as follows:

(Unit: Thousand Baht)

Loss from reclassification of investments recognised in the income statement	(49)
Gain on bargain purchase recognised in the income statement	24,851
Net gain from acquisition recognised in the income statement	24,802

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiaries and associate are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. **New financial reporting standards**

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

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

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

### **TFRS 16 Leases**

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



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

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on those accounting alternatives.

However, in the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives. This has no significant impact on the Group's financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

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

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

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

As described in Note 3 to the consolidated financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

Changes in accounting policies due to the adoption of these standards have no impact on the Group's retained earnings as at 1 January 2020.

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
		Financial reporting standards related to financial instruments	TFRS 16	
	31 December 2019			1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	384,336	(384,336)	-	-
Other current financial assets	-	384,336	-	384,336
<b>Non-current assets</b>				
Other non-current financial assets	-	146,168	-	146,168
Other long-term investments	146,168	(146,168)	-	-
Property, plant and equipment	3,640,086	-	(10,760)	3,629,326
Right-of-use assets	-	-	232,934	232,934
Intangible assets	533,679	-	(9,377)	524,302
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	4,591	-	30,430	35,021
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	5,025	-	182,367	187,392
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	3,125,986	-	-	3,125,986

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	Financial reporting standards related to financial instruments			
	31 December 2019		TFRS 16	1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	343,150	(343,150)	-	-
Other current financial assets	-	343,150	-	343,150
<b>Non-current assets</b>				
Other non-current financial assets	-	146,168	-	146,168
Other long-term investments	146,168	(146,168)	-	-
Property, plant and equipment	2,376,500	-	(10,760)	2,365,740
Right-of-use assets	-	-	72,710	72,710
Intangible assets	477,167	-	(12)	477,155
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	4,591	-	9,841	14,432
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	5,025	-	52,097	57,122
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	2,312,946	-	-	2,312,946

#### 4.1 Financial instruments

As at 1 January 2020, classifications and measurement of financial assets required by TFRS 9 in comparison with classification and the former carrying amounts, are as follows:

	Consolidated financial statements				(Unit: Thousand Baht)
The former carrying amounts	Classification and measurement in accordance with TFRS 9				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	-	-	857,165	857,165	
Current investments	384,336	-	-	384,336	
Trade and other receivables	-	-	723,742	723,742	
Restricted bank deposits	-	-	25,737	25,737	
Other long-term investments	-	146,168	-	146,168	
<b>Total financial assets</b>	<b>384,336</b>	<b>146,168</b>	<b>1,606,644</b>	<b>2,137,148</b>	

(Unit: Thousand Baht)

## Separate financial statements

	The former carrying amounts	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income		Amortised cost
			Total		
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	319,951	-	-	319,951	319,951
Current investments	343,150	343,150	-	-	343,150
Trade and other receivables	569,752	-	-	569,752	569,752
Short-term loans to and interest receivables from related parties	80,853	-	-	80,853	80,853
Long-term loans to and interest receivables from related parties	590,203	-	-	590,203	590,203
Other long-term investments	146,168	-	146,168	-	146,168
<b>Total financial assets</b>	<b>2,050,077</b>	<b>343,150</b>	<b>146,168</b>	<b>1,560,759</b>	<b>2,050,077</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

## 4.2 Leases

On adoption of TFRS16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	79,996	21,245
Less: Short-term leases and leases of low-value assets	(298)	(163)
Add: Option to extend lease term	173,469	50,161
Less: Deferred interest expenses	(40,370)	(9,305)
Increase in lease liabilities due to initial TFRS 16 adoption	212,797	61,938
Liabilities under finance lease agreements as at		
31 December 2019	9,616	9,616
Lease liabilities as at 1 January 2020	222,413	71,554
Incremental borrowing rate (percent per annum)	3.25 - 7.50	3.25
Comprise of:		
Current lease liabilities	35,021	14,432
Non-current lease liabilities	187,392	57,122
	222,413	71,554

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Land	95,420	3,046
Buildings	117,377	58,892
Leasehold rights on land	9,377	12
Motor vehicles	10,760	10,760
Total right-of-use assets	232,934	72,710

## 5. Significant accounting policies

### 5.1 Revenue and expense recognition

#### Sales of goods

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

#### Rendering of services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

#### Rental income

Rental income arising from operating leases of properties is accounted for on a straight-line basis over the lease terms and treated as revenue earned in the ordinary course of business.

#### Interest income

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



## **Finance cost**

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

## **Dividends**

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

### **5.2 Cash and cash equivalents**

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

### **5.3 Inventories**

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

Raw materials and factory supplies are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

### **5.4 Investments in subsidiaries and associates**

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

### **5.5 Investment properties**

Investment properties which is land awaiting for sale are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

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

## 5.6 Property, plant and equipment / Depreciation

Land and land improvement are stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Buildings and building improvement	5-40 years
Machinery and equipment	5-20 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	5-15 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

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

## 5.7 Borrowing costs

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

## 5.8 Intangible assets

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

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

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

Customer relationship	4 - 16 years
Computer software	3 - 10 years

No amortisation is provided on intangible assets under installation. Intangible asset with indefinite useful life i.e. trademarks is not amortised, but is tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful life of the intangible assets is reviewed annually.

## **5.9 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain on profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## **5.10 Leases**

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

## **The Group as a lessee**

### Accounting policies adopted since 1 January 2020

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

#### **Right-of-use assets**

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

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

Leasehold rights on land	30 - 50	years
Land	1 - 12	years
Buildings	1 - 10	years
Motor vehicles	2 - 4	years

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

#### **Lease liabilities**

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

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

### ***Short-term leases and leases of low-value assets***

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

### ***Sub lease***

When the Group is an intermediate lessor, it accounts for its interests in the head lease and 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 underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described in "Short-term leases and leases of low-value asset", then it classifies the sub-lease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follow:

- If the sublease is classified as an operating lease, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or
- If the sublease is classified as a finance lease, the Group derecognises the right-of-use asset on the head lease at the sublease commencement date and continue to account for the original lease liability in the head lease.

### ***Accounting policies adopted before 1 January 2020***

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

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

#### **The Group as a lessor**

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

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

### **5.11 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

### **5.12 Foreign currencies**

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

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

Gains and losses on exchange are recognised in determining income.

### 5.13 Impairment of non-financial assets

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

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

### 5.14 Employee benefits

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

## ***Post-employment benefits and other long-term employee benefits***

### ***Defined contribution plans***

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

### ***Defined benefit plans and other long-term employee benefits***

The Group has obligations in respect of the severance payment it must make to employees upon retirement under labor law and other special retirement benefits when they reach the retirement age in accordance with the Group policy and other employee benefit plans. The Group treats these severance payment obligations and special benefit as defined benefit plans. In addition, the Group provides other long-term employee benefit plans, namely long service awards.

The obligations under the defined benefit plans and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

## **5.15 Provisions**

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

## **5.16 Income tax**

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

### **Current tax**

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



## **Deferred tax**

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

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

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

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

### **5.17 Financial instruments**

#### *Accounting policies adopted since 1 January 2020*

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

#### **Classification and measurement of financial assets**

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

#### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Financial assets designated at FVOCI (equity instruments)***

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

***Financial assets at FVTPL***

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

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

**Classification and measurement of financial liabilities**

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

## **Derecognition of financial instruments**

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

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

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

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

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

## **Offsetting of financial instruments**

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

### Accounting policies adopted before 1 January 2020

#### **Trade accounts receivable**

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

#### **Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

## 5.18 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

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

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 5.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a buyer and a seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

## **6. Significant accounting judgements and estimates**

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

### **Allowance for expected credit losses of trade receivables**

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

### **Impairment of investments**

The Company treats investments in subsidiaries and associates as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

### **Goodwill and intangible assets from amalgamation**

The initial recognition and measurement of goodwill and intangible assets from amalgamation, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, gold inflation rate, mortality rate and staff turnover rate.

## Leases

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

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

### ***Estimating the incremental borrowing rate - The Group as a lessee***

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

## **7. Related party transactions**

Relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
Thai Wah Alpha Starch Company Limited	Subsidiary
DI Company Limited	Subsidiary
Thai Nam Tapioca Company Limited	Subsidiary
Tapioca Development Corporation Limited	Subsidiary
Tay Ninh Tapioca Joint Stock Company	Subsidiary
Thai Wah Vietnam Company Limited	Subsidiary
Thai Wah International Trade (Shanghai) Company Limited	Subsidiary
TWPC Investment (Cambodia) Company Limited	Subsidiary
PT Thai Wah Indonesia	Subsidiary
Thai Wah Bio Power Limited	Subsidiary
Bangpakong Turakij Company Limited	Subsidiary
Chiang Saen Land Company Limited	Subsidiary
Thai Wah (6) Company Limited	Subsidiary
Bang Thao (6) Company Limited	Subsidiary
Tha Thungna Land Company Limited	Subsidiary

Name of related parties	Relationship
Thai Sin Tapioca (1989) Company Limited	Subsidiary
Mae Hong Son Land Development Limited	Subsidiary
Thai Nam Tapioca (1) Company Limited	Subsidiary
Phang Nga Resort Limited	Subsidiary
Bang Thao (5) Company Limited	Subsidiary
Thai Modified Starch Company Limited	Subsidiary
Mae Joe Land Company Limited	Subsidiary
Asia Tapioca Products Company Limited	Subsidiary
Vietnam Tapioca Company Limited	Subsidiary of subsidiary
Laguna Resort & Hotels Public Company Limited	Common shareholders and directors
International Commercial Development Company Limited	Shareholder of subsidiary
Tay Ninh Sugar Corporation	Shareholder of subsidiary
Thai Wah Tower Company Limited	Common directors
Thai Wah Tower (2) Company Limited	Common directors
Thai Wah Plaza Limited	Common directors
Banyan Tree Holdings Limited	Common directors
Banyan Tree Hotel Management (Beijing) Company Limited	Common directors
Thanh Thanh Cong Packing Trading Production Joint Stock Company	Common shareholder with the subsidiary
Laguna (Vietnam) Company Limited	Common shareholders and directors

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



(Unit: Million Baht)

	For the year ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2020	2019	2020	2019	
<b><u>Transactions with subsidiaries</u></b>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	1,008	1,444	Cost plus margin
Sales of goods	-	-	1,350	1,267	Cost plus margin
Dividends received	-	-	30	88	As declared
Rental and service income	-	-	8	7	Contract price
Rental and service expenses	-	-	1	1	Contract price
Interest income	-	-	28	31	Contract rate
Interest expense	-	-	-	3	Contract rate
Other income	-	-	9	12	Actual charge
Other expenses	-	-	-	5	Actual charge
<b><u>Transactions with related companies</u></b>					
Purchases of goods	5	13	-	-	Cost plus margin
Sales of goods	-	24	-	-	Cost plus margin
Dividends received	10	33	10	33	As declared
Dividends paid	1	7	-	-	As declared
Rental and service expenses	7	31	7	17	Contract price
Lease payments	18	-	7	-	Contract price
Other expenses	4	9	4	8	Actual charge

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Trade and other receivables - related parties (Note 10)</b>				
Subsidiaries	-	-	201,574	267,067
Related companies	11	38	11	32
Total	11	38	201,585	267,099
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	-	-	(5,415)	(5,215)
Total trade and other receivables - related parties - net	11	38	196,170	261,884

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Short-term loans to and interest receivables from related parties</b>				
Subsidiaries	-	-	95,933	80,853
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	-	-	-	-
Total short-term loans to and interest receivables from related parties - net	-	-	95,933	80,853
<b>Long-term loans to and interest receivables from related parties</b>				
Subsidiaries	-	-	600,409	665,708
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	-	-	(31,896)	(75,505)
Total long-term loans to and interest receivables from related parties - net	-	-	568,513	590,203
<b>Trade and other payables - related parties (Note 22)</b>				
Subsidiaries	-	-	60,795	26,412
Related companies	1,515	2,484	209	267
Total trade and other payables - related parties	1,515	2,484	61,004	26,679
<b>Short-term loans from and accrued interests to related parties</b>				
Subsidiary	-	-	-	7,611
Related company	-	2,698	-	-
Total short-term loans from and accrued interests to related parties	-	2,698	-	7,611
<b>Long-term loans from and accrued interests to related parties</b>				
Subsidiary	-	-	-	-
Related company	2,707	-	-	-
Total long-term loans from and accrued interests to related parties	2,707	-	-	-
<b>Lease liabilities - related parties</b>				
Subsidiaries	-	-	742	-
Related companies	144,090	-	49,797	-
Total lease liabilities - related parties	144,090	-	50,539	-

7.3 During the year, movements of short-term loans to and interest receivables from related party are as follows:

(Unit: Thousand Baht)

Short-term loans to and interest receivables from subsidiary	Separate financial statements							
	Balance as at						Balance as at	
	1 January 2020		Increase		Decrease		31 December 2020	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
D I Company Limited	80,551	302	40,000	4,714	(25,000)	(4,634)	95,551	382
Less: Allowance for expected credit losses/								
Allowance for doubtful debts	-	-	-	-	-	-	-	-
Net	80,551	302	40,000	4,714	(25,000)	(4,634)	95,551	382

As at 31 December 2020, short-term loans to and interest receivables from subsidiary mature at call and carry interest at 4.81% per annum (31 December 2019: 4.91% per annum).

7.4 During the period, movements of long-term loans to and interest receivables from related parties are as follows:

(Unit: Thousand Baht)

Long-term loans to and interest receivables from subsidiaries	Separate financial statements							
	Balance as at						Balance as at	
	1 January 2020		Increase		Decrease		31 December 2020	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
Thai Wah Bio Power Limited	427,500	1,784	-	15,371	(67,000)	(15,930)	360,500	1,225
TWPC Investment (Cambodia) Company Limited	55,727	2,191	35,130	2,538	(18,185)	(4,492)	72,672	237
Thai Wah Vietnam Company Limited	70,000	6,030	31,300	3,306	-	(477)	101,300	8,859
Phang Nga Resorts Limited	11,161	16,099	-	528	(11,161)	(16,627)	-	-
Bang Thao (5) Company Limited	6,839	9,865	-	324	(6,839)	(10,189)	-	-
Chiang Saen Land Company Limited	7,754	11,186	-	17	(7,754)	(11,203)	-	-
Bang Thao (6) Company Limited	935	1,349	-	45	-	-	935	1,394
Tha Thungna Land Company Limited	390	562	-	19	-	-	390	581
Mae Hong Son Land Development Limited	1,635	2,358	-	79	-	-	1,635	2,437
Thai Nam Tapioca (1) Company Limited	800	3	-	39	-	(39)	800	3
Mae Joe Land Company Limited	8,048	23,492	-	388	-	-	8,048	23,880
Thai Wah Alpha Starch Company Limited	-	-	15,450	327	-	(264)	15,450	63
Total	590,789	74,919	81,880	22,981	(110,939)	(59,221)	561,730	38,679
Less: Allowance for expected credit losses/								
Allowance for doubtful debts	(26,048)	(49,457)	-	(941)	18,000	26,550	(8,048)	(23,848)
Net	564,741	25,462	81,880	22,040	(92,939)	(32,671)	553,682	14,831

As at 31 December 2020, long-term loans to and interest receivables from related parties mature within July 2023 and September 2025 (31 December 2019: within December 2020) and carry interests at 4.00% and 4.81% per annum (31 December 2019: 4.00% and 4.91% per annum).

7.5 During the period, movements of loans from and accrued interests to related parties are as follows:

(Unit: Thousand Baht)

Consolidated financial statements										
	Balance as at						Reclassification		Balance as at	
	1 January 2020		Increase		Decrease		of loans		31 December 2020	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
<b>Short-term loans from and accrued interests to related party</b>										
International Commercial										
Development Company Limited	2,089	609	-	9	-	-	(2,089)	(618)	-	-
<b>Long-term loans from and accrued interests to related party</b>										
International Commercial										
Development Company Limited	-	-	-	-	-	-	2,089	618	2,089	618

As at 31 December 2020, long-term loans from and accrued interests to related parties mature in December 2024 and carry interest at 0.35% per annum.

(Unit: Thousand Baht)

Separate financial statements								
	Balance as at						Balance as at	
	1 January 2020		Increase		Decrease		31 December 2020	
	Loans	Interest	Loans	Interest	Loans	Interest	Loans	Interest
<b>Short-term loans from and accrued interests to related party</b>								
Thai Modified Starch Company Limited	7,600	11	-	74	(7,600)	(85)	-	-

As at 31 December 2020, short-term loans from and accrued interests to related parties mature within December 2021 (31 December 2019: within December 2020) and carry interest at 1.25% per annum (31 December 2019: 0.85% and 1.70% per annum).

7.6 Set out below is the movement in the allowance for expected credit losses of loans to and interest receivables from related parties.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	-	75,505
Provision for expected credit losses	-	941
Amount written off	-	-
Amount recovered	-	(44,550)
As at 31 December 2020	-	31,896

#### 7.7 Directors and management's benefits

During the years, the Group had employee benefit expenses payable to the directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2020	2019
Short-term employee benefits	51,122	50,136
Post-employment benefits	3,381	7,467
Other long-term benefits	26	28
Total	54,529	57,631

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	9,709	2,115	732	699
Bank deposits	843,521	855,050	433,894	319,252
Total	853,230	857,165	434,626	319,951

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.05% and 3.30% per annum (2019: 0.10% and 5.00% per annum).

## 9. Other current financial assets/Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2020		2019	
	Cost	Fair value	Cost	Fair value
<u>Investments in</u>				
- Debt securities	267,954	270,468	161,107	155,889
- Funds	342,594	343,582	226,718	228,447
Total investments in other current financial assets - net	610,548	<u>614,050</u>	387,825	<u>384,336</u>
Gain (loss) from changes in fair value of investments	<u>3,502</u>		<u>(3,489)</u>	
Total investments in other current financial assets - net	614,050		384,336	
Derivative assets	-	3,915	-	-
Total other current financial assets - net	<u>617,965</u>		<u>384,336</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	2020		2019	
	Cost	Fair value	Cost	Fair value
<u>Investments in</u>				
- Debt securities	267,954	270,468	161,107	155,889
- Funds	305,594	306,496	185,652	187,261
Total investments in other current financial assets - net	573,548	<u>576,964</u>	346,759	<u>343,150</u>
Gain (loss) from changes in fair value of investments	3,416		(3,609)	
Total investments in other current financial assets - net	576,964		343,150	
Derivative assets	-	3,843	-	-
Total other current financial assets - net	<u>580,807</u>		<u>343,150</u>	

During the second quarter of the current year, the Company reclassified debt securities of Baht 10.65 million which had classified as other current financial assets to other non-current financial assets.

As at 31 December 2020, investments in debt securities carry interest rates between 2.60% and 4.15% per annum (31 December 2019: between 3.66% and 4.96% per annum).

During the year 2020, the Company sold investments in trading securities with book value totalling Baht 681.54 million (2019: Baht 2,471.89 million) (Separate financial statement: Baht 548.55 million and 2019: Baht 2,152.71 million) and recognised loss (after tax) on sales in profit or loss, amounting to Baht 2.59 million (2019: gains (after tax) on sales by Baht 5.50 million) (Separate financial statement: loss (after tax) on sales by Baht 2.64 million and 2019: gains (after tax) on sales by Baht 4.65 million).

## 10. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	2	19	118,866	139,603
Past due				
Up to 3 months	9	18	38,349	72,235
3 - 6 months	-	-	1,671	3,757
6 - 12 months	-	-	7,375	1,209
Over 12 months	-	-	4,307	1,392
Total trade receivables - related parties	11	37	170,568	218,196
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	535,051	531,866	248,874	244,586
Past due				
Up to 3 months	153,025	170,691	91,374	60,543
3 - 6 months	2,506	11,945	146	700
6 - 12 months	2,845	2,111	33	21
Over 12 months	2,286	2,520	2,186	2,178
Total	695,713	719,133	342,613	308,028
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(3,613)	(2,413)	(3,506)	(2,204)
Total trade receivables - unrelated parties - net	692,100	716,720	339,107	305,824
Total trade receivables - net	692,111	716,757	509,675	524,020
<u>Other receivables</u>				
Interest receivables - unrelated parties	3,686	1,504	3,582	1,126
Other receivables - related parties	-	1	31,017	48,903
Other receivables - unrelated parties	12,909	5,480	5,399	918
Total	16,595	6,985	39,998	50,947
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(835)	-	(6,250)	(5,215)
Total other receivables - net	15,760	6,985	33,748	45,732
Total trade and other receivables - net	707,871	723,742	543,423	569,752



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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2020	2,413	7,419
Provision for expected credit losses	2,225	2,385
Amount written off	(190)	(44)
Amount recovered	(4)	(4)
Effect from foreign exchange rates	4	-
As at 31 December 2020	4,448	9,756

## 11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	855,857	761,681	(24,656)	(11,553)	831,201	750,128
Raw materials	199,069	242,499	(142)	(708)	198,927	241,791
Goods in transit	16,461	29,754	-	-	16,461	29,754
Packing materials	69,017	62,321	(1,456)	(3,277)	67,561	59,044
Factory supplies	58,467	70,494	(3,946)	(4,186)	54,521	66,308
Other	144	330	-	-	144	330
Total	1,199,015	1,167,079	(30,200)	(19,724)	1,168,815	1,147,355

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	343,481	367,722	(7,258)	(2,225)	336,223	365,497
Raw materials	99,063	102,547	-	(11)	99,063	102,536
Goods in transit	15,738	29,077	-	-	15,738	29,077
Packing materials	43,963	47,658	(1,155)	(2,550)	42,808	45,108
Factory supplies	31,386	33,525	(2,099)	(1,699)	29,287	31,826
Total	533,631	580,529	(10,512)	(6,485)	523,119	574,044

## 12. Restricted bank deposits

As at 31 December 2020, fixed deposits which the subsidiaries pledged with the banks to secure credit facilities carried interest at the rate of 0.25% - 5.10% per annum (2019: 0.30% - 6.60% per annum).

## 13. Investments in associates

### 13.1 Details of investments in associates

(Unit: Thousand Baht)								
Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2020	2019	2020	2019	2020	2019
			(%)	(%)				
Asia Tapioca Products Company Limited	Holding company	Thailand	-	30.00	-	31,600	-	21,149
Total					-	31,600	-	21,149

(Unit: Thousand Baht)								
Separate financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost			
			2020	2019	2020	2019		
			(%)	(%)				
Asia Tapioca Products Company Limited	Holding company	Thailand	-	30.00	-	31,600		
Total							-	31,600

During the year, the Company recorded and classified investments in associates to investments in subsidiaries as a result from additional investments in that company as described in Note 2.2 to the consolidated financial statements.

### 13.2 Share of comprehensive income and dividend received

During the year, the Company has recognised share of comprehensive income from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Associates	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2020	2019	2020	2019	2020	2019
Asia Tapioca Products Company Limited	(333)	(4,537)	(1,035)	(6,670)	-	-
Total	(333)	(4,537)	(1,035)	(6,670)	-	-

### 13.3 Summarised financial information about material associates

Summarised information about financial position as at 31 December 2020 and 2019 is as follows:

	(Unit: Million Baht)	
	Asia Tapioca Products Company Limited	
	2020	2019
Current assets	-	76.92
Non-current assets	-	36.32
Current liabilities	-	(24.29)
Non-current liabilities	-	(3.89)
Less: Non-controlling interests of the subsidiary	-	(25.44)
Net assets	-	59.62
Shareholding percentage (%)	-	30.00
Share of net assets	-	17.89
Elimination entries	-	3.26
Carrying amounts of associates based on equity method	-	21.15

Summarised information about comprehensive income for the year ended 31 December 2020 and 2019 is as follows:

	(Unit: Million Baht)	
	Asia Tapioca Products Company Limited	
	2020	2019
Revenue	-	218.20
Profit (loss)	-	(20.18)
Total comprehensive income	-	(21.22)

## 14. Investments in subsidiaries

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

	Country of incorporation	Paid-up capital		Percentage of shareholding		Investments at cost method	
		2020	2019	2020	2019	2020	2019
		(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
<b>Investments in subsidiary companies</b>							
<b>Agricultural business</b>							
Thai Wah Alpha Starch Company Limited	Thailand	18.00	18.00	99.99	99.99	17,999	17,999
DI Company Limited	Thailand	10.00	10.00	99.93	99.93	9,408	9,408
Thai Nam Tapioca Company Limited	Thailand	86.60	86.60	70.00	70.00	60,620	60,620
Tapioca Development Corporation Limited <sup>(1)</sup>	Thailand	50.00	50.00	33.33	33.33	54,751	54,751
Tay Ninh Tapioca Joint Stock Company	Vietnam	192.53	192.53	69.99	69.99	86,877	86,877
Thai Wah Vietnam Company Limited	Vietnam	98.22	98.22	100.00	100.00	98,217	98,217
Thai Wah International Trade (Shanghai) Company Limited	China	5.27	5.27	100.00	100.00	5,267	5,267
TWPC Investment (Cambodia) Company Limited	Cambodia	46.72	46.72	100.00	100.00	46,721	46,721
PT Thai Wah Indonesia <sup>(2)</sup>	Indonesia	5.65	-	99.00	-	5,594	-
<b>Holding business</b>							
Asia Tapioca Products Company Limited <sup>(3)</sup>	Thailand	105.25	-	30.00	-	31,600	-
<b>Land holding and others</b>							
Thai Wah Bio Power Limited	Thailand	450.00	450.00	99.99	99.99	469,012	469,012
Bangpakong Turakij Company Limited	Thailand	91.00	91.00	99.99	99.99	90,999	90,999
Chiang Saen Land Company Limited	Thailand	-	75.00	-	99.99	-	74,999
Thai Wah (6) Company Limited	Thailand	69.00	69.00	99.99	99.99	68,998	68,998
Bang Thao (6) Company Limited	Thailand	21.50	21.50	99.99	99.99	21,499	21,499
Tha Thungna Land Company Limited	Thailand	15.00	15.00	99.99	99.99	14,999	14,999
Thai Sin Tapioca (1989) Company Limited	Thailand	5.00	5.00	99.99	99.99	4,999	4,999
Mae Hong Son Land Development Limited	Thailand	2.00	2.00	84.97	84.97	1,699	1,699
Thai Nam Tapioca (1) Company Limited	Thailand	1.00	1.00	69.95	69.95	700	700
Phang Nga Resorts Limited	Thailand	30.60	1.00	99.93	99.93	30,578	999
Bang Thao (5) Company Limited	Thailand	19.50	0.25	99.93	99.93	19,486	250
Thai Modified Starch Company Limited	Thailand	10.00	10.00	94.62	94.62	9,462	9,462
Mae Joe Land Company Limited	Thailand	3.00	3.00	49.99	49.99	1,500	1,500
Total						1,150,985	1,139,975
Less: Allowance for impairment on investments						(445,400)	(444,348)
<b>Investments in subsidiaries - net</b>						<b>705,585</b>	<b>695,627</b>

<sup>(1)</sup> The shareholding percentage in Tapioca Development Corporation Limited included indirect holding of 66.67% by a subsidiary of the Company.

<sup>(2)</sup> The shareholding percentage in PT Thai Wah Indonesia included indirect holding of 1.00% by a subsidiary of the Company.

<sup>(3)</sup> The shareholding percentage in Asia Tapioca Products Company Limited included indirect holding of 69.50% by a subsidiary of the Company.

The Company recognised dividend income from subsidiaries in the separate financial statements for the year ended 31 December 2020 and 2019 as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2020	2019
Tapioca Development Corporation Limited	26,666	73,331
Tay Ninh Tapioca Joint Stock Company	3,183	14,360
Total	29,849	87,691

During the first quarter of the current year, the Company changed the recording of the investments in Asia Tapioca Products Company Limited (ATP) from investments in associated company to investments in subsidiary as a result from additional investments in that company as described in Note 2.2 to the consolidated financial statements.

PT Thai Wah Indonesia was registered in Indonesia on 7 February 2020, with the registered capital of IDR 10,000 million or Baht 23 million. The objective of the company is to engage in trading activities of tapioca starch products, rice flour products and glucose including starch related food products such as vermicelli and noodles. The Company will hold both directly and indirectly 100% of its shares in this company. On 10 July 2020, the Group has invested 25% of its share in this company, or a total of IDR 2,500 million or Baht 5.65 million.

During the second quarter of the current year, Chiang Saen Land Company Limited (the subsidiary) sold its investment property and recognised gain on sale by Baht 18.47 million. The subsidiary registered the dissolution with the Ministry of Commerce on 29 April 2020. The Company received its return on investment approximately Baht 44.38 million on 23 July 2020.

On 11 November 2020, a meeting of the Company's Board of Directors approved an increase of Baht 18.5 million in the registered capital of Bang Thao (5) Company Limited, resulting in a total registered share capital of Baht 19.5 million and increase of Baht 29.6 million in the registered capital of Phang Nga Resorts Limited, resulting in a total registered share capital of Baht 30.6 million. The Company still holds 100% of its shares in these companies.

On 24 April 2019, Thai Wah Bio Power Limited (TWBP), the subsidiary, in which the Company holds 99.99% of the share capital, entered into Shares Sale and Purchase Agreement to purchase ordinary shares of Tapioca Development Corporation Limited (TDC), the subsidiary, in which the Company holds 33.33% and TWBP holds 33.34% of the share capital, from Japan Corn Starch Company Limited at 166,668 ordinary shares or 33.33% of total shares of TDC at the total purchase price of Baht 220 million. In this regard, TWBP holds 66.67% of the total shares in TDC and the Group's investment proportion in TDC increased from 66.67% to 100% (of the total 500,004 issued and paid up shares of TDC).

The purchase transaction of investment in the subsidiary was detailed below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Purchase price	220,000
Less: Adjusted non-controlling interests of subsidiary	(286,886)
Surplus on changes in the ownership interests in subsidiary	66,886

On 9 May 2019, a meeting of the Company's Board of Directors approved an increase of USD 1 million in the registered capital of Thai Wah Vietnam Company Limited (a subsidiary) in Vietnam, resulting in a total registered share capital of USD 3 million. During the year 2019, the Company transferred USD 1 million or Baht 30.39 million for the payment of capital investment in the said subsidiary. The Company was holding 100% of its shares in this company.

On 14 November 2019, a meeting of the Company's Board of Directors approved an increase of Baht 40 million in the registered capital of Thai Wah (6) Company Limited (a subsidiary), resulting in a total registered share capital of Baht 69 million. The Company was holding 100% of its shares in this company.

## 14.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	(Unit: Million Baht)							
	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year ended		Dividend paid to non-controlling interests during the year ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(%)	(%)						
Thai Nam Tapioca Company Limited	30.00	30.00	132.10	126.93	5.17	11.99	-	-
Tay Ninh Tapioca Joint Stock Company	30.00	30.00	205.86	206.91	(1.05)	10.91	1.37	7.38

## 14.3 Summarised financial information based on amounts before inter-company elimination of subsidiaries that have material non-controlling interests.

Summarised information about financial position as at 31 December 2020 and 2019 is as follows:

	(Unit: Million Baht)			
	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company	
	2020	2019	2020	2019
Current assets	424.75	305.19	358.95	418.95
Non-current assets	318.97	340.24	264.85	243.56
Current liabilities	285.07	203.48	61.64	96.92
Non-current liabilities	25.08	25.59	14.66	11.22

Summarised information of comprehensive income for the year ended 31 December 2020 and 2019 is as follows:

	(Unit: Million Baht)			
	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company	
	2020	2019	2020	2019
Revenue	1,302.76	1,449.03	806.00	974.07
Profit (loss)	17.22	39.98	(3.50)	36.35
Total comprehensive income	17.22	39.98	(3.50)	36.35

Summarised information of cash flows for the year ended 31 December 2020 and 2019 is as follows:

	(Unit: Million Baht)			
	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company	
	2020	2019	2020	2019
Cash flows from operating activities	(65.30)	195.59	93.66	0.82
Cash flows from investing activities	(23.41)	(48.98)	(79.22)	(82.10)
Cash flows from financing activities	70.16	(59.75)	(20.28)	(5.40)
Net increase (decrease)	(18.55)	86.86	(5.84)	(86.68)

#### 14.4 Impairment testing of investments in subsidiaries

For the purpose of impairment testing of investments in subsidiaries, the Company determined the recoverable amount of some significant investments in subsidiaries which have events indicating that assets may be impaired. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows were determined using cash flow projections covering a five-year period extracted from financial budgets approved by the management.

Key assumptions used in the value in use calculations are summarised below:

	(Unit: % per annum)	
	2020	2019
Long-term growth rate	0 - 1	0 - 1
Discount rate	7.26 to 9.86	8.58 to 10.58

The management determined the budgeted gross profit margin and growth rate based on historical operating results and expected market growth of those subsidiaries. The discount rate used reflects specific risks relating to the relevant segments of those subsidiaries.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industries in which those subsidiaries operate.

The management determined that allowance for impairment of investments in subsidiaries of Baht 445.40 million (2019: Baht 444.35 million), which was recorded in the statements of financial position as at 31 December 2020, was adequate.



## 15. Other non-current financial assets / other long-term investments

(Unit: Thousand Baht)

	Consolidated / Separate Financial statement			
	31 December 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
<u>Investments in</u>				
- Equity of listed company				
- Laguna Resort & Hotels Public Company Limited	174,010	93,095	174,010	146,168
- Debt Securities	20,721	10,284	-	-
Total investments in other non-current financial assets - net	194,731	103,379	174,010	146,168
Loss from changes in fair value of investments	(91,352)		(27,842)	
Total other non-current financial assets - net	103,379		146,168	

During the second quarter of the current year, the Company reclassified debt securities of Baht 10.65 million which had classified as other current financial assets to other non-current financial assets.

## 16. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cost	105,578	185,221	504	504
Less: Allowance for impairment	(25,658)	(53,766)	-	-
Investment properties, net	79,920	131,455	504	504

Movements of the investment properties during the year ended 31 December 2020 and 2019 are as summarised below.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value as at 1 January	131,455	131,455	504	504
Disposals during the year	(79,643)	-	-	-
Reversal of allowance for impairment during the year	28,108	-	-	-
Net book value as at 31 December	79,920	131,455	504	504

The investment properties of the Group represent land awaiting for sale. Their fair value has been determined based on the valuation performed by an accredited independent valuer, using comparative method. As at 31 December 2020 and 2019, their fair value is amounting to Baht 353.4 million (31 December 2019: Baht 363.7 million) (Separate financial statements: Baht 248.9 million (31 December 2019: Baht 193.9 million)).

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2019	416,441	1,277,583	2,824,517	139,275	203,231	365,396	5,226,443
Additions	188,444	229,949	205,779	23,934	28,053	562,483	1,238,642
Disposals	-	(9,219)	(32,722)	(19,501)	(20,499)	-	(81,941)
Write-off	-	(11,410)	(6,115)	(3,081)	-	(2,601)	(23,207)
Transfer in (out)	14,812	359,491	390,572	5,110	(1,980)	(799,974)	(31,969)
Translation adjustment	(1,586)	(36,847)	(110,692)	(975)	(5,209)	(3,784)	(159,093)
31 December 2019	618,111	1,809,547	3,271,339	144,762	203,596	121,520	6,168,875
Reclassification to right-of- use assets due to the adoption of TFRS16	-	-	-	-	(17,881)	-	(17,881)
Increase from acquisition of subsidiary	-	58,467	106,960	8,355	8,441	-	182,223
Additions	-	12,232	38,794	12,569	8,274	169,681	241,550
Disposals	-	(10,950)	(34,641)	(632)	(5,568)	-	(51,791)
Write-off	-	(2,346)	(9,212)	(550)	(1,351)	-	(13,459)
Transfer in (out)	(431)	28,000	173,905	2,072	-	(203,395)	151
Translation adjustment	(1,220)	12	(11,710)	3,662	(313)	1,541	(8,028)
31 December 2020	616,460	1,894,962	3,535,435	170,238	195,198	89,347	6,501,640
<b>Accumulated depreciation:</b>							
1 January 2019	(249)	(553,022)	(1,645,308)	(92,863)	(97,894)	-	(2,389,336)
Depreciation for the year	(1,152)	(62,628)	(219,351)	(14,523)	(24,658)	-	(322,312)
Depreciation on disposals	-	2,654	23,596	18,226	17,253	-	61,729
Depreciation on write-off	-	3,948	6,081	3,067	(604)	-	12,492
Translation adjustment	52	24,524	87,610	314	2,963	-	115,463
31 December 2019	(1,349)	(584,524)	(1,747,372)	(85,779)	(102,940)	-	(2,521,964)
Reclassification to right-of- use assets due to the adoption of TFRS16	-	-	-	-	7,121	-	7,121
Increase from acquisition of subsidiary	-	(16,703)	(83,978)	(277)	(10,336)	-	(111,294)
Depreciation for the year	(2,731)	(83,367)	(259,417)	(21,779)	(24,841)	-	(392,135)
Depreciation on disposals	-	5,182	25,413	512	2,750	-	33,857
Depreciation on write-off	-	2,194	9,186	550	1,351	-	13,281
Translation adjustment	48	985	4,679	(5,252)	5,572	-	6,032
31 December 2020	(4,032)	(676,233)	(2,051,489)	(112,025)	(121,323)	-	(2,965,102)

(Unit: Thousand Baht)

## Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Allowance for impairment:</b>							
1 January 2019	-	(6,825)	-	-	-	(2,625)	(9,450)
Reversal during the year	-	-	-	-	-	2,625	2,625
31 December 2019	-	(6,825)	-	-	-	-	(6,825)
Addition	-	(1,969)	(137)	-	-	-	(2,106)
Reversal during the year	-	1,969	137	-	-	-	2,106
31 December 2020	-	(6,825)	-	-	-	-	(6,825)
<b>Net book value:</b>							
31 December 2019	616,762	1,218,198	1,523,967	58,983	100,656	121,520	3,640,086
31 December 2020	612,428	1,211,904	1,483,946	58,213	73,875	89,347	3,529,713
<b>Depreciation for the year</b>							
For the year ended 31 December 2019 (Baht 239.9 million included in manufacturing cost, and the balance in administrative expenses)							322,312
For the year ended 31 December 2020 (Baht 365.6 million included in manufacturing cost, and the balance in administrative expenses)							392,135

(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2019	245,381	802,889	1,237,818	98,441	113,678	205,430	2,703,637
Additions	188,444	224,133	176,864	17,337	23,106	419,867	1,049,751
Disposals	-	(9,218)	(30,808)	(19,383)	(3,955)	-	(63,364)
Write-off	-	(10,919)	(5,180)	-	-	(2,601)	(18,700)
Transfer in (out)	-	216,824	323,112	12,661	2,703	(556,972)	(1,672)
31 December 2019	433,825	1,223,709	1,701,806	109,056	135,532	65,724	3,669,652
Reclassification to right-of-use assets due to the adoption of TFRS16	-	-	-	-	(17,881)	-	(17,881)
Additions	-	5,963	17,404	9,188	2,721	90,382	125,658
Disposals	-	(5,385)	(30,176)	(413)	(5,038)	-	(41,012)
Write-off	-	(2,058)	(602)	(259)	(550)	-	(3,469)
Transfer in (out)	-	23,399	69,858	2,049	-	(95,407)	(101)
31 December 2020	433,825	1,245,628	1,758,290	119,621	114,784	60,699	3,732,847
<b>Accumulated depreciation:</b>							
1 January 2019	-	(338,709)	(701,176)	(66,595)	(48,565)	-	(1,155,045)
Depreciation for the year	-	(39,059)	(119,334)	(13,689)	(18,674)	-	(190,756)
Depreciation on disposals	-	2,657	21,690	18,147	1,520	-	44,014
Depreciation on write-off	-	3,456	5,179	-	-	-	8,635
31 December 2019	-	(371,655)	(793,641)	(62,137)	(65,719)	-	(1,293,152)
Reclassification to right-of-use assets due to the adoption of TFRS16	-	-	-	-	7,121	-	7,121
Depreciation for the year	-	(51,099)	(152,027)	(16,019)	(15,644)	-	(234,789)
Depreciation on disposals	-	710	20,958	309	2,221	-	24,198
Depreciation on write-off	-	1,906	581	260	550	-	3,297
31 December 2020	-	(420,138)	(924,129)	(77,587)	(71,471)	-	(1,493,325)

(Unit: Thousand Baht)

Separate financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction
						Total
<b>Allowance for impairment:</b>						
1 January 2019	-	-	-	-	-	(2,625)
Reversal during the year	-	-	-	-	-	2,625
31 December 2019	-	-	-	-	-	-
Addition	-	(1,969)	(137)	-	-	-
Reversal during the year	-	1,969	137	-	-	-
31 December 2020	-	-	-	-	-	-
<b>Net book value:</b>						
31 December 2019	433,825	852,054	908,165	46,919	69,813	65,724
31 December 2020	433,825	825,490	834,161	42,034	43,313	60,699
<b>Depreciation for the year</b>						
For the year ended 31 December 2019 (Baht 173.2 million included in manufacturing cost, and the balance in administrative expenses)						190,756
For the year ended 31 December 2020 (Baht 216.8 million included in manufacturing cost, and the balance in administrative expenses)						234,789

As at 31 December 2019, the Company had vehicles under finance lease agreements with net book value amounting to Baht 10 million.

As at 31 December 2020, certain plant, machinery and equipment items of the Group were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 576 million (2019: Baht 506 million) (Separate financial statements: Baht 522 million and 2019: Baht 402 million).

The Group has placed some of their land, construction and machinery with the net book value amounting to approximately Baht 516.88 million (2019: Baht 530.92 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Baht 364.65 million and 2019: Baht 372.48 million).

## 18. Leases

### 18.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 12 years.

#### a) Right-of-use assets

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

(Unit: Thousand Baht)

	Consolidated financial statements				
	Leasehold rights on land	Land	Buildings	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	9,376	95,420	117,378	10,760	232,934
Increase from acquisition of subsidiary	32,348	-	-	-	32,348
Increase during the year	-	9,432	277	4,309	14,018
Write-off during the year	-	(785)	-	-	(785)
Depreciation for the year	(3,391)	(11,001)	(15,831)	(4,418)	(34,641)
Translation adjustment	(118)	-	-	-	(118)
31 December 2020	38,215	93,066	101,824	10,651	243,756

(Unit: Thousand Baht)

	Separate financial statements				
	Leasehold rights on land	Land	Buildings	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	12	3,046	58,892	10,760	72,710
Increase during the year	-	292	903	3,717	4,912
Write-off during the year	-	(785)	-	-	(785)
Depreciation for the year	(12)	(1,652)	(7,314)	(4,203)	(13,181)
31 December 2020	-	901	52,481	10,274	63,656

**b) Lease liabilities**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	242,177	10,637	71,015	10,637
Less: Deferred interest expenses	(35,090)	(1,021)	(8,644)	(1,021)
Total	207,087	9,616	62,371	9,616
Less: Portion due within one year	(28,937)	(4,591)	(12,780)	(4,591)
Lease liabilities - net of current portion	178,150	5,025	49,591	5,025

A maturity analysis of lease payments is disclosed in Note 38 under the liquidity risk.

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

	(Unit: Thousand Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	34,641	13,181
Interest expense on lease liabilities	9,614	2,746
Expense relating to short-term leases	10,884	8,882
Expense relating to leases of low-value assets	202	137

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 42.39 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 243.76 million and Baht 15.98 million, respectively.

## 18.2 Group as a lessor

The Company has entered into operating leases for its investment property portfolio consisting of land and office building of the lease terms are approximately 3 years.

The Company has future minimum rentals receivable under non-cancellable operating leases to local subsidiaries as at 31 December 2020 as follows:

	(Unit: Thousand Baht)
	Separate financial statements
Within 1 year	6,341
Over 1 and up to 5 years	1,067
Total	7,408

During 2020 the Company has sub-lease income to local subsidiaries amounting to Baht 2.56 million (2019: Baht 1.96 million).

## 19. Intangible assets

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
<b>31 December 2019</b>						
Cost	18,608	264,303	273,042	94,853	3,548	654,354
Less: Accumulated amortisation	(9,231)	-	(86,682)	(24,762)	-	(120,675)
31 December 2019	9,377	264,303	186,360	70,091	3,548	533,679
<b>31 December 2020</b>						
Cost	-	264,303	273,042	100,838	4,250	642,433
Less: Accumulated amortisation	-	-	(106,499)	(35,890)	-	(142,389)
31 December 2020	-	264,303	166,543	64,948	4,250	500,044

(Unit: Thousand Baht)

Separate financial statements						
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
<b>31 December 2019</b>						
Cost	600	264,303	247,223	63,610	3,548	579,284
Less: Accumulated amortisation	(588)	-	(80,873)	(20,656)	-	(102,117)
31 December 2019	12	264,303	166,350	42,954	3,548	477,167
<b>31 December 2020</b>						
Cost	-	264,303	247,223	68,102	4,250	583,878
Less: Accumulated amortisation	-	-	(98,108)	(28,006)	-	(126,114)
31 December 2020	-	264,303	149,115	40,096	4,250	457,764

A reconciliation of the net book value of intangible assets is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	528,040	485,903
Acquisition during the year - Cost	37,118	15,731
Disposal during the year - Net book value	(25)	(25)
Amortisation for the year	(30,057)	(24,442)
Translation adjustment	(1,397)	-
Net book value as at 31 December 2019	533,679	477,167
Reclassification to right-of-use assets due to the adoption of TFRS16	(9,377)	(12)
Acquisition during the year - Cost	5,567	5,206
Disposal during the year - Net book value	(27)	-
Amortisation for the year	(30,999)	(24,597)
Translation adjustment	1,201	-
Net book value as at 31 December 2020	500,044	457,764



## 20. Goodwill and intangible assets with indefinite useful lives

The Company allocates goodwill acquired through business combination and trademarks with indefinite useful lives to an asset's cash-generating unit (CGUs), for annual impairment testing as follows:

(Unit: Thousand Baht)		
	Food Segment	
	2020	2019
Goodwill	100,678	100,678
Trademarks with indefinite useful lives	264,303	264,303

The Company has determined the recoverable amounts of its cash-generating units based on value in use using cash flow projections from financial estimation approved by management covering a five-year period for food segment unit.

Key assumptions used in value in use calculations are as follows:

(Unit: % per annum)		
	2020	2019
Sale growth rate	4 - 6	3 - 8
Long-term growth rate	2.00	2.00
Discount rate	8.95	9.72

The management determined the budgeted gross profit margin and long-term growth rate based on past performance and its expectations of market development. The discount rate used reflects specific risks relating to the relevant segments.

The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Management has considered the above and believes that there is no occurrence of impairment of goodwill and trademarks with indefinite useful lives.

If the long-term growth rate were reduced by 6 percent per annum (2019: 2 percent per annum) or the discount rate were increased by 3.5 percent per annum (2019: 1.5 percent per annum) or the sale growth rate were reduced by 4 percent per annum (2019: 3 percent per annum), the recoverable amount would be equal to the carrying amount.

## 21. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	2020	2019	2020	2019	2020	2019
Promissory notes	2.55	1.50 - 2.92	230,000	260,000	-	100,000
Short-term loans	-	5.27	-	15,940	-	-
Total			230,000	275,940	-	100,000

Short-term loans from financial institutions are secured by the mortgage of land and construction thereon of a local subsidiary as described in Note 17 to the consolidated financial statements.

## 22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - related parties	1,107	2,217	60,325	25,731
Trade payables - unrelated parties	267,295	248,577	154,687	128,189
Other payables - related parties	408	267	323	592
Payables for purchase of fixed assets - related parties	-	-	356	356
Payables for purchase of fixed assets - unrelated parties	66,789	63,574	46,415	58,184
Payables for electricity charges	26,547	24,371	15,815	14,488
Accrued factory expenses	89,336	76,685	74,257	58,701
Accrued expenses	128,247	123,400	81,357	81,392
Total trade and other payables	579,729	539,091	433,535	367,633

## 23. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated / Separate financial statements	
			2020	2019
1	Prime rate - 2.50%	Monthly installments of Baht 5 million and mature in June 2026	330,000	170,000
Less: Current portion			(60,000)	(60,000)
Long-term loans from financial institutions - net of current portion			<u>270,000</u>	<u>110,000</u>

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2020	170,000
Add: Additional borrowings	220,000
Less: Repayment	(60,000)
Balance as at 31 December 2020	<u>330,000</u>

The loans are secured by the mortgage of land and construction thereon of the Company as described in Note 17 to the consolidated financial statements.

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

As at 31 December 2020, the Company had fully drawdown all credit facilities (2019: outstanding long-term credit facilities by Baht 2.20 million).

## 24. Debentures

				Consolidated / Separate financial statements			
				Number of debenture		Amount	
				(Units)		(Thousand Baht)	
No.	Interest rate (% per annum)	Age	Maturity	2020	2019	2020	2019
No. 1/2019	4.00	3 years	24 April 2022	1,000,000	1,000,000	1,000,000	1,000,000
Less: Unamortised portion of deferred transaction costs						(1,912)	(3,307)
Debentures - net						998,088	996,693
Less: Current portion of debentures						-	-
Debentures - net of current portion						998,088	996,693

Movements in debentures account during the year ended 31 December 2020 are summarised below.

		(Unit: Thousand Baht)
		Consolidated / Separate financial statements
Balance as at 1 January 2020		996,693
Amortisation of transaction costs of debenture during the year		1,395
Balance as at 31 December 2020		998,088

On 24 April 2019, the Company issued debentures to the institutions and high net-worth investors as approved by the shareholders at the Annual General Meeting held on 27 April 2018. The debentures are registered unsubordinated and unsecured debentures with a debenture holders' representatives in the name - registered certificate at 1 million units, Baht 1,000 par value, totaling principal amount of Baht 1,000 million. The debentures have a term of 3 years with a fixed interest rate of 4% per annum. The interest is payable every 6 months throughout the debenture term. The proceeds from the issuance of debentures were used for business expansion and used as general working capital.

In addition, the debentures were issued with covenants relating to various matters such as maintaining the debt-to-equity ratio of not exceeding 1.5 times at every quarter end.

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2020 and 2019 is as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Provision for compensation on				
employees' retirement	282,029	259,120	232,383	213,468
Provision for special retirement benefits	3,950	3,822	3,072	2,935
Provision for long service awards	62,418	63,096	44,639	46,815
Total	348,397	326,038	280,094	263,218

Provision for long-term employee benefits is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2020			2019		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Provision for long-term employee						
benefits as at the beginning of year	262,942	63,096	326,038	176,290	53,035	229,325
Current service cost	28,449	6,477	34,926	15,828	3,990	19,818
Interest cost	3,704	1,008	4,712	4,206	1,341	5,547
Increase from acquisition of subsidiary	2,052	-	2,052	-	-	-
Past service cost	-	-	-	39,844	-	39,844
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	-	-
Financial assumptions changes	-	-	-	43,590	9,022	52,612
Experience adjustments	-	-	-	(8,360)	996	(7,364)
Benefits paid during the year	(11,168)	(8,163)	(19,331)	(8,456)	(5,288)	(13,744)
Provision for long-term employee						
benefits as at 31 December	285,979	62,418	348,397	262,942	63,096	326,038

(Unit: Thousand Baht)

	Separate financial statements					
	2020			2019		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Provision for long-term employee						
benefits as at the beginning of year	216,403	46,815	263,218	139,158	37,871	177,029
Current service cost	21,575	3,685	25,260	12,261	2,924	15,185
Interest cost	3,068	633	3,701	3,275	859	4,134
Past service cost	-	-	-	33,379	-	33,379
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	-	-
Financial assumptions changes	-	-	-	34,988	6,753	41,741
Experience adjustments	-	-	-	(81)	2,407	2,326
Benefits paid during the year	(5,591)	(6,494)	(12,085)	(6,577)	(3,999)	(10,576)
Provision for long-term employee						
benefits as at 31 December	235,455	44,639	280,094	216,403	46,815	263,218

Actuarial losses arising from provision for defined benefit plans which were recognised in other comprehensive income of the Group in the year 2019 amounted to Baht 35.23 million (Separate financial statements: Baht 34.91 million) (2020: None).

The Group expects to pay Baht 9.27 million of long-term employee benefits during the next year (2019: Baht 24.81 million) (Separate financial statements: Baht 6.27 million and 2019: Baht 19.98 million).

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for long-term employee benefits is 5 - 8 years (Separate financial statements: 8 years).

Significant actuarial assumptions at the valuation date are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate (% per annum)	1.50 (Thailand) 3.50 (Vietnam)	1.50 (Thailand) 3.50 (Vietnam)	1.50	1.50
Salary increase rate (% per annum)	4 - 8	4 - 8	4 - 8	4 - 8
Turnover rate (% per annum)	2 - 23	2 - 23	2 - 23	2 - 23
Gold price (Baht)	22,660	22,660	22,660	22,660

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2020			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(15,633)	16,563	(12,725)	13,843
Salary increase rate (+/- 1.00%)	30,318	(26,626)	25,515	(22,057)
Turnover rate (+/- 1.00%)	(9,203)	11,882	(7,640)	9,706
Gold price (+/- Baht 1,000)	1,420	(5,419)	201	(4,374)

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(11,448)	19,682	(8,596)	17,059
Salary increase rate (+/- 1.00%)	31,921	(22,914)	27,198	(18,414)
Turnover rate (+/- 1.00%)	(7,438)	12,864	(10,095)	10,785
Gold price (+/- Baht 1,000)	4,078	(2,065)	2,551	(1,275)

## 26. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends from retained earnings as at 31 December 2019	Annual General Meeting of the shareholders on 27 April 2020	117,976	0.13
Total dividends for 2020		117,976	0.13
Dividends from retained earnings as at 31 December 2018	Annual General Meeting of the shareholders on 26 April 2019	281,723	0.32
Total dividends for 2019		281,723	0.32

## 27. Statutory reserve

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

According to Section 1202 of the Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve at least 5% of their net income each time the subsidiaries pay a dividend, until such reserve reaches 10% of their registered share capital. The statutory reserve can neither be used to offset with deficit nor be used for dividend payment.

## 28. Finance income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest income on debt instruments measured at amortised cost	5,508	9,523	29,427	31,905
Interest income on debt instruments measured at FVTPL	5,054	7,618	5,054	7,618
Total	10,562	17,141	34,481	39,523

## 29. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expenses on loan from	17,713	18,241	10,386	10,711
Interest expenses on debentures	41,505	28,544	41,505	28,544
Interest expenses on lease liabilities	9,614	782	2,746	782
Total	68,832	47,567	54,637	40,037



### 30. Expenses by nature

Significant expenses classified by nature for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	1,065,366	1,034,703	779,252	782,837
Depreciation	426,776	322,312	247,970	190,756
Amortisation	30,999	30,057	24,597	24,442
Rental and service expenses from				
operating lease agreements	11,086	70,324	9,019	34,997
Raw materials and consumables used	3,505,346	3,999,465	1,897,502	2,019,561
Changes in finished goods	94,176	13,502	(24,241)	107,065

### 31. Income tax

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge	32,976	44,816	15,500	13,630
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary				
differences	(23,470)	(12,816)	(13,121)	(13,010)
Translation adjustment	(60)	(114)	-	-
<b>Income tax expenses reported in profit or loss</b>	<b>9,446</b>	<b>31,886</b>	<b>2,379</b>	<b>620</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax related to gain (loss) on change in fair value of investments in equity instruments	(10,615)	(4,698)	(10,615)	(4,698)
Deferred tax related to actuarial loss	-	(7,046)	-	(6,981)
Total	(10,615)	(11,744)	(10,615)	(11,679)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	44,374	125,774	90,861	122,620
Applicable tax rate	20%, 25%	20%	20%, 25%	20%
Accounting profit before tax multiplied by income tax rate	10,349	26,115	18,172	24,524
Adjustment in respect of current income tax at previous year	(616)	(754)	(816)	(830)
Effects of:				
Promotional privileges (Note 32)	(3,904)	231	(3,904)	231
Non-deductible expenses	1,344	7,582	2,493	4,398
Additional deductible expenses	(8,940)	(5,368)	(5,549)	(4,235)
Tax losses	14,598	15,712	-	-
Share of loss from investments in associates	67	907	-	-
Dividend income	(2,088)	(6,550)	(8,058)	(24,088)
Translation adjustment	(1,616)	(4,509)	-	-
Others	252	(1,480)	41	620
Total	(287)	6,525	(14,977)	(23,074)
Income tax expenses reported in profit or loss	9,446	31,886	2,379	620

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for reducing cost of inventories to net realisable value	2,808	1,591	1,612	916
Provision for long-term employee benefits	68,619	65,269	56,019	52,644
Leases	12,797	1,923	12,395	1,923
Unutilised tax losses	6,610	2,385	-	-
Others	16,336	9,281	9,985	4,750
<b>Total</b>	<b>107,170</b>	<b>80,449</b>	<b>80,011</b>	<b>60,233</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - building and equipment	31,215	33,310	20,104	22,826
Gain on changes in fair value of investment in equity instruments	-	7,245	-	7,245
Leases	12,486	2,152	12,654	2,152
Surplus of fair value from the amalgamation	130,700	135,782	130,700	135,782
Surplus of fair value from acquisition of subsidiary	40,641	31,041	-	-
Others	936	347	912	323
<b>Total</b>	<b>215,978</b>	<b>209,877</b>	<b>164,370</b>	<b>168,328</b>
<b>Net deferred tax liabilities</b>	<b>(108,808)</b>	<b>(129,428)</b>	<b>(84,359)</b>	<b>(108,095)</b>

Presented in the statements of financial position as follows:

Deferred tax assets	11,624	6,725	-	-
Deferred tax liabilities	(120,432)	(136,153)	(84,359)	(108,095)
<b>Net deferred tax liabilities</b>	<b>(108,808)</b>	<b>(129,428)</b>	<b>(84,359)</b>	<b>(108,095)</b>

As at 31 December 2020, the subsidiaries had unused tax losses totaling Baht 167.96 million (2019: Baht 127.32 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 167.96 million (2019: Baht 127.32 million) will expire by 2025 (2019: 2024).

## 32. Promotional privileges

The Company received promotional privileges from the Board of Investment as follows:

- For the manufacture of producing dried rice noodles, pursuant to the investment promotion certificate No. 59-0098-0-00-1-2 issued on 20 January 2016. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100 % of investment capital exclusive of land and working capital.
- For the improvement production efficiency of vermicelli for alternative energy utilisation, pursuant to the investment promotion certificate No. 62-0293-1-04-1-0 issued on 22 March 2019. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax cap does not exceed 50 % of the investment capital exclusive of land and working capital, for a period of 3 years from the date of revenue generating after promotion certificate issuance. The corporate income tax exemption will not exceed of Baht 13.75 million.

The local subsidiary received promotional privileges from the Board of Investment for the production of biogas and electricity, pursuant to the investment promotion certificate No. 60-0077-1-00-1-0 issued on 23 January 2017. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100% of investment capital exclusive of land and working capital.

The Group's operating revenues for the years ended 31 December 2020 and 2019, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales						
Domestic sales	1,114,440	1,671	3,450,164	4,480,312	4,564,604	4,481,983
Export sales	117,396	21,600	2,394,885	2,806,870	2,512,281	2,828,470
Total sales	<u>1,231,836</u>	<u>23,271</u>	<u>5,845,049</u>	<u>7,287,182</u>	<u>7,076,885</u>	<u>7,310,453</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Sales						
Domestic sales	1,114,440	1,671	793,961	1,879,718	1,908,401	1,881,389
Export sales	117,396	21,607	2,831,424	3,282,718	2,948,820	3,304,325
Total sales	<u>1,231,836</u>	<u>23,278</u>	<u>3,625,385</u>	<u>5,162,436</u>	<u>4,857,221</u>	<u>5,185,714</u>

### 33. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the years ended 31 December 2020 and 2019 (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit for the year (Thousand Baht)	38,266	68,039	88,482	122,000
Number of ordinary shares (shares)	880,420,930	880,420,930	880,420,930	880,420,930
Earnings per share (Baht/share)	0.04	0.08	0.10	0.14

### 34. Segment information

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

For management purposes, the Group is organised into business units based on their products and services and have reportable segments as follows:

- the manufacture and distribution of starch and other agricultural products
- the manufacture and distribution of vermicelli and other food products

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit, total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Thousand Baht)

	For the year ended 31 December 2020				
	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,563,174	1,566,533	7,129,707	(39,517)	7,090,190
Gain from business acquisition	24,802	-	24,802	-	24,802
Interest revenue	4,266	6,296	10,562	-	10,562
Dividend income	10,441	-	10,441	-	10,441
Depreciation and amortisation	(347,994)	(109,781)	(457,775)	-	(457,775)
Gain (loss) on sale of investments	281	(3,515)	(3,234)	-	(3,234)
Gain on sale of investments properties	18,465	-	18,465	-	18,465
Gain (loss) from fair value measurement of derivatives	3,221	-	3,221	-	3,221
Share of loss from investments in associates	-	(333)	(333)	-	(333)
Finance cost	(64,807)	(4,025)	(68,832)	-	(68,832)
Income tax expenses	22,541	(31,987)	(9,446)	-	(9,446)
<b>Segment profit</b>	<b>(86,024)</b>	<b>120,952</b>	<b>34,928</b>	<b>-</b>	<b>34,928</b>
<b>Timing of revenue recognition:</b>					
Revenue recognised at a point in time					7,076,885
Revenue recognised over time					13,305
Total revenue from contracts with customers					<u>7,090,190</u>
<b>Segment total assets</b>	<b>5,242,833</b>	<b>2,963,710</b>	<b>8,206,543</b>	<b>(86,492)</b>	<b>8,120,051</b>
Addition of non-current assets other than financial instruments and deferred tax assets	21,312	15,548	36,860	(11,567)	25,293
<b>Segment total liabilities</b>	<b>2,370,480</b>	<b>658,147</b>	<b>3,028,627</b>	<b>(114,224)</b>	<b>2,914,403</b>

(Unit: Thousand Baht)

For the year ended 31 December 2019

	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,927,656	1,452,764	7,380,420	(57,415)	7,323,005
Claim refund from the fire	12,149	-	12,149	-	12,149
Interest revenue	9,063	8,078	17,141	-	17,141
Dividend income	32,749	-	32,749	-	32,749
Depreciation and amortisation	(262,587)	(89,782)	(352,369)	-	(352,369)
Gain on sale of current investments	2,102	4,778	6,880	-	6,880
Share of loss from investments in associates	-	(4,537)	(4,537)	-	(4,537)
Finance cost	(46,785)	(782)	(47,567)	-	(47,567)
Income tax expenses	(30,759)	(1,127)	(31,886)	-	(31,886)
<b>Segment profit</b>	<b>117</b>	<b>66,039</b>	<b>66,156</b>	<b>27,732</b>	<b>93,888</b>
<b>Timing of revenue recognition:</b>					
Revenue recognised at a point in time					7,310,453
Revenue recognised over time					12,552
Total revenue from contracts with customers					<u>7,323,005</u>
<b>Segment total assets</b>	<b>5,079,332</b>	<b>2,736,916</b>	<b>7,816,248</b>	<b>52,324</b>	<b>7,868,572</b>
Investments in associates accounted for by the equity method	-	21,149	21,149	-	21,149
Addition of non-current assets other than financial instruments and deferred tax assets	709,081	79,598	788,679	(188)	788,491
<b>Segment total liabilities</b>	<b>2,075,894</b>	<b>465,398</b>	<b>2,541,292</b>	<b>31,885</b>	<b>2,573,177</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Revenue from external customers		
Thailand	4,464,201	5,031,100
Vietnam	1,091,346	978,950
China	1,498,712	1,287,211
Cambodia	35,931	25,744
<b>Total</b>	<b>7,090,190</b>	<b>7,323,005</b>

## Major customers

For the year 2020, the Group has revenue from one major customer in amount of Baht 684 million, arising from sales of starch segment (2019: Baht 837 million, arising from sales of starch segment).

### 35. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. During the year, the Group contributed Baht 14.28 million (2019: Baht 14.56 million) (Separate financial statements: Baht 12.77 million and 2019: Baht 12.55 million) to the fund.

### 36. Commitments and contingent liabilities

#### 36.1 Investment commitment

As at 31 December 2020, the Company was committed to pay uncalled portions of its investments in overseas subsidiaries of US Dollar 1.59 million and IDR 7,500 million and of its investments in a local subsidiary, approximately of Baht 10.43 million (2019: the Company was committed to pay uncalled portions of its investments in an overseas subsidiary of US Dollar 1.59 million and of its investments in a local associate, approximately of Baht 10.43 million).

#### 36.2 Capital commitments

The Group had commitments related to the construction of buildings and the purchases of machinery, equipment and computer software as follows:

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Baht	51.33	62.79	30.87	33.20
Vietnam Dong	4,036.92	22,088.19	-	-
US Dollar	0.02	0.18	0.02	0.18



### 36.3 Purchase of raw material commitments

The Group had outstanding future payment commitments in respect of agreements to purchase raw materials as follows:

	(Unit: Million)	
	Consolidated / Separate financial statements	
	2020	2019
US Dollar	6.73	3.92

### 36.4 Commitment under tapioca industry development cooperation agreement

The Company has collaborated with a local foundation on a project to jointly develop and bring new tapioca species into commercialisation. The Company received tapioca stems for propagation and cultivation.

As at 31 December 2020 and 2019, the Company has obligation to return the tapioca stems under condition as identified in agreement with the maximum value of Baht 5 million.

### 36.5 Operating lease commitments

In 2020, the Company adopted TFRS 16 as at 1 January 2020. Therefore, the Company recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 4 to the consolidated financial statements.

As at 31 December 2020, the Group had future minimum payments required under leases that have a lease term of 12 months or less at the commencement date, or are leases of low-value assets as follows:

Future minimum lease payments required under these non-cancellable operating leases are as follows:

(Unit: Million)				
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Baht				
Within 1 year	0.11	13.60	0.04	9.07
1 to 5 years	0.08	11.73	0.04	12.18
Total	0.19	25.33	0.08	21.25
Vietnam Dong				
Within 1 year	108.62	6,340.24	-	-
1 to 5 years	434.47	22,480.98	-	-
More than 5 years	31.68	6,362.39	-	-
Total	574.77	35,183.61	-	-
Chinese Yuan				
Within 1 year	-	0.33	-	-
1 to 5 years	-	0.98	-	-
Total	-	1.31	-	-

### 36.6 Service agreement commitments

(Unit: Million)				
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Service agreements				
Baht	15.57	21.64	14.16	19.89
Vietnam Dong	29.50	267.25	-	-
Chinese Yuan	-	0.18	-	-

### 36.7 Guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

(Unit: Million)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Baht	37.72	71.13	20.62	52.77
Vietnam Dong	438.31	416.44	-	-

### 37. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Financial assets measured at FVTPL				
Equity investments	343.58	-	-	343.58
Debt investments	-	280.75	-	280.75
Financial assets measured at FVOCI				
Equity investments	93.10	-	-	93.10
Derivatives				
Foreign currency forward contracts	-	3.92	-	3.92
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	0.69	-	0.69
<b>Assets for which fair value are disclosed</b>				
Investment property	-	-	353.40	353.40
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,001.26	-	1,001.26

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Financial assets measured at fair value				
Held for trade investments	228.45	155.89	-	384.34
Available-for-sale investments	146.17	-	-	146.17
<b>Assets for which fair value are disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	0.71	-	0.71
Investment property	-	-	363.72	363.72
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	0.69	-	0.69

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Financial assets measured at FVTPL				
Equity investments	306.50	-	-	306.50
Debt investments	-	280.75	-	280.75
Financial assets measured at FVOCI				
Equity investments	93.10	-	-	93.10
Derivatives				
Foreign currency forward contracts	-	3.84	-	3.84
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	0.40	-	0.40
<b>Assets for which fair value are disclosed</b>				
Long-term loans to and interest receivables				
from related parties	-	542.78	-	542.78
Investment property	-	-	248.90	248.90
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,001.26	-	1,001.26

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Financial assets measured at fair value				
Held for trade investments	187.26	155.89	-	343.15
Available-for-sale investments	146.17	-	-	146.17
<b>Assets for which fair value are disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	0.54	-	0.54
Investment property	-	-	193.90	193.90
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Foreign currency forward contracts	-	0.11	-	0.11

## 38. Financial instruments

### 38.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Derivative assets</b>				
Derivative assets not designated as hedging instruments				
Foreign exchange forward contracts	3,915	-	3,843	-
<b>Total derivative assets</b>	<b>3,915</b>	<b>-</b>	<b>3,843</b>	<b>-</b>
<b>Derivative liabilities</b>				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	693	-	398	-
<b>Total derivative liabilities</b>	<b>693</b>	<b>-</b>	<b>398</b>	<b>-</b>

### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 12 months.

## **38.2 Financial risk management objectives and policies**

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### ***Trade receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by product type and customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **Financial instruments and cash deposits**

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

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

### **Market risk**

There are two types of market risk comprising currency risk and interest rate risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods

### **Foreign currency risk**

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the Group had the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	8.47	8.86	0.84	1.08	30.04	30.15
EUR	0.23	-	0.04	-	36.88	33.73
SGD	-	-	-	0.002	22.66	22.32
KHR	31.99	25.84	-	-	0.7448	0.7481
CAD	-	-	0.02	-	23.45	23.05

As at 31 December 2020 and 2019, the Group has foreign exchange contracts and foreign exchange option agreements outstanding as summarised below.

31 December 2020						
Foreign currencies	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	
	(Thousand)	(Thousand)	Bought	Sold	Bought	Sold
(Baht per 1 foreign currency unit)						
<u>The Company</u>						
USD	18	4,474	30.05 Baht against USD	29.99 - 31.75 Baht against USD	15 March 2021	21 January 2021 - 28 December 2021
EUR	-	238	-	36.74 - 36.84 Baht against EUR	-	2 June 2021 - 25 June 2021
CNY	-	14,500	-	4.56 - 4.60 Baht against CNY	-	29 January 2021 - 5 March 2021
<u>Local subsidiary</u>						
USD	-	1,928	-	29.94 - 30.18 Baht against USD	-	23 June 2021 - 5 January 2022
CNY	-	14,400	-	4.56 - 4.60 Baht against CNY	-	15 January 2021 - 5 March 2021
31 December 2019						
Foreign currencies	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	
	(Thousand)	(Thousand)	Bought	Sold	Bought	Sold
(Baht per 1 foreign currency unit)						
<u>The Company</u>						
USD	600	9,035	30.18 - 30.30 Baht against USD	30.01 - 30.29 Baht against USD	17 March 2020 - 29 April 2020	27 January 2020 - 30 June 2020
<u>Local subsidiary</u>						
USD	-	1,905	-	30.07 - 30.21 Baht against USD	-	27 May 2020 - 12 June 2020
<u>Overseas subsidiary</u>						
USD	1,300	-	7.0437 - 7.0807 CNY against USD	-	6 January 2020 - 20 January 2020	-



As at 31 December 2019, the Company had outstanding foreign exchange and currency option agreements with a local bank amounts USD 300,000 at the rate of Baht 30.19 per USD. These agreements terminated in March 2020 (2020: None).

As at 31 December 2019, an overseas subsidiary had outstanding foreign exchange and currency option agreements with its local bank amounts USD 1.3 million at the rate between CNY 7.0437 to 7.0807 per USD. These agreements terminated in January 2020 (2020: None).

Fair value of the above foreign exchange contracts and currency option agreements was recorded in other current financial assets and other current financial liabilities accounts.

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material. This information is not a forecast or prediction of future market conditions and should be used with care.

Currency	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)
US dollar	+3	6,874
	-3	(6,874)

### ***Interest rate risk***

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2020						
Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)	
within 1 year	1 - 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	843.52	9.71	853.23	0.05 - 3.30
Trade and other receivables	-	-	-	707.87	707.87	-
Other current financial assets	270.47	-	-	347.50	617.97	2.60 - 4.15
Restricted bank deposits	41.98	-	-	-	41.98	0.25 - 5.10
Other non-current financial assets	-	-	-	103.38	103.38	-
	312.45	-	843.52	1,168.46	2,324.43	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	230.00	-	-	-	230.00	2.55
Trade and other payables	-	-	-	579.73	579.73	-
Lease liabilities	28.94	178.15	-	-	207.09	3.25 - 17.24
Long-term loans from and accrued interests to related parties	-	2.71	-	-	2.71	0.35
Long-term loans from financial institutions	60.00	270.00	-	-	330.00	Prime rate - 2.5
Debentures	-	998.09	-	-	998.09	4.15
	318.94	1,448.95	-	579.73	2,347.62	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate  (% per annum)	
within 1 year	1 - 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	850.68	6.48	857.16	0.1 - 5.0
Current investments	155.89	-	-	228.45	384.34	3.66 - 4.96
Trade and other receivables	-	-	-	723.74	723.74	-
Restricted bank deposits	25.74	-	-	-	25.74	0.3 - 6.6
Other long-term investments	-	-	-	146.17	146.17	-
	181.63	-	850.68	1,104.84	2,137.15	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2019

	Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial liabilities</b>						
Short-term loans from financial institutions	275.94	-	-	-	275.94	1.50 - 5.27
Trade and other payables	-	-	-	539.09	539.09	-
Short-term loans from and accrued interests to related parties	2.70	-	-	-	2.70	0.85
Finance lease liabilities	4.59	5.03	-	-	9.62	7.05 - 17.24
Long-term loans from financial institutions	60.00	110.00	-	-	170.00	Prime rate - 2.5
Debentures	-	996.69	-	-	996.69	4.15
	343.23	1,111.72	-	539.09	1,994.04	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2020

	Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	433.90	0.73	434.63	0.05 - 0.25
Trade and other receivables	-	-	-	543.42	543.42	-
Short-term loans to and interest receivable from related parties	-	-	95.93	-	95.93	4.81
Other current financial assets	270.47	-	-	310.34	580.81	2.60 - 4.15
Other non-current financial assets	-	-	-	103.38	103.38	-
Long-term loans to and interest receivable from related parties	-	544.79	23.72	-	568.51	4.00 - 4.81
	270.47	544.79	553.55	957.87	2,326.68	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	433.53	433.53	-
Lease liabilities	12.78	49.59	-	-	62.37	3.25 - 17.24
Long-term loans from financial institutions	60.00	270.00	-	-	330.00	Prime rate - 2.5
Debentures	-	998.09	-	-	998.09	4.15
	72.78	1,317.68	-	433.53	1,823.99	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2019					
	Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate  (% per annum)
	within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	316.50	3.45	319.95	0.125 - 0.375
Current investments	155.89	-	-	187.26	343.15	3.66 - 4.96
Trade and other receivables	-	-	-	569.75	569.75	-
Short-term loans to related and interest receivable from parties	80.85	-	-	-	80.85	4.913
Other long-term investments	-	-	-	146.17	146.17	-
Long-term loans to related and interest receivable from parties	-	590.20	-	-	590.20	4.00 - 4.913
	236.74	590.20	316.50	906.63	2,050.07	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	100.00	-	-	-	100.00	1.50
Trade and other payables	-	-	-	367.64	367.64	-
Short-term loans from and accrued interests to related parties	7.60	-	-	-	7.60	1.70
Finance lease liabilities	4.59	5.03	-	-	9.62	7.05 - 17.24
Long-term loans from financial institutions	60.00	110.00	-	-	170.00	Prime rate - 2.50
Debentures	-	996.69	-	-	996.69	4.15
	172.19	1,111.72	-	367.64	1,651.55	

### Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of loans affected as at 31 December 2020, with all other variables held constant. This information is not a forecast or prediction of future market conditions and should be used with care.

Currency	Increase/decrease	Effect on profit before tax
	(%)	(Thousand Baht)
Thai Baht Loans	+20	(2,145)
	-20	2,145

## Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, trade and other payables, bank loans, debentures and lease contracts. Approximately 38.28% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 44.25%) (the Company only: 27.76% and 2019: 32.69%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

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

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	-	230,000	-	-	230,000
Trade and other payables	579,729	-	-	-	579,729
Lease liabilities	-	28,937	178,150	-	207,087
Long-term loans from and accrued interests to related parties	-	-	2,707	-	2,707
Long-term loans from financial institutions	-	60,000	270,000	-	330,000
Debenture	-	-	998,088	-	998,088
<b>Total non-derivatives</b>	<b>579,729</b>	<b>318,937</b>	<b>1,448,945</b>	<b>-</b>	<b>2,347,611</b>
<b>Derivatives</b>					
Cash inflows	-	328,962	8,994	-	337,956
Cash outflows	-	(322,839)	(8,960)	-	(331,799)
<b>Total derivatives</b>	<b>-</b>	<b>6,123</b>	<b>34</b>	<b>-</b>	<b>6,157</b>

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Trade and other payables	433,535	-	-	-	433,535
Lease liabilities	-	12,780	49,591	-	62,371
Long-term loans from financial institutions	-	60,000	270,000	-	330,000
Debenture	-	-	998,088	-	998,088
<b>Total non-derivatives</b>	<b>433,535</b>	<b>72,780</b>	<b>1,317,679</b>	<b>-</b>	<b>1,823,994</b>
<b>Derivatives</b>					
Cash inflows	-	213,999	-	-	213,999
Cash outflows	-	(208,770)	-	-	(208,770)
<b>Total derivatives</b>	<b>-</b>	<b>5,229</b>	<b>-</b>	<b>-</b>	<b>5,229</b>

### 38.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statements of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2020	2019	2020	2019	2020	2019	2020	2019
Long-term loans to and interest receivables from related parties	-	-	-	-	568.51	590.20	542.78	590.20
Derivative assets not designed as hedging instruments	-	-	3.92	0.71	-	-	3.84	0.54
Derivative liabilities not designed as hedging instruments	-	-	0.69	0.69	-	-	0.40	0.11
Debenture	998.09	996.69	1,001.26	996.69	998.09	996.69	1,001.26	996.69

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and short-term lending loans, accounts payable and short-term borrowing loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices as announced by the Thai Bond Market Association.
- c) For equity securities and open ended funds, their fair value is generally derived from quoted market prices.
- d) The fair value of long-term loans is estimated by discounting expected future cash flows by the current market interest rate of loans with similar terms and conditions.
- e) The fair value of fixed rate debentures and long-term loans is estimated by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- f) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.
- g) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Group considered counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

### **39. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its businesses and to maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.60:1 (2019: 0.49:1) (Separate financial statements: 0.53:1 and 2019: 0.48:1).

#### **40. Event after the reporting period**

On 24 February 2021, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval for dividend payment from the retained earnings as at 31 December 2020, to be paid in cash at a rate of Baht 0.134 per share. Payment of this dividend is dependent on approval being granted by the shareholders.

On 23 February 2021, the Annual General Meeting of an overseas subsidiary passed a resolution to approve the appropriation of dividend of VND 500 per share, totalling VND 5,604,060,000 from the profit for the year ended 31 December 2020.

#### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.



## Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are made under normal commercial terms, determined at fair price and at arm's length basis, details as follows:

### Sales and Purchase of Goods

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPC	TWPL	Sales of goods	Market price	0.05	LRH  KCH CSH	Common shareholders and directors Common-director Common-director	Sales of goods in the ordinary course of business The price is based on normal commercial terms and at arms' length basis
		Outstanding balance		0.01			

## Rental and Service Expenses

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPL	TWPC	Rental and service expenses for office at Bangkok and document storage (total area of 2,177 sqm.) at Thai Wah Tower 1 for 3 years from 1 June 2019 to 30 September 2022.	Rental and services expenses at the rate of Baht 225 - 289 /sqm. / month. Rental rate and service expenses are in line with market rate as compared with other buildings in a similar location, Terms and conditions are similar to those applied to other tenants.	13.93	LRH	Common share-holders and directors	Rental of the Group corporate head office. The building is well located and has good amenities
		Public utility expenses	Public utility expenses are charged as actual, similar to those charged to other tenants	1.63	KCH	Common-director	
		Outstanding balance		0.21	CSH	Common-director	Convenience of payment
TWPL	TWPC	Other service expenses	Actual charge at market price	1.71	LRH	Common share-holders and directors	To facilitate the business operations of the Company
					KCH	Common-director	
					CSH	Common-director	

### Financial Assistance (Loan and Interest)

Lender	Borrower	Principal		Interest Income (million Baht)	Interest Rate per Annum	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
		Amount (million Baht)	Increase (Decrease)					
TWPC	MJ	8.05	-	0.39	Average cost of fund plus 1% per annum	TWPC US	Major shareholder Director from TWPC under the portion of shareholding	<p>The Company granted loan to MJ in the past since the Company foresaw an opportunity to generate profit in the future. The Company held 49.99% shareholdings in MJ. After MJ disposed its land in 2003, MJ had partially settled its debts to the Company.</p> <p>The Company has constantly reminded MJ to settle its outstanding debts owed to the Company. Unfortunately, MJ has experienced financial difficulties and does not have any other assets which could be sold to repay its outstanding debts owed to the Company. Apart from this, MJ's shareholders' equity is in negative. Therefore, the Company has set aside an allowance for doubtful debt in respect of MJ's total outstanding debts owed to the Company.</p>

## Procedures for Approving Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are scrutinized by the Management and proposed to the Audit, Risk and Corporate Governance Committee to opine on the transactions. Once recommended by the Audit, Risk and Corporate Governance Committee, the transactions will be proposed to the Board of Directors or the Board of Directors and the shareholders for approval depending on the nature and size of transactions in accordance with the provisions of the Capital Market Supervisory Board. Any director or management who has an interest in or is related to such transaction, will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis.

## Abbreviations

LRH	=	Laguna Resorts & Hotels Public Company Limited
MJ	=	Mae Joe Land Company Limited
TWPC	=	Thai Wah Public Company Limited
TWPL	=	Thai Wah Plaza Limited
KCH	=	Mr. Ho KwonCjan
US	=	Mr. Umnad Sukprasongphol
CSH	=	Mr. Shankar Chandran



**THAI WAH**  
**PUBLIC COMPANY LIMITED**

**บริษัท ไทยวา จำกัด (มหาชน)**

21/11, 21/13 อาคารไทยวา 1 ชั้น 6

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