

United Palm Oil Industry Public Company Limited



Annual Registration Statement/ Annual Report 2021 (FORM 56-1 One Report)

QUALITY + CORPORATE SOCIAL RESPONSIBILITY



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This FORM 56-1 One Report referred to the information disclosed on the Company's website www.upoic.co.th, which is an integral part of the FORM 56-1 One Report. The Board of Directors certifies the correctness and completeness of such referred information.

Message from the Chairman

I would like to thank all the shareholders and the Board of Directors of United Palm Oil Industry Public Company Limited for appointing me as an Independent Director and Chairman of the Board on April 23, 2021. Taking on this important position presents an exciting challenge in driving the Company to achieve its objectives.

Palm oil is not only restricted goods but also a commodity whose price is determined by many factors, both internally and externally, resulting in volatile prices. During the year, the price of Crude Palm Oil (CPO) at Bursa Malaysia Derivatives : 3rd month rose to the highest ever at 5,220 RM/MT on 21 October 2021 (2020 average : 2,700 RM/MT), and CPO price in the Kingdom moving upward in tandem to its peak at 49.50 Baht/Kg (2020 average : 28.05 Baht/Kg) due to COVID-19 pandemic affecting the supply chain. Likewise, the price of palm fresh fruit bunch (FFB) at the year-end approached 10 Baht/Kg.

Due to the much higher average CPO price in 2021 and CPO production increasing year on year by 56.98%, combining with better management of production cost, your Company's operating performance had improved markedly. To continuously strengthen the operating performance, your Company has established the Corporate Strategic Direction and enhanced Good Corporate Governance with sustainable growth. It is seeking to expand the plantation area as well as improve yield per rai productivity of own plantation and trial the planting of alternative crop apart from oil palm.

In striving for sustainable business operations, the Board of Directors adheres to management under the principles of good corporate governance, integrity, ethics and transparency as well as adheres to sustainable operations by driving business on good governance and taking into account the stakeholders in all three dimensions, including Environment, Society, and Governance, in order to build confidence for shareholders, investors and stakeholders of the Company in the long term.

As Chairman of the Board of Directors, I would like to reiterate that I will act in the best interests of the Company under the principles of ethics and good governance, and will support the Company's business operations in accordance with the principles of good corporate governance, and having regard to the interests of all stakeholders.

Once again, I would like to thank you for the trust and confidence of our shareholders as well as our customers, partners, business partners, all stakeholders of the Company, including all executives and employees who have worked together to perform their duties with sacrifice, dedication and honesty, has resulted in the Company's great success up to today.



Assoc. Prof. Naris Chaiyasoot, Ph.D.
The Chairman

Message from the Managing Director

Company's Performance

Overall, your Company's financial performance on consolidated basis turned positive with a net profit at 306.8 million Baht (2020 : 125.1million Baht) mainly due to the average selling price per unit of Crude Palm Oil (CPO) and Crude Palm Kernel Oil (CPKO) increasing from the previous year by, 48.27% and 71.44%, respectively. Furthermore, sales volume of CPO and CPKO also increased, by 48.3% and 87.3% respectively. Therefore, sales revenue of the Company rose by 124.5% to 2,074.4 million Baht (2020: 923.8 million Baht) while the total volume of Fresh Fruit Bunch (FFB) throughput increased by 52.8%.

While FFB output in Thailand in 2021 increased by 11% from previous year, resulting in a 12% increase in domestic CPO, domestic consumption reduced by 6% as CPO price continued to rise. The main reason came from Covid-19 epidemic situation causing a shortage of labour in harvesting. As a result, export of CPO out of Thailand grew by 162%, resulting in an increase in domestic prices in line with the price of CPO in the international market. This has benefited for the company in the form of higher selling prices. In addition, the Company has commissioned a vertical sterilizer to improve production capacity, resulting in lower production costs.

In 2021, The Company has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 17.6 million for the ALRO land plots in Krabi Noi Sub-district. In other words, all ALRO land plots held by the Company had been already written-off and allowance set aside for impairment loss on the cost of land and net book value of the cost of oil palm plantation development.

Production and Investment

With a commitment to maintaining standards to increase production and operational efficiency, the management has focused on enhancing profitability. To this end, your Company continued to carry out its investment programme in 2021 namely the improvement of production, new oil storage these tank with 4000 tons capacity, an automatic vertical sterilizer system, commissioning of projects was completed and started running in 2021, including replacement new Biogas and Biomass gas engine.

Your Company continues to put effort into improving the productivity, harvesting, upkeeping palm trees, controlling transportation cost, and managing maintenance programme. Your Company had started the replanting of 14 rai in 2021 to reduce land tax and to increase FFB output. In addition, the Company is on process of applying for a license to grow hemp for commercial or industrial purposes and for research and development or breeding.

Sustainability and Community

Your Company operates its business in compliance with the legal requirement and is committed to operate under good corporate governance by focusing on;

- Stakeholders economy, society and environment have morals, ethics and codes of conduct
- Practice under the Roundtable on Sustainable Palm Oil (RSPO),
- Operate with a sense of responsibility for various impacts with environment, society and the local community included forest of the water source.

All activities as mention object to build confidence for shareholders Investors, employees, customers and stakeholders, As well as being committed to continual improvement to create a sustainable foundation for social and environmental responsibility.

Human Resources and Corporate Culture

The Company has established a human resource management action plan in accordance with its business operations, And empowering personnel to be the power of the organization, As well as strive to develop the personnel of the Company to be valuable resources has the potential to help develop the organization in the present and in the future.

The company recognises the value of its employees, Therefore strives to maintain employees along with development, improving benefits & welfare and paying reasonable compensation to employees together with improving the working environment improve for employees to work happily.

2021 was another challenging year as the Covid-19 pandemic was more severe than 2020. The crisis gave your Company the opportunity to create stability and safety workplace of employees. The emphasis placed by your Company on taking care of its people is one of long-lasting corporate cultures and helped build morale in work leading to work quality.

During the past year, the promotion and development of employee potential have been carried out continually and consistently in accordance with local regulations, standards, customer requirements and legal requirements.

On behalf of the Board of Directors, our Management team and other employees, we would take this opportunity to thank our Company's shareholders, customers, and business partners for their continuing support and also for their interest in the development of the UPOIC business.



Ms. Anchalee Suebchantasiri
Managing Director

Section 1

Business Operation and Operating Results

1. Organisational Structure and Operation of the Group of Companies

Policy and Business Overview

The Company founder is Mr. Wichai Namsirichai. The Company has registered according to civil and commercial code as a limited company license no. 664/2521 on 21 April 1978, with 20MB registered capital. The Company produces CPO from fresh palm and owns oil palm plantations in Krabi and Surat Thani province.

In February 1994, Commonwealth Development Corporation or CDC, a UK development finance institution that invested in oil palm in many countries, became the Company's largest shareholder after acquiring 47% of the Company's total shares from existing Thai and foreign shareholders.

At the extraordinary shareholder meeting no. 1/2537 on 15 August 1994, the shareholders approved the increase of registered capital from 250 million Baht to 324.05 million Baht by issuing 7,405,000 common shares at 10 Baht par value. The newly issued shares were swapped with all shares of Phansrivivat Co.,Ltd at 40.9985 Baht per share resulted in a transaction with total value of 274 million Baht. Phansrivivat Co.,Ltd has 2 subsidiaries that owned 2 oil palm concessions with over 21,349 rai in Surat Thani province. The merger resulted in the largest oil palm company in Thailand, in terms of planting area of over 44,440 rai.

On 28 May 2003, Lam Soon (Thailand) PLC ("LST") acquired 13,600,763 shares or 41.97% of total shares from the Company's major shareholders, Commonwealth Development Corporation and CDC (West Malaysian) Sendirian Berhad. Combining with its 7,874,704 existing shares or 24.30% of total shares, LST became the Company's major shareholder holding a total share of 66.29%. At present, LST holds 69.96% of total shares.

At the beginning of 2007, the Company set up Siam Elite Palm Co., Ltd., a joint venture with Center de Cooperation Internationale en Recherche Agronomique pour le Developpement (CIRAD), a French organization with expertise in tropical agriculture research and development, with a registered and paid-up capital of 50 million Baht consisting of 5 million common shares at 10-Baht par value, to produce and propagate oil palm seed. In 2009, CIRAD transferred its shares in Siam Elite Palm Co., Ltd to a subsidiary, Palm Elite SAS (France) Co.,Ltd.

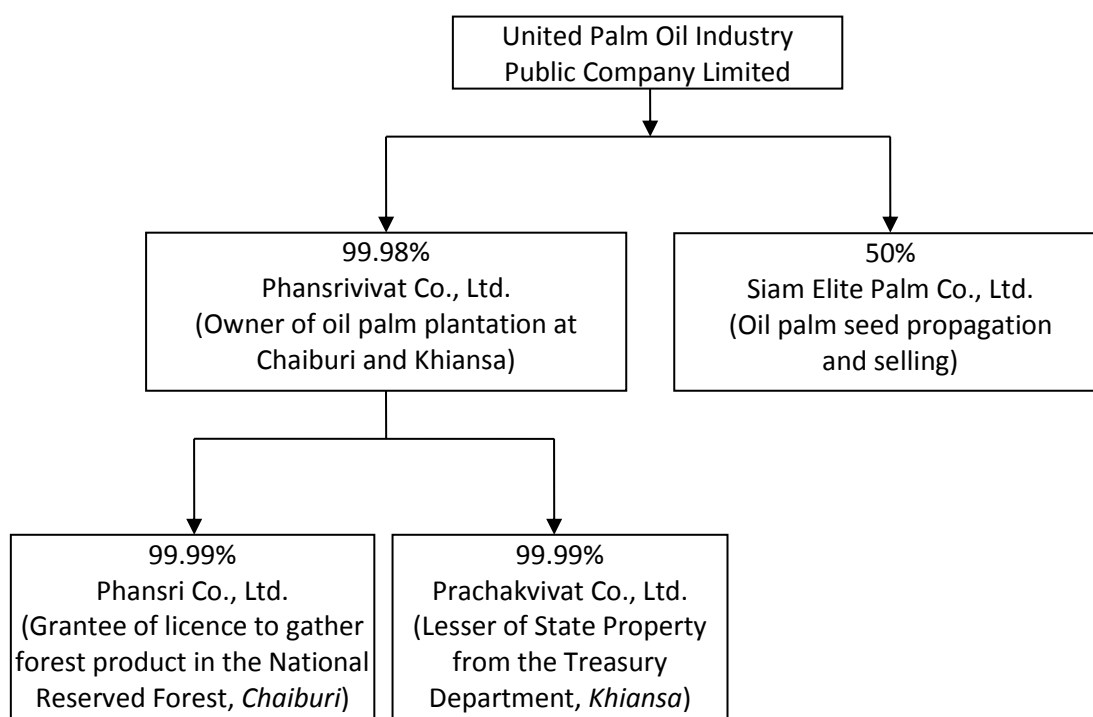
The Company has a policy of paying approximately 50% of net profit after tax as dividend, subject to prevailing economic situation and capital expenditure requirements.

Shareholding Structure of the Group

The Company's major shareholder is Lam Soon (Thailand) PLC which manufactures palm oil and other edible oils under brands of Yok, Naturel and other products such as shortening and margarine.

The Company holds 99.98% in Phansrivivat Co.,Ltd (a registered and paid-up capital of 274 million Baht, consisting of 27,400 common shares at 10,000 Baht par value) which owns oil palm plantations that the Company leases.

Phansrivivat Co.,Ltd in turn holds 99.99% in Phansri Co., Ltd (with a registered and paid-up capital of 5 million Baht, consisting of 500 common shares at 10,000 Baht par value) and Prachakvivat Co., Ltd. (with a registered and paid-up capital of 5 million Baht, consisting of 5,000 common shares at 1,000 Baht par value). These 2 companies obtained 30-year oil palm planting concessions in Chaiburi and Khiansa districts of Surat Thani province from the Royal Forest Department for 30,000 rai, of which 21,349 are planting area.



At present, the Company and subsidiary have less planting area, of which 13,478.06 rai are with land title documents and 15,103.69 rai under lease contract and permission to gather forest products in the National Reserved Forest in Krabi and Surat Thani provinces. Even though the Company occupies large palm plantation, the Company needs to purchase fresh palm fruits from external sources as raw material for its crushing mill in Krabi province. The mill has capacity to extract 450,000 MT of fresh palm per year (75 MT per hour) and crude palm kernel oil crushing mill has capacity of 26,500 MT of palm kernel per year.

Companies in which the Company has investment included

1	Name of Company	: Phansrivivat Company Limited
	Office	: 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 Tel 075-666 075 Fax 075-666 072
	Nature of Business	: holding company, 99.99% shareholder in <u>Phansri Company Limited</u> ^❶ and <u>Prachakvivat Company Limited</u> ^❷ , which own the concession of oil palm plantation
	Registered Share Capital	: 27,400 shares (par value of 10,000 Baht per share)
	Shareholding (common shares)	: 27,394 shares or 99.98%

Remarks:

	❶ Phansri Company Limited	❷ Prachakvivat Company Limited
Office	98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 Tel 075-666 075 Fax 075-666 072	98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 Tel 075-666 075 Fax 075-666 072
Estate Location	Chaiburi Sub-District, Chaiburi District, Surat Thani	Khiansa and Kamvaree Sub-District, Khiansa District, Surat Thani
Granted area	6,515 rai (under permission granted to gather forest product in the National Reserved Forest)	Lease of State Property from the Treasury Department : classified into 2 parts:-
Exploit Period	from 15 May 2020 to 14 May 2021	<i>Part 1</i> : 4,294.34 rai is the lease for a period of 30 years from 9 July 2014 to 8 July 2044 <i>Part 2</i> : 4,294.34 rai; the Treasury Department will allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.
Registered Share Capital	500 shares (par value of 10,000 Baht per share)	5,000 shares (par value of 1,000 Baht per share)

2	Name of Company	: Siam Elite Palm Company Limited
	Corporate Headquarters	: 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 Tel 02-744 1046 Fax 02-361 8989
	Krabi Office	: 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130 Tel 075-666 075 Fax 075-666 072
	Nature of Business	: Oil palm seed propagation
	Registered Share Capital	: 5,000,000 shares (par value of 10 Baht per share)
	Shareholding (common shares)	: 2,500,000 shares or 50.00%

Vision & Mission

Vision

The leading sustainable palm oil business company with operational excellence, international best practices, and world-class competitive strengths.

Mission

1. Building capacity in entire palm oil business value chain from seeding, germinating, plantation, crop oil extraction and related business so as to be competitive and recognising in the future.
2. Performing the high value palm oil business by focusing in research and development of palm seed breeding of seed with high yield and adaptable to a range of cultivation area to fulfill grower requirements as well as providing the best services.
3. Employing advanced technology in production, research and development with international management system as well as taking care of the environment, biodiversity, communities, and society.
4. Always ensuring the health, safety, and welfare of all employees and building trust and confidence among our customers, grower/suppliers and generate return to shareholders and other stakeholders appropriately.

Business Goal and Strategy

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency, while taking into account the impact on the environment, society and community. All these orientations are vital in attaining the topmost organisation targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term. All sectors are important for the sustainable growth and development of the business.

News Highlights of Previous Year

1. Annual General Meeting of Shareholders : The Appointment of a New Director (in replace of the existing one)

On 23 April 2021, the Annual General Meeting of Shareholders No. 44 conducted through electronic means (E-AGM) resolved to approve the appointment of a new director, Assoc.Prof Naris Chaivasoot, Ph.D., to be an independent director, replacing Mr. Thira Wipuchanin who resigned on 23 April 2021 after the E-AGM.

2. Board of Directors : The Appointment of Chairman of the Board, Chairman of Audit and Corporate Governance Committee, and a member of Sub-Committees

On 23 April 2021, the Board of Directors approved the appointment of Assoc.Prof Naris Chaivasoot, Ph.D., as an Independent Director, to be the following.

- Chairman of the Board
- Chairman of Audit and Corporate Governance Committee
- A member of Remuneration Committee
- A member of Nomination Committee

3. Good Corporate Governance : The Amendment of Principles of Good Corporate Governance

On 24 February 2021, the Board of Directors approved the amendment of Principles of Good Corporate Governance by removing the maximum number (3) of listed companies on the board of which the Chairman, may serve, while maintaining the maximum number (5) of listed companies for director position. This is to follow the guideline of Corporate Governance Code 2017 issued by the Securities and Exchange Commission, Thailand as follows:-

The board should set and publicly disclose criteria limiting the number of director positions directors can hold simultaneously in other companies, and should consider the effectiveness of directors who hold multiple board seats. The number of companies of which a person can simultaneously be a director should be appropriate to the nature and types of businesses involved but should not exceed five listed companies.

4. The Amendment of the Company's Business Objectives : From 21 to 22 items

The Extraordinary General Meeting of Shareholders No. 45 conducted through electronic means (E-EGM) held on 18 June 2021, resolved to approve the amendment of the Company's Business Objectives and the amendment to Clause 3. Business Objectives of the Company's Memorandum of Association. The Company's Business Objectives shall be amended from 21 to 22 objectives by adding one more objective No.22 as follows:

"22. To conduct the business of planting, producing seed, production, transformation, packing, oil extraction, processing, product development, and producing all goods from all kinds of marijuana and hemp including seed, seedling and any part of marijuana and hemp; to do the Research & Development and/or production of marijuana and hemp seeds planting materials and seedling for commercial and industrial purposes, medical utilities, education, Research &

Development, producing certified seed; as well as to engage trading business, selling, purchase, import and export of marijuana and hemp oil, marijuana and hemp seed, any products of marijuana and hemp, or any parts of marijuana and hemp plant. In this regard, the aforementioned business must be in accordance with the relevant laws.”

By doing so, the Company was also required to amend Clause 3. Business Objectives of the Company’s Memorandum of Association, to be in line with the amendment of the Company’s Business Objectives to include the additional item, to read as follows:

“Clause 3. Business objectives of the Company comprise 22 items, details of which are prescribed in the Bor Mor Jor. 002 form attached hereto.”

5. Litigation :

5.1 Krabi chief public prosecutor filed a lawsuit against the Company with the Court to vacate the land at Krabi Noi, Muang Krabi.

Continuing events from Annual report 2020 were as follows:-

On 9 September 2021, the Krabi chief public prosecutor filed a lawsuit against the Company, alleging that the Company utilised the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company. Presently, the hearing dates for this case are scheduled in August 2022.

(Information as presented in Notes to Financial Statements 32)

5.2 A group of villagers filed a petition to the Central Administrative Court to revoke land title documents of the Company in Phra Saeng District, Surat Thani.

A group of villagers who claimed to be farmers brought a legal action against the Company and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the following Company's land title documents in Bang Sawan Sub-district, Phra Saeng District, Surat Thani.

- 13 plots under land title deeds, covering a total area of 82 rai, and
- 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai.

The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered judgement and directed that:-

- Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the Company’s land documents of said plots to make them legal and
- Director-General of the Forest Department to conduct relevant actions under his authority to evict the Company from the disputed land within 180 days from the date of the case is finalised.

On 16 April 2021, the Company appealed the judgement to the Supreme Administrative Court. The case is currently under the consideration.

(Information as presented in Notes to Financial Statements 32)

5.3 Leaders of protesters filed a petition to the Nakhon Si Thammarat Administrative Court to revoke the Company's land title deeds in Krabi Noi Sub-district, Krabi Muang District.

The Company faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the Company's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 4-01 certificates were supposed to be issued. Later, the Company lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court.

On 16 March 2021, the Court dismissed the case. Subsequently, the plaintiff appealed against the judgement of the Administrative Court of First Instance.

On 10 September 2021, the Supreme Administrative Court issued an order not to accept the appeal filed by the plaintiff to consider and to dispose of the case.

(Information as presented in Notes to Financial Statements 32)

6. Order of Krabi Provincial Agricultural Land Reform Office

6.1 ALRO land plot No. 602

Continuing events from Annual report 2020 were as follows:-

On 21 May 2021, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for an emergency order for an injunction with the Civil Court, requesting the Court to consider the damage to the palm trees which were assets of the Company while the final verdict of the Phuket Administrative Court has not been rendered. The Civil Court dismissed the petition, ruling that there was no emergency. The Company considered and withdrew the civil lawsuit on 23 June 2021.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the Company filed the lawsuit after the filing period. The Company filed an appeal with the Phuket Administrative Court on 28 June 2021.

On 30 September 2021, the ALRO in Krabi filed an answer to the plaint, and the Company filed an objection to the statement on 15 December 2021. At present, this case is under consideration of the Phuket Administrative Court.

However, the Company has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 4 million as expenses in 2021.

(Information as presented in Notes to Financial Statements 31)

6.2 ALRO land plot No. 603

Continuing events from Annual report 2020 were as follows:-

On 31 March 2021, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges, clarifying that the Company filed a lawsuit after the filing period. The Company filed an appeal with the Phuket Administrative Court on 28 June 2021.

On 30 September 2021, the ALRO in Krabi filed an answer to the plaint, and the Company filed an objection to the statement on 15 December 2021.

On 21 October 2021, the ALRO in Krabi used excavators to remove palm trees in the land plots No. 603. At present, this case is under consideration of the Phuket Administrative Court. However, the Company has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by 13 million Baht as expenses in 2021.

(Information as presented in Notes to Financial Statements 31)

6.3 ALRO land plot No. 604

On 4 June 2021, the ALRO has announced that land plot No. 604 in Khao Phanom Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai. is a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to provide evidence and documentation regrading land rights under the Land Code or other applicable laws within 15 days from the date the announced was posted at the ALRO in Krabi.

On 18 June 2021, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plot. On 30 June 2021, the Company received a letter from the ALRO in Krabi, informing the Company to indicate the boundary line and location of the land according to documentations or evidence relating to possession or use of such prospective area.

On 7 and 30 December 2021, the Company indicated the boundary line and the location of the land as stated in the land right document or evidence pertaining to the ownership or use benefit of land in the target area.

(Information as presented in Notes to Financial Statements 31)

Company Profile

Name of Company	: United Palm Oil Industry Public Company Limited
No. of Registration	: 0107536000404 (formerly Bor Mor Jor 114)
Website	: www.upoic.co.th
Nature of Business	: A plantation company that produces crude palm oil (CPO) and crude palm kernel oil (CPKO)
Registered Share Capital	: 324,050,000 Baht
Outstanding common shares	: 324,050,000 shares
Par value	: 1 Baht
Corporate Headquarters	: 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
	Tel 02-744 1046
	Fax 02-361 8989
Krabi Office and Crushing Mill	: 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130
	Tel 075-666 075
	Fax 075-666 072
Oil Palm plantation	: Oil palm planted area of the Company and subsidiaries comprised 2 parts as follows:-

1. Own Planted Area

Classified by the areas that have document of rights i.e. title deeds, Nor Sor 3 kor, and Nor Sor 3, with total area of 13,478.06 rai, comprises of the following areas;

- | | |
|-----------------------|--|
| 1. Krabi Noi Estate | 78 Moo 4, Krabi Noi Sub-District, Muang District, Krabi |
| 2. Khao Phanom Estate | 38/2 Moo 8, Khao Phanom Sub-District, Khao Phanom District, Krabi |
| 3. Khao Khen Estate | Ao Luk Tai Sub-District, Ao Luk District, Krabi |
| 4. Ban Mark Estate | 65/1 Moo 6, Bangsawan Sub-District, Prasaeng District, Surat Thani |
| 5. Koh Noi Estate | 904 Moo 2, Bangsawan Sub-District, Prasaeng District, Surat Thani |
| 6. Tub Prik Estate | Tub Prik Sub-District, Muang District, Krabi |

2. Subsidiaries Planted Area

2.1 Lease of State Property from the Treasury Department, located at 229 Moo 2, Khiansa Sub-District, Khiansa District, Surat Thani, which are classified into 2 parts;

Part 1 : 4,294.34 rai is the lease for a period of 30 years from 9 July 2014 to 8 July 2044

Part 2 : 4,294.34 rai; the Treasury Department has a policy to allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.

2.2 The concession from the Royal Forest Department, located at 16 Moo 5, Chaiburi Sub-District, Chaiburi District, Surat Thani, was expired since 1 January 2015, which is currently under renewal request. However, the Company was granted permission to gather forest product in the National Reserved Forest for the area of 6,515 rai for a period of one year and will be renewed on yearly basis.

Nature of Business

United Palm Oil Industry Public Company Limited (UPOIC) is a plantation company that produces crude palm oil (CPO) from its own source of fresh fruit bunches (FFB) as well as FFB purchased from outgrowers in the surrounding area of the crushing mill. Other minor products are crude palm kernel oil (CPKO) extracted from palm kernel (PK) and palm kernel cake (PKC) which are by-products from the earlier-mentioned process and mainly used for the feed mill industry.

At present, UPOIC and its subsidiaries have their own oil palm planted area with the documents of rights for 13,478.06 rai. Other areas belong to State Property comprising lease area and permission to gather forest product with the total area of 15,103.69 rai, located in Krabi and Surat Thani.

UPOIC also owns a palm oil crushing mill in Krabi province and with a processing capacity of up to 450,000 MT of FFB per annum (75 MT per hour). The palm kernel expeller plant (PKX) is capable of processing up to 26,500 MT of PK per annum.

UPOIC's current revenues come mainly from domestic sales. Its main products, namely CPO, CPKO, PKC, are important raw materials for products such as edible (cooking) oil, animal feed, butter, margarine, soap, shampoo, detergent, cleansing liquid, cosmetics as well as food ingredients for snacks and ice cream. PKC is mainly supplied to local poultry farmers and feed millers.

In 2021, CPO sales contributed about 78.35% of its total revenue. The Company produced CPO equal to less than 5% of the total CPO produced in the Kingdom. The Company's crushing mill is one of 104 CPO crushing mills (operational) nationwide.

Revenue structure

Product/Services	2019		2020		2021	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
CPO	442	80.95	737	79.76	1,625	78.35
CPKO	68	12.45	96	10.39	302	14.56
Others	36	6.60	91	9.85	147	7.09
Total Sales	546	100.00	924	100.00	2,074	100.00

Note : All sales are carried out by UPOIC itself, all of which are local sales.

Product Information

1. Crude Palm Oil (CPO) is the oil extracted from fresh palm fruit. Oil Extraction Rate (OER) depends on the palm quality with an average OER of 16% - 18%. By-product of the extraction is palm kernel which is raw material to produce Crude Palm Kernel Oil.
2. Crude Palm Kernel Oil (CPKO) is the oil extracted from palm kernel. The extraction rate is 43% - 44% with Palm Kernel Cake as a by-product which used in animal feed production.

CPO and CPKO are the raw material used for downstream industries such as cooking oil, shortening, margarine, cracker, cake, cocoa butter, ice-cream, creamer, soap, shampoo, candle, glycerin, amins color, food ingredient, chemical products, tin coated, feedstock, etc. In addition, palm oil is currently an important material in Biodiesel production which is an alternative energy for petroleum oil.

Oil palm has significant qualities i.e., high burning point and enriched with beta carotene being beneficial for health. Besides, it has lower absorption than other cooking oils, resulting in not sticking to the fried food, having better food color and longer shelf life.

Product Overview and Factors

Industry structure of oil palm and palm oil consists of three major parts which are (a) palm growers, (b) crushing mill, and (c) refinery and downstream industries. A change in each part affects one another. Over the past decade, there has been an additional demand in palm oil for Biodiesel production, in some years causing an imbalance condition between Biodiesel demand and palm oil supply for consumption, affecting palm oil price.

Other external factors that influence domestic price include global pricing, prices of other vegetable oils that can be substituted, and uncontrollable factors e.g. climate which directly affects the FFB output in each season. In the past, a competition in the market of raw material was mainly on pricing which always led to the price volatility.

Marketing and Competition

(a) Palm Growers

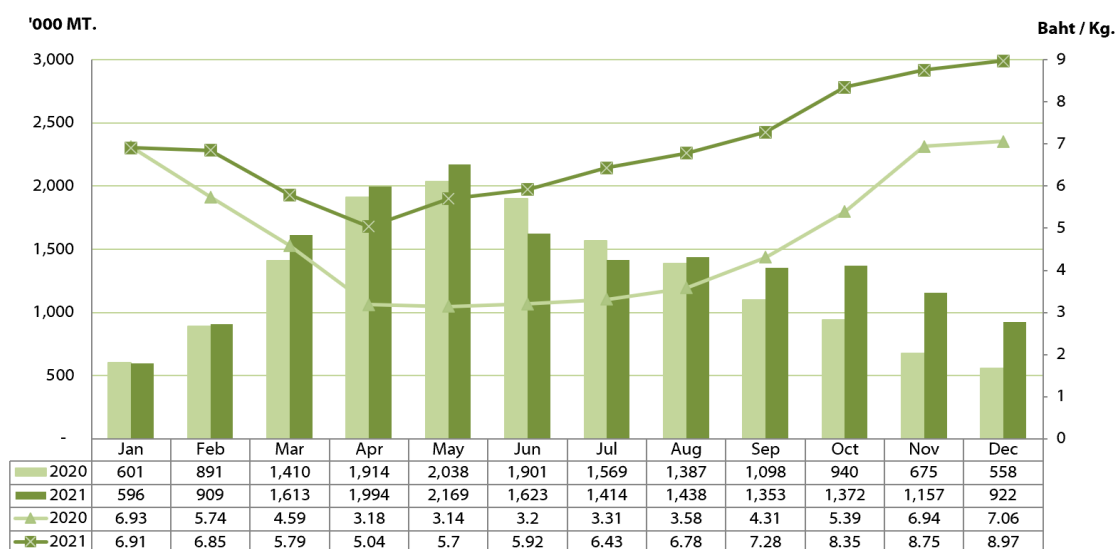
Almost all oil palms are harvested as FFB to produce palm oil, with a small proportion being used as seeds. The increase in oil palm output mainly came from an increase in harvesting area. The oil palm production expanded consecutively from 45,890 MT in 1977 to 1.3 million MT and 16.6 million MT in 1991 and 2021. Thailand doesn't import FFB.

In the past, excess supply of palm oil pressed down the price to low level, supported by 1) favourable climate, having continual rainfall since late 2016 through the whole year of 2019, thus enhancing yield per rai, 2) significant expansion of harvested area to meet the government's target of yearly expansion of 10 million rai by 2029, 3) an influx of maturing oil palms (over 8 years) planted earlier producing high yields. Hence, FFB output each year in

the Kingdom has improved significantly. However, in 2020, FFB output declined due to the dry weather and lower yield attributable to farmers reducing fertiliser applications.

FFB output rose again in 2021 to 16.6 million MT due to improved rainfall during late 2020 through 2021, resulting in adequate water and completed development of palm bunches. Monthly FFB output ranged from its lowest at around 0.6 million MT in January and to its peak of 2.17 million MT in May. The annual average FFB price in 2021 was at 6.90 Baht/Kg (2020 : 4.78 Baht/Kg), with the highest monthly average at 8.97 Baht/Kg in December and lowest at 5.04 Baht/Kg in April.

Figure 1 : Monthly FFB Output and FFB Price (OER 18%)



Source : Department of Internal Trade

(b) Crushing Mills

Palm oil extracted from a crushing mill consists of CPO and CPKO. CPKO well replaces coconut oil. CPKO is extracted only from large-scale crushing mills that separate Palm Kernel from FFB. For small-scale crushing mills, palm oil is extracted from FFB without separating Palm Kernel, resulting in a mixed CPO.

Residual materials from the crushing process include palm fiber, palm shell, and empty bunch. Crushing mills utilise palm fiber and palm shell as the fuel for boiler to generate electricity for internal usage. Palm shell can be used as fuel to replace petroleum oil. Crushing mills sometimes sell palm shell instead of using it as the fuel for boiler; hence adding value to the industry. In some crushing mills, boiler is modified to use not only palm fiber but also empty bunch as fuel. Renewable energy from such Biomass lessens petroleum usage, lowering CPO production cost as well as conforming to the government's energy conservation policy.

The number of CPO crushing mills has increased from 91 in 2013 to about 132 mills at present (of which only 104 mills are still in operation), giving rise to a current total milling capacity of about 30 -35 million MT of FFB per year. This is significantly higher than the FFB output recorded in 2021 at about 16.6 million MT; capacity utilisation rate of crushing mills was about 50%. Because of the significant imbalance between demand and supply, there is an intense competition to buy FFB from farmers to minimise the production cost, perhaps ignoring the quality, leading to price volatility and compromising FFB quality, ultimately hindering the development of the palm oil industry in Thailand.

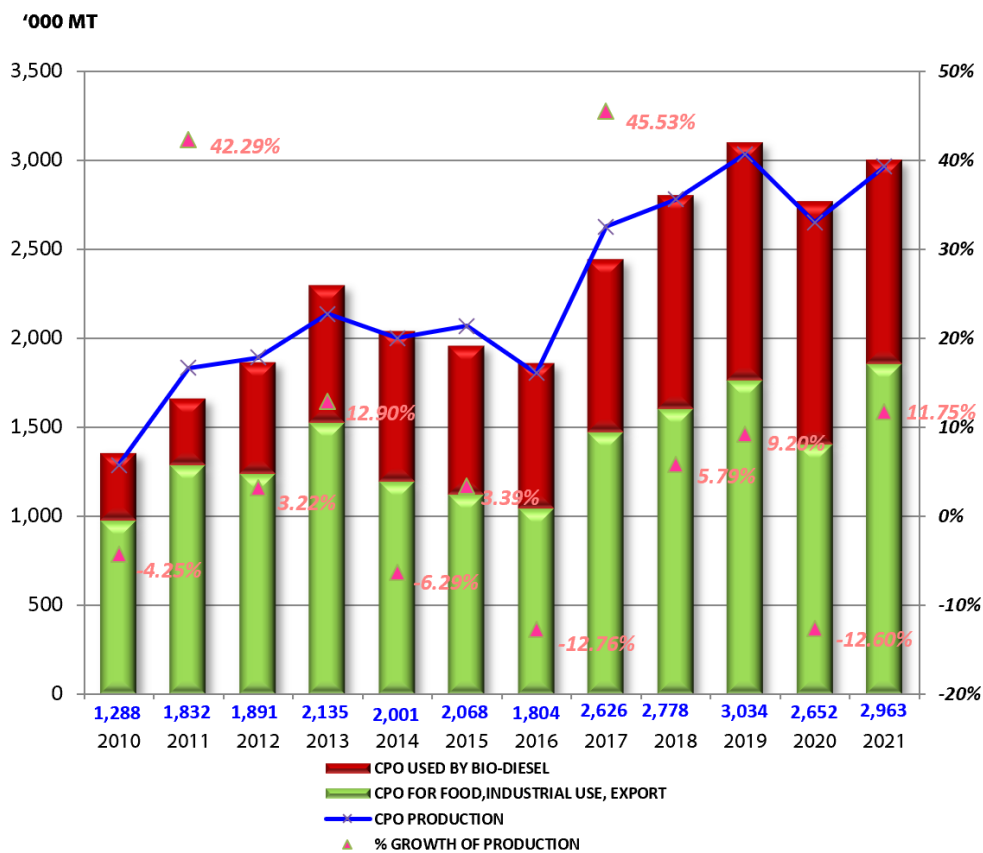
Supply

Each year was characterised by volatility in palm oil supply, depending on FFB output each season. Total CPO production in the Kingdom in 2021 was 2,963,225 MT, increasing by 12% from 2020 (2020 : 2,651,598 MT). The monthly volume was highest in May at 383,446 MT and lowest in January at 101,590 MT. At the beginning of the year, both FFB and CPO output were very low, resulting in CPO stock nationwide dropping to 103,058 MT, the lowest level in 10 years.

Demand

In the past five years, the demand for CPO for consumption in Thailand has tended to decline slightly, while the demand for renewable energy has grown. However, in 2021, demand for CPO for consumption and other industries was 1.24 million MT, up from 1.16 million MT in 2020 by 6.04%, and demand for crude palm oil for renewable energy amounted to 1.15 million MT, down from 1.36 million MT in 2020 by 15.93%. Due to measures to prevent the spread of COVID-19, the use of diesel fuel in the transportation and logistics sectors has decreased, depressing the demand for palm oil as a source of renewable energy.

Figure 2 : CPO Usage in Thailand



Source : Department of Internal Trade

CPO demand in the Kingdom was shared between :-

(MT)	2019	2021	% Change
Consumption and others	1,164,985	1,235,300	6.04
Biodiesel	1,363,651	1,146,381	-15.93

(c) Refinery and Downstream Industries

The downstream processing capacity of palm oil in Thailand is mainly as follows:-

1. *Refineries* : There are a total of 20 refineries in Thailand giving a current refining capacity of about 2.5 million MT of input per annum. The capacity utilisation is estimated at 70%. When compared with a large number of crushing mills, there are fewer players because of entry barriers for newcomers in the form of huge capital investment cost, know-how, and technology. Nevertheless, competition among refineries started to intensify in recent years as the new players apply price strategy in an attempt to gain market share.

2. *Biodiesel Plants* : Thailand has 14 fatty acid methyl esters plants with a total production capacity of approximately 9.4 million liters/day. 70% of the production cost derives from CPO and the remaining 20% is chemical costs, and 10% of operating costs. During 2020 - 2021, the demand for biodiesel has been pressured by the epidemic situation of COVID-19, consequently, the number of trips decreased and the economy contracted severely, resulting in a lack of domestic consumption, the amount of use was around 5.0 - 5.1 million liters/day. As for new entrepreneurs, they continue to invest in accordance with the government's policy to drive the demand for biodiesel consumption and supporting factors on the supply of palm oil in the Kingdom that tends to increase from the expanded planting area.

In addition, CPO price in the world market last year were at a high level. As a result, Thailand was able to export CPO and its products continually. The weakening Baht is a positive factor for exports as was the government's policy to push palm oil exports to reduce excess production in 2021. Continuing from 2020, the Government has been supporting administrative expenses for CPO exports at a rate of not more than 2 Baht per Kg. when the domestic CPO stock level exceeds 300,000 MT and the domestic CPO price exceeds the world market price. The project ended in December 2021 and the export period was scheduled to September 2021.

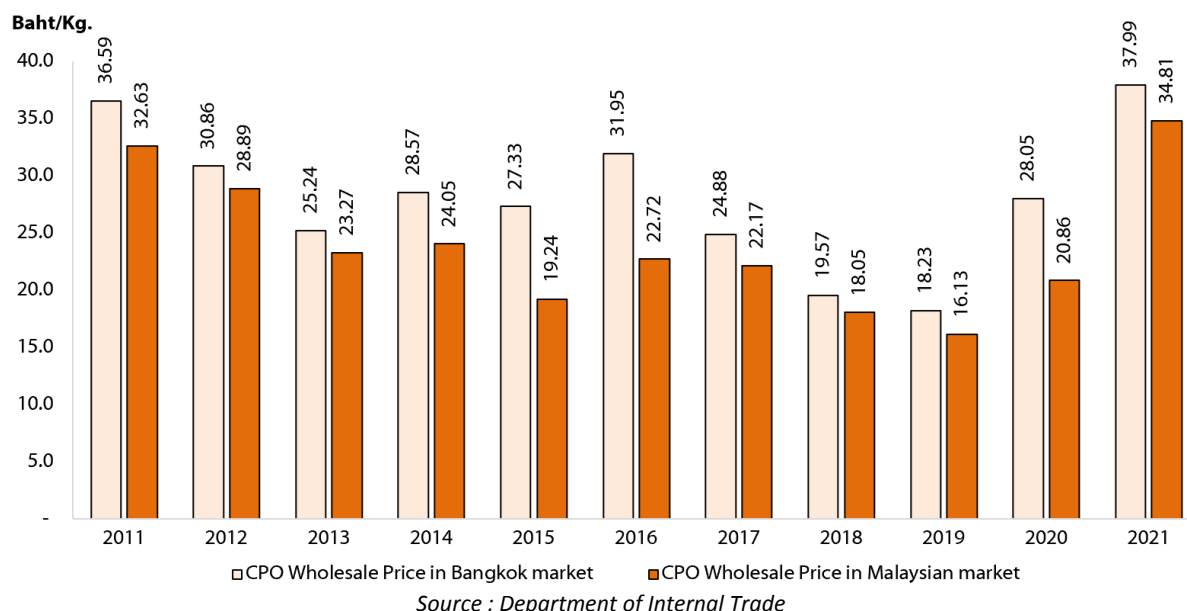
In 2021, the total export volume of CPO was as high as 618,839 MT, worth more than 20,000 million Baht, an increase from 236,251 MT in 2020.

FFB and CPO price

Local prices of oil palm and palm oil depend on the output, usage volume, and CPO stock in nationwide, including the situation of palm oil price in world market as well as prices of other vegetable oils that can be substituted. Monthly CPO price in the Kingdom in 2021 varied between 32.07 – 46.76 Baht/Kg (2020 : 19.34 – 38.76 Baht/Kg). The annual average CPO price was 37.99 Baht/Kg., a 35.45% increase from 2020 (2020 : 28.05 Baht/Kg). CPO price

in the Kingdom had reached its lowest in April and highest in December. The average price gap from the global market was at 3.18 Baht/Kg (2020 : 7.19 Baht/Kg).

Figure 3 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market



From the graph, it can be seen that in 2021, the average domestic CPO price had risen considerably in consistence with global price movements, especially in the second half of the year, which was a continuous uptrend. The average spread compared to the world market has clearly narrowed. As a result, in some months, producers can export CPO, especially when they are able to take advantage the government policy that supports administrative expenses for CPO exports at a rate of not more than 2 Baht per Kg.

Figure 4 : Malaysian Palm oil Monthly Price



Source : <https://www.indexmundi.com/commodities/?commodity=palm-oil&months=120¤cy=myr>

After May 2020, when the world palm oil price dropped to the lowest level in the year, the price of all types of vegetable oil, especially palm oil, began to rise as many countries relaxed lockdown measures to reduce the economic impact caused, there was renewed demand from India, China and the European Union, who are the main importers of palm oil products. However, due to the situation of the Covid-19 outbreak, the supply of palm oil decreased. Malaysia's palm oil production was the lowest in five years. In 2021, Malaysia produced 18.12 MT of CPO (2020 : 19.14 million MT) due to a shortage of workers harvesting oil palm. Meanwhile Indonesia had continued its B30 enforcement program which absorbed approximately 8 million MT of CPO from the market. As a result, there was an imbalance between the supply and high level of overall global demand of palm oil in the world market.

Production disruptions have also occurred in other vegetable oils, such as soybean oil, sunflower oil, and rapeseed oil, caused by the inclement weather in producing countries such as Argentina and Europe, as well as production and transportation bottlenecks due to the epidemic. This had driven the world palm oil price to a consistent and strong rise until the end of 2021, CPO price in the Bursa Malaysia Derivatives (3rd Month) had reached the highest level on 21 October 2021 at 5,220 ringgit per MT.

Industry Trend and Competition Outlook

In 2022, the demand for palm oil consumption and other industries, including the demand for renewable energy, is expected to increase compared to 2021 and 2020. When the COVID-19 epidemic becomes controllable and manageable, the government will relax various epidemic prevention measures. It is likely to cause economic activities increase such as spending, consumption, tourism, and travel. The demand for palm oil consumption within the Kingdom is estimated at approximately 1.2 million MT, the demand for palm oil for biodiesel production at approximately 1.2 – 1.5 million MT.

Overall, the production output is expected to increase due to favorable weather conditions, continuous rainfall since the end of 2020, coupled with good oil palm plantation management during 2020-2021 thanks to good palm oil prices. Consequently, in 2022, the oil palm prices in the Kingdom has a chance to decline. However, another important variables to be considered includes the proportion of biodiesel blends. Due to the late 2021 situation of petroleum oil prices and CPO price used to produce biodiesel (B100) at high levels, the government has therefore reduced the proportion high-speed diesel blending from the original 3 types, namely B7, B10 and B20, to only 1 type, namely B7, to reduce production costs and retail diesel prices. This measure is in force effective December 1, 2021 – March 31, 2022. If the situation returns to normal, B10 will be returned to baseline diesel to maintain the domestic CPO stock at an appropriate level.

To stabilise the oil palm and palm oil prices in the Kingdom, the government also manages CPO inventory at an appropriate level by assigning the Department of Internal Trade and related agencies to issue quickly, accurately and timely report on production volumes, consumption, and palm oil inventories according to the Notification of the Central Committee on Prices of Goods and Services, as well as encouraging the installation palm oil measuring meter in the system to manage and control palm oil stocks in a timely manner.

Similarly, to the world market situation in 2022, it is expected that CPO price is likely to decline compared to the previous year as the world palm oil production tends to increase more than the demand since the shortage of Malaysian oil palm harvesting workers has been partially resolved. However, China and India, the world's major consumers of palm oil, tend

to continuously import a variety of vegetable oils, including palm oil, to build up their country's stockpiles. This is because the existing stocks are insufficient to serve the demand, especially India, which has announced a continuous reduction in import duties on palm oil throughout 2021. Recently, it announced the exemption of basic custom duty for CPO, effective from October 14, 2021 - March 31, 2022 to control the price of edible oils, including the price of other food products, not to rise from the current level. Meanwhile, the EU countries have a “Zero Palm Oil” policy on transport fuel by 2030 in accordance with their environmental conservation goal.

For Thailand, the Euro 5 standard fuel enforcement policy in 2024 to solve the problem of particulate pollution as well as government policies to promote electric vehicles (EV) to reduce emissions are likely to reduce the use of biodiesel and CPO for biodiesel production in the future.

In view of such developments, the context of palm oil will be forced to change from cheap and environmentally damaging vegetable oil to the production of palm oil certified to sustainability and traceability standards. In addition, increasing the value of palm oil for use as raw material for producing environmentally friendly bio-products and promoting the high valued oleochemical industry to replace the demand for CPO for biodiesel production tends to decrease in the future.

However, a direction of palm oil industry in terms of development and evolution to a high level is unclear. A systematic extension to various downstream industries requires high capital investment to generate economies of scale. Currently, excess supply of palm oil left over from domestic consumption has increased. However, the volatility of palm oil quantity and price remains problematic and threatens market equilibrium and further developments.

Number of Competitors and Company Size Compared to Competitors

Most of Thailand's oil palm harvested areas are in Krabi province, followed by Surat Thani, Chumporn, Nakorn Srithammarat, and Phang-nga provinces.

The Company owns one of the largest oil palm plantations in Thailand. Accordingly, the Company has an advantage in terms of FFB cost. The Company also owns a medium size crushing mill with a capacity of 75 MT of FFB per hour.

Presently, there are 132 palm oil crushing mills, of which 104 are in operation. Palm oil crushing mills are spreading in the palm harvested areas in the Southern part of Thailand and have a total capacity of 30-35 million MT of FFB per year.

Competitive Potential

The total capacity of crushing mills at 30-35 million MT of FFB per year is not in proportion with FFB output in 2021 at 16.6 million MT, causing an under 50% utilisation rate of total capacity of aggregated crushing mills. As a result, competition to buy FFB drives up the price without regard to quality control. As the Company owns large oil palm plantations, the Company has an advantage in raw material cost.

Marketing Policy and Strategies

Among all vegetable oils, palm oil is the most commonly consumed. It also has the lowest production cost. Thailand is the third largest palm oil producer, accounting for less

than 4% of global production, far behind Indonesia and Malaysia, which currently have oil palm harvesting areas of around 85 and 35 million rai respectively; Thailand has around 6 million rai, about 90% of which is located in southern provinces due to the weather suitability.

Thai palm oil industry has the potential to develop and grow further, following an expansion of Biodiesel industry and still having low consumption per capita of palm oil for Thai people. Besides, palm oil price is comparatively low compared to other vegetable oils. Generally, there is no lack of demand for palm oil from both domestic and international markets. Predominantly, the Company produces palm oil to serve the domestic demands. In some years, palm oil supply is more than domestic demand due to favorable climate; leading to low domestic price whilst international palm oil price is higher. Therefore, the Company could export to increase profitability. Conversely, when there is less FFB, cost of raw material would be inflated due to a buying competition.

To be able to compete in the global market, the Company needs to control the production cost by improving machine efficiency to reduce oil loss during the process and to elevate more FFB into the crushing process.

Target Market

The majority of the Company's customers are refinery plants, of which, there are currently about 20 plants with a combined annual capacity of 2.5 million MT of raw material. Others are Biodiesel plants. During periods of insufficient CPO for total domestic demands, the government would occasionally approve a palm oil importation to alleviate the tight quantity supply.

In contrast, during a peak season of numerous FFB and excess CPO, the Company may export when the global price is higher than the domestic price.

Distribution and Distribution Channels

The Company sells CPO and CPKO to refinery plants and Biodiesel plants with future or spot contract specifying pricing, delivery destination as well as quality.

Palm Kernel Cake is sold to feedstock mills and herdsman in the neighborhood.

Proportion of Domestic to International Sales in Last 3 Years

The Company did not directly export any palm oil in last three years.

Product Procurement

Product Sourcing

The Company's main product is CPO which it produces by its own. Palm Fruit or Fresh Fruit Bunch (FFB), the raw material for the production of CPO is sourced from the Company's own crop as well as outgrower crop purchased from farmers and other traders/collectors.

By-products include CPKO crushed from Palm Kernel (PK), and Palm Kernel Cake (PKC), by-product from CPKO.

Manufacturing

The Company's crushing mill is located at 98 Moo 6, Km. 9.5, Nuaklong-Khao Phanom Road, Huayyoong Sub-District, Nuaklong District, Krabi 81130. It has the following production capacity (MT): -

	2019	2020	2021
Production capacity (Unit : MT-raw material)			
CPO	657,000	657,000	657,000
CPKO	32,850	32,850	32,850
Utilised Capacity (Unit : MT-raw material)			
CPO	137,789	179,497	277,833
CPKO	3,203	4,067	6,509
Utilisation Rate (%)			
CPO	21	27	42
CPKO	10	12	20
Increased Rate of Production Volume (%)			
CPO	4.5	30	55
CPKO	0	27	60

Note : 1. Number of production shifts are at 2 per day at maximum.

2. Number of actual production shifts are at 2 (16 or 24 hours per day depending on volume of palm fruit.)

Raw Material Sourcing

Since the volume of own FFB crop from the Company's plantations is not enough for the throughput of its crushing mill, the Company is required to purchase FFB from farmers and other traders to optimise the utilisation of the mill. Sources of raw material solely come from domestic, of which the Company has a policy of not relying too much on any single supplier, to ensure the adequacy of raw material.

Problem with Raw Material

FFB output depends on rainfall and levels of supervision, whilst quality of palms with high extraction rate of CPO depends on harvesting process. Owing to good supervision and standardised harvesting, palm quality from the Company's estates is satisfactory and yields high CPO extraction rate.

The annual FFB supply is not enough to meet demand from the crushing mills which are increasing in number year by year. It causes a high competition to purchase FFB, while the palm oil extraction rate is quite low. Besides, unpredictable climate i.e. flooding and drought cause FFB to yield low OER. Also, some growers harvesting when the fruit is immature especially during the high price season.

Aforementioned concerns lead to low yield per rai and low OER.

The Company has policy to improve raw material quality by advising external growers who wish to improve their fruit quality. It practices the quality grading of FFB from external growers at the purchasing point. The Company sets its FFB purchasing price according to the oil extraction rate in order to motivate external growers to deliver qualified FFB. However, the quality grading might not be applicable during the low season.

The Company employs the industry's international standard for CPO extraction technology. To improve the production efficiency, machines and tools utilisation as well as operations are acquired as appropriate. The Company also constantly researches new technology to improve productivity, lessen oil loss, and ridden pollution from production process.

Material Substitution

Crushing mill can use only FFB, and no other raw material, as the feedstock to produce palm oil.

Suppliers of Raw Material

The Company has purchased FFB mainly from nearby farmers in Krabi and Surat Thani, without any one of those selling FFB higher than 30% of total purchase amount.

Proportion of Purchasing Raw Material in the Kingdom and Abroad

FFB is an agricultural crop and required to be crushed within 24 hours, otherwise the Free Fatty Acid may escalate exceeding the standard level for international market. In such cases the selling price will be reduced when delivered. There is no importation of FFB. However, CPO or R.PO may be allowed to be imported from time to time, subject to the conditions determined by the Government.

Assets Used in the Business

1) Fixed Assets

As at December 2021, fixed assets used in the business of the Group are as follows;-

Type of assets	Unit (Rai)	Ownership Document	Net Book Value (Baht)
1. Land			
1.1 Land for palm plantation	13,478.06	Title deed, Nor Sor 3Kor, Nor Sor 3	687,165,225
1.2 Land for factory, Office, Staff house	153.10	Title deed	745,574
1.3 Unused land	-		-
Total Land	13,631.16		687,910,799
<u>Less</u> Allowance for impairment loss			(23,669,599)
Net	13,631.16		664,241,200
2. Office building, Factory building, Staff house		Owner	74,083,622
3. Machine and Equipment		Owner	110,351,850
4. Vehicle		Owner	15,622,599
5. Furniture, fixtures, and office equipment		Owner	1,532,399
6. Plantation Development Cost		Owner	161,811,462
7. Immature and Nursery			14,641,000
8. Land possessory rights			2,052,162
9. Assets under installation and under construction			9,926,919
Total Fixed assets			1,054,263,213

2) Intangible Assets

As at December 2021, intangible assets of the Group are as follows;-

Type of assets	Net Book Value (Baht)
Computer programme	90,382
Total Intangible Assets	90,382

Shareholders

As at 27 May 2021, the major shareholders are as follows:-

No.	Shareholder's Name	No. of Shares	Percentage of Paid-up Capital
1	Lam Soon (Thailand) Plc.*	226,715,110	69.96
2	Wattanachote Co., Ltd.	18,458,100	5.70
3	Mr. Suwit Laohapolwattana	10,488,300	3.24
4	Mr. Somkiat Peetakanonda	5,428,000	1.68
5	Wattanasophonpanich Co., Ltd.	3,621,000	1.12
6	Mr. Thammanoon Sahadithdamrong	3,549,400	1.10
7	Ms. Duangkamol Thanitsaranont	2,400,000	0.74
8	GreenSpot Co., Ltd.	2,365,000	0.73
9	Mr. Chawalit Tsao	2,295,800	0.71
10	Mrs. Nancy Chalermkanjana	2,050,000	0.63

Source : Thailand Securities Depository Co., Ltd.

* Shareholder Structure and Business of Lam Soon (Thailand) Plc.

Lam Soon (Thailand) Plc. as the major shareholder involves in the determination of the Company's business policies and nominates its 4 representatives to be the Company's Directors including one for Executive Director, two for Directors, and one for Managing Director.

- As at 11 March 2021, shareholders holding not less than 10% of Lam Soon (Thailand) Plc. are as follows: -

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Lam Soon Holding Co., Ltd. **	42.11
2	Hap Seng Consolidated Berhad	20.00

Source : Thailand Securities Depository Co., Ltd.

- Nature of Business : a manufacturer and distributor of vegetable oil products, margarine and shortening.

**** Shareholder Structure and Business of Lam Soon Holding Co., Ltd.**

- As at 31 December 2021, shareholders holding not less than 10% of Lam Soon Holding Co., Ltd. are as follows: -

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Bangkok Edible Oil Co., Ltd. (Bangkok Edible Oil Co., Ltd. is an investment holding company in which 49 percent of shares are held by Mr. Whang Shang Ying.)	50.00
2	Mr. Whang Shang Ying (Mr. Whang Shang Ying does not own any shares in LST)	49.00

- Nature of Business : a holding company established to invest in other companies.

Registered and Paid-Up Capital

The Company was listed in the Stock Exchange of Thailand (SET) on 30 April 1991 under stock symbol "UPOIC", and transformed to public limited company on 28 May 1993.

As at 31 December 2021, the Company had the registered and paid-up capital amounting to 324,050,000 Baht with outstanding common shares at 324,050,000 shares (par value of 1 Baht).

Dividend Payout Policy of the Company, Subsidiary, and Joint Venture

With effect from 1993, the Company has a policy of paying approximately 50% of net profit after tax as dividend, subject to prevailing economic situation and capital expenditure requirements.

The Board of Directors resolved to pay dividend for 2021 from the operating result at the rate of 0.50 Baht per share representing 53.79% of net profit after tax, which would be later proposed to AGM for approval, compared with that of previous year at 0.20 Baht per share representing 50.23% of net profit in 2020.

For its subsidiary and the joint venture, as no dividend payout policy has been determined, dividend is paid based on its financial performance and cash flow.

2. Risk Management

Risk Management Committee

The Board of Directors realised the importance of the Risk Management. Therefore, in 2017, the Board approved to formalise the Risk Management Committee. Duties and responsibilities of the Risk Management Committee were presented under “**Corporate Governance**”.

The policy is established to determine the risk management as a part of the Company’s management so that the objectives, goals, and strategic plans of the Company can be achieved as set. The Management and every employee own the risk, then are required to evaluate the risk in every working unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk.

Control System of Utilising Insider Information

The following policy and guidelines of the Company prevents the Executives from utilising insider information of the Company for personal gain:

1. Directors and Executives are obliged to report to the Board on each person’s securities holding and the holding of securities in the Company by his spouse and minor children. This includes penalty provisions under the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand;
2. Executives are obliged to report their holdings of securities in the Company to the Board in every quarter on which the Board meeting is called;
3. Material insider information of the Company should not be revealed to others. This includes impacts on the Company’s securities, and the penalty provisions of a law that the Executives may face according to the Securities and Exchange Act B.E. 2535, as a result of their violation;
4. Directors and Executives are prohibited from trading in the Company’s shares one month prior to the Company’s financial statements being announced and at least one day after the date of financial statements being disclosed.
5. Directors and Executives shall report to the Board of Directors or the delegated person all of their securities trading at least one day in advance in order to notify SEC within three business day after transaction date as specified by the Securities and Exchange Act.

The Company has established the measures to mitigate risk of using inside information including the penalties for violator stated under “**Corporate Governance**”

Corporate Risk Factors

1) Risk from Government Policy : More than 50% of Oil Palm Planted Areas Belong to State Owned Land

Approximately 15,103.69 rai composed of Khiansa estate 8,588.69 rai and Chaiburi estate 6,515 rai, are held by two subsidiaries which represent 50.9% of the total planted areas of the Company and its subsidiaries.

(a) Khiansa Estate had been given permission from the Treasury Department to lease 4,294.34 rai of the State Property for a period of 30 years from 9 July 2014 to 8 July 2044.

For the other 4,294.34 rai, the Treasury Department will allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.

(b) Chaiburi Estate is currently under renewal request for a permit to exploit the area of 6,515 rai. In case, Chaiburi cannot get the permit, the Company has to buy a higher proportion of FFB from outside sources and may face increased raw materials cost as a result.

During the consideration period, the subsidiary was granted permission to gather forest product in the National Reserved Forest upon the obligation to pay official royalty fees at the rate of 10% of market price of oil palm and forest maintenance fees at a double rate of the official royalty fee. Permission was granted since 27 April 2015 which can be renewed on yearly basis.

2) Risk from Government Policy : Part of Oil Palm Planted Areas Announced under the Land of Agricultural Land Reform Office (ALRO)

It was announced that some parts of land owned by the Company overlapped with the land of Agricultural Land Reform Office (ALRO). In 2004, the ALRO issued a letter informing the Company to enter into the legal process of land reform. In 2005, the Company submitted related documents to ALRO to verify the right over the land which the Company had been exploiting and inhabiting before the ALRO announcement. In 2008, ALRO Krabi sent a letter informing the Company to enter into the land distribution process. Some parts of the land amounting to 3,528.46 rai were completely distributed in 2010.

On 5 July 2016, the National Council for Peace and Order (NCPO) issued an order No. 36/2559 re: ordering ALRO to stipulate as the targeted areas land of more than 500 rai that has not undergone the agricultural land reform process. Anyone who possessed the said targeted lands is obliged to file a petition to Provincial ALRO to assert its rights on the lands in accordance with the land code or other laws. The Provincial ALRO will verify all evidence of ownership on the targeted lands. If the owners fail to present evidence of their ownership or if the evidence is proven to be invalid, local authorities appointed by ALRO secretary-general have the right to order the illegal landowners to vacate from the targeted lands within a certain period of time and refrain from any action on the targeted lands.

In July 2018, Krabi prosecutor filed a lawsuit against the Company, in connection with one plot, 4,376 rai of land reform area. Later on 28 April 2020, the Appeals Court dismissed the case. The Case is therefore closed.

During the time, the Company surrendered the land with title No. 601, having approximate area of 973 rai, located at Krabi Noi Sub District, Muang District, Krabi Province to Krabi Provincial Agricultural Land Reform Office. Later on 1) 9 March 2020, 2) 21 July 2020,

and 3) 4 June 2021, the Agricultural Land Reform Office (ALRO) issued a notice designating land plots under title 1) No. 602, covering a total area of 683 rai, 2) No. 603, covering a total area of 3,617 rai, and 3) No. 604, covering a total area of 4,200 rai, respectively, located in 1) Krabi Noi Sub-district, Muang District, 2) Huayyoong Sub-district, Nuaklong District, and 3) Khao Phanom and Phru Tiao Sub-district, Khao Phanom District, Krabi, as a prospective area for land reform which is not incorporated in a land reform program. Presently, the Company is opposing the order in accordance with legal procedures. However, in the event that the Company is required to surrender the three pieces of land, the Company has to buy oil palm fruits from outgrowers to compensate for the shortfall in palm fruits, which will subsequently lead to a higher cost of raw materials for the Company. Furthermore, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2021 are to decrease by 17 million Baht. (Information as presented in “News Highlights of Previous Year” item 6)

In addition, there are some significant legal cases regarding the land of the Company as as presented in “News Highlights of Previous Year” item 5.

3) Strategic Risk : Palm Oil Price Volatility

Being a commodity, the price of CPO is highly volatile. In some periods, there is a shortage while in other years there is an oversupply. The monthly average price of CPO in 2021 ranged between 32.07 – 46.76 Baht/Kg (2020 : 19.34 – 38.76 Baht/Kg). The annual average CPO price was 37.99 Baht/Kg., a 35.45% increase from 2020, compared with the average price in global market at 34.81 Baht/Kg. The high volatility of local price during the year is exacerbated by inadequate inventory management. Besides, the peak season of palm crop delivers abundant output leading to accumulated CPO stock balance which normally push the prices of FFB and CPO down sharply. Such circumstance may lead to price intervention introduced by the Government.

4) Uncontrollable Risk : Climate

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, and the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season. Recently there have been fluctuations in weather phenomenon that is very uncommon. Heavy flooding in some years and severe drought in others have increased the volatility in output each year or during the year, leading to government intervention.

5) Management Risk : Excess Capacity of CPO Crushing Mills

At present, there are approximately 132 CPO crushing mills (of which only 104 mills are still in operation), most of which are located in Surat Thani, Krabi, Chumporn provinces, giving rise to a combined Fresh Fruit Bunch (FFB) processing capacity of 30 – 35 million MT per year. Therefore, there is a mismatch between such overall high processing capacity and FFB output in 2021 at 16.6 million MT from 6.2 million rai of mature growing area. Utilisation of milling capacity is around 50% leading to competition in the buying of FFB and high prices, irrespective of quality.

6) Management Risk : Selling of CPO to Major Customer

In 2020 and 2021, the Company sold 81.97% and 82.17% respectively of its products to one major customer, namely Lam Soon (Thailand) Plc. (LST). While this constitutes a risk of over reliance on a single major customer, the Company has had continued good relations with LST, who is moreover also the Company's major shareholder. LST is a separate public listed company with strong financial background and has enjoyed a good reputation in the palm oil industry. For these reasons, the Company considers that the risk of losing LST as its customer or that it will encounter financial difficulty is remote. In any case, the Company can sell its products to other customers, whether for use as edible oil or as a source of alternative energy.

7) Management Risk : Major Shareholder Holds More Than 50% of Paid-Up Capital

Lam Soon (Thailand) Public Company Limited (LST) currently holds 69.96% of the Company's paid-up capital. As a consequence, it deems that LST has the control power over the Company's policy, including over the general management. Further, having the same Managing Director might lead to the conflict of interests between the two companies arisen from the connected business transactions.

Nevertheless, the business transactions with majority shareholder, selling CPO to LST in particular, have been reviewed by the external auditor to ensure that the prices shall be the same as the transaction with the third party. In addition, the said transactions as well as the transactions corresponding to the rules and regulations of the SET regarding related transactions are also mentioned and declared in item 6 of the Notes to financial statements.

3. Business Sustainability Development

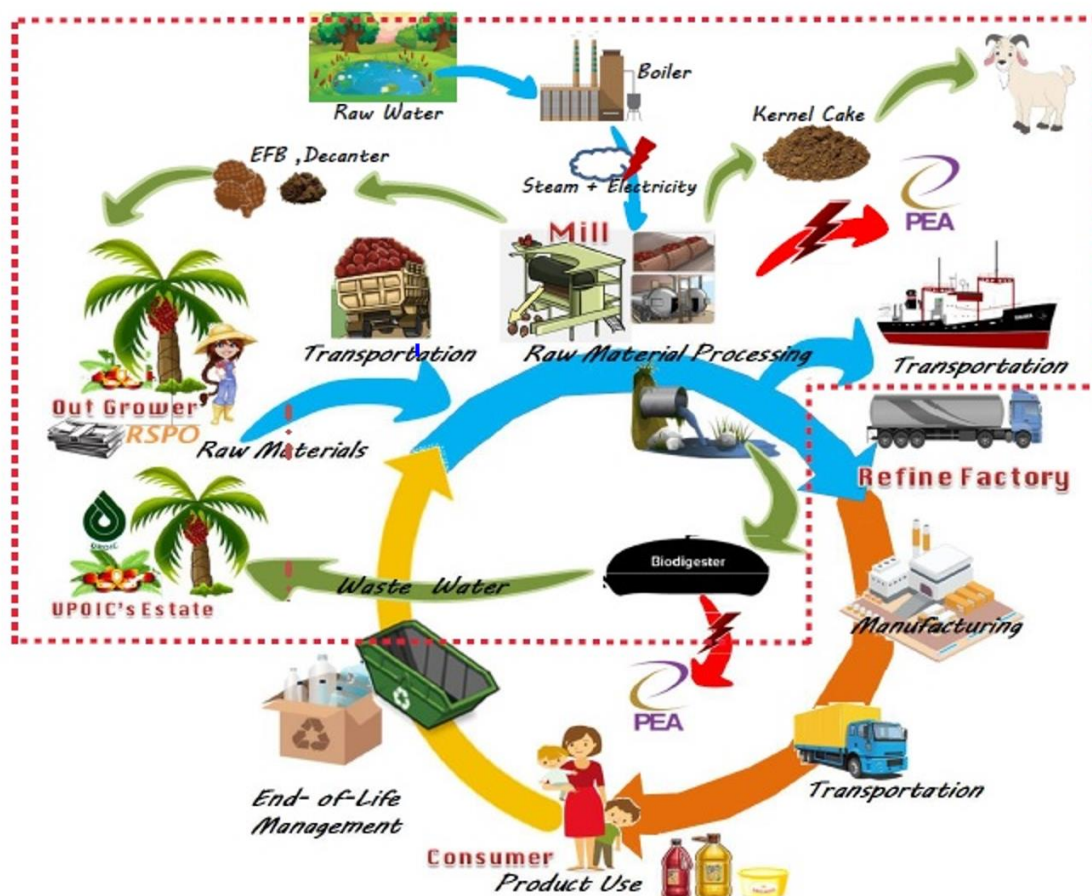
3.1 Policy and objectives of sustainable management

The Company is committed to conducting its business with consideration to environment, society including human rights, and governance. The Company has disclosed policy and guidelines on its website www.upoic.co.th.

The Company received Roundtable on Sustainable Palm Oil Certification (RSPO), ISO14001, and CDM which are global certifications. The Company is subject to an annual appraisal by external inspector, which confirms that it abides by laws without affecting environments and neighborhoods.

3.2 Management of impacts on stakeholders in the business value chain

3.2.1 Business value chain



The Company's business value chain demonstrates the relationship between stakeholders in business operations from upstream to downstream. The Company commits to create value and promote qualified raw materials to produce satisfactory products for stakeholders. There are 2 value chain activities as follows:

1. Primary activities

(1) Production factors management or inbound logistics

In its upstream activity, the Company purchases palm bunches from growers and palm ramps as its raw material. The Company records oil palm growers accounts respecting that the oil palm harvest area must be legal, clearly clarified area, without forest burning, and child labour. To ensure that the Company considers and values oil palm harvest area where no harmful effect caused to community and stakeholders, the Company promotes and educates growers how to harvest FFB, according to agricultural product standard Mor Kor Sor 5702-2552, in order to control raw material quality. Another source of raw material is from the Company's own estate which is certified by RSPO. The Company also pays attention to harvesting process and palm bunch delivery to plants.

(2) Operations

The Company's business is extraction of CPO and CPKO, and generation of electricity for sale. Business processes are harvest area preparation, palm seedlings preparation, planting, supervising, palm bunch harvesting, raw materials collecting and purchasing, raw material delivery to plants, raw material's quality sorting, production controls, products quality controls, machine and equipment maintenance, human resources recruitment, storage, delivery, as well as selling and delivery of products to customers.

The principal production processes are raw material collection, quality screening, crude palm oil extraction, crude palm kernel oil extraction, and electricity generation from biogas. The Company also sell palm seedlings under "Cirad" brand name.

(3) Product distribution or outbound logistics

In distributing products to customers, the Company considers logistic cost and service level. The Company operates at full capacity during high season of raw materials to produce sufficient products for sale as well as storage planning. The Company selects delivery company that uses alternative fuel in their trucks i.e B10, B20 to reduce air pollution and support oil palm growers. The Company focuses on timely delivery with quality conservation to bring about suitable cost efficiency.

(4) Marketing and Sales

The Company sells its CPO and CPKO to palm oil refineries and Biodiesel plants. The Company enters into agreements specifying on pricing, product specifications, number of products and product delivery date.

(5) Customer services

The Company pays attention to product quality from the originated point to the destination. To ensure customer's confidence in quality and product traceability, the Company also surveys customer's satisfaction in every lot of products delivered.

2. Supporting activities

Besides the abovementioned primary activities, the Company educates external growers on oil palm management to reduce their cost, increase productivity and obtain sustainable revenue. The Company applies new technology in production process and

together customers jointly develop and research product improvements and value-add in response to customers' needs in the future.

3.2.2 Analysis of stakeholders in the business value chain

The Company values all its stakeholders, both internal and external. It conducts stakeholders' expectations analysis to evaluate potential consequences, and align with stakeholders' expectations.

Subject matter	Expectation	Consequence
1) Internal expectations		
Employees	Career path progress	Low turnover rate
	Internal activity participation	Company loyalty
	Fair and sustainable income	Low turnover rate
	Good welfare	Low turnover rate
	Work environment	Low turnover rate
Shareholder	Good annual dividends payment	Liquid current asset
2) External expectations		
Community – land issues	Rights of land pass roaming for community	Community coexists, Lower complaints
Contractor	Fair and fit employment	Qualified succession
Customer	Timely and competent delivery	Confidence and repeated orders
Local administrative/ community	Community employment	Increase employment
	Local culture support	Good relationship with community
Supplier / sub-contractor	Timely and full payment	Good image, supplier preference
	Safe working area	No accidents
Government agencies	Law abidance	No law punishment
	Activity sponsorship	Activity participation

3.3 Management of environmental sustainability

3.3.1 Environmental policy and guidelines

The Company has in place an environmental policy which has been put into practice in various fields, and has been certified according to ISO 14001 standard, RSPO, and CDM. To comply with the law, inspection reports, such as Form Sor Kor 1, Sor Kor 2 submitted to the Industrial Waste Management Division.

The Company has extensive environmental management – water pollution, air pollution, debris, waste. For air pollution management example, the Company inspects exhausted pipe twice a year. In its production process, the Company uses electricity generated from biogas that derived from palm shell, as a substitute for buying electricity from Provincial Electricity Authority so reducing electricity usage from government agency. The Company separates wastes and manages assortment by waste type as well as reported to government agency such as industrial waste report (Kor Or. 1).

The Company intends to operate without environmental aftermath. Beginning with the upstream business i.e raw material procurement, the growers must not invade forest to grow oil palm and not burn forest in preparation for new harvested area as well as not invade or destroy High Conservation Value area of the community.

3.3.2 Environmental operating results

The Company has been registered with Thailand Greenhouse Gas Management Organization (TGO) for a project that used wastewater from palm oil production process to generate biogas. Presently, the Company has a total carbon credit of 55,477 tCO₂e and receives an international recognition CERs. In 2021, the Company submitted a request to upgrade the Green Industry from level 3 to level 4 to confirm the Company's commitment in conducting business under environmental laws. Furthermore, in the same year, the Company had upgraded the sustainable standard certification of oil palm production from Mass Balance Module (MB) to Identity Preserved Module (IP). This certification enhances importance of direction and practice from upstream to downstream as well as build customers' confidence regarding raw material procurement and production process without affecting community, environment, and stakeholders.

- a) *Energy management*: The Company values energy management and implements measures to reduce all types of energy usage by utilising new technology such as adopting vertical palm steriliser and switching to LED light system. In 2021 the Company was able to save energy as follows:-
 - Electric power usage is reduced by 7,125 kwhr/yr or 30,138 Baht.
 - Steam power usage is reduced by 150 kg steam/tFFB or 3,084,480KJ/year or 156,780 Baht.
- b) *Water pollution management*: The Company manages water resources by largely reformed untreated water from natural resources to utilize in production process and other internal consumption. Average water usage is 1,200 cubic meter per day. Wastewater from production process will pass through fermentation process to form methane gas in order to generate electricity to be sold to Provincial Electricity Authority in a total of 2 MW through electricity generating from biogas project. The wastewater that has passed through fermentation process will be stored in aeration lagoon, then used in palm estate afterward.
- c) *Air pollution management*: The Company cleans boiler's combustion chamber annually and inspect impurities level drained from plant twice a year, in which the inspection result passes Ministry of Industrial's standard.
- d) *Waste and hazardous waste management*: The Company manages waste and hazardous waste by disposal of waste and industrial waste with a record as follows:-
 - Waste disposal: waste assorted into 3 bins with different color for storage - green bin for general waste, yellow bin for recycle waste, red bin for hazardous waste. 3 different waste types will be separately stored and disposed.
 - Industrial waste: Industrial waste are assorted, stored, and disposed separately such as empty fruit bunch used as fuel for biomass power plant as well as compost, and decanter cake sediment used as compost.

Up to now, the Company is aware of the importance of laws and environmental aftermath. Historically, the Company never committed any environmental wrongdoings with no environmental nor community repercussion complaints. In addition, the Company has checked quality of work area environment (heat, light, sound, chemical substance) annually as well as impurities level drained from plant (air pollution). In 2021, inspection records were within the law limit and no chemicals from operation leaked.

e) *Greenhouse gas reduction management*: The Company has reduced greenhouse gas effect from upstream to downstream operations as follows:-

- Direct greenhouse gas emission namely
 - ✓ Clean energy usage such as biomass fuel which causes less CO₂ than fuel oil.
 - ✓ Environmental-friendly coolant usage such as R-1233zd which ozone layer safe.
 - ✓ Production technology modification such as palm steamer change from horizontal to vertical direction which lessens electric and steam powers usage.
 - ✓ B10 and B20 diesel fuel usage with trucks, loaders, and other engines to lessen PM2.5 dust.
- Indirect greenhouse gas emission namely buying electricity from PEA during the shut-down period.

3.4 Social sustainability management

3.4.1 Social policy and guidelines

1. The Company has set human resources management policy, conforming with Thai labour standard requirements and related laws, by adhering to moral, orderly, harmonious, good understanding among staff principles. The Company supports and encourages staff to earn knowledge, capabilities, skills, motivations as well as good health, perseverance, work passion as well as self and social responsibilities for management succession specifically. The following practice have been set.

1.1 All staff are treated fairly, equally, and honorably as part of the Company.

1.2 Human resources recruitment, compensation, training, termination or retirement are treated reasonably without a preference of ethnics, class, nationality, religion, disability, gender, gender deviation, political party membership or political participation. Only eligibilities of position, education, knowledge, capability, experience, physical condition and other job specification's necessity are considered. Staff will be suitably appointed and rotated reasonably.

1.3 No labour imposition such as under 18 years old child labour, binding labour, debt-repayment labour, imprisoned labour, slaved labour, human trafficking labour or illegal labour.

- 1.4 The Company encourages staff to participate in efficiency improvement activities and training for continuous learning development.
- 1.5 The Company provides safe and sanitary working area and environment for staff such as residence, drinking water and restroom.
- 1.6 The Company arranges and regularly educates safety process in work environment as well as encourages staff to clean and care for work conditions to prevent the accident in working area.
- 1.7 The Company believes that good communication will bring good relationship and efficiency in workplace. Hence, the Company supports related news recognitions. The Company also respects staff corporation for settlement and membership in labour union by allowing freedom and liberty in association and negotiation. Staff are able to connect and contact workplace peers without the Company's intervention in activities regarding beliefs and needed practices.
- 1.8 The Company set suitable and clear policy regarding social responsibility and labour conditions with continuous supervision, review, monitoring, revision and development for sustainable labour management.
2. The Company has risk management policy for both internal and external stakeholders. The Company implements risk appraisal and internal risk management measures in accordance with stakeholders' expectations both directly and indirectly.
3. The Company regularly communicates with staff, partners, customers and related parties. For staff, department head informs policy and other matters via department meetings. For partners, customers and related parties, responsible staff conveys the Company's policy including disclosure via website.
4. The Company discloses policy on human rights on website. The Company has scrutinized overall human rights issue to ensure the Company's operation does not violate any human rights throughout the value chain. The Company has set the investigation scope, related human rights issue as well as analyses potential consequence and possibilities. These prioritize internal human rights risk issue along with suitable preventive and settling measures. The Company also follow-up and update prevention plan. The Company values fair labour treatment and respects human rights inclusive of recruitment, compensation, promotion, training and development, which specified in human resources management policy. The Company does not segregate any difference in gender, age, educational institution, ethnic, religion but support employment among less fortunate groups i.e. disables, seniors, acquittal to provide opportunity, career, continual income as well as achieve Sustainable Development Goals (SDGs) of Thailand and global.





3.4.2 Social operating results

The Company commits to develop social responsibilities standard and management system by appointing management to supervise practices in accordance with social responsibilities standard. The Company also appoints social responsibilities committee, consisting of representatives from management, labour union and employees committee to contribute to the social responsibilities standard practice along with continuously follow social and community responsibilities policy of the Company.

(1) Community and society

The Company operates under laws as well as communal, social and environmental responsibilities, avoiding any operations that may cause negative repercussion to community's quality of life. In 2021, no complaints were received on environmental, communal and social aftermath. The Company also continuously supports and cooperates with the community to develop the quality of life and society. In 2021, the Company participated in community activities as follows:-

	<p>January : Sponsorship to Tab Prik sub-district administrative organization to organize national children's day at Tab Prik sub-district, Muang district, Krabi province</p>
	<p>January : Sponsorship to Plai Praya district to setup COVID19 screening point at Bang Sawan sub-district, Phra Sang district, Surat Thani province</p>

	<p>April : Sponsorship for security guard vest at community security guard post in Chaiburi sub-district, Chaiburi district, Surat Thani province</p>
	<p>June : Sponsorship to build flagpole at Ban Mak school, Bang Sawan sub-district, Phra Sang district, Surat Thani province</p>
 	<p>June : Sponsorship for drinking water to Nua Klong district Office, Nua Klong hospital, Labour Protection and Welfare Office, Office of Skill Development, Social Security Office to distribute to public and medical staff in COVID-19 vaccination occasions in Krabi province</p>

(2) Staff and labour

The Company appoints representatives from management, electoral staff and Thai labour standard committee to attend Thai labour standard practices. The committee had meetings and submitted the report presenting the Company's 2021 employment status and work environment and indicating the number of employee as follows:-

Employment status

Details	Number of employees (headcount)	
	Male	Female
Full-time employee	196	77
Disable employee	4	2

Staff training

In 2021, the Company provided training courses to sustain staff's skills and capabilities with average training hours or learning activities complied with requirements of the Department of Skill Development as follows:-

- RSPO Supply Chain Version 2020 new requirements
- Safety Officer Supervisory level and Management level
- Environmental management sustainability, role and network
- Organization Promoter to 4.0 Era Supervisory level
- Personal Data Protection Act B.E. 2562 (2019)

Safety, occupational health and work environment

In 2021, the Company continuously improve safety, occupational health and work environment by focusing on management and risk control of safety, occupational health and work environment. To operate systematically upon minor risk in ailment, injury or death along with suitable supervision for life quality of staff and stakeholders, the Company applies international engineering standard, laws and regulations to indicate, appraise and control risks from operations, storage, delivery, and maintenance. To build confidence in management and establish responsibilities in safety, occupational health and work environment for staff and stakeholders which are

1. Appraise safety, occupational health and work environment practice in workplace
2. Pursue related new regulations from Ministry
3. Examine laws compliance
4. Assess annual safety, occupational health and work environment performance
5. Form annual safety, occupational health and work environment plan

Employee's engagement

The Company has policy to employ local labour to promote circular economy in the community. Moreover, the Company provides 5% of monthly salary in provident fund to support staff's retirement finance.

(3) Customers

The Company values customers by conducting satisfaction survey in quality, transportation, on-time delivery and other services for further improvement. The Company also provides complaint channel for stakeholders.

4. Management Discussion and Analysis

Review of operations

Estate operations

In 2021, the total volume of own crop was higher than 2020 by 10.7%; FFB from own estates increased by 17.0% and FFB from concession land increased by 1.9%. Although, upkeep cost increased as a result of additional fertilising for better productivity, your Company restructured estate employees so that employee costs were controlled during low harvest season. Therefore, the cost of own crops decreased by 2.7%.

The subsidiary's concession area is approximately 15,103 rai. The details are as below:-

Location and Land Area	Expiry Date	Remark
1) Khiansa estate 1.1 4,294 rai	8 July 2044	<ul style="list-style-type: none"> The Treasury Department had entered into the lease agreement with the Company's subsidiary for 30 years and is valid from 9 July 2014 to 8 July 2044.
1.2 4,294 rai	when the land allocation to poor people is completed	<ul style="list-style-type: none"> The Treasury Department granted the subsidiary the right to exploit the land and pay the determined rental fee until the land allocation is completed.
2) Chaiburi estate 6,515 rai	11 May 2022	<ul style="list-style-type: none"> The subsidiary's request to the Forest Department to grant a permit to exploit an area is now under consideration. In the meantime, the subsidiary was given permission to gather forest product in the National Reserved Forest in return for the payment of official royalty fee at the rate of 10% of market price of oil palm and forest maintenance fee at a double rate of official royalty fee. Such permission was granted for a period of one year and is subject to yearly renewal.

Mill operations

Since 2020, the Company adjusted its policy for FFB purchase by considering purchase volume to enter the mill especially during high FFB season. In 2021, as a result, FFB purchased from out-grower increased by 73.4% and the output of FFB crops from own estates increased from the year 2020 as mentioned. As a consequence, the total volume of FFB processed increased by 52.8%. The proportion of FFB from outside source and own estate in 2021 were 76.1% and 23.9% of the total volume of FFB (2020: 67.1% and 32.9%).

In 2021, the price of CPO in the international market rose due to Covid-19 epidemic causing a shortage of labour in harvesting and exporters could export more CPO. As a result, FFB price rose year on year in line with the international market. The average cost of FFB processed hence rose 57.2%. However, an increase in FFB volume processed contributed to a 13.9% and 5.5% decrease in mill cost of CPO and CPKO, respectively. The average selling

price of CPO and CPKO increased by 48.3% and 71.4%, respectively. Hence, gross profit of the Company and its subsidiaries increased by Baht 210.7 million or 125.9%.

The Company and the Joint Venture received promotional privileges from the Board of Investment. Details are as follows:-

1. Electricity produced by biomass power plant of the Company received the BOI Certificate no. 1043(2)/2548, dated 29 November 2007 for electricity produced by biomass power plant at 1.2 Megawatt, the Company is exempt from corporate income tax on the operation for 8 years starting from the first date of realising income since 21 August 2015.
2. Oil palm seed propagation of joint venture (Siam Elite Palm Co., Ltd) received the BOI Certificate no. 1262(2)/2550, dated 13 March 2007 for the project of oil palm seed propagation provided exemption of corporate income tax on the operation for 8 years starting from the first date of realising income since 20 February 2014.
3. CPO production, machine modification to enhance production efficiency, of the Company received the BOI Certificate no. 64-0382-1-05-1-0, dated 2 April 2021, the Company is exempt from corporate income tax on the operation for 50% of investment to improve production efficiency excluded land and working capital for 3 years but not exceed Baht 24,138,681.50 starting from the first date of realising income since 17 February 2021.

Revenues: Sales and other income

Total sales revenue of the Company and its subsidiaries for the year 2021 increased by Baht 1,150.6 million or 124.5% year on year. This was because of

- (a) increase in average selling price per unit of CPO and CPKO by 48.27% and 71.44% respectively, due to the rising of CPO price in the international market impacted to domestic CPO price
- (b) higher sales volume of CPO and CPKO which increased by 48.3% and 87.3%, respectively.

Other income for the year 2021 increased by Baht 9.2 million or 20.9% from the year 2020. It caused from increase in by-product (shell and EFB) sales while decrease in gain on assets disposal. In addition, property insurance compensation from fire accident paid from insurance company in 2021 was Baht 7.7 million (2020: Baht 18.7 million).

Gain arising from change in fair value of biological assets was Baht 25.9 million. (2020: Baht 18.7 million)

Expenses: Cost of sales and Expenses

- Cost of sales in the year 2021 was Baht 1,696.3 million, or Baht 939.9 million or 124.2% higher than the year 2020 due to average FFB cost having increased by 57.2%.
- Selling expenses increased by Baht 20.6 million from the year 2020 in line with sales volume

- Administrative expenses increased by Baht 5.4 million from the year 2020 mainly from loss on disposal of unused assets from using new vertical sterilizer and write off land and palm plantation development on disputed land
- The Company realized an impairment loss on the cost of land and net book value of the cost of palm plantation development on the land reform area in 2021

Profit: Consolidated Profits

From the reasons mentioned above, in 2021 the Company and its subsidiaries enjoyed a higher gross profit of Baht 210.7 million or 125.9% as well as an increase in other income, selling and administrative expenses. Furthermore, the Company recorded gain from change in fair value of biological assets from adopting TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant including realized an increase in share profit from investment in Joint Venture. As a consequence, the Company and its subsidiaries recorded an increase in net profit after tax of Baht 181.7 million (2020: net profit after tax of Baht 125.1 million).

Return on Shareholders' Equity

Return on shareholders' equity increased from 11.6% in 2020 to 24.4% in 2021 as the operating profit increased.

Dividend payout ratio

In 2021, UPOIC paid dividend out of profit for 2020 at the rate of 0.20 Baht per share in May 2021 (2020: 0.025 Baht per share).

UPOIC has a policy of paying not less than 50% of net profit after tax as dividend.

Book value (weighted average number of ordinary shares)

As at 31 December 2021, the book value per share of the Company and its subsidiaries was 4.25 Baht (weighted average number of shares at 324.05 million shares), or an increase of 21.4% from 3.50 Baht in 2020 (weighted average number of shares at 324.05 million shares) as the result of increase of profit for the year.

Financial position

Assets

The Company and its subsidiaries had total assets of Baht 1,766 million, an increase of Baht 282 million or 19% when compared with 2020. Return on assets increased to 18.9% (2020: 8.9%). The major factors are as follows:-

- Trade receivables increased by Baht 188.4 million as higher sales at the end of period.
- Inventory increased by Baht 118.8 million as CPO volume increased by 123.6% and unit cost increased as a result of average FFB price being higher than previous year.

Source of Fund

The structure of capital

Under the consolidated financial statements as at 31 December 2021, source of fund comprised Baht 1,377 million from shareholders' equity and Baht 389 million from liabilities, in the ratio of 78%: 22% respectively. Loans from financial institutions amounted to Baht 245 million or 63% of total liabilities, consisted of short-term loan, current portion of long term loan Baht 182 million, and long term loan Baht 63 million, which the Group has complied with Financial Covenants attached to the loan agreements. The ratio of debt to equity was 0.28 times at the end of 2021 (2020: 0.31 times) due to the increase of total shareholder's equity in 2021 from increase in profit of the year.

Shareholders' equity

The Company and its subsidiaries recorded net profit in 2021 of Baht 307 million. In 2021, the Company paid dividend amounted to Baht 65 million for the fiscal year 2020. As such, the shareholders' equity of the Company and its subsidiaries increased from 2020 by Baht 242 million.

Liabilities

The Company and its subsidiaries' liabilities of Baht 389 million comprised current liabilities at Baht 234 million and non-current liabilities at Baht 155 million, an increase of Baht 40 million from 2020 or 11%. The main factors were that deferred tax liabilities increased by Baht 29 million and trade payables increased by Baht 17 million. While income tax payable decreased by Baht 10 million.

Financial liquidity

At the end of 2021, the Company and its subsidiaries recorded cash and cash equivalents at Baht 33 million, compared to Baht 40 million at the same period of 2020. The major reasons for the decrease of Baht 7 million are as follows: -

- Net cash flows from operating activities amounted to Baht 89 million, a year on year decrease of Baht 40 million. This was derived from the operating profit result as mentioned above, an increase in trade accounts receivable and inventories.
- Net cash flows used in investing activities amounted to Baht 32 million, a decrease of Baht 40 million when compared with Baht 72 million used in 2020. This was due to a decrease in investment in machinery and equipment from the previous year.
- Net cash flows used in financial activities amounted to Baht 65 million compared to Baht 38 million in the previous year. This came from dividend payment.

Financial ratios

- The current ratio was 2.7 times, an increase of 1.6 times from 2020 due to an increase of trade receivables and inventories.

- The quick ratio was 1.1 times, an increase of 0.8 times from 2020 due to an increase of trade receivables.
- The ratio of cash flows from operating activities to current liabilities was 0.38 times, a decrease of 0.07 times from 2020 due to a decrease of cash flows from operating activities as stated above.
- Debt collection period was 23 days (2020: 14 days), an increase of 9 days from 2020 as sales at the end of period increased compared to the same period of 2020.
- Payment period was 6 days (2020: 10 days), a 4 day decrease from 2020, mainly due to an increase in cost of sales which was proportionately higher than an increase in trade accounts payable.

Capital expenditure

- In 2021, the Company invested in new machine and equipment to continuously enhance production efficiency, such as 4,000 tons of oil tank or Biogas and Biomass power plants, etc.
- For future investments, the Company has been exploring advanced technology equipment to replace the old ones, modification of machinery to improve working efficiency.

Factors or circumstances which might affect financial performance in the future

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season, and the volatility of palm oil price. Furthermore, the Government continues its policy to support farmers during peak season of FFB, hence creating market distortion. Moreover, there are 104 CPO crushing mills in operation with total capacity utilisation below 50%, leading to intense competition in buying FFB, irrespective of quality, resulting in higher cost of sales.

Another crucial factor is the legal tenure of the plantation area, 52.8% of which is State Property. Subsidiaries can obtain the lease for only 15% of the total plantation area while other areas are still undergoing process. In case that the government does not extend the lease, the Company would have less plantation area and be compelled to buy a higher proportion of FFB from outside sources, resulting in higher cost of sales.

Besides, some plots of land owned by the Company overlap with the land of Agricultural Land Reform Office (ALRO). Hence, the Company may lose such land. More details are presented in Note 31 to the financial statements.

Please refer to **Corporate Risk Factors** and **Marketing and Competition** as explained earlier.

Financial Highlights

Name : Ms. Vilailak Laohasrisakul
 Certified Public Accountant No. 6140
 Office : EY Office Limited

1) Remuneration of statutory auditor (Audit Fee)

The Company and its subsidiaries nominated the same office of the statutory auditor and audit fee was determined as follows: -

Audit Fee (Baht)	2021	2022
for the Company	1,030,000	1,080,000
for joint venture (Siam Elite Palm)	315,000	315,000
for three subsidiaries	140,000	140,000
Total	1,485,000	1,535,000

2) Non-Audit Fee

Apart from the Audit Fee, a fee for verifying BOI project including imported machineries and corporate income tax submission was determined as follows: -

Fee for verifying BOI project (Baht)	2021	2022
for the Company	100,000	100,000
for joint venture (Siam Elite Palm)	100,000	100,000
Total	200,000	200,000

The Consolidated financial statements include the financial statements of the Company and the following subsidiaries:

- Phansrivivat Co., Ltd. (100% shares held by the Company)
- Prachak Vivat Co., Ltd. 100% shares held by Phansrivivat Co., Ltd.
- Phansri Co., Ltd. 100% shares held by Phansrivivat Co., Ltd.

Summary of Consolidated Financial Statements

United Palm Oil Industry Public Company Limited and its subsidiaries Statement of financial position as at 31 December

	<u>2021</u> Baht	%	<u>2020</u> Baht	%	<u>2019</u> Baht	%
<u>Assets</u>						
Current assets						
Cash and cash equivalents	32,782,180	1.86	39,839,639	2.68	21,000,585	1.57
Trade and other receivables	226,957,718	12.85	38,605,410	2.60	30,471,223	2.27
Current portion of financial lease receivables	1,544,819	0.09	1,567,066	0.11	330,650	0.02
Advance to employees	80,668	0.00	79,096	0.01	300,385	0.02
Inventories	241,766,733	13.69	123,013,684	8.29	82,814,927	6.18
Biological assets	112,273,222	6.36	95,620,275	6.44	90,928,591	6.79
Other current assets	12,483,276	0.71	20,417,097	1.38	12,264,073	0.92
Total current assets	627,888,616	35.55	319,142,267	21.50	238,110,434	17.78
Non-current assets						
Financial lease receivables - long-term portion	896,306	0.05	2,441,124	0.16	640,732	0.05
Investment in joint venture	26,570,516	1.50	22,997,536	1.55	26,709,841	1.99
Long-term loan to other company	17,480,000	0.99	18,400,000	1.24	19,320,000	1.44
Property, plant and equipment	877,810,751	49.70	887,736,007	59.79	841,931,040	62.82
Right-of-use assets	34,981,664	1.98	36,396,548	2.45	-	-
Bearer plants	176,452,462	9.99	196,333,100	13.22	204,034,766	15.22
Intangible assets	90,382	0.01	165,947	0.01	63,623	0.00
Deferred tax assets	-	-	-	-	6,569,983	0.49
Other non-current assets	4,152,147	0.24	1,047,010	0.07	2,801,010	0.21
Total non-current assets	1,138,434,228	64.45	1,165,517,272	78.50	1,102,070,995	82.23
Total assets	1,766,322,844	100.00	1,484,659,539	100.00	1,340,181,429	100.00

	<u>2021</u> Baht	%	<u>2020</u> Baht	%	<u>2019</u> Baht	%
<u>Liabilities and shareholders' equity</u>						
Current liabilities						
Short-term loans from financial institutions	145,000,000	8.21	245,000,000	16.50	275,000,000	20.52
Trade and other payables	35,766,882	2.02	18,303,837	1.23	22,973,869	1.71
Current portion of long-term loan	36,666,667	2.08	-	-	-	-
Current portion of long-term lease liabilities	345,178	0.02	308,143	0.02	-	-
Income tax payable	9,386,932	0.53	19,336,400	1.30	675,764	0.05
Other current liabilities	6,858,855	0.39	2,959,260	0.20	2,857,381	0.21
Total current liabilities	234,024,514	13.25	285,907,640	19.26	301,507,014	22.50
Non-current liabilities						
Long-term loan, net of current portion	63,333,333	4.65	-	-	-	-
Long-term lease liabilities, net of current portion	42,647,014	2.41	42,546,367	2.87	-	-
Deferred tax liabilities	31,751,684	1.80	2,610,783	0.18	-	-
Provision for long-term employee benefits	17,390,063	0.98	18,422,800	1.24	19,108,330	1.43
Total non-current liabilities	155,122,094	8.78	63,579,950	4.28	19,108,330	1.43
Total liabilities	389,146,608	22.03	349,487,590	23.54	320,615,344	23.92
<u>Shareholders' equity</u>						
Share capital						
Registered						
324,050,000 ordinary shares of Baht 1 each	324,050,000		324,050,000		324,050,000	
Issued and fully paid up						
324,050,000 ordinary shares of Baht 1 each	324,050,000	18.35	324,050,000	21.83	324,050,000	24.18
Share premium	321,544,740	18.20	321,544,740	21.66	321,544,740	23.99
Retained earnings						
Appropriated - statutory reserve	60,805,000	3.44	60,805,000	4.10	60,805,000	4.54
Unappropriated	670,776,496	37.98	428,772,209	28.88	313,166,345	23.37
Total shareholders' equity	1,377,176,236	77.97	1,135,171,949	76.46	1,019,566,085	76.08
Total liabilities and shareholders' equity	1,766,322,844	100.00	1,484,659,539	100.00	1,340,181,429	100.00

United Palm Oil Industry Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December

	<u>2021</u>		<u>2020</u>		<u>2019</u>	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenue	2,074,443,675	96.32	923,837,788	93.63	545,848,253	96.95
Gain arising from change in fair value of biological assets	25,902,143	1.20	18,691,732	1.89	-	-
Compensation from insurance	7,671,981	0.36	18,736,306	1.90	-	-
Others	45,728,627	2.12	25,423,837	2.58	17,178,436	3.05
Total revenues	2,153,746,426	100.00	986,689,663	100.00	563,026,689	100.00
Expenses						
Cost of sales	1,696,349,049	78.76	756,475,531	76.67	443,359,372	78.75
Selling and distribution expenses	41,935,482	1.95	21,318,328	2.16	21,383,884	3.80
Administrative expenses	46,764,067	2.17	41,395,809	4.20	61,086,135	10.85
Loss on impairment of assets	15,588,502	0.72	-	-	698,969	0.12
Loss arising from change in fair value of biological assets	-	-	-	-	26,864,185	4.77
Total expenses	1,800,637,100	83.60	819,189,668	83.02	553,392,545	98.29
Profit from operating activities	353,109,326	16.40	167,499,995	16.98	9,634,144	1.71
Share of profit (loss) of a joint venture	3,572,980	0.17	(3,751,777)	(0.38)	(6,813,861)	(1.21)
Finance income	372,151	0.02	429,612	0.04	642,422	0.11
Finance cost	(4,445,685)	(0.21)	(6,963,114)	(0.71)	(6,790,082)	(1.21)
Profit(loss) before income tax expenses	352,608,772	16.37	157,214,716	15.93	(3,327,377)	(0.59)
Income tax expenses	(45,794,905)	(2.13)	(32,116,003)	(3.25)	(225,611)	(0.04)
Profit (loss) for the year	306,813,867	14.25	125,098,713	12.68	(3,552,988)	(0.63)
Other comprehensive income:						
Actuarial loss – net of income tax	-	-	(1,431,122)	(0.15)	(1,104,006)	(0.20)
Share of other comprehensive income of a joint venture						
Actuarial gain (loss)	-	-	39,472	-	(77,952)	(0.01)
Other comprehensive income for the year	-	-	(1,391,650)	(0.14)	(1,181,958)	(0.21)
Total comprehensive income for the year	306,813,867	14.25	123,707,063	12.54	(4,734,946)	(0.84)
Basic earnings per share	0.95		0.39		(0.01)	

United Palm Oil Industry Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	Baht	Baht	Baht
Cash flows from operating activities			
Profit (loss) before tax	352,608,772	157,214,716	(3,327,377)
<i>Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:</i>			
Depreciation and amortisation	43,044,047	40,951,747	48,834,034
Share of (profit) loss of a joint venture	(3,572,980)	3,751,777	6,813,861
Loss (gain) arising from change in fair value of biological assets	(25,902,143)	(18,691,732)	26,864,185
Loss on write-off bearer plants	116,730	-	5,948,638
Reduction of inventory cost to net realisable value (reversal)	(4,963,486)	1,451,565	(2,272,572)
Loss on impairment of assets	15,588,502	-	698,969
Loss on write-off asset	-	2,083,644	-
Loss (gain) on disposal/write-off Property, Plant and Equipment	4,479,476	(4,215,811)	(1,078,061)
Gain on finance lease agreements	-	(3,778,947)	(1,022,998)
Provision for termination benefits and provision for long-term employee benefits	2,279,402	10,992,252	12,591,565
Interest expenses	4,445,685	6,963,114	6,790,082
	388,124,005	196,722,345	100,840,326
Operating assets (increase) decrease:-			
Trade and other receivables	(188,352,308)	(8,134,187)	(18,946,371)
Cash received from financial lease receivables	1,567,065	742,139	51,616
Advance to employees	(1,572)	221,289	(64,179)
Inventories and biological assets	(104,540,367)	(27,650,274)	(14,347,095)
Other current assets	3,836,948	(10,621,089)	(359,105)
Other non-current assets	(3,105,137)	(46,000)	5,490
Operating liabilities increase (decrease):-			
Trade and other payables	17,918,249	(252,411)	1,749,600
Other current liabilities	3,886,879	101,879	(1,813,226)
Cash paid for termination benefits and long-term employee benefits	(3,312,139)	(13,466,685)	(8,249,768)
Cash flows from operating activities	116,021,623	137,617,006	58,867,288
Cash paid for interest expenses	(4,179,391)	(6,984,326)	(6,811,288)
Cash received (paid) from income tax	(22,506,599)	(1,732,419)	(2,081,848)
Net cash flows from operating activities	89,335,633	128,900,261	49,974,152

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	Baht	Baht	Baht
Cash flows from investing activities			
Decrease in long-term loan to other company	920,000	920,000	920,000
Proceeds from disposal of Property, Plant & Equipment	3,103,365	26,892,171	5,326,162
Cash paid for acquisition of Property, Plant & Equipment	(31,225,220)	(95,797,403)	(34,355,708)
Increase in cost of bearer plants	(4,394,373)	(3,681,047)	(7,840,676)
Dividend received	-	-	4,999,998
Net cash flows used in investing activities	(31,596,228)	(71,666,279)	(30,950,224)
Cash flows from financing activities			
Increase (decrease) in short-term loans from financial institutions	(100,000,000)	(30,000,000)	5,000,000
Cash received from long-term loan	110,000,000	-	-
Repayment for long-term loan	(10,000,000)	-	-
Cash paid for lease liabilities	-	(293,729)	-
Dividend paid	(64,796,864)	(8,101,199)	(25,923,832)
Net cash flows from (used in) financing activities	(64,796,864)	(38,394,928)	(20,923,832)
Net increase (decrease) in cash and cash equivalents	(7,057,459)	18,839,054	(1,899,904)
Cash and cash equivalents at beginning of year	39,839,639	21,000,585	22,900,489
Cash and cash equivalents at end of year	32,782,180	39,839,639	21,000,585
Supplemental cash flows information :			
Non-cash transactions			
Purchase of equipment for which no cash has been paid	770,947	1,492,444	688,115
Increase in right-of-use assets from contract modification	137,682	-	-

Financial ratio - Consolidated

		<u>2021</u>	<u>2020</u>	<u>2019</u>
Liquidity Ratio				
Current ratio	Times	2.7	1.1	0.8
Quick ratio	Times	1.1	0.3	0.2
Cash flow liquidity ratio	Times	0.3	0.4	0.2
Receivable turnover	Times	15.6	26.7	26.0
Collection period (Average)	Days	23	14	14
Finished Goods Turnover Ratio	Times	10.0	8.5	7.4
Finished goods period (Average)	Days	36	43	49
Inventory turnover	Times	9.3	7.4	6.1
Inventory period (Average)	Days	39	50	60
Payables turnover	Times	62.7	36.7	20.0
Payment period (Average)	Days	6	10	18
Cash Cycle	Days	57	53	56
Profitability Ratio				
Gross profit margin	%	18.2	18.1	17.3
Operating profit margin	%	17.0	18.1	1.8
Other income to total income ratio	%	3.7	6.4	3.1
Cash to profit ratio	%	25.3	77.0	518.7
Net profit/(loss) margin	%	14.2	12.7	-0.6
Return on equity (ROE)	%	24.4	11.6	-0.3
Efficiency Ratio				
Return on assets	%	18.9	8.9	-0.3
Return on Fixed assets	%	32.7	15.6	4.3
Total assets turnover	Times	1.3	0.7	0.4
Financial Policy Ratio				
Debt to Equity ratio	Times	0.28	0.31	0.31
Interest coverage ratio	Times	90	29	8
Interest bearing debt to EBITDA	Times	0.6	1.2	5.3
Debt service coverage ratio	Times	2.2	0.8	0.2
Net profit (loss) per share	Baht/Share	0.95	0.39	-0.01
Dividend from performance per share	Baht/Share	0.50	0.20	0.03
Dividend payment per share	Baht/Share	0.20	0.03	0.08
Dividend payout ratio	%	53.8	50.2	51.8

5. General Information and Other Materials Facts

Registrar

Name : Thailand Securities Depository Co., Ltd.
 Address : 93 The Stock Exchange of Thailand Building,
 Ratchadapisek Road, Khwaeng Din Daeng,
 Khet Din Daeng, Bangkok 10400

Tel 02-009 9000
 Fax 02-009 9991

Auditor

Name : Ms. Vilailak Laohasrisakul
 Certified Public Accountant No. 6140

Address : EY Office Limited
 33rd Floor, Lake Rajada Office Complex,
 193/136-137 Rajadapisek Road,
 Klong Toey, Bangkok 10110

Tel 02-264 0777, 02-661 9190
 Fax 02-264 0789-90, 02-661 9192

No. of years being the Company's Auditor : 5
 Relations or interests with the Company / : None
 the Company's subsidiaries /
 the management / major shareholders /
 or any relevant persons of the aforementioned

Investor Relations

Name : Ms. Anchalee Suebchantasiri
 Managing Director

e-mail : anchales@lamsoon.co.th

Name : Ms. Piyathida Sukchan
 Executive Director

e-mail : piyatida@lamsoon.co.th

Tel 02-361 8959-87
 Fax 02-361 8989

Legal conflicts

- 1) Legal cases which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2021**

There was no litigation or legal conflicts which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2021.

- 2) Legal cases which could have a material adverse impact on the operations**

-----None-----

- 3) Legal cases which do not involve the normal business of the Company**

-----None-----

Section 2

Corporate Governance

6. Corporate Governance Policy

The Securities and Exchange Commission (SEC) with the collaboration of the Task Force for Sustainability in Listed Companies has developed the Corporate Governance Code 2017 (the “CG CODE”) by integrating Environmental, Social, and Governance issues (ESG) into the business process for the Board of Directors, as the leader and governing body of a listed company, who can apply as a guideline to supervise the listed company to conduct the business with integrity, respect for the rights, responsibilities for stakeholders, development or reduction of negative impacts on the environment as well as the adaptation to any changing conditions. This is in accordance with sustainable development under the philosophy of Sufficiency Economy.

6.1 Overview of the Policy and Guidelines

United Palm Oil Industry Public Company Limited (UPOIC) recognises the importance of Corporate Governance Code in promoting transparency in operations, fair and equitable treatment to all stakeholders as well as an efficient management system in parallel with Corporate Social Responsibility aiming at the Company’s long-term sustainable value creation. The Board of Directors therefore considered the application of the CG CODE Principles as deemed appropriate, and resolved to apply the Principles by means that are suitable for the Company’s business. If any of the Principles cannot be applied or are not applicable, an explanation shall be provided at the Board Meeting.

8 Principles of the Corporate Governance Code

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 2	Define Objectives that Promote Sustainable Value Creation
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective CEO and People Management
Principle 5	Nurture Innovation and Responsible Business
Principle 6	Strengthen Effective Risk Management and Internal Control
Principle 7	Ensure Disclosure and Financial Integrity
Principle 8	Ensure Engagement and Communication with Shareholders

6.1.1 Policy and guidelines related to the Board of Directors

The Board has assigned the Audit and Corporate Governance Committee to develop an action plan and measures for monitoring to ensure implementation, assessment of compliance, and recommending improvement on the CG CODE as appropriate.

(1) Procedure for Director Nomination

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and shareholders' meeting to elect as directors according to the Company's Articles of Association. The Nomination Committee shall undertake the task of identifying, evaluating, selecting and proposing new nominees to the Board.

The Board of Directors shall consider that the candidates possess experience suitable for the post of directorship, to assist the Board to act prudently as well as capability to make rational business decisions, strategic thinking, leadership, and expertise in the profession, honesty and suitable personal qualification.

The foremost criteria for nominating director candidates shall be the candidates' skills and experiences, professional qualification, business knowledge and experience as well as personal qualities and integrity. Consideration shall also be given to the benefits of diversity such as gender, age, ethnicity, and nationality.

(2) Remuneration of Directors and Executives

2.1 Remuneration of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholders' meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

2.2 Remuneration of Executives

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval. The remuneration structure rewards individual performance and incentivises the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

(3) The independence of the Board of Directors from the Management

The Board of Directors consists of 3 independent directors, 1 Non-Executive Director, 1 Director, and 2 Executive Directors, with the number of independent directors exceeding the minimum criteria set by the SEC.

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director.

(4) The director development

4.1 Board and Management Training

The Company arranges orientation for new directors and management, which includes factory tour to observe production processes as well as introduction to the nature of business of the Company and its subsidiaries. The following documents would be provided to the new directors:-

1. Listed Company Director Handbook containing topics such as roles and responsibilities, restrictions that directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees
2. Principles of Good Corporate Governance and Code of Business Conduct of the Company
3. Memorandum and Articles of Association of the Company
4. The latest annual registration statement / annual report (Form 56-1 One Report)

Furthermore, the Board of Directors has a policy to encourage and promote continuous training and development of directors, Managing Director, executives, and employees, which is relevant to their roles to enhance their knowledge, skills and useful experiences related to the operation including useful information related to the business that will drive the Company toward its goals.

4.2 Succession Plan

The Company has prepared for succession plan by recruiting management trainees to develop knowledge and ability for being company future executives. In addition, the Company assigns the following persons to take charge and act on behalf in case the Managing Director is unable to function, namely,

1. Finance and Accounting Manager to act and make decision regarding the finance and accounting of the Company and its subsidiaries;
2. Ms. Piyathida Sukchan to act and make decision in other matters of the Company and its subsidiaries.

(5) The assessment of duty performance of directors

5.1 Board Self-Assessment

The Company shall have the Board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done

once each year in December. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

5.2 Assessment of Managing Director

The Board of Directors conducts an annual performance assessment of Managing Director by determining the Key Performance Indicators reflected by the Company's operating performance in both quantitative and qualitative terms. The Remuneration Committee, comprises majority of whom are independent directors and its Chairman is an independent director, is responsible to consider such key indicators which are transparent and suitable with the business of the Company. Categories of the assessment are as follows:-

1. Leadership
2. Strategic planning and performance
3. Financial planning and financial performance
4. Relationship with the Board of Directors
5. Risk management and internal control
6. Wealth creation to shareholders

(6) Supervision of subsidiaries, associated companies, and joint venture

The Company can appoint senior executives to hold directorship or executive positions in subsidiary, associated companies, joint venture or other related companies in the group of companies. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies. However, in case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

6.1.2 Policy and guidelines related to shareholders and stakeholders

(1) Equitable Treatment of Shareholders

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- The Company shall provide a proxy form B, in which a shareholder can give comments on his votes, enclosed in the meeting notices stating clearly the required documents and procedure for appointment of proxy to attend the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.

- The Company establishes the policy for prevention of utilising insider information, and informs the same to employees, executives, and directors.
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis.

(2) Right of Shareholders

- The Company shall hold an Annual General Meeting of Shareholders (AGM) within 4 months of the end of the Company's fiscal year. The meeting will consider the annual registration statement / annual report (Form 56-1 One Report) of the Board of Directors presenting the operational performance of the past year, statements of financial position, statements of comprehensive income, dividend distribution and legal reserve appropriation, election of directors to fill the vacancy caused by expiration of service term, director's remuneration, appointment of auditor and auditor's remuneration.
- For Annual General Meeting of Shareholders (AGM), the Company shall separate the agendas between the appointment of directors and the director's remuneration. The Company provides the ballot to shareholders to use for proposing candidates and voting directors as an individual.
- The Company shall hold an extraordinary general meeting of shareholders as the Board of Directors thinks fit. One or more shareholders holding shares in aggregate of at least ten (10) percent of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting at any time. However, it is necessary to specify the subject and the reasons for calling such meeting to be clearly stated in such request. The Board of Directors shall proceed to call a shareholders' meeting to be held within forty-five days from the date of receipt of such request from the said shareholders.
- The Company shall disclose the Board resolutions regarding the determination of AGM date and the meeting agendas with the reasonable details through the SET online system and the Company's website no later than the next working day after the Board having resolution.
- In calling a shareholders' meeting, the Company shall prepare a written notice calling the meeting that states the place, date, time, agenda of the meeting and the matters to be proposed to the meeting with reasonable details by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the Board of Directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.

- At a shareholders' meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the Board of Directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is the policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda, the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.
- The Company shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.
- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meeting has been established and posted on its website.
- The Company shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- The Company shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the Board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of votes, and VDO has been recorded during the meeting until the meeting finishes.
- The Company shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- The Company shall post a draft minutes of the shareholders' meeting on the Company's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.
- The Company participates in SET Opportunity Day, arranged by the Stock Exchange of Thailand. The objective of the event is to provide an

opportunity for listed companies to carry out investor relations activities and to clarify information about the business and operations to security analysts, investors and the media who attending the event. The Company always joins the activity at least once a year.

(3) Prevention of use of inside information

To prevent directors and executives from using inside information for personal gains and disclose it to outside parties, the Company sets the following rules:-

- Executives shall report their holding of UPOIC's shares and report change of holding to the SEC according to section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of the transaction date and handing copy thereof to the Company Secretary as well as report shareholding to the Board every quarter. Future change of law (if any) shall also enforceable.

"Executives" means directors, managers or first 4 management officers ranking immediately below the Managing Director. This shall include management level of accounting or finance officers or equivalence who have the duty to prepare and file report of shareholding in his own name, spouse and minor child to the SEC.

- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling UPOIC's shares in the period of one month prior to the Company's financial statements being announced and at least one day after the date of the financial statements being disclosed.
- Directors and executives shall report to the Board of Directors or the delegated person about their transaction (buy and sell) of the Company's shares at least 1 day before the transaction date and notify SEC within 3 business days after transaction date as specified by the Securities and Exchange Act.
- Directors, executives, managers and employees shall be prohibited from using inside information that may materially affect the UPOIC share price, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell UPOIC shares. The Company shall take action against violation of the rule which shall be punishable by law.

(4) Approval of transaction containing conflict of interest

Directors, executives, or other persons, who enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by

the Notifications of the SEC and the SET which are in force on the date of such transaction, shall strictly follow the Notifications. The Company has set the criteria to approve the transaction as follows:-

- (1) Person with interest or potential conflict of interest shall refrain from approving such related transaction;
- (2) The price or compensation for such transaction shall be under normal business terms and conditions with the benefit of the Company as the main consideration;
- (3) The Audit and Corporate Governance Committee shall review and give opinion prior to the transaction. If the Audit and Corporate Governance Committee has no expertise in the matter, the Company shall arrange to have independent expert to give opinion to the Audit and Corporate Governance Committee which will be used to review the matter before submitting to the Board and the shareholders' meeting for approval.
- (4) The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

(5) Responsibility towards stakeholders

5.1 Role of Stakeholders

The Company has a policy that recognises the rights and interests of all groups of stakeholders whether they are employees, shareholders, creditors, customers, trade-counterparts, competitors, community and society. The expectations of one group of stakeholders may be different from another group. Therefore, the Company shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitively. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:-

- Policy and Practice toward shareholders
- Policy and Practice toward customers
- Policy and Practice toward business partners
- Policy and Practice toward competitors
- Policy and Practice toward creditors
- Policy and Practice toward employees
- Policy and Practice toward community, society, and environment
- Policy and Practice toward human-right respect
- Policy and Practice toward the intellectual property and copyright
- Policy and practice towards quality, safety, and occupational health
- Policy and Practice toward anti-corruption and bribery

Furthermore, the Company has implemented various standards from the quality management system to enhance focusing on role of stakeholders such as:-

- ISO 9001 : 2015 is the Quality Management System (QMS) which governs the design, production development, installation and service in order to assure the quality. This system ensures all processes have been controlled and inspected by documentation indicating working

procedure. Therefore, it is confident that all employees recognise their roles, responsibilities and working process.

- ISO 45001 is the standard for occupational health and safety management systems in workplace which protect employees from accidents and occupational diseases. This system is the method to control and reduce hazard and risks from working that affect health, life and properties.
- ISO 14001 is the environment management system which is most recognised by worldwide organisations. This standard has objective for enhancing the awareness of the importance for environmental management together with business development focusing on preventing pollution and protecting environment. These lead to reduce environmental impact and production costs.
- Roundtable on Sustainable Palm Oil (RSPO) is the standard for the sustainable palm oil production taking into recognition of the impacts on stakeholders especially the forest as being the source of water. This standard applies throughout the supply chain from upstream to producers.

The Company conducts its activities with the concern of safety, health and environment. Management and employees at all levels have committed to carry out their functions with responsibility.

In 2021, there were 2 accidents. However, there was no any death in workplace.

5.2 To disclose information on the interest of directors, executives, and related persons

In order for the Board to make decision based on the common benefit of the Company and to have directors, executives who have transaction with interest involving the Company business to comply with the Notification of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, the Company sets the following rules:-

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 1 million Baht or more, or 0.03% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time when there is a change of the transaction, such change must be reported within 7 business days from the date of change.
- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit and Corporate Governance Committee within 7 business days from the date of receipt of such report.

- Directors and Executives who have interest in any meeting agenda item which is under consideration shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual registration statement / annual report (Form 56-1 One Report).

5.3 Nurture Innovation and Responsible Business

The Board of Directors prioritises and promotes research & technology development and innovation that create value for the business together with the benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company. The Board also supervises the management to allocate and manage resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives with sustainability.

5.4 Measure of redress and damage compensation

If the Board of Directors determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

(6) Anti-corruption action and measures

6.1 Anti-Corruption Policy

The Company Group has announced an official anti-corruption policy which was reviewed and approved by the Board of Directors. The details are as follows:

“Directors, management, and employees of the Group are prohibited from requesting, performing or accepting corruption in any form, whether directly or indirectly. This shall be applicable to all business units of the Group. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, and laws. In case of breach of the policy, any act considered as facilitative to, or implicated in corruption, shall be subject to penalties as stipulated by the Group policies.”

Communication and public relation activities under anti-corruption policy including complaint/suggestion making and whistle-blowing channels are carried out via both internal and external media e.g. electronic mail, announcement, the Group’s website, annual registration statement / annual report (Form 56-1 One Report), orientation for directors and employees including arranging a discussion on yearly basis to ensure mutual understanding among employees. Such policy is complied with the law of Thailand for the actions against corruption.

The risk management committee will assess potential fraud risks. In the event that such risks arise, the risks will be reported to the Audit and Corporate Governance Committee and the Board of Directors.

6.2 Practice towards oversight and control for safeguarding and monitoring the corruption risk

The Company establishes the practice towards oversight and control for safeguarding and monitoring the corruption risk summarised as follows:-

1. To provide internal control system, internal audit function, and risk management covering key business functions such as accounting, payment, procurement in order to prevent and monitor the corruption risk as well as to recommend any appropriate solutions
2. To put in place complaint-making and whistle-blowing channels, covering complaint-filing, verification, and summary of findings, together with protection of the complainants and related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders that are affected or potentially affected by the Group's business or conduct of its directors, executives, or employees resulting from law-breaking or violation of the code of conduct, as well as suspected corrupt practices.

The Group will keep their complaints confidential and not disclose them to unrelated parties except when required by law.

Those with knowledge of complaints or related information must maintain confidentiality and not disclose it except when required by law. If this is intentionally violated, the Group will punish them under its regulations or the law, or both, as seen fit.

3. Executives in each unit are responsible for monitoring the progress of the complaint and report to the Audit and Corporate Governance Committee and the Board of Directors for acknowledgement.

(7) Ensure Disclosure and Financial Integrity

7.1 Disclosure and Transparency

The Company recognises the importance of timely disclosure of information that shareholders may use for their investment decision as well as decision in exercise their votes at the shareholders' meeting. The Company periodically assesses the efficiency of information disclosure. The following information is regularly disclosed.

- Disclosure of the following in Thai and English and update of the information in the Company's website
 - Principles of Good Corporate Governance
 - Policy and Practice toward stakeholders including environment

- policy; anti-corruption policy; quality, safety, and occupational health policy etc.
 - Code of Business Conduct
 - Nature of Business
 - Business Structure
 - Shareholder Structure
 - Structure of the Board of Directors
 - Vision/Mission
 - Articles of Association
 - Annual registration statement / annual report (Form 56-1 One Report)
 - Financial Statements
 - Shareholders' Meeting notices and meeting documents
 - Minutes of the Shareholders' Meetings
 - News published by the Company
- Periodically submit accurate, complete, and timely information to the SET and the SEC such as Financial Statements, annual registration statement / annual report (Form 56-1 One Report)
 - News on important changes which may have material impact on the share price according to the regulations of the SET
 - The Board of Directors assumes the responsibility for the accuracy, completeness and timely manner of the Company's financial reporting and information disclosure in accordance with relevant guidelines including rules and generally accepted accounting standards with appropriate accounting policies which are applied and consistently conformed. The report shall be audited by an external auditor and reviewed by the Audit and Corporate Governance Committee to ensure that sufficient disclosure is made and it can reflect the Company's financial status and operating performance.
 - The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, security analysts and relevant government sectors. Information can be requested from Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: upoic.secretary@upoic.co.th or through the Company's website.

7.2 Financial Liquidity and Solvency

The Board of Directors assigns the management to regularly monitor and evaluate the Company's financial status and report to the Board of Directors on regular basis. The Board of Directors and the management will ensure that any potential threats to the Company's financial liquidity and solvency are promptly addressed and remedied.

The Company emphasises its trustworthiness and therefore, strictly conforms with conditions and agreements made with creditors in order to create reliability. The Company always pays all interest and principle accurately,

timely, and completely. Also, the Company shall not use loans proceeds in the way that is contrary to its objectives nor conceal any information that may be harmful to creditors.

In the event that the Company is unable to comply with any condition of an agreement, the Company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Company strives to maintain good relationships and mutual trust with creditors. However, the Company has controlled the capital management at appropriate level to prevent the Company from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner. The management is responsible for planning, monitoring and controlling the financial position of business sector to cover the significant risks under either normal circumstances or crisis.

6.2 Business code of conducts

The Company recognises that following code of conduct on the part of executives and employees is necessary for the sustainability and achievement of the Company in the long term. The Company believes that the code of business conduct is a basic foundation for promoting and upgrading good corporate governance. The Company has updated its code of business conduct as a codification of good behaviour patterns which have been approved by the Board of Directors and announced to all directors, executives and employees. The Company has subsequently monitored the compliance to the code strictly and regularly.

Code of Business Conduct was first compiled in officially written format in 2009. This current version is the first revision (R.01) which was clearly divided into categories, and its content was improved to cover relevant comprehensive regulations and policy with wider range of practical guidelines for stakeholders. This version was also included the policy of Anti-Corruption to accommodate the current business implementation.

The Company discloses Code of Business Conduct of the Group as well as other policies including:-

- Sustainability Policy
- Social responsibility and labour Policy
- Safety, Health and Environment Policy
- Energy Management Policy

In addition, the Board of Directors defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, business goal and strategy and corporate culture, including encouraging the communication among personnel at every level to move forward the Company in the same direction. Furthermore, the Board of Directors monitors and ensures that the Company's strategies are put into practice. At least once a year, the Board of Directors follow up on the management performance and requires that there must be a report

on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are being accomplished.

Vision

The leading sustainable palm oil business company with operational excellence, international best practices, and world-class competitive strengths

Mission

1. Building capacity in entire palm oil business value chain from seeding, germinating, plantation, crop oil extraction and related business so as to be competitive and recognizing in the future
2. Performing the high value palm oil business by focusing in research and development of palm seed breeding of seed with high yield and adaptable to a range of cultivation area to fulfill grower requirements as well as providing the best services
3. Employing advanced technology in production, research and development with international management system as well as taking care of the environment, biodiversity, communities, and society
4. Always ensuring the health, safety, and welfare of all employees and building trust and confidence among our customers, grower/suppliers and generate return to shareholders and other stakeholders appropriately

Business Goal and Strategy

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency, while taking into account the impact on the environment, society and community. All these orientations are vital in attaining the topmost organisation targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term. All sectors are important for the sustainable growth and development of the business.

Corporate Culture

- 1) **Accountability** : Being responsible of assigned duties and work together towards a common goal
- 2) **"Can-do" attitude** : Having a positive attitude, being enthusiastic and motivated, and working with happiness and enjoyment
- 3) **Teamwork** : Being reliable, communicate openly and work together by taking into account the best result
- 4) **Continuous improvement** : Striving to improve working procedure and exploring new method to develop products and services
- 5) **Take care of people** : Being a caregiver, having senses of fairness and equality and creating work-life balance

For more details, please refer to website :

<http://www.upoic.co.th/governance.php?lang=th&year=2021> (for Thai)

<http://www.upoic.co.th/governance.php?lang=en&year=2021> (for English)

6.3 Material changes and developments regarding policy, guidelines and corporate governance system in the preceding year

6.3.1 The Implementation of Corporate Governance Code for Listed Companies

The Company has reviewed the Corporate Governance Policy, developed from the 2012 Good Corporate Governance Principles for listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange Commission. After consideration, the Board of Director founded that the Company has adopted most of 8 principles that are suitable for the Company's business.

The Company got the score at **89%** according to the Corporate Governance Report of Thai Listed Companies for 2021 evaluated by IOD.

6.3.2 CG Code that has not adopted

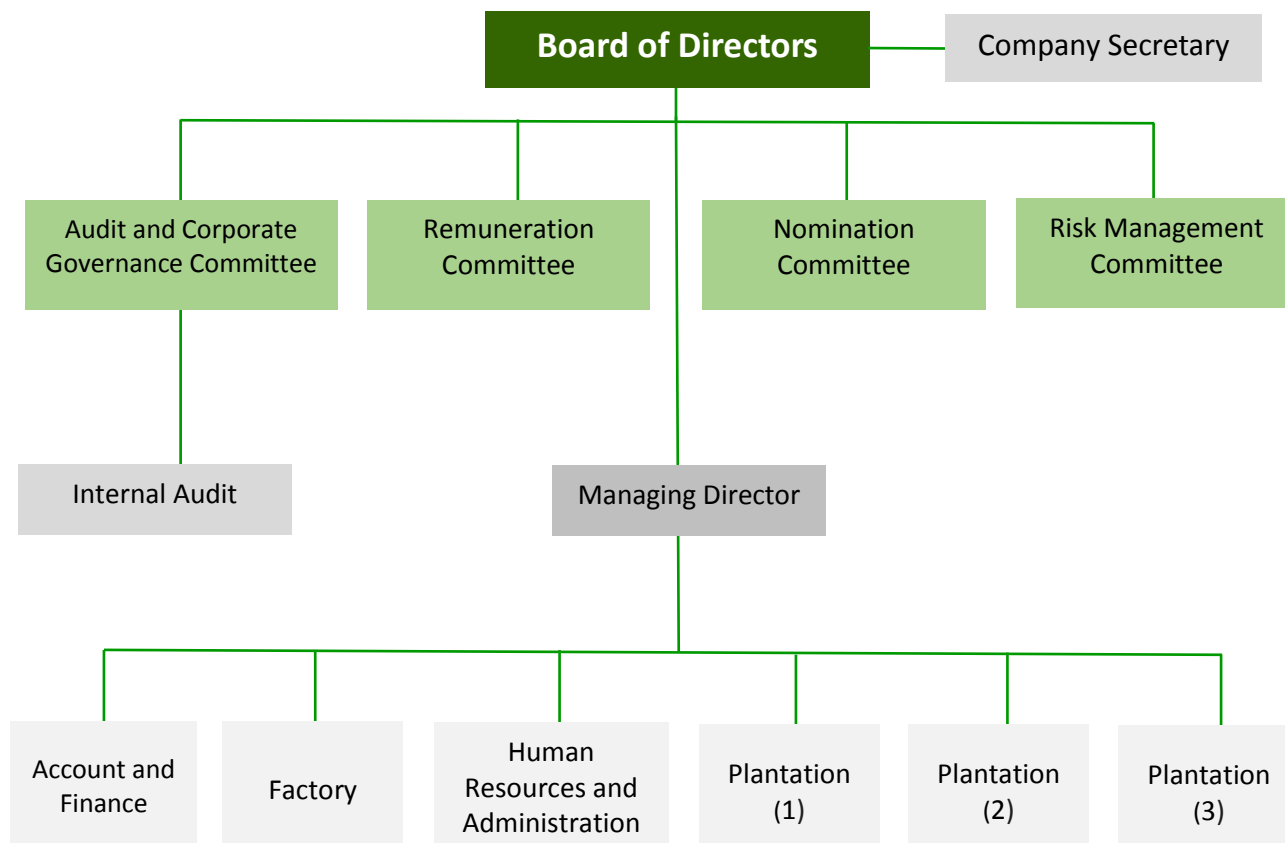
However, there are some principles that the Company has not adopted or put into practice, which the management clarified the reasons at the Board Meeting to adjust and ensure the suitability for the Company's business at the next step. The key non-conformed principles are included as follows:-

Principles not exercised	Reasons for not exercising
The Board of Directors to determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment	Every Director has knowledge, capability, experience and an understanding in the business operation, with independence in expressing opinions deemed beneficial for the Company. The experience of Directors from long-term tenure will support them to understand the Company's operation which has the particular nature of business.
To determine a minimum quorum of at least 2/3 when the Board making the decision	According to the Company's AOA, at the Board Meeting, there must be presented not less than one half of the total number of Directors to form a quorum which is legitimacy and compliance with international principle. With such principle, it is able to conduct meeting orderly, transparency and efficiency.
At least one member of Audit Committee should be educated or have experience in Accounting e.g. Certified Public Accountant (CPA),	Even though no member of Audit and Corporate Governance Committee is educated or has experience in Accounting in particular, most of the members have experience in finance and fiscal

Principles not exercised	Reasons for not exercising
Continuing professional development (CPD).	management, which is adequate for the current business scope of the Company while still ensuring efficiency of the audit and corporate governance functions.
The Board members not comprise independent directors more than 50%	The Board of Directors comprises 7 members, 3 of whom are independent directors (representing less than 50% but more than one-third of the total number of Directors), and the Chairman of the Board is an independent director. Such composition is considered to reflect the appropriate balance of power. In addition, independent directors are able to work effectively with all directors with independence in expressing their opinions.

7. Corporate Governance Structure and Material Facts Related to the Board of Directors, Committees, Executives, Employees, and Others

Organisation Chart



Board of Directors comprises at 3 Independent Directors, 1 Non-Executive Director, 1 Director, and 2 Executive Directors.

(1) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Chairman of the Board
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director
(3) Mr. Sangiam Santad	Independent Director
(4) Mr. Wasin Patchakapati	Independent Director
(5) Mr. Whang Shang Ying	Director
(6) Ms. Piyathida Sukchan	Executive Director
(7) Mr. Ampol Simarajana	Non-Executive Director
Mrs. Sutida Boonjaroen	Company Secretary

Audit and Corporate Governance Committee comprises at 3 Independent Directors.

(1) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Chairman of Audit and Corporate Governance Committee
(2) Mr. Sangiam Santad	Independent Director and Member of Audit and Corporate Governance Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Audit and Corporate Governance Committee

Remuneration Committee comprises at 3 Independent Directors and 1 Director.

(1) Mr. Sangiam Santad	Independent Director and Chairman of Remuneration Committee
(2) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Member of Remuneration Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Remuneration Committee
(4) Mr. Whang Shang Ying	Director and Member of Remuneration Committee

Nomination Committee comprises at 3 Independent Directors and 1 Director.

(1) Mr. Sangiam Santad	Independent Director and Chairman of Nomination Committee
(2) Assoc.Prof Naris Chaikasoot, Ph.D.	Independent Director and Member of Nomination Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Nomination Committee
(4) Mr. Whang Shang Ying	Director and Member of Nomination Committee

Risk Management Committee comprises at 1 Non-Executive Director and 2 Executive Directors.

(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Ampol Simarajana	Non-Executive Director

The Directors with the authority to sign for the Company as determined in the Certificate of the Company include Mr. Whang Shang Ying, or Ms. Anchalee Suebchantasiri, or Ms. Piyathida Sukchan; any two of those jointly sign together with the Company's seal affixed.

The following member of the Audit and Corporate Governance Committee has an experience in reviewing financial statements.

Member of the Audit and Corporate Governance Committee	Experience in reviewing financial statements
Assoc.Prof Naris Chaikasoot, Ph.D. (The Chairman of the Audit and Corporate Governance Committee)	was Director General, Treasury Department, Ministry of Finance / Chairman, Government Housing Bank / Chairman, Export-Import Bank of Thailand etc.

Procedure for Independent Director Nomination

The Nomination Committee shall have the duty to recruit qualified persons and propose names of suitable candidates to the Board for consideration. The qualification of directors must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The Number of Board Meetings and the Attendance of Directors

In 2021, the Board of Directors held 10 meetings, with attendance of each member shown as below:-

Name	Attendance / Total Meetings
(1) Mr. Thira Wipuchanin (resigned on 23 April 2021) Assoc.Prof Naris Chaikasoot, Ph.D. (being on board on 23 April 2021)	2/2 8/8
(2) Ms. Anchalee Suebchantasiri	10/10
(3) Mr. Sangiam Santad	9/10
(4) Mr. Wasin Patchakapati	10/10
(5) Mr. Whang Shang Ying	8/10
(6) Ms. Piyathida Sukchan	10/10
(7) Mr. Ampol Simarajana	10/10

Names and Positions of the Executives

Name	Position
(1) Ms. Anchalee Suebchantasiri	Managing Director
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Supoch Pangjan	Factory Manager
(4) Mr. Wisarn Petsai	Estate Manager
(5) Mr. Winai Yamhom	Estate Manager

Name	Position
(6) Mr. Charan Intharat	Estate Manager
(7) Mr. Nattaporn Thawornyuttitam	Human Resources and Administration Manager
(8) Ms. Thanyapas Apichodchairat	Account and Finance Manager

The Criteria on recruiting Directors and Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2022 by including the consideration of candidates proposed by shareholders under the rules and criteria regarding director nomination before submitting to the Board for further consideration. The Board shall submit a list of suitable candidates to the shareholders' meeting for final approval. The qualification of such persons must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The qualifications of Independent Directors were presented in under “**Report on Key Operating Results Related to Corporate Governance**”.

In accordance with the Company's Articles of Association, the Company has not determined the number of directors based on proportionate shareholdings in the Company but the election for directors can be done as cumulative voting, which will allow shareholders to vote electing Directors based on proportionate shareholdings.

Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2020	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2021
(1) Assoc.Prof Naris Chaiyasoot, Ph.D.	-	-	-
(2) Ms. Anchalee Suebchantasiri	-	-	-
(3) Mr. Sangiam Santad	-	-	-
(4) Mr. Wasin Patchakapati	-	-	-
(5) Mr. Whang Shang Ying	-	-	-
(6) Ms. Piyathida Sukchan	-	-	-
(7) Mr. Ampol Simarojana	-	-	-
(8) Mrs. Sutida Boonjaroen	100	100	100
(9) Mr. Supoch Pangjan	-	-	-
(10) Mr. Wisarn Petsai	-	-	-
(11) Mr. Winai Yamhom	-	-	-
(12) Mr. Charan Intharat	-	-	-
(13) Mr. Nattaporn Thawornyuttitam	-	-	-
(14) Ms. Thanyapas Apichodchairat	-	-	-

Company Secretary

Mrs. Sutida Boonjaroen

Age 47 years

Shareholdings (Ordinary Shares)

- Held personally 100 shares (0.00003%)
- Held by spouse or minor children None

Family relation with management None

Education : Bachelor of Liberal Arts, Thammasat University

Director Training Programme : None

Other Experience

- ☒ Export Supervisor, Lam Soon (Thailand) PCL.
- ☐ Secretary, Finance and Accounting Department, Lam Soon (Thailand) PCL.

Note : ☒ *present* ☐ *past*

Personnel

Number of Employees

(as at 31 December 2021)	Number of employees	
	2021	2020
Office	23	29
Factory	82	92
Plantation	174	184
Total	279	305

Remuneration for Employee and Forms of Remuneration

Total remuneration for employee was at 96.58 million Baht (2020 : 110.95 Million Baht) paid in forms of wage, salary, bonus, overtime pay, residence, and provident fund.

Provident Fund

As of 31 December 2021, there were 140 from a total of 140 eligible employee joining the provident fund, accounting to 100%. The fund has been managed by Kasikorn Asset Management Co., Ltd. The information of the fund aligning to the Investment Governance Code (I Code) has been disclosed, as well focusing on the investment by considering ESG (Environmental, Social, and Governance).

Human Resources Development Policy

The Company commits to support and maintain working environment enhancing their efficient contributions. The Company engages in teamwork building and continuous improvement to ensure high performance of human resources as it is believed that the continuous development would strengthen their capability and competence, following an increase in efficiency of the operation and serving customer satisfaction along with building awareness of all employees on the professional ethic.

The Company focuses on human resource development covering in 3 areas namely knowledge and competence development in Functional/Technical Skills, development of Management Skills and development of Leadership Skills. Due to the coronavirus pandemic, coaching, mentoring and On the Job Training (OJT) (both in-house training and public training) are still carried on regularly through self-learning and under several online meeting platforms e.g., Microsoft Teams and Zoom.

The next phase is to review and formulate an Individual Development Plan (IDP) which initially starts at the manager level and then developed to other levels, which started in 2021 and carried on continuously.

In 2021, the average training hours of employees was 3.67 hours / person and there were a total of 21 training courses provided to employees including the training on environmental management. The training courses included the issue of Roundtable of Sustainable Palm Oil (RSPO) and environmental management by focusing on the maximum benefit of resource usage. Furthermore, the Company applies various media used in public relations, providing knowledge and understanding about energy savings and environmental friendly, which are communicated directly and through the training in following major courses:-

- **Environmental Management Course for ISO 14001 and Roundtable of Sustainable Palm Oil (RSPO)** is to provide the knowledge about environmental management and RSPO to meet the standard. All new employees are required to learn the environmental management and RSPO. In 2021, there were 66 employees attending these courses.
- **Occupational Safety Course** is to provide the knowledge about practice and compliance with rules and regulations including the law related to the safety standard. In 2021, there were 61 employees attending this course.

In addition, the Company arranges training courses about **Code of Business Conduct** and **Anti-Corruption Policy** for employees on monthly basis. In 2021, there were 13 employees attending this course.

Details of Board of Directors and Executives

(1) Assoc.Prof Naris Chaipasoot, Ph.D.

Independent Director, Chairman of the Board, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee and Member of Nomination Committee

Age 67 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 3 companies
- Director 1 company

Number of years as a director 8 months (date of appointment : 23 April 2021)

Family relation with management None

Education Ph.D., Economics, University of Hawaii
 Master's Degree, Economics (English Program), Thammasat University
 Bachelor's Degree, Economics (Second-honors), Thammasat University

Director Training Programme Certificate of Completion RCP 45/2019, AACP 29/2018, CDC 3/2008, DCP 82/2006, DAP 32/2005 and FND 19/2005, from Thai Institute of Directors (IOD)

Position in other listed companies

- ☒ Chairman and Independent Director, AP (Thailand) Public Company Limited
- ☒ Chairman, Independent Director and Member of Audit Committee, Banpu Power Public Company Limited
- ☒ Independent Director, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee Member, GMM Grammy Public Company Limited
- ☐ Independent Director and Chairman of Audit Committee, Fortune Parts Industry Public Company Limited
- ☐ Director, Thai Oil Public Company Limited
- ☐ Acting Chairman and Director, PTT Public Company Limited

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

Other Experience

- ☒ Chairman, Travelex (Thailand) Company Limited
- ☒ Chairman, Function International Co., Ltd.
- ☒ Chairman, RX Company Limited
- ☒ Chairman, R.X. Manufacturing Co., Ltd.
- ☒ Executive Chairman, Thammasat Leadership Program Institute
- ☒ Executive Director, Fiscal Policy Research Institute Foundation

Note : ☒ **present** ☐ **past**

- Director, Thammasatchalermprakeit Hospital Foundation
- Vice President, American University Alumni Association under the Royal Patronage (AUAA)
- Director, Thammasat Department of Anandamahidol Foundation
- ☐ Director General, Treasury Department, Ministry of Finance
- ☐ Chairman, Government Housing Bank
- ☐ Chairman, Export-Import Bank of Thailand
- ☐ Board member, Government Savings Bank
- ☐ Board member, Neighboring Countries Economic Development Cooperation Agency (Public Organisation)
- ☐ Chairman, Deposit Protection Agency of Thailand
- ☐ Chairman, SME Bank
- ☐ Chairman, Small Industry Credit Guarantee Corporation
- ☐ Chairman, Thai Asset Management Corporation
- ☐ Chairman, Secondary Mortgage Corporation
- ☐ Board member, Thai Capital market Agency
- ☐ Board member, Financial Institution Policy Committee
- ☐ Board member, Government pension Fund
- ☐ Chairman, Dhanarak Asset Development Co., Ltd.

Meeting Attendance in 2021 (courted from date of appointment on 23 April 2021)

- Attended the Board Meeting 8 times out of 8 times
- Attended the AC Meeting 5 times out of 5 times
- Attended the RC Meeting 1 time out of 1 time
- Attended the NC Meeting 1 time out of 1 time

(2) Ms. Anchalee Suebchantasiri

Vice-Chairman of the Board of Directors and Managing Director

Age 63 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 2 companies

Number of years as a director 19 years (date of appointment : 18 June 2003)

Family relation with management None

Education Bachelor's degree in Accountancy, Thammasat University

Director Training Programme Certificate of Completion DCP 36/2003 and CSP 26/2008 from Thai Institute of Directors (IOD)

Position in other listed companies

- Managing Director, Lam Soon (Thailand) Plc.

Other Experience

- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.

Note : ■ **present** ☐ **past**

- Director, Phansrivivat Co., Ltd.
- Director, Phansri Co., Ltd.
- Director, Prachak Vivat Co., Ltd.
- Chairman of Board of Directors, Siam Elite Palm Co., Ltd.

Meeting Attendance in 2021

- Attended the Board Meeting 10 times out of 10 times

(3) Mr. Sangiam Santad

Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee and Chairman of Nomination Committee

Age 75 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 10 years (date of appointment : 27 April 2012)

Family relation with management None

Education M.P.A., National Institute of Development Administration
 Bachelor Degree in Law, Ramkhamhang University
 The State Private & Political Sectors Course (Class of the 1st, 2003), National Defense College

Director Training Programme Certificate of Completion DAP 22/2004 and DCP 51/2004 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☐ Director and member of the Audit Committee, T.K.S. Technology Plc.
- ☐ Director and member of the Audit Committee, IRPC Plc.
- ☐ Director, TISCO Bank Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

Other Experience

- Director, King Prajadhipok Institute's Society
- ☐ Director, Neighbouring Countries Economic Development Cooperation Agency
- ☐ Director, Provincial Electricity Authority
- ☐ Director, Dairy Farming Promotion Organization of Thailand
- ☐ Inspector General, the Ministry of Finance
- ☐ Legal Advisor, the Ministry of Finance
- ☐ Director of Regional Customs Bureau 1
- ☐ Secretary to the Customs Department

Note : ■ *present* □ *past*

Meeting Attendance in 2021

- Attended the Board Meeting 9 times out of 10 times
- Attended the AC Meeting 6 times out of 6 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 2 times out of 2 times

(4) Mr. Wasin Patchakapati

Independent Director, Member of Audit and Corporate Governance Committee,
Member of Remuneration Committee and Member of Nomination Committee

Age 68 years
Nationality Thai
Address 70/370 Chollada-Raminthra,
Soi Kanchanaphisek 7, Raminthra Road,
Khan Na Yao, Bangkok 10230

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 6 years (date of appointment : 26 April 2016)

Family relation with management None

Education Bachelor's Degree in Engineering,
Chulalongkorn University

Director Training Programme None

Position in other listed companies None

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

Other Experience

- ☐ Director, Phansrivivat Co., Ltd.
- ☐ Director, Phansri Co., Ltd.
- ☐ Director, Prachak Vivat Co., Ltd.

Meeting Attendance in 2021

- Attended the Board Meeting 10 times out of 10 times
- Attended the AC Meeting 6 times out of 6 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 2 times out of 2 times

(5) Mr. Whang Shang Ying

Director, Member of Remuneration Committee and
Member of Nomination Committee

Age 61 years
Nationality Singaporean
Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Note : ☒ **present** ☐ **past**

The number of directorships in listed companies

- Chairman 0 company
- Director 2 companies

Number of years as a director 23 years (date of appointment : 26 April 1999)

Family relation with management None

Education Bachelor of Arts (Hons.) in Law,
Oxford University, United Kingdom

Director Training Programme None

Position in other listed companies

- Executive Director, Lam Soon (Thailand) Plc.
- Director, Jurong Cement Limited, a public listed company in Singapore

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others
- Executive Director, Lam Soon (Thailand) Plc.
- Chairman and Executive Director, Universal Food Plc.
- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.
- Executive Chairman, Lam Soon (M) Berhad
- Executive Chairman, Lam Soon Singapore Pte Ltd.

Other Experience

- Member of the Board of Governors, Singapore Polytechnic
(Ending 31 March 2021)
- Member of the Advisory Board, Asian Civilisations Museum, Singapore
(Ending 31 December 2021)
- Member of ECR Singapore Board
- Director, National Gallery Singapore

Meeting Attendance in 2021

- Attended the Board Meeting 8 times out of 10 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 2 times out of 2 times

(6) Ms. Piyathida Sukchan

Executive Director

Age 53 years

Nationality Thai

Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 2 companies

Number of years as a director 19 years (date of appointment : 18 June 2003)

Family relation with management None

Education M.A. in Development Economics,
National Institute Development Administration;
B.A. in Economics (Finance),
Thammasat University

Note : ■ *present* □ *past*

Director Training Programme Certificate of Completion DCP 36/2003 from Thai Institute of Directors (IOD)
 Certificate of Thai Intelligent Investors 1/2012 (TIIP1) from Thai Investor Association and Stock Exchange of Thailand
 Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☒ Executive Director and Company Secretary, Lam Soon (Thailand) Plc.

Other Experience

- ☒ Director, Lam Soon Holding Co., Ltd.
☒ Director, Bangkok Edible Oil Co., Ltd.
☒ Director, Phansrivivat Co., Ltd.
☒ Director, Phansri Co., Ltd.
☒ Director, Prachak Vivat Co., Ltd.
☒ Director, Siam Elite Palm Co., Ltd.
☐ Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.

Meeting Attendance in 2021

- Attended the Board Meeting 10 times out of 10 times

(7) Mr. Ampol Simarojana

Non-Executive Director

Age 65 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
 - Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
 - Director 2 companies

Number of years as a director 4 years (date of appointment : 20 June 2018)

Family relation with management None

Education Bachelor of Science (Chemical Engineering), Chulalongkorn University

Director Training Programme Certificate of Completion DCP 37/2003 from Thai Institute of Directors (IOD)

Position in other listed companies

- ☒ Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.
☐ Executive Director, Lam Soon (Thailand) Plc.
☐ Executive Director, United Palm Oil Industry Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
 - others

- ☒ Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.

Other Experience

- ☒ Director, Siam Elite Palm Co., Ltd.
☐ Director, Lam Soon Holding Co., Ltd.
☐ Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.

Note : ☒ **present** ☐ **past**

Meeting Attendance in 2021

- Attended the Board Meeting 10 times out of 10 times

(8) Mrs. Sutida Boonjaroen

Company Secretary

Age 47 years

Shareholdings (Ordinary Shares)

- Held personally 100 shares (0.00003%)

- Held by spouse or minor children None

Family relation with management None

Education : Bachelor of Liberal Arts, Thammasat University

Director Training Programme : None

Other Experience

☒ Export Supervisor, Lam Soon (Thailand) PCL.

☐ Secretary, Finance and Accounting Department, Lam Soon (Thailand) PCL.

(9) Mr. Supoch Pangjan

Factory Manager

Age 45 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Electrical Engineering,
King Mongkut's University of Technology North
Bangkok

Other Experience

☒ Mill Manager, Lam Soon (Thailand) PCL. (Trang)

☐ Assistant Engineering Manager, GFPT PCL.

☐ Engineer, ONPA Co., Ltd.

(10) Mr. Wisarn Petsai

Estate Manager

Age 58 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Science (Agriculture),
Prince of Songkhla University

Other Experience None

(11) Mr. Winai Yamhom

Estate Manager

Age 63 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Graduate Diploma in Teaching Profession,
Phuket Rajabhat University

Other Experience None

Note : ☒ **present** ☐ **past**

(12) Mr. Charan Intharat

Estate Manager

Age 59 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Plant Science, Maejo University

Other Experience None

(13) Mr. Nattaporn Thawornyuttitam

Human Resources and Administration Manager

Age 48 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Political Science, Prince of Songkhla University

Other Experience

- ☐ Human Resources Manager, Crystal Hotel Hat Yai
- ☐ Human Resources Division Manager, ACK Food Tech Co., Ltd.

(14) Ms. Thanyapas Apichodchairat

Account and Finance Manager

Age 45 years

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

Family relation with management None

Education Bachelor of Accounting, Bansomdejchaopraya Rajabhat University

Other Experience

- ☐ Account Manager, Inter High Public Company Limited
- ☐ Account Manager, Ubon Bio Ethanol Public Company Limited

Note : ☒ **present** ☐ **past**

Directors and the Executives having positions in subsidiaries and related companies

As at 31 December 2021, Directors and the Executives having positions in subsidiaries and related companies were as follows: -

Name	Company	Related Company			Subsidiaries			Joint Venture
		LST	UFC	UNF	Phansrivivat Co., Ltd.	Phansri Co., Ltd.	Prachakvivat Co., Ltd.	Siam Elite Palm Co., Ltd.
(1) Mr. Whang Shang Ying	/	//	*	*				
(2) Ms. Anchalee Suebchantasiri	//	//			/	/	/	*
(3) Ms. Piyathida Sukchan	//	//			/	/	/	//
(4) Mr. Ampol Simarojana	/	/						/

Notes * : Chairman of Board of Directors
/ : Director
// : Executive Director

LST : Lam Soon (Thailand) Plc.
UFC : Universal Food Plc.
UNF : Union Frost Co., Ltd.

Details of the Directors of Subsidiaries

Since the Company's subsidiaries recorded revenue not higher than 10% of total revenue based on consolidated statement of comprehensive income for 2021, those were considered as non-significant subsidiaries according to the announcement of the SEC. Therefore, the Company did not disclose the details of the directors of subsidiaries.

Details of the Head of Controlling System and Internal Audit Function

In order to have an independent internal auditing which can be fully functioning, the Audit and Corporate Governance Committee arranged for the Company to hire an outside firm and resolved to appoint Dr. Virach and Associates Office Co., Ltd. which is an audit firm in the list approved by the SEC to be an outsourced internal auditor, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls). The internal auditor shall report directly to the Audit and Corporate Governance Committee every quarter under the annual contract.

Details of Internal Auditor : Mr. Apiruk Ati-anuwat

Audit partner Dr. Virach and Associates Office Co., Ltd.

Age	:	51 years
% of share holding	:	None
Family relation with management	:	None
Education	:	MBA., Ramkhamhaeng University B.B.A. (Accounting), Ramkhamhaeng University LL.B., Thammasat University Certified Public Accountant
Training Course	:	COSO Internal Control System (The Committee of Sponsoring Organization of the Treadway Commission) Evaluation of internal control system COSO-ERM (The Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management)
Duties and responsibilities	:	Design the annual internal audit plan Review risk assessment of the internal control system Submit the finding reports to the Audit and Corporate Governance Committee
Present Experience	:	<ul style="list-style-type: none"> ■ Audit partner Dr. Virach and Associates Office Co., Ltd. ■ Internal auditor, United Palm Oil Industry Plc., 22 years ■ Internal auditor, Lam Soon (Thailand) Plc., 17 years

8. Report on Key Operating Results Related to Corporate Governance

8.1 Summary of duty performance of the Board of Directors in the past year

In 2021, the Board of Directors holds 10 meetings to establish policies and strategies to enhance the Company's capabilities and monitor its performance and status. It also closely monitored the Company's performance and financial status in order to ensure that the Company smoothly overcomes the crisis, the COVID-19 pandemic. In addition, the Company maintained the efficiency of supervision and sufficiency of an internal control system and corporate risk management by organising sub-committees meetings as well.

8.1.1 Selection, development and evaluation of duty performance of the Board of Directors

In 2021, the Company appointed 1 new independent director, replacing the resigned director, whereby the Nomination Committee considered prior to proposing an appropriate one to the Board of Directors before further proposing to the Annual General Meeting of Shareholders for approval.

The Board has set the qualification of the independent directors as follow:-

- a) holding shares not exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling persons, including the shares held by related persons of the 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, associate, joint venture, subsidiary in the same level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency 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 directors, executives or controlling persons of the Company or its subsidiary;
- d) neither having nor having had a business relationship with the Company, its parent company, subsidiary, associate, joint venture, 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, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' in the preceding paragraph shall include 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 value of three percent (3%) or more of the net tangible assets of the Company or 20 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 Re: Disclosure of Information and Act of Listed Companies Concerning the 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, associate, joint venture, 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, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office;
- f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiary, associate, joint venture, 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 2 years prior to the date of application filing with the Office;
- 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 undertake any business in the same nature and in competition with the business of the Company or its subsidiary, not being a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 0.5% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary;
- i) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

In the case where the person appointed by the Company as independent director has or used to have a business relationship or provide professional service exceeding the value specified under (d) or (f) of the first paragraph, the Company shall be granted an exemption from such prohibition only if the Company has provided the opinion of the Company's Board of Directors indicating that, by taking into account the provision in Section 89/7, the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders' meeting under the agenda for the appointment of independent director.

- a) The nature of the business relationship or professional service which such person's qualification not in compliance with the prescribed rules;
- b) The reason and necessity for maintaining or appointing such person as independent director;
- c) The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

For the purpose of (e) and (f) of the first paragraph, the term "partner" shall mean a person assigned by audit firm or a provider of professional service to sign on the audit report or the professional service report (as the case may be) on behalf of such juristic person.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be more stringent than laid out by the SEC i.e. the Company's independent directors are allowed to hold the Company's shares not exceed 0.5%.

Selection of directors and chief executives

1. Structure of the Board

According to the Articles of Association of the Company, The Board composes of not less than 5 Directors. The Board of Directors must be qualified and not subject to the prohibitions under the law of public company limited and other relevant laws. In addition, the Board composition shall have a wide range of skills, experiences, abilities and specific characteristic as well as gender and age. At least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons, and must be complied with the qualification announced by SEC.

2. Duties and Responsibilities of the Board

1. To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company;
2. To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders;

3. To set a Corporate Governance Code and encourage every employee in the organisation to implement the Code, assessment of Code implementation and reviewing the Code at least once a year;
4. To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly;
5. To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same;
6. To appoint sub-committees, assignment of roles, duties and responsibilities of each sub-committee;
7. To have clear communication regarding the roles, duties and responsibilities of the Board, Audit and Corporate Governance Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, Management and employees;
8. To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual registration statement / annual report (Form 56-1 One Report) as well as disclosure of information to meet the requirement of law and relevant government authorities;
9. To set guideline for reviewing the suitability of transaction with potential conflict of interest;
10. To arrange at least one board meeting in every quarter, and convene the shareholders' meeting at least once a year;
11. At a meeting of the Board of Directors, there must be present not less than one half of the total number of directors to form a quorum;

In the event that the Chairman is absent or is unable to perform his duties, if there is a Vice-Chairman, the Vice-Chairman shall be the chairman of the meeting. In the absence of the Vice-Chairman or if the Vice-Chairman is unable to perform his duties, the directors present at the meeting shall elect one among themselves to be the chairman of the meeting.

12. Such other duties and responsibilities stipulated by law, the Articles of Association, and resolutions passed at shareholders' meeting.

3. Scope of Authority of the Board of Directors

1. Each director shall have one vote and decisions of the meeting shall be by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have an additional casting vote. In case of a vacancy on the Board of Directors otherwise than by rotation, the resolution of the Board of Directors must be passed by a vote of not less than three-fourths of the number of subsisting directors.
2. Director who has a personal interest in any matter who shall have no right to vote on such matters.
3. Two directors shall be authorised to jointly sign together with the Company's seal affixed. However, the Board of Directors may specify

names of the directors authorised to sign and bind the Company together with the Company's seal affixed.

4. The Board of Directors may appoint other persons to carry out the Company's business under the Board of Directors' supervision or may confer upon such other persons such powers as they think fit and for such time as they think expedient and any revoke, withdraw, alter or vary any such powers.
5. The Board of Directors may pay interim dividends to the shareholders from time to time when the Board of Directors finds the Company has sufficient profit and a report thereof shall be made to the shareholders' meeting at the next meeting.
6. Although various transactions are under the authority of the Board of Directors, there are the following cases stated in the Articles of Association to be conducted at the shareholders' meeting.
 - (1) Reviewing the report of the Board of Directors covering the work done during the preceding year as proposed to the meeting by the Board of Directors;
 - (2) Considering and approving the statements of financial position and statements of comprehensive income of the preceding fiscal year;
 - (3) Considering the appropriation of profits, reviewing directors' remuneration and the appropriation of a reserved fund;
 - (4) Election of new directors in place of those who must retire on the expiration of their terms;
 - (5) Appointment of the auditor and fixing his remuneration;
 - (6) The sales or transfer of the whole or substantial part of the business of the Company to other persons;
 - (7) The purchase or acceptance of transfer of business of other companies or private companies to the Company;
 - (8) The making, amendment or termination of contracts relating to the leasing out of the whole or substantial part of the businesses of the Company, the assignment to any other persons to manage the businesses of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing;
 - (9) The amendment of Memorandum or Articles of Association;
 - (10) The increase or decrease in the Company's capital or the issuance of debentures;
 - (11) The amalgamation or dissolution of the Company;
 - (12) Other businesses.

4. The Chairman of the Board

The Chairman of the Board shall be an independent director or non-executive director. The Chairman must be a different person from the Managing Director so that the two roles are clearly separated. The duties and responsibilities are as follows:-

1. In calling a board meeting, the Chairman or assigned delegate shall serve a written notice calling for such meeting to members of the Board

not less than 7 days prior to the date of the meeting so that the directors may have adequate time to study, review, and make proper decisions. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed;

2. Jointly with the Managing Director, defines the agenda of each meeting;
3. To ensure the efficiency of each meeting by allocating enough time for the executives to present information, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarising the meeting's resolutions;
4. To play a key role in encouraging the Board of Directors' conformance to corporate governance principles, including identifying themselves, refraining from voting, and leaving the meeting in case of having conflicts of interest in any agenda;
5. To inform the Board of Directors all significant matters;
6. To encourage the Board of Directors to attend shareholders' meeting and preside over such meeting to ensure the meeting efficiency and address shareholders' queries;
7. To encourage the Board of Directors to perform their duties under the scope of authority given by laws, and the corporate governance.

5. The Managing Director

The Managing Director is assigned by the Board of Directors to conduct the Company business under the approved plans and budgets with rigor, integrity and the duty of good corporate governance to ensure that the Company, shareholders and stakeholders are properly and fairly engaged in the business including the disclosure of general information and financial information of the Company in accordance with good practices and does not have any interest or conflict of interest with the Company and its subsidiaries.

6. Company Secretary

The Company shall appoint a Company Secretary in accordance to section 89/15 of the Securities and Exchange Act B.E. 2551 with the following duties and responsibilities:-

1. To prepare and keep the following documents:-
 - a register of directors;
 - a notice calling the Board and shareholders' meetings;
 - a minute of meeting of the Board of Directors and meeting of shareholders;
 - an annual registration statement / annual report (Form 56-1 One Report) of the Company.
2. To follow-up and ensure implementation of the resolutions of the Board and shareholders' meetings;
3. To keep a report on interest filed by a director or an executive and submit a copy of report to the Chairman of the Board and the Chairman

- of Audit and Corporate Governance Committee within 7 business days from the date on which the Company has received such report;
4. To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, the Board of Directors, and the executives comply to all the laws and regulations;
 5. To ensure the disclosure of information according to the regulations of the SET, the SEC and other relevant laws;
 6. To liaise with relevant regulatory bodies;
 7. To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the Company Secretary is assigned to function as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act, and other related laws.

7. Director's Term of Office

According to the Article 12 of the Articles of Association of the Company, in every Annual General Meeting of Shareholders, a new board of directors shall be elected.

8. Directors Concurrently Being Directors of Other Companies

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for directors to be directors of listed companies not more than 5 companies.

The Company does not set limit for being directors in other non-listed companies because most of Executive Directors are directors of subsidiaries, associates, joint venture, or related companies.

9. Board of Directors' Meeting

The Company shall meet at least once in every quarter provided always that the Chairman of the Board may call special meetings as he deems necessary. Two or more directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is required by at least 2 directors, the date of the meeting shall be fixed within 14 days from the date of receipt of the request.

In case of regular meetings, the meeting schedule shall be set in advance annually and inform to each director in November every year.

The Company Secretary shall set agenda required to comply with the law and related regulations. Other agendas shall be jointly set by the Chairman and the Managing Director. Each director may also propose agenda items for the meeting by sending the agenda items through the Company Secretary 14 days prior to the meeting date. The Company Secretary shall collect all the

proposed agenda items for the Chairman consideration before include them in the meeting agenda.

The Company shall send to all directors meeting document with the meeting notice, clearly stating the matter as for information, for approval or for consideration as the case may be, at least 7 days prior to the meeting date to enable each director to have time to study the information before the meeting. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer additional questions from the directors, and allow sufficient time for the directors to the matters.

Furthermore, the Chairman allows each director to express his/her opinions freely. In case of a director having a stake in a matter being considered, the director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter.

The minutes of the meeting shall be in writing stating the date, time of meeting commencement and termination, names of directors attending the meeting and directors absent from the meeting, summary of topics and issues as well as observation of the directors, resolutions and opinion of dissenting directors, name of persons recording the minutes and certifying the minutes. After being confirmed, the minutes shall be kept by the Company Secretary and will be ready for examination by related parties.

Development of directors in the past year

In 2021, director who attended the major training sessions was as follows:

No.	Director	Position	Training Session	Objectives
1	Ms. Piyathida Sukchan	Executive Director	<p>Project of Surveying CGR 2023 Criteria, from Thai Institute of Directors (IOD)</p> <p>Director Refreshment Training Program - Lessons Learnt from Financial Cases: How Board should React, from Thai Institute of Directors (IOD)</p> <p>Trade Benefits with RCEP and Trade and Investment Opportunities, from Department of Foreign Trade</p> <p>Ensure the Readiness Before Implementing PDPA, from the SEC</p>	<p>To understand CGR 2023 criteria, the essence of which relates to upgrading the corporate governance of listed companies to be in line with the trend in both Thailand and Global.</p> <p>To have up-to-date information and timely skills for keeping up with the disruption of financial crisis.</p> <p>To have an information of trade benefits from RCEP with readiness to expand the international trade channel</p> <p>To get ready to implement Personal Data Protection Act B.E. 2562 (2019) being effective on 1 June 2022</p>

Performance Evaluation of the Board

In 2021, the Company conducted self-assessment of the Board of Directors and Sub-Committees as a whole as well as on individual basis. For the assessment process, the Company Secretary shall submit the Board Self Assessment Form, issued by the SET, to each Board member at the end of the year, then gather the data and report the result to the Board.

1. Self Assessment form of the Board of Directors as a whole

Self-Assessment of the Board of Directors as a whole has been implemented to evaluate performance of the Board as a whole by applying the guideline from the SET with the nature and structure of the Board. The result of the assessment is served as a tool for the Board of Directors to review its own duty and further enhancing the efficiency and effectiveness. Six categories of the assessment of opinion and action level are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	91.21
2. Roles, duties and responsibilities of the Board	90.18
3. The Board Meeting	96.69
4. Duties of directors	95.41
5. Relationship with management	90.00
6. Director's self improvement and management training	89.29
Average Scores	91.88

In 2021, overall evaluation results of the six categories indicated **"Very Good"**.

2. Self-Assessment form of Sub-Committees as a whole

Self-Assessment of Sub-Committees as a whole has been implemented to evaluate performance of Sub-Committees as a whole by applying the guideline from the SET with the nature and structure of Sub-Committees. The result of the assessment is served as a tool for Sub-Committees to review its own duty and further enhancing the efficiency and effectiveness. Seven categories of the assessment of opinion and action level are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	93.88
2. Sub-Committees meeting conducted under the determined conditions	97.02
3. Audit Committee	96.94
4. Nomination Committee	87.50
5. Remuneration Committee	92.86
6. Corporate Governance Committee (under Audit Committee)	91.07
7. Risk Management Committee	82.14
Average Scores	92.21

In 2021, overall evaluation results of the seven categories indicated **“Very Good”**.

3. Self-Assessment form of the Board of Directors and Sub-Committees (individual basis)

Self-Assessment of the Board of Directors and sub-committees (individual basis) has been implemented to evaluate performance of individual director as a tool for reviewing his/her own duty and further enhancing the efficiency and effectiveness. Categories of the assessment, in compliance with good corporate governance principles, are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	89.29
2. The Board Meeting	96.43
3. Roles, duties and responsibilities of the Board	94.29
Average Scores	94.16

In 2021, overall evaluation results of the three categories indicated **“Very Good”**.

Remark: “Very good” has scored in the range of 81-100 scores.

In sum, the score result of the Board Self-Assessment in 2021 was 92.23%. (2020 : 91.46%)

8.1.2 Meeting attendance and remuneration payment to each Board member

Meeting attendance of each Board member

In 2021, the Board of Directors held 10 meetings. The attendance of each member is as follows:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Thira Wipuchanin <i>(resigned on 23 April 2021)</i> Assoc.Prof Naris Chaiyasoot, Ph.D. <i>(being on board on 23 April 2021)</i>	Independent Director and Chairman of Board of Directors	2020-23 April 2021	2/2
		23 April 2021-2022	8/8
(2) Mr. Sangiam Santad	Independent Director	2021-2022	9/10
(3) Mr. Wasin Patchakapati	Independent Director	2021-2022	10/10
(4) Mr. Whang Shang Ying	Director	2021-2022	8/10
(5) Ms. Anchalee Suebchantasiri	Managing Director	2021-2022	10/10
(6) Ms. Piyathida Sukchan	Executive Director	2021-2022	10/10
(7) Mr. Ampol Simarojana	Non - Executive Director	2021-2022	10/10

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director. In 2021 there was 1 meeting of non-executive directors which were not attended by executive directors, in relation to new accounting standards that would affect the Company including the collaboration of the management team working with the external auditor, and other general matters.

Remuneration of Directors and Executives

1. Remuneration of the Board of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholders' meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

The Annual General Meeting of Shareholders No. 44 resolved to approve the remuneration payments for 2021 to the Company's directors as proposed by the Board. The remuneration was thoroughly and carefully considered by the Remuneration Committee all factors including comparison with other companies in the same industry as well as growth of business and operating results of the Company, as follows: -

Chairman	73,700 Baht/month
Executive Director	47,300 Baht/month each
Non-Executive Director	47,300 Baht/month each
Independent Director	50,600 Baht/month each
Audit and Corporate Governance Committee	52,800 Baht/month each

The above director remunerations were paid on monthly basis.

Monetary Remuneration

a. Director's fees : Total fees paid to all 8 members of the Board **6,270,000** Baht

Remuneration of the Board of Directors and Sub-Committees	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	7	4,369,200	8	4,369,200
Audit and Corporate Governance Committee	3	1,900,800	4	1,900,800
Remuneration Committee	4	-	5	-
Nomination Committee	4	-	5	-

b. Directors' fees paid to the Company's Directors as Directors of subsidiaries and the joint venture

- - None - -

Other Remuneration

The Company has paid no other remuneration, except the cost of air-ticket and accommodation for directors residing outside Thailand who attend the meetings. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

2. Remuneration of Executives

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval. The remuneration structure rewards individual performance and incentivises the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

In 2021 Executive Directors, Managing Director and Executives jointly defined Key Performance Indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Remuneration	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
Executives	9	14,498,780	9	17,900,269

- a. Remuneration (salary and bonus) of all 9 Executives : **17,900,269 Baht***
 b. Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries and the joint venture
-- None --

Apart from salary and bonus, other forms of remuneration include provident fund, Company's cars and the related expenses, residence, medical insurance, and accidental insurance. However, the Managing Director and Executive Director received no other forms of remuneration.

As for Provident Fund, the Executives have been paid at 5% of salary for Provident Fund, the same rate as other employees. However, no Provident Fund has been paid to Executive Directors.

* Note : Remuneration of the Executives includes remuneration paid to Executive Directors, Managing Director, the first 4 Heads of Department ranking immediately below the Managing Director including every person in the same level of the 4th ranking (as specified in the Notification of the Office of the Securities and Exchange Commission).

3. Remuneration of Each Director

Name	Position	Director's fees in 2021	
		Director	Audit and Corporate Governance Committee
(1) Mr. Thira Wipuchanin (resigned on 23 April 2021) Assoc.Prof Naris Chaikasoot, Ph.D. (being on board on 23 April 2021)	Chairman of the Board of Directors, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	275,147 609,253	197,120 436,480
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director	567,600	
(3) Mr. Sangiam Santad	Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee, Chairman of Nomination Committee	607,200	633,600
(4) Mr. Wasin Patchakapati	Independent Director, Member of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	607,200	633,600
(5) Mr. Whang Shang Ying	Director, Member of Remuneration Committee, Member of Nomination Committee	567,600	
(6) Ms. Piyathida Sukchan	Executive Director	567,600	
(7) Mr. Ampol Simarojana	Non - Executive Director	567,600	
Total		6,270,000	

8.1.3 Supervision of subsidiaries, associated companies, and joint venture

Executives may hold directorship or executive positions in subsidiary, affiliate, joint venture or other related companies in the same group. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

The Company's directors as directors and executives of subsidiaries and the joint venture receive no remunerations from those companies.

8.1.4 Monitoring of compliance with the corporate governance policy and guidelines

The Board of Directors of the Company considered the consolidated financial statements of the Company and its subsidiaries, including information as shown in the annual registration statement / annual report (Form 56-1 One Report), and concluded that the financial statements have been prepared under generally accepted accounting standards in Thailand. Proper accounting policies have been chosen and have always been consistently adhered to. The financial statements have also been prepared with careful basis using the best estimation. Adequate material information has been disclosed in the notes to the financial statements. The Board has also adopted and maintained an effective system of internal controls in the Company so that we can be reasonably assured that accounting records are accurate, complete and adequate to protect the assets of the Company. These controls are also preventive measures against possible wrongdoing or other significant irregularities in the operations of the Company.

In this regard, the Board of Directors has appointed the Audit and Corporate Governance Committee responsible for the quality of the Company's financial reports and the internal control systems, as well as other processes to support the financial documents to be prepared under generally accepted accounting standards, including to disclose information transparently.

The Audit and Corporate Governance Committee considered the operational performance of the Company during the year 2021 and provided the opinion that the Board of Directors and the Management made a great effort to achieve the Company's objectives without any relevant statutes and regulations having been contravened and attach importance to the effective internal control system and to the adequacy of the risk management. Information system has also been prepared to support the good corporate governance principles. In sum, the overall internal control system of the Company has been at satisfactory level which can assure the credibility of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2021.

The opinion of the Audit and Corporate Governance Committee with regard to these matters is set out in the Report of the Audit and Corporate Governance Committee in this annual registration statement / annual report (Form 56-1 One Report).

In addition, the Company shall monitor to ensure compliance with good corporate governance in the following four matters.

(1) Prevention of conflicts of interest

In order to facilitate normal business transaction, the Board has approved in principle to allow the management to do the transaction between the Company and its subsidiaries if the transaction falls into the following categories:-

1. Being a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person.
2. Being reasonable advance payments occurring in the normal course of business operation and with reimbursement on an actual basis.

The management shall report transaction with value over 500,000 Baht which will be reviewed by the Audit and Corporate Governance Committee before presenting to the quarterly Board meetings.

(2) Use of inside information to seek benefits

In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by any one or more penalties as follows:-

- cut wages or compensation or other benefits
- layoff, dismiss, or discharge from the post of director, executive, manager or employee as it would be deemed intentionally causing damage to the Company. In case the violator is a director, the matter shall be submitted to the shareholders' meeting to consider the penalty.
- report the violation to the SET and/or the SEC
- report to the police to take action according to the law
- take other measures according to the resolution of the Board or the shareholders' meetings.

(3) Anti-corruption action

The Company establishes the following guidelines for monitoring and evaluating the actions to prevent the involvement in corruption.

1. The Company's internal audit unit is assigned to conduct auditing according to the annual audit plan which is approved by the Audit and Corporate Governance Committee and report any significant issues including provide recommendations to the Audit and Corporate Governance Committee.
2. Relevant business unit is required to regularly monitor and evaluate the corruption risk to ensure the effective implementation of the anti-corruption policy including follow up, review, and improve the policy from time to time. The risk evaluation result must be

reported to the Risk Management Committee, the Audit and Corporate Governance Committee and the Board of Directors respectively in a timely and consistent manner.

3. In fact-finding process, if the information from the investigation or complaints have shown an explicit evidence which may have a significant impact on the financial position and the operating performance of the Company including the violation of law or code of business conduct, or any suspicious issues in the financial report or internal control system, the Audit and Corporate Governance Committee shall report the concerns to the Board of Directors for further improvement and correction.

(4) Whistleblowing

In case that stakeholders require to do whistle blowing or make any complaints to the Company, the below channels have been set up as the guideline.

1. **Provide channel for stakeholders to do whistle blowing or make complaints** : Any stakeholder wishes to communicate to the Board of Directors directly without passing through the management of the Company to express his opinions about the operation of the Company's business including whistle blowing or complaints such as incorrect financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to the Audit and Corporate Governance Committee.

By post: Assoc.Prof Naris Chaiyasoot, Ph.D.
Chairman of the Audit and Corporate Governance Committee
United Palm Oil Industry Plc.
64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260

By email: naris@econ.tu.ac.th

2. **Protection of informer's identity** : A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.
3. **Action after receiving concerns or complaints** : The Audit and Corporate Governance Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.

8.2 Report on the results of duty performance of the Audit and Corporate Governance Committee in the past year

The Audit and Corporate Governance Committee shall comprise at least 3 independent directors. The members of the Audit and Corporate Governance Committee must be appointed by the Board of Directors with at least 1 committee member possessing sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility of the financial statements. The members of the Audit and Corporate Governance Committee must be directors of the Company who are qualified as "independent directors" pursuant to the definition announced by the Company and in accordance with the stipulations of the Capital Market Commission and the

regulations of the Stock Exchange of Thailand. The Chairman of the Audit and Corporate Governance Committee can be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the Annual General Meeting of Shareholders (AGM). A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

The Audit and Corporate Governance Committee shall designate a person as Secretary to the Audit and Corporate Governance Committee to provide support to the Audit and Corporate Governance Committee's proceedings, including setting up meeting appointments, preparing meeting agendas, distributing meeting documents, taking minutes of meeting, and other tasks as assigned by the Audit and Corporate Governance Committee.

Duties and Responsibilities of the Audit and Corporate Governance Committee

1. To review the credibility and sufficiency of the financial reporting.
2. To approve the disclosure of quarterly financial statements to the SET.
3. To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, performance appraisal, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing.
4. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
5. To consider, select, propose the appointment of, and terminate an independent person to work as the external auditors including the audit fee. The Audit and Corporate Governance Committee shall hold at least one meeting with the auditor without the management's presence at the meeting;
6. To consider all connected transactions or the conflict-of-interests transactions disclosures in compliance with the laws and regulations of the SET, to ensure that the transaction is justified and for the best benefit of the Company;
7. To report the operating results of the internal audit to the Board of Directors on quarterly basis, which including the Audit and Corporate Governance Committee's opinion on the internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
8. To report the activities of the Audit and Corporate Governance Committee in the Company's annual registration statement / annual report (Form 56-1 One Report), which must be signed by the Chairman of the Audit and Corporate Governance Committee. The following information should be included in the report:-
 - (8.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible
 - (8.2) Comments on the adequacy of the Company's internal control systems
 - (8.3) Comments on compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws
 - (8.4) Comments on whether the Company's auditor is suitable
 - (8.5) Comments on the transaction with potential conflicts of interest
 - (8.6) The number of Audit and Corporate Governance Committee's meetings and meeting attendance of each member
 - (8.7) General comments or observation from the performing of duties according to the Charter
 - (8.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board

9. To ensure that the management has a mechanism to receive complaints and supervise the proper handling of complaint receipt;
10. To propose the Good Corporate Governance Guidelines to the Board of Directors;
11. To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices;
12. To consider, review, and revise the Good Corporate Governance Policy consistently;
13. To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate;
14. To ensure that the Chairman and the members of Audit and Corporate Governance Committee shall attend the shareholders' annual general meeting in order to classify issues associated with the Audit and Corporate Governance Committee or appointment of the external auditors;
15. To assess its own performance (Self-Assessment) and report the findings to the Board of Directors for acknowledgment as a whole and on individual basis;
16. To regularly review the Charter of Audit and Corporate Governance Committee;
17. To take care of any other matters assigned by the Board of Directors;
18. There shall be at least 4 meetings of the Audit and Corporate Governance Committee per year. At a meeting, at least half the number of the members of the Audit and Corporate Governance Committee must be present to constitute a quorum;
19. The Audit and Corporate Governance Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

8.2.1 Specify the total number of the Audit Committee's meetings and the attendance of each member

In 2021, the Audit and Corporate Governance Committee held 6 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Thira Wipuchanin <i>(resigned on 23 April 2021)</i> Assoc.Prof Naris Chaiyasoot, Ph.D. <i>(being on board on 23 April 2021)</i>	Chairman of the Audit and Corporate Governance Committee	2020-23 April 2021	1/1
		23 April 2021-2022	5/5
(2) Mr. Sangiam Santad	Independent Director	2021-2022	6/6
(3) Mr. Wasin Patchakapati	Independent Director	2021-2022	6/6

8.2.2 The results of duty performance of the Audit and Corporate Governance Committee

In 2021, the Audit and Corporate Governance Committee has fulfilled and executed its duties and responsibilities in compliance with the Stock Exchange of Thailand's regulations

and other activities assigned by the Board. The Committee held four meetings within the year, with substantive agenda as follows:

1. Approval of quarterly financial statements and review of annual financial statements including the disclosures of information in Notes to Financial Statements, submitted to the Board of Directors. The financial statements were in accordance with generally accepted accounting principles. The disclosures of information in Notes to Financial Statements were found to be adequate and accurate;
2. Examination of the reports and recommendations of internal audit regarding the internal control and risk management as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2021, the Company was found to have exercised an appropriate and effective internal control and risk management system, with transparent governance and no material management failures;
3. Consultative meetings with the management, external and internal auditors in order to make suggestions and practical guidelines for management. The management has subsequently adopted these suggestions to improve the Company's working efficiency;
In addition, in 2021 the Committee had one meeting with the external auditors without the management attending. The information disclosed by the management to the auditors was found to be adequate without any deficiencies;
4. Consultative meetings with the management and external auditors regarding the implementation of new Thai Accounting Standard and the readiness of the Company;
5. Proposal to the Board of Directors to consider the 2021 annual audit plan and renewal of the appointment of Dr. Virach and Associates to be outsourced internal auditor for a further one-year term, to 31 December 2021, including appropriate remuneration;
6. Consideration of the principles of Good Governance for Listed Companies, which Thai Institute of Directors (IOD) and the Stock Exchange of Thailand (SET) updated and improved to meet the standards of ASEAN CG Scorecard;
7. Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit and Corporate Governance Committee;
8. Proposal to the Board of Directors for approval at the 2022 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2022 including appropriate remuneration;
9. Consideration of "Board Self-Assessment" Form, a part of the Corporate Government Self-Assessment, as an instrument to internally practice for good corporate governance principles.

The Audit and Corporate Governance Committee concluded that management continued systematically to exercise good internal control and did not find that any relevant statutes and regulations have been contravened.

8.3 Summary of the results of duty performance of subcommittees

8.3.1 Specify the total number of the subcommittees' meetings and the attendance of each subcommittee member;

Nomination Committee

In 2021, the Nomination Committee held 2 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Mr. Sangiam Santad	Chairman of the Nomination Committee	2021-2022	2/2
(2) Mr. Thira Wipuchanin (resigned on 23 April 2021)	Independent Director	2020-23 April 2021	1/1
Assoc.Prof Naris Chaiyasoot, Ph.D. (being on board on 23 April 2021)	Independent Director	23 April 2021-2022	1/1
(3) Mr. Wasin Patchakapati	Independent Director	2021-2022	2/2
(4) Mr. Whang Shang Ying	Director	2021-2022	2/2

The Nomination Committee shall comprise at least 3 directors, majority of whom should be independent directors. The Chairman of the Nomination Committee shall not be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

Duties and Responsibilities of the Nomination Committee

1. To consider and review the current structure of the Board of Directors whether it fits the Company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time;
2. To define nomination process and criteria in accordance with the composition and qualifications stated in 1;
3. To assess director independence qualification in accordance with the SEC regulations;
4. To select, assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors;
5. To allow minority shareholders to nominate a director candidate to the Nomination Committee; a time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting;
6. To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain

- relevant appointment information including supporting reasons and willingness of the nominated candidates;
7. To consider the characteristics of the nominees for the Board members by following guidelines in selecting director candidates:-
 - (7.1) General characteristics of individual director
 - integrity and accountability
 - informed judgment
 - prudence and maturity i.e. able to engage in constructive debates and give independent opinions
 - principled and professional
 - other characteristics as the Nomination Committee deems appropriate
 - (7.2) Competencies in the following areas to ensure the Board's overall suitability
 - accounting and finance
 - organisation and human resource management
 - risk management
 - crisis management
 - legal and compliances
 - industry knowledge
 - international marketing
 - strategic planning
 - other competencies as the Nomination Committee deems appropriate
 8. To consider and review Board members development programme in order to ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements, the annual budget of which should be set at an appropriate amount;
 9. To supervise and ensure that the Company arranges orientation programmes and provide welcoming package that is beneficial to the newly appointed director(s) to perform the roles and responsibilities;
 10. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
 11. To regularly review the Charter of Nomination Committee;
 12. To be responsible for establishing a succession plan the Company's Managing Director and propose to the Board of Directors;
 13. To be responsible for recruiting suitable executive candidates, providing training programme and retaining the executives;
 14. To take care of any matters assigned by the Board of Directors;
 15. Meetings of the Nomination Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Nomination Committee, at least half the number of the members of the Nomination Committee who should be independent director, must be present to constitute a quorum.

Remuneration Committee

In 2021, the Remuneration Committee held 2 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Sangiam Santad	Chairman of the Remuneration Committee	2021-2022	2/2
(2) Mr. Thira Wipuchanin <i>(resigned on 23 April 2021)</i>	Independent Director	2020-23 April 2021	1/1
Assoc.Prof Naris Chaiyasoot, Ph.D. <i>(being on board on 23 April 2021)</i>	Independent Director	23 April 2021-2022	1/1
(3) Mr. Wasin Patchakapati	Independent Director	2021-2022	2/2
(4) Mr. Whang Shang Ying	Director	2021-2022	2/2

The Remuneration Committee shall comprise at least 3 directors, majority of whom should be independent directors. The Chairman of the Remuneration Committee must be an independent director who shall not be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

Duties and Responsibilities of the Remuneration Committee

1. To set the criteria and procedure for determining remuneration of directors, executive directors, managing director and proposed to the Board of Directors and/or the shareholders' meeting for approval;
2. To consider the remuneration of the Board of Directors and executives, as compared to the remuneration offered by other listed companies operating in the same business, to motivate them to foster the Company's continuous development;
3. To propose guidelines for assessing the performance outcomes and compensation for managing director for the Board's approval;
4. To report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee;
5. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
6. To regularly review the Charter of Remuneration Committee;
7. To take care of any other matters assigned by the Board of Directors;
8. Meetings of the Remuneration Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Remuneration Committee, at least half the number of the members of the Remuneration Committee who should be independent director, must be present to constitute a quorum;

Risk Management Committee

In 2021, the Risk Management Committee held 4 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Ms. Anchalee Suebchantasiri	Managing Director	2021-2022	4/4
(2) Ms. Piyathida Sukchan	Executive Director	2021-2022	4/4
(3) Mr. Ampol Simarojana	Non - Executive Director	2021-2022	4/4

The Board of Directors realised the importance of the Risk Management. Therefore, in 2017, the Board approved to formalise the Risk Management Committee comprising senior managements and Managing Director as being Chief Risk Officer. Duties and responsibilities of the Risk Management Committee were indicated. The Management then has to evaluate the risk in every unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk to the Board of Directors.

The Risk Management Committee shall comprise a minimum of 2 members who are appointed by the Board from non-executive Director, senior management and Managing Director. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee. The Committee reports directly to the Board through Audit and Corporate Governance Committee review.

Duties and Responsibilities of the Risk Management Committee

1. To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
2. To ensure that an appropriate policy and plan for a system of risk management is developed by the management, approved by the Board and distributed throughout the Company;
3. To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
4. To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
5. To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;
6. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;

7. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
8. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
9. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
10. To provide an independent and objective oversight and view of the information on corporate accountability and specifically associated risk, also proposing to the Audit and Corporate Governance Committee and then to the Board on all categories of identified risks facing the Company.
11. To review the strategy, policy and risk tolerance and appetite recommended by the management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;
12. To review the management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken;
13. To address key risk areas and key performance indicators (KPI) of the Company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
14. To assist the Board in its responsibility for disclosure in relation to risk management in the annual registration statement / annual report (Form 56-1 One Report), and acknowledgement that it is accountable for the risk management function.

8.3.2 The duty performance of the sub- committees

Nomination Committee

In the year 2021, the Nomination Committee organised a total of 2 meetings and the summary of key points of the meeting are as follows:

- 1) Considered the nomination and selection of qualified and suitable person as replacement for the directors who resigned or retired by rotation
- 2) Acknowledged the resignation of the director and considered appointing a new director to replace one resigned director
- 3) Considered the renewal of employment contract of one executive
- 4) Considered the nomination and selection of qualified and suitable person to replace and/or succession of executive positions
- 5) Reported their duties to the Board of Directors

Remuneration Committee

In the year 2021, the Remuneration Committee organised a total of 2 meetings and the summary of key points of the meeting are as follows:

- 1) Considered and reviewed the appropriateness of the pattern and criteria of the remuneration, including determine the KPI's performance indicators of the executives
- 2) Reviewed the annual Directors' remuneration for the year 2022
- 3) Considered the 2021 annual bonus payment rate and the 2022 annual salary increase rate for employees
- 4) Reported their duties to the Board of Directors

Risk Management Committee

In the year 2021, the Risk Management Committee organised a total of 4 meetings and the summary of key points of the meeting are as follows:

- 1) Considered major risks of the Company, evaluated and proceeded with risk management in accordance with business
- 2) Supervised and promoted the risk management as planned
- 3) During the COVID-19 epidemic, had prompt actions to set guidelines, preventive measures and planning to manage risk under the announcement of the government agency, including monitored situations continually
- 4) Considered the guidelines for personal data protection according to the Personal Data Protection Act B.E. 2562
- 5) Considered guidelines and established procedures for any construction and repair work in the factory area to prevent accidents
- 6) Considered the guidelines and measures to protect the corporate computer network system, including determined the IT department's plans related to cyber security
- 7) Considered measures to prevent the risk of fire accidents
- 8) Considered the prevention of wastewater discharge

9. Internal Control and Related Party Transactions

Internal Control Management

The Company places importance on internal control system which it regards as a vital management tool to reduce business risk, to build up a confidence of business management, to assist the Company operating efficiency and fulfill expected goal. The internal control system also enhances shareholders' benefits and investment, supports verification and creditability of financial statement reports and operating reports of the Company, prevents loss of assets and assists employees working under laws and regulations.

The Company does not set up an internal audit unit but it has employed Dr. Virach & Associates Office to be the Company's internal auditors since 1999 because the proper role of internal auditor is to independently perform auditing services to assist in the attainment of good corporate governance and develop the efficiency and effectiveness of operations. Internal auditing also delivers an advice on the Company's financial, operation and risk management supporting the Company to achieve its objectives and corporate goal. Therefore, internal auditing process requires transparency and real independence by implementing a check and balance measure. It also can provide an early warning sign of misconduct or corporate corruption. As a result, the consideration being given outsourcing the internal auditors to perform internal auditing functions is appropriate. The outsourced internal auditors can be an eligible intermediary between the management team and the operating units. Furthermore, it also mitigates the problem of internal coordination.

During the Board Meeting No.1/2022 held on 24 February 2022, in the presence of 3 independent directors and Audit and Corporate Governance Committee members, the Board reviewed the internal control system of the Company by using the evaluation form initially completed and presented by the management and reviewed by the Audit and Corporate Governance Committee. The evaluation of the internal control system of the Company covered 5 areas, namely organisation and environment, risk management, operational control of the management, information system and communication, and monitoring. The Board concluded and provided an opinion that the Company has adequate internal control system for the above mentioned areas.

Besides, the business transactions with majority shareholder and subsidiary companies are declared in item 6 of the Notes to financial statements, as well as complied with the rules and regulations of the SET regarding related transactions. The Board provided the opinion that the Company maintains adequate internal control measures.

Other significant items of internal control have been reviewed every quarter by the Audit and Corporate Governance Committee and the Company's internal auditor, Dr. Virach & Associates. Major issues are reported to the Board by the Audit and Corporate Governance Committee. The Board provided an opinion that Company's internal control measure is further strengthened by the quarterly review as well.

Regarding the Company's subsidiaries and the joint venture, most of assets are oil palm plantations, which are monitored and supervised by the Management of the Company.

Related Party Transactions

1. necessity and reasons for the related party transactions

During the years, the Company 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.

(a) With Lam Soon (Thailand) Public Company Limited (LST)

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2021	2020		
Major Shareholder	Sales of CPO and CPKO	1,642	714	Market prices on the contract's Date	The Company had business transactions with LST who owns and operates a refinery in Thailand and has over 40 years experience in the palm oil business. As such, LST has assisted the Company to develop CPO quality.
	Sales of FFB	63	44		

(b) With Phansrivivat Company Limited and Prachak Vivat Company Limited

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2021	2020		
Subsidiary Company	Dividend income	4	6	As declared by subsidiary	Being paid as a return on investment
	Palm plantation rental expenses	7	7	Contract rate	Being rental expenses for concession land
	Interest expenses	3	5	THBFIX + 1% per annum	Being interest from loan

(c) With Siam Elite Palm Company Limited (SEP)

Relation	Transactions	Value of Transactions (Million Baht)		Pricing Policy	Necessity
		2021	2020		
Joint Venture	Land rental income	1	1	Agreed between the parties	SEP requires land for doing business of propagation and distribution of CIRAD® oil palm seeds in Thailand. SEP has rented the land from the Company.
	Purchase of oil palm seeds and FFB	9	3	Market prices	

The balances of the accounts as at 31 December 2021 and 2020 between the Company and those related companies have been declared in Notes to financial statements item no. 6.

2. Measures or criteria to approve related party transactions

In 2021, 82.17% of the Company's total sales were sold to LST (2020: 81.97%). The selling was based on the ongoing market price as normal business transactions on an arm's length basis. It was done without any commitment, but on the basis of the CPO selling contract and in compliance with normal business practice in the palm oil industry.

Ms. Anchalee Suebchantasiri, Managing Director of the Company and of LST, approved the CPO sold to LST. The approval was based on the market price references of various customers at the same or the following day.

3. Related party transactions in the future

The Company has had business transaction with LST before the latter became a major shareholder. Owing to LST's high usage of CPO, its strong financial status, and its being a reliable customer, the Company will continue to sell CPO to LST on an arm's length basis.

Section 3

Report and Consolidated Financial Statements

United Palm Oil Industry Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of United Palm Oil Industry Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of United Palm Oil Industry Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, 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 United Palm Oil Industry 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 United Palm Oil Industry Public Company Limited and its subsidiaries and of United Palm Oil Industry Public Company Limited as at 31 December 2021, 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 from improper selling prices to a related party

As described in Note 6 to the financial statements, the Company had sales of crude palm oil and crude palm kernel oil to its parent company totaling approximately for Baht 1,642 million during the current year, accounting for 76% of total revenues. Such related party transactions could give rise to doubt as to the arm's length nature of the business transactions between the parties and there is a potential risk with respect to the amount of revenue recognised.

I have performed the following audit procedures regarding whether revenue was recognised on the basis of selling prices that are equivalent to the market prices of the goods:

- Assessed the processes used by management to set prices and record related party transactions.
- Read contracts and agreements with related party to understand the nature of the transactions.
- Examined the market prices used as a reference in setting the transfer prices for sales transactions occurring during the year.
- Examined credit notes that the Company issued during the year and after the year-end.
- Performed analytical procedures on disaggregated data to consider possible irregularities in sales transactions, particularly for accounting entries made through journal vouchers.

In addition, I reviewed the disclosure of information with respect to the related party transactions in the notes to the financial statements.

Fair value measurement of biological assets - palm fruit on trees

As described in Note 10 to the financial statements, the value of the biological assets - palm fruit on trees as of 31 December 2021 was Baht 99 million, which is a significant amount. The fair value measurement of biological assets - palm fruit on trees requires the use of estimates and assumptions, which included estimated harvesting volume and the selling price at each points of harvest, with consideration of whether these correspond with the nature and circumstances of the biological assets being measured, based on judgements made by the Company's agricultural officers and management as to the basis and assumptions relevant to the estimations.

There may be a risk with respect to the value of biological assets.

I gained an understanding of, assessed and tested controls of the Company related to the fair value estimation of the biological assets, including assessment of the methods applied by the Company to estimate data, set assumptions and calculate values. I reviewed the fair values by evaluating the data estimates and assumptions used in the valuation based on inquiry of the Company's agricultural officers and management, comparative analysis with historical data, and by testing the calculation. In addition, I reviewed the disclosure of information with respect to the fair value measurement of biological assets in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.



Vilailak Laohasrisakul

Certified Public Accountant (Thailand) No. 6140

EY Office Limited

Bangkok: 24 February 2022

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	32,782,180	39,839,639	16,728,948	27,104,434
Trade and other receivables	8	226,957,718	38,605,410	226,902,660	38,545,091
Current portion of financial lease receivables		1,544,819	1,567,066	1,544,819	1,567,066
Advance to employees		80,668	79,096	80,668	79,096
Inventories	9	241,766,733	123,013,684	241,766,733	123,013,684
Biological assets	10	112,273,222	95,620,275	112,273,222	95,620,275
Other current assets		12,483,276	20,417,097	9,393,095	16,826,646
Total current assets		627,888,616	319,142,267	608,690,145	302,756,292
Non-current assets					
Financial lease receivables - long-term portion		896,306	2,441,124	896,306	2,441,124
Investment in subsidiary	11	-	-	307,895,303	307,895,303
Investment in joint venture	12	26,570,516	22,997,536	25,000,000	25,000,000
Long-term loan to other company	13	17,480,000	18,400,000	-	-
Property, plant and equipment	14	877,810,751	887,736,007	877,810,425	887,735,681
Right-of-use assets	15	34,981,664	36,396,548	56,229,732	58,728,679
Bearer plants	16	176,452,462	196,333,100	176,452,462	196,333,100
Intangible assets		90,382	165,947	90,382	165,947
Other non-current assets		4,152,147	1,047,010	4,152,147	1,047,010
Total non-current assets		1,138,434,228	1,165,517,272	1,448,526,757	1,479,346,844
Total assets		1,766,322,844	1,484,659,539	2,057,216,902	1,782,103,136

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	145,000,000	245,000,000	145,000,000	245,000,000
Trade and other payables	18	35,766,882	18,303,837	313,320,909	295,819,126
Current portion of long-term loan	19	36,666,667	-	36,666,667	-
Current portion of long-term lease liabilities	15	345,178	308,143	485,146	462,453
Income tax payable		9,386,932	19,336,400	8,633,788	18,874,424
Other current liabilities		6,858,855	2,959,260	6,858,855	2,959,260
Total current liabilities		234,024,514	285,907,640	510,965,365	563,115,263
Non-current liabilities					
Long-term loan, net of current portion	19	63,333,333	-	63,333,333	-
Long-term lease liabilities, net of current portion	15	42,647,014	42,546,367	63,705,492	64,190,638
Deferred tax liabilities	21	31,751,684	2,610,783	31,761,607	2,717,493
Provision for long-term employee benefits	20	17,390,063	18,422,800	17,390,063	18,422,800
Total non-current liabilities		155,122,094	63,579,950	176,190,495	85,330,931
Total liabilities		389,146,608	349,487,590	687,155,860	648,446,194
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Share premium		321,544,740	321,544,740	321,544,740	321,544,740
Retained earnings					
Appropriated - statutory reserve	22	60,805,000	60,805,000	32,405,000	32,405,000
Unappropriated		670,776,496	428,772,209	692,061,302	455,657,202
Total shareholders' equity		1,377,176,236	1,135,171,949	1,370,061,042	1,133,656,942
Total liabilities and shareholders' equity		1,766,322,844	1,484,659,539	2,057,216,902	1,782,103,136

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

Directors

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Revenues					
Revenue	25	2,074,443,675	923,837,788	2,074,443,675	923,837,788
Gain arising from change in fair value of biological assets		25,902,143	18,691,732	25,902,143	18,691,732
Other income					
Dividend income	11	-	-	4,383,680	6,301,540
Compensation from insurance		7,671,981	18,736,306	7,671,981	18,736,306
Others		45,728,627	25,423,837	45,728,659	25,423,883
Total revenues		2,153,746,426	986,689,663	2,158,130,138	992,991,249
Expenses					
Cost of sales		1,696,349,049	756,475,531	1,697,911,936	758,511,716
Selling and distribution expenses		41,935,482	21,318,328	41,935,482	21,318,328
Administrative expenses		46,764,067	41,395,809	46,589,868	41,206,149
Loss on impairment of assets	31	15,588,502	-	15,588,502	-
Total expenses		1,800,637,100	819,189,668	1,802,025,788	821,036,193
Profit from operating activities		353,109,326	167,499,995	356,104,350	171,955,056
Share of profit (loss) of a joint venture	12.2	3,572,980	(3,751,777)	-	-
Finance income		372,151	429,612	126,150	125,595
Finance cost	23	(4,445,685)	(6,963,114)	(10,898,807)	(12,483,378)
Profit before income tax expenses		352,608,772	157,214,716	345,331,693	159,597,273
Income tax expenses	21	(45,794,905)	(32,116,003)	(44,118,013)	(30,580,421)
Profit for the year		306,813,867	125,098,713	301,213,680	129,016,852

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(1,788,903)	-	(1,788,903)
Less: Income tax effect	21	-	357,781	-	357,781
Share of other comprehensive income of a joint venture					
- actuarial gain	12.2	-	39,472	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax					
		-	(1,391,650)	-	(1,431,122)
Other comprehensive income for the year		-	(1,391,650)	-	(1,431,122)
Total comprehensive income for the year		<u>306,813,867</u>	<u>123,707,063</u>	<u>301,213,680</u>	<u>127,585,730</u>
Earnings per share					
Basic earnings per share	26	0.95	0.39	0.93	0.40

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2021

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2020	324,050,000	321,544,740	60,805,000	313,166,345	1,019,566,085
Profit for the year	-	-	-	125,098,713	125,098,713
Other comprehensive income for the year	-	-	-	(1,391,650)	(1,391,650)
Total comprehensive income for the year	-	-	-	123,707,063	123,707,063
Dividend paid (Note 29)	-	-	-	(8,101,199)	(8,101,199)
Balance as at 31 December 2020	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>428,772,209</u>	<u>1,135,171,949</u>
					-
Balance as at 1 January 2021	324,050,000	321,544,740	60,805,000	428,772,209	1,135,171,949
Profit for the year	-	-	-	306,813,867	306,813,867
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	306,813,867	306,813,867
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
Balance as at 31 December 2021	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>670,776,496</u>	<u>1,377,176,236</u>
					-

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2020	324,050,000	321,544,740	32,405,000	336,172,671	1,014,172,411
Profit for the year	-	-	-	129,016,852	129,016,852
Other comprehensive income for the year	-	-	-	(1,431,122)	(1,431,122)
Total comprehensive income for the year	-	-	-	127,585,730	127,585,730
Dividend paid (Note 29)	-	-	-	(8,101,199)	(8,101,199)
Balance as at 31 December 2020	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>455,657,202</u>	<u>1,133,656,942</u>
					-
Balance as at 1 January 2021	324,050,000	321,544,740	32,405,000	455,657,202	1,133,656,942
Profit for the year	-	-	-	301,213,680	301,213,680
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	301,213,680	301,213,680
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
Balance as at 31 December 2021	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>692,061,302</u>	<u>1,370,061,042</u>
					-

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	352,608,772	157,214,716	345,331,693	159,597,273
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	43,044,047	40,951,747	43,990,428	41,899,741
Share of (profit) loss of a joint venture	(3,572,980)	3,751,777	-	-
Gain arising from change in fair value of biological assets	(25,902,143)	(18,691,732)	(25,902,143)	(18,691,732)
Loss on write-off bearer plants	116,730	-	116,730	-
Reduction of inventory cost to net realisable value (reversal)	(4,963,486)	1,451,565	(4,963,486)	1,451,565
Loss on write-off assets	-	2,083,664	-	2,083,664
Loss (gain) on disposal/write-off of property plant and equipment	4,479,476	(4,215,811)	4,479,476	(4,215,811)
Loss on impairment of assets	15,588,502	-	15,588,502	-
Gain on financial lease agreements	-	(3,778,947)	-	(3,778,947)
Provision for termination benefits and provision for long-term employee benefits	2,279,402	10,992,252	2,279,402	10,992,252
Dividend income	-	-	(4,383,680)	(6,301,540)
Interest expenses	4,445,685	6,963,114	10,898,807	12,483,378
Profit from operating activities before changes in operating assets and liabilities	388,124,005	196,722,345	387,435,729	195,519,843
Operating assets (increase) decrease				
Trade and other receivables	(188,352,308)	(8,134,187)	(188,357,569)	(8,184,623)
Cash received from financial lease receivables	1,567,065	742,139	1,567,065	742,139
Advance to employees	(1,572)	221,289	(1,572)	221,289
Inventories and biological assets	(104,540,367)	(27,650,274)	(104,540,367)	(27,650,274)
Other current assets	3,836,948	(10,621,089)	3,494,317	(11,121,455)
Other non-current assets	(3,105,137)	(46,000)	(3,105,137)	(46,000)
Operating liabilities increase (decrease)				
Trade and other payables	17,918,249	(252,411)	20,897,127	2,765,725
Other current liabilities	3,886,879	101,879	3,886,879	101,879
Cash paid for termination benefits and long-term employee benefits	(3,312,139)	(13,466,685)	(3,312,139)	(13,466,685)
Cash flows from operating activities	116,021,623	137,617,006	117,964,333	138,881,838
Cash paid for interest expenses	(4,179,391)	(6,984,326)	(13,572,653)	(17,034,357)
Cash received from income tax	4,096,873	2,389,007	3,939,234	2,299,948
Cash paid for income tax	(26,603,472)	(4,121,426)	(25,314,535)	(2,335,330)
Net cash flows from operating activities	89,335,633	128,900,261	83,016,379	121,812,099

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Decrease in long-term loan to other company	920,000	920,000	-	-
Proceeds from disposals of property, equipment and vehicles	3,103,365	26,892,171	3,103,365	26,892,171
Cash paid for acquisition of land, machinery, equipment and intangible assets	(31,225,220)	(95,797,403)	(31,225,220)	(95,797,403)
Increase in cost of bearer plants	(4,394,373)	(3,681,047)	(4,394,373)	(3,681,047)
Dividend received	-	-	4,383,680	6,301,540
Net cash flows used in investing activities	(31,596,228)	(71,666,279)	(28,132,548)	(66,284,739)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(100,000,000)	(30,000,000)	(100,000,000)	(30,000,000)
Cash received from long-term loan	110,000,000	-	110,000,000	-
Repayment for long-term loan	(10,000,000)	-	(10,000,000)	-
Cash paid for lease liabilities	-	(293,729)	(462,453)	(402,327)
Dividend paid	(64,796,864)	(8,101,199)	(64,796,864)	(8,101,199)
Net cash flows used in financing activities	(64,796,864)	(38,394,928)	(65,259,317)	(38,503,526)
Net increase (decrease) in cash and cash equivalents	(7,057,459)	18,839,054	(10,375,486)	17,023,834
Cash and cash equivalents at beginning of year	39,839,639	21,000,585	27,104,434	10,080,600
Cash and cash equivalents at end of year	32,782,180	39,839,639	16,728,948	27,104,434
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	770,947	1,492,444	770,947	1,492,444
Increase in right-of-use assets from contract modification	137,682	-	-	-

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

United Palm Oil Industry Public Company Limited is a public company incorporated and domiciled in Thailand. Its parent company is Lam Soon (Thailand) Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture of crude palm oil and palm kernel oil. The registered office of the Company is at 64, 1st Floor, Soi Bangna-Trad 25, Bangnanua Sub-District, Bangna District, Bangkok. Branch office and factory are located at 98, Moo 6, Nuaklong-Khao Phanom Road, Huayyoong Sub-District, Nuaklong District, Krabi.

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 United Palm Oil Industry Public Company Limited (“the Company”) and the following subsidiaries (hereinafter called as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			(%)	(%)
<u>Shares held by the Company</u>				
Phansrivivat Co., Ltd.	Owner of oil palm plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect Shareholding	
			2021	2020
			(%)	(%)
<u>Shares held by the Company's subsidiary</u>				
Prachak Vivat Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

4. Significant accounting policies

4.1 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 discounts.

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.

4.2 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.

4.3 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. Such cost includes all production costs and attributable factory overheads.

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

4.4 Investments in subsidiary and joint venture

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and joint venture are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment/Depreciation

Land, land ownership document and land possessory rights 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 construction	-	20 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land ownership document, land possessory rights and assets under installation and 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.

4.6 Bearer plants and amortisation

Bearer plants are stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost includes cost of cultivate before production period.

Amortisation of bearer plants is calculated by reference to their cost on the straight-line basis over the estimated remaining productive life of the bearer plants (the productive life of palm tree generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on bearer plants not ready for harvest.

Costs of supplying bearer plants vacancies and infilling mature areas are included in determining income.

4.7 Agriculture

The Company's biological assets are palm fruit on tree and palm nursery for sale and agricultural produce is palm fresh fruit brunch.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the Company's factory, less estimated point of harvest costs. The palm fresh fruit brunch is determined based on reference to price of palm fruit at the front of the Company's factory, less estimated selling expenses. The fair value of palm nursery for sale is determined based on reference to selling price, less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the Company shall measure it at its fair value less costs to sell.

The agricultural produce is included in inventories.

4.8 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 associates, 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, and officers with authority in the planning and direction of the Company's operations.

4.9 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 lessee

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.

Land	-	24 years
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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.

The Group as 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.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

4.12 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

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.13 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.

4.14 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.

4.15 Financial instruments

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. 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.

Classification and measurement of financial 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.

Recognition and derecognition of financial instruments

Regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date on which the Group becomes a party to contractual provisions of the instrument.

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 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 fair value through profit or loss (“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 90 days past due and considers a financial asset as credit impaired or default when contractual payments are 365 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. ECLs are calculated 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.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and 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 categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an 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.

5. Significant accounting judgments and estimates

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

Leases

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

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

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, 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.

Agriculture

The Company measured their biological assets - palm fruit on tree at their fair value less costs to sell. Such fair values were calculated using the discounted cash flows reference to price of palm fruit at the front of the Company's factory, less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as price of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)					
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2021	2020	2021	2020	
Transactions with parent company					
Sales of crude palm oil and					
crude palm kernel oil	1,642	714	1,642	714	Market price on contract's date
Sales of fresh fruit bunch	63	44	63	44	Market price on contract's date
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	4	6	As declared
Palm plantation rental expenses	-	-	7	7	Contract rate
Interest expenses	-	-	3	5	THBFIX + 1% per annum
Transactions with joint venture					
Land rental income	1	1	1	1	Agreed between parties
Purchases of oil palm seeds					
and fresh fruit bunch	9	3	9	3	Market price

The balance of the accounts between the Company and those related parties as at 31 December 2021 and 2020.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Trade and other receivables - related party (Note 8)				
Parent company	163,499	38,532	163,499	38,532
Total	163,499	38,532	163,499	38,532
Trade and other payables - related parties (Note 18)				
Subsidiaries	-	-	277,703	277,665
Total	-	-	277,703	277,665
Lease liabilities - related party				
Subsidiary	-	-	64,191	64,653
Total	-	-	64,191	64,653

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2021	2020
Short-term employee benefits	24,025	20,663
Post-employment benefits	316	263
Total	24,341	20,926

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Cash	1,197	1,185	1,190	1,176
Bank deposits	31,585	38,655	15,539	25,928
Total	32,782	39,840	16,729	27,104

As at 31 December 2021 and 2020, bank deposits in saving accounts carried interests between 0.05% and 0.13% per annum.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	163,499	38,532	163,499	38,532
Total trade receivables - related party				
(Note 6)	163,499	38,532	163,499	38,532
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	63,404	-	63,404	-
Total trade receivables - unrelated parties	63,404	-	63,404	-
Total trade receivables	226,903	38,532	226,903	38,532
Other receivables				
Accrued income	55	73	-	13
Total other receivables	55	73	-	13
Total trade and other receivables	226,958	38,605	226,903	38,545

The normal credit term is 15 to 30 days.

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	230,101	113,155	-	(4,519)	230,101	108,636
Work in process	-	3,627	-	-	-	3,627
Spare parts, supplies and others	11,666	11,195	-	(444)	11,666	10,751
Total	241,767	127,977	-	(4,963)	241,767	123,014

During the year 2021, the Company reversed the write-down of cost of inventories by Baht 4.9 million, and reduce the amount of inventories recognised as expense during the year.

During the year 2020, the Company reduced cost of inventories by Baht 1.4 million, to reflect the net realisable value. This was included in cost of sales.

10. Biological assets

Movements in the biological assets account for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Palm nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2020	59,890	31,038	90,928
Gain arising from changes in fair value	3,114	344,370	347,484
Decreases due to harvest	-	(264,849)	(264,849)
Decreases due to sales	(21,319)	(44,124)	(65,443)
Decreases due to write-off	(12,500)	-	(12,500)
Balance as at 31 December 2020	29,185	66,435	95,620
Gain arising from changes in fair value	14,343	554,523	568,866
Decreases due to harvest	-	(448,272)	(448,272)
Decreases due to sales	(24,332)	(73,875)	(98,207)
Decreases due to write-off	(5,734)	-	(5,734)
Balance as at 31 December 2021	13,462	98,811	112,273

Significant assumptions for the calculation of fair value at the valuation date were as follows:

Prices of palm fruit at harvest point are estimated based on purchase prices of palm fruit at the front of the Company's factory from which the Company purchased in the past less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree are estimated with references to the average weight for each age when harvest the palm fruit from historical information, including consideration on factors affecting fruit bearing and random sampling result.

For the year 2021 and 2020, discount rate is estimated at the rate of 3% by weighted average cost of capital method.

The result of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	2021		2020	
	Increase by	Decrease by	Increase by	Decrease by
	10%	10%	10%	10%
Prices of palm fruit at harvest point	15,804	(14,484)	12,466	(12,466)
Weight of palm fruit on tree	15,804	(14,484)	12,466	(12,466)

11. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements.

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend income	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Million Baht)	(Million Baht)	(%)	(%)				
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895	4,384	6,302
Total					307,895	307,895	4,384	6,302

12. Investment in joint venture

12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amount based on equity method	
		2021	2020	2021	2020	2021	2020
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	26,570	22,997
Total				25,000	25,000	26,570	22,997

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		2021	2020	2021	2020
		(%)	(%)		
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds		50	25,000	25,000
Total				25,000	25,000

12.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income of a joint venture in the financial statements as follows:

(Unit: Thousand Baht)				
Joint venture	Consolidated financial statements			
	Share of profit (loss)		Share of other comprehensive income	
	2021	2020	2021	2020
Siam Elite Palm Co., Ltd.	3,573	(3,752)	-	39
Total	3,573	(3,752)	-	39

12.3 Summarised financial information of material joint venture

Summarised information about financial position as at 31 December 2021 and 2020

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2021	2020
Current assets	78,049	20,294
Non-current assets	31,679	33,693
Total assets	109,728	53,987
Current liabilities	(51,945)	(3,612)
Non-current liabilities	(4,642)	(4,380)
Total liabilities	(56,587)	(7,992)
Net assets	53,141	45,995
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	26,570	22,997

Summarised information about comprehensive income for the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Siam Elite Palm Co., Ltd.	
	2021	2020
Revenue	74,796	13,884
The differences between fair value and costs of agricultural produce	345	(2,550)
Cost of sales	(47,369)	(6,655)
Selling and administrative expenses	(20,626)	(12,262)
Profit (loss) for the year	7,146	(7,583)
Other comprehensive income	-	79
Total comprehensive income	7,146	(7,504)
Shareholding percentage (%)	50	50
Share of comprehensive income of the joint venture	3,573	(3,752)

13. Long-term loan to other company

As at 31 December 2021, a subsidiary has loan to other company of Baht 17 million (2020: Baht 18 million). The loan has no collateral and carry interest at a rate of THBFIX + 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost								
1 January 2020	689,267	16,218	293,776	622,700	30,296	156,594	661	1,809,512
Additions	-	2,042	-	988	678	4,765	87,990	96,463
Disposals/write-off	(20,033)	-	(3,513)	(26,150)	(890)	(30,112)	-	(80,698)
Transfer in (out)	17,665	(17,665)	7,286	23,333	5	-	(30,624)	-
31 December 2020	686,899	595	297,549	620,871	30,089	131,247	58,027	1,825,277
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	306,565	660,033	30,583	129,828	9,927	1,826,898

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Accumulated depreciation								
1 January 2020	-	-	220,502	562,933	28,341	134,595	-	946,371
Depreciation for the year	-	-	9,464	12,393	791	5,334	-	27,982
Depreciation on disposals/write-off	-	-	(2,775)	(25,585)	(877)	(28,785)	-	(58,022)
31 December 2020	-	-	227,191	549,741	28,255	111,144	-	916,331
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	232,480	549,681	29,051	114,206	-	925,418
Allowance for impairment loss								
1 January 2020	21,210	-	-	-	-	-	-	21,210
31 December 2020	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Net book value								
31 December 2020	665,689	595	70,358	71,130	1,834	20,103	58,027	887,736
31 December 2021	664,242	2,051	74,085	110,352	1,532	15,622	9,927	877,811
Depreciation for the years								
2020 (Baht 27 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								27,982
2021 (Baht 29 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								30,387

(Unit: Thousand Baht)

Separate financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost								
1 January 2020	689,267	16,218	277,324	622,700	30,296	156,594	661	1,793,060
Additions	-	2,042	-	988	678	4,765	87,990	96,463
Disposals/write-off	(20,033)	-	(3,513)	(26,150)	(890)	(30,112)	-	(80,698)
Transfer in (out)	17,665	(17,665)	7,286	23,333	5	-	(30,624)	-
31 December 2020	686,899	595	281,097	620,871	30,089	131,247	58,027	1,808,825
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	290,113	660,033	30,583	129,828	9,927	1,810,446
Accumulated depreciation								
1 January 2020	-	-	204,051	562,933	28,341	134,594	-	929,919
Depreciation for the year	-	-	9,464	12,393	791	5,334	-	27,982
Depreciation on disposals/write-off	-	-	(2,775)	(25,585)	(877)	(28,785)	-	(58,022)
31 December 2020	-	-	210,740	549,741	28,255	111,143	-	899,879
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	216,029	549,681	29,051	114,205	-	908,966

(Unit: Thousand Baht)

Separate financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Allowance for impairment loss								
1 January 2020	21,210	-	-	-	-	-	-	21,210
31 December 2020	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Net book value								
31 December 2020	665,689	595	70,357	71,130	1,834	20,104	58,027	887,736
31 December 2021	664,242	2,051	74,084	110,352	1,532	15,623	9,927	877,811
Depreciation for the years								
2020 (Baht 27 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								27,982
2021 (Baht 29 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								30,387

As at 31 December 2021, certain items of plant and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 772 million (2020: Baht 759 million) (the Company only: Baht 756 million, 2020: Baht 743 million).

15. Leases

15.1 The Group as lessee

The Group entered into lease contract for the purposes of use in the Group's operations, whereby underlying asset is not allowed to be subleased and transferred to others, unless a prior written consent of the lessor has been obtained.

a) Right-of-use assets

Movements in the right-of-use assets account, which is land, for the years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
1 January 2020	37,947	61,227
Depreciation for the year	(1,551)	(2,499)
31 December 2020	36,396	58,728
Differences from contract modification	138	-
Depreciation for the year	(1,552)	(2,498)
31 December 2021	34,982	56,230

The subsidiary entered into a lease contract with the Treasury Department for an area of 4,294 rai, end of contract on 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	73,611	75,969	111,114	114,670
Less: Deferred interest expenses	(30,619)	(33,115)	(46,924)	(50,017)
Total	42,992	42,854	64,190	64,653
Less: Portion due within one year	(345)	(308)	(485)	(462)
Portion due more than one year	42,647	42,546	63,705	64,191

Movements in the lease liability account for the years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Balance at beginning of year	42,854	-	64,653	-
Additions	138	43,148	-	65,055
Accretion of interest	-	2,065	3,093	3,115
Repayments	-	(2,359)	(3,556)	(3,517)
Balance at end of year	42,992	42,854	64,190	64,653

A maturity analysis of lease payments is disclosed in Note 35.1 under the liquidity risk.

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

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Depreciation of right-of-use assets	1,552	1,551	2,498	2,499
Interest expenses of lease liabilities	-	2,065	3,093	3,115
Expenses relating to short-term leases	166	540	166	540
Expenses relating to leases of low-value assets	536	117	536	117

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 3 million (2020: Baht 5 million) (the Company only: Baht 4 million, 2020: Baht 4 million), including the cash outflow related to short-term lease and leases of low-value assets.

16. Bearer plants

(Unit: Thousand Baht)

	Consolidated financial statements		
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
Cost			
1 January 2020	625,130	6,565	631,695
Additions	-	3,682	3,682
Write-off	(7)	-	(7)
31 December 2020	625,123	10,247	635,370
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	616,922	14,641	631,563
Accumulated amortisation			
1 January 2020	404,998	-	404,998
Amortisation charged for the year	11,383	-	11,383
Amortisation on write-off	(7)	-	(7)
31 December 2020	416,374	-	416,374
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	419,319	-	419,319
Allowance for impairment loss			
1 January 2020	22,663	-	22,663
31 December 2020	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Net book value			
31 December 2020	186,086	10,247	196,333
31 December 2021	161,811	14,641	176,452
Amortisation for the years (included in manufacturing cost)			
2020			11,383
2021			11,029

(Unit: Thousand Baht)

	Separate financial statements		
	Bearer plants	Bearer plants	Total
	ready for harvest	not ready for harvest	
Cost			
1 January 2020	332,412	6,565	338,977
Additions	-	3,682	3,682
Write-off	(7)	-	(7)
31 December 2020	332,405	10,247	342,652
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	324,204	14,641	338,845
Accumulated amortisation			
1 January 2020	112,280	-	112,280
Amortisation charged for the year	11,383	-	11,383
Amortisation on write-off	(7)	-	(7)
31 December 2020	123,656	-	123,656
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	126,601	-	126,601
Allowance for impairment loss			
1 January 2020	22,663	-	22,663
31 December 2020	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Net book value			
31 December 2020	186,086	10,247	196,333
31 December 2021	161,811	14,641	176,452
Amortisation for the years (included in manufacturing cost)			
2020			11,383
2021			11,029

As at 31 December 2021, the land used by the Company for palm oil plantation includes 13,478 rai for which there are land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For the remaining, land possessory rights have been transferred to the Company and it is in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the Company for utilisation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 12 May 2021, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 11 May 2022 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

17. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(% per annum)		Consolidated/Separate	
	2021	2020	2021	2020
Short-term loans from financial institutions	1.05 - 1.10	1.25 - 1.50	145,000	245,000
Total			145,000	245,000

18. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
Trade payables - unrelated parties	12,606	3,045	12,606	3,045
Other payables - related parties (Note 6)	-	-	277,703	277,665
Other payables - unrelated parties	2,864	3,069	2,864	3,069
Payables for purchase of assets -				
unrelated parties	771	1,492	771	1,492
Accrued expenses	19,526	10,698	19,377	10,548
Total trade and other payables	35,767	18,304	313,321	295,819

As at 31 December 2021 and 2020, other payables - related party is represented payable of rental charge and related accrued interest which carry an interest at a rate of THBFIX + 1% per annum for past due balance of rental charge payable.

19. Long-term loan

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2021	2020
1	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in July 2021	50,000	-
2	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in March 2022	50,000	-
Total			100,000	-
Less: Portion due within one year			36,667	-
Portion due more than one year			63,333	-

Movements in the long-term loan account for the years ended 31 December 2021 and 2020 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
			2021	2020
Balance at beginning of year			-	-
Addition during the year			110,000	-
Repayment during the year			(10,000)	-
Balance at end of year			100,000	-

The Company's long-term loan no. 1 is long-term loan under a joint loan agreement between the Company and parent company and the bank. The Company and parent company agree that the Company, as the party that draws down the loan, is to be primarily responsible for the principal and interest thereon.

The long-term loan is clean loan with a negative pledge of assets belonging to the Company and parent company (no. 1) and the Company (no. 2). The loan agreement contains covenant relating to maintenance of certain financial ratios specified in the agreement.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	Termination benefits		Long-term employee benefits	
	2021	2020	2021	2020
Balance at beginning of year	-	-	18,423	19,108
Included in profit or loss:				
Current service cost	-	-	985	1,197
Interest cost	-	-	147	231
Termination benefits	1,147	9,564	-	-
Total	1,147	9,564	1,132	1,428
Included in other comprehensive income:				
Actuarial losses (gain) arising from:				
Demographic assumptions changes	-	-	-	-
Financial assumptions changes	-	-	-	(632)
Experience adjustments	-	-	-	2,421
Total	-	-	-	1,789
Benefits paid during the year	(1,147)	(9,564)	(2,165)	(3,902)
Balance at end of year	-	-	17,390	18,423

The Company had obligations in respect of compensations payable to employees who voluntarily participated in early retirement schemes. The Company considered these compensations as termination benefits and recorded additional compensations to employees as expenses.

The Company expects to pay Baht 1 million of long-term employee benefits during the next year (2020: Baht 5 million).

As at 31 December 2021 and 2020, the weighted average duration of the liabilities for long-term employee benefit is 10 years.

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2021	2020
	(% per annum)	(% per annum)
Discount rate	1.1	1.1
Salary increase rate	4.0	4.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2021		2020	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate	(296)	312	(375)	396
Salary increase rate	380	(350)	483	(445)

21. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge	16,654	22,577	15,073	21,209
Deferred tax:				
Relating to origination and reversal of temporary differences	29,141	9,539	29,045	9,371
Income tax expenses reported in the statement of comprehensive income	45,795	32,116	44,118	30,580

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax on actuarial losses	-	358	-	358
Total	-	358	-	358

The reconciliation between accounting profit and income tax expenses.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Accounting profit before tax	352,609	157,215	345,332	159,597
Applicable tax rates	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	70,334	31,468	69,066	31,919
Share of profit (loss) of a joint venture	(715)	750	-	-
Effects of:				
Promotional privileges (Note 25)	(23,935)	-	(23,935)	-
Non-deductible expenses	811	398	564	421
Additional expense deductions allowed	(700)	(500)	(700)	(500)
Dividend received	-	-	(877)	(1,260)
Total	(23,824)	(102)	(24,948)	(1,339)
Income tax expenses reported in the statement of comprehensive income	45,795	32,116	44,118	30,580

As at 31 December 2021 and 2020, the components of deferred tax assets (liabilities) are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for diminution in value of inventories	-	993	-	993
Allowance for assets impairment	11,922	8,775	11,922	8,775
Provision for long-term employee benefits	3,478	3,685	3,478	3,685
Leases	1,602	1,291	1,592	1,185
Total	17,002	14,744	16,992	14,638
Deferred tax liabilities				
Change in fair value of biological assets and the differences between fair value and costs of agricultural produce	(48,266)	(16,553)	(48,266)	(16,553)
Revenue recognition under finance leases	(488)	(802)	(488)	(802)
Total	(48,754)	(17,355)	(48,754)	(17,355)
Net	(31,752)	(2,611)	(31,762)	(2,717)

22. Statutory reserve

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

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

23. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Interest expenses on borrowing	4,446	4,898	4,446	4,898
Interest expenses on lease liabilities	-	2,065	3,093	3,115
Interest expenses on other payables	-	-	3,360	4,470
Total	4,446	6,963	10,899	12,483

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Salary and wages and other employee benefits	96,583	110,946	96,583	110,946
Depreciation	31,939	29,533	32,885	30,481
Amortisation	11,105	11,419	11,105	11,419
Transportation expenses	40,972	19,912	40,972	19,912
Rental expenses	3,091	9,635	3,707	3,911
Repair and maintenance expenses	38,616	30,747	38,616	30,747
Raw materials and consumables used	1,540,642	549,018	1,540,642	549,018
Changes in finished goods and work in process	(133,319)	(42,210)	(133,319)	(42,210)

25. Promotional privileges

The Company has received promotional privileges from the Board of Investment for various operations subject to certain imposed conditions. Details are as follows.

<u>Certificate No.</u>	<u>Principal privileges</u>
1043(2)/2548	-
Generation of electricity from biomasses	Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (21 August 2015).
64-0382-1-05-1-0	-
Manufacture of crude palm oil	Exemption from corporate income tax on income from the promoted operations for a period of 3 years from the date of first earning operating income (17 February 2021).

The Company's operating revenues for the years ended 31 December 2021 and 2020, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)						
	Promoted operations		Non-promoted operations		Total	
	2021	2020	2021	2020	2021	2020
Revenue	970,453	1	1,103,991	923,837	2,074,444	923,838

26. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit for the year (Thousand Baht)	306,814	125,099	301,214	129,017
Weighted average number of				
ordinary shares (Thousand shares)	324,050	324,050	324,050	324,050
Earnings per share (Baht)	0.95	0.39	0.93	0.40

27. Segment information

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

The Group's business operations involve 2 principal segments (1) oil palm plantation, crude palm oil and crude palm kernel oil processing (2) generation of electricity from biogases and biomasses. These activities are carried on exclusively in the single geographic area of Thailand. During the years, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area as mentioned above.

For the years 2021 and 2020, the Group has revenue from one major customer in amount of Baht 1,642 million and Baht 714 million, respectively, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing segment.

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. However, for employees who joined the Company from 15 January 2010 onwards, the contribution rates are 2% - 5% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 and 2020 amounting to Baht 1 million were recognised as expenses.

29. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Final dividends for 2019	Annual General Meeting of the shareholders on 24 April 2020	8	0.03
Total for 2020		8	0.03
Final dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	65	0.20
Total for 2021		65	0.20

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2021, the Company had capital commitments of Baht 9 million and Euro 0.5 million (2020: Baht 3 million), relating to acquisition of machine and equipment.

30.2 Guarantees

As at 31 December 2021 and 2020, there were outstanding bank guarantees of Baht 3 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

31. Right to utilise land

- a) On 11 April 2008, the Company attended a meeting with a working committee responsible for reviewing practical methods and negotiations for the distribution of land belonging to holders of large plots in land reform areas to farmers, which was appointed by the Surat Thani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land issue arising as a result of the Company holding land covering a total area of 1,210 rai in designated forest areas and 276 rai in land reform areas. These land plots represent 3% of the current total area utilised by the Company. Land reform area with a total area of 276 rai represents a large landholding and a holding in excess of the area that is allowed to be held under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the Company entered into a memorandum of negotiation, agreeing to transfer land in land reform areas into the custody of ALRO for development for agricultural purposes, and demonstrated its intention to allow the ALRO to integrate 80 rai of land into the land reform program. However, on 17 September 2009, the Company received a notice from the ALRO to vacate a total area of 133 rai of land in land reform areas and demolish all constructions thereon within 30 days from the date the notice was served since the Company lacked land ownership documents. The Company had set aside full allowance for impairment loss on the cost of land and net book value of oil palm plantation development on such land in 2009. During the current year, the Company reversed allowance for impairment loss and wrote off the cost of land and net book value of oil palm plantation development on the land.

Currently, the Company is in the process of negotiating with relevant government agencies concerning land in designated forest areas.

- b) On 9 March 2020, the ALRO issued a notice designating land plots No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020, the date the notice was posted at the ALRO in Krabi. On 13 April 2020, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 14 May 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 16 June 2020, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 16 September 2020, the Phuket Administrative Court dismissed a lawsuit because the Company failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The Company was firstly required to submit an appeal against the order to the ALRO in Krabi, and then, after the expiration of the appeal period or after a notice about the outcome had been received, file a lawsuit to the court again. The appeal period was 1 year from the date the administrative order was served. When the court dismissed the lawsuit, there were no further considerations and orders regarding a petition for temporary injunction. On 28 October 2020, the Company appealed the order of the ALRO in Krabi.

On 31 March 2021, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 30 April 2021, the ALRO in Krabi used 3 excavators to remove palm trees in the land plots No. 602. The Company filed a petition for a stay of execution of the order with the Phuket Administrative Court. The Court determined there were no reasons to urgently impose the order.

On 21 May 2021, the Company filed a lawsuit against the ALRO and the ALRO in Krabi and filed a petition for an emergency order for an injunction with the Civil Court, requesting the Court to consider the damage to the palm trees which were assets of the Company while the final verdict of the Phuket Administrative Court has not been rendered. The Civil Court dismissed the petition, ruling that there was no emergency. The Company considered and withdrew the civil lawsuit on 23 June 2021.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the Company filed the lawsuit after the filing period. The Company filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the Company filed an objection to the statement on 15 December 2021. At present, this case is under consideration of the Phuket Administrative Court.

However, The Company has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 4 million as expenses in the 2021 financial statements.

- c) On 21 July 2020, the ALRO issued a notice designating land plots No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other applicable laws within 15 days from the date the notice was announced at the ALRO in Krabi, which was from 19 August 2020. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 24 November 2020, the Company appealed the order of the ALRO in Krabi.

On 31 March 2021, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the Company filed the lawsuit after the filing period. The Company filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the Company filed an objection to the statement on 15 December 2021.

On 21 October 2021, the ALRO in Krabi used excavators to remove palm trees in the land plots No. 603. At present, this case is under consideration of the Phuket Administrative Court.

The Company has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 13 million as expenses in the 2021 financial statements.

- d) On 4 June 2021, the ALRO has announced that land plots No. 604 in Khao Phanom Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai., is a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to provide evidence and documentation regarding land rights under the Land Code or other applicable laws within 15 days from the date the announced was posted at the ALRO in Krabi.

On 18 June 2021, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 30 June 2021, the Company received a letter from the ALRO in Krabi, informing the Company to indicate the boundary line and location of the land according to documentations or evidence relating to possession or use of such prospective area. However, due to the COVID-19 pandemic, the Company has requested to postpone the date indicating the boundary line.

On 7 and 30 December 2021, the Company indicated the boundary line and location of the land as stated in the land right document or evidence pertaining to the ownership or use benefit of land in the target area.

32. Litigation

- a) In July 2018, Krabi chief public prosecutor filed a lawsuit against the Company with the Court, alleging that the Company utilised land of 4,376 rai in land reform area for oil palm plantation in violation of Section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

In August 2019, the Court dismissed the case and gave the Company an order to hand over the land. In December 2019, the Company appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised.

- b) On 6 July 2020, the Company was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the Company. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the Company. On 20 August 2020, the Company turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the Company submitted a written testimony to inquiry officers.

On 9 September 2021, Krabi chief public prosecutor filed a lawsuit against the Company with the Court, alleging that the Company utilised the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of Section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

The hearing dates for this case is scheduled in August 2022.

- c) The Company faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the Company's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered judgement that the Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the Company's land title deeds of 13 plots and 10 plots under Nor Sor 3 Kor certificates to make them legal and the Director-General of the Forest Department to conduct relevant actions under his authority to evict the Company from the disputed land within 180 days from the date of the case is finalised.

On 16 April 2021, the Company appealed the judgement to the Supreme Administrative Court. The management believes that the Company can appeal the judgment with the available evidence.

- d) The Company faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the Company's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 401 certificates were supposed to be issued. Later, the Company lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court. On 16 March 2021, the Court dismissed the case. Subsequently, the plaintiff appealed against the judgement of the Administrative Court of First Instance.

On 10 September 2021, the Supreme Administrative Court issued an order not to accept the appeal filed by the plaintiff to consider and to dispose of the case.

33. Fire incident

On 26 August 2020, a fire broke out in a crude palm oil processing plant in Krabi. The inspection team presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The Company started to bring machines into operation again on 16 November 2020. The Company had insurance to cover damaged assets and business interruption. Currently, the Company received compensation from assets insurance amounting to Baht 30 million. Compensation for business interruption is in the process of negotiation with insurance companies.

34. Fair value hierarchy

As of 31 December 2021 and 2020, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2021				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	13,462	98,811	112,273

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	29,185	66,435	95,620

During the years 2021 and 2020, there was no transfer within the fair value hierarchy.

35. Financial instruments

35.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, short-term and long-term borrowings and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

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.

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 customer type and coverage by letters of credit for some customers and other forms of credit insurance. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

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 management on an annual basis and proposed the increment of credit limits for approval by the Company's Board of Directors. 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 is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are three types of market risk comprising foreign currency risk, interest rate risk and commodity price risk.

Foreign currency risk

The Group exposure to foreign currency risk arises mainly from machinery purchase transactions that are denominated in foreign currency. The Group manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Group had no forward contracts outstanding at the end of reporting period.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and short-term 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 interest rate borrowings.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements

	Fixed interest rates						Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing				interest rate	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	31,585	38,655	1,197	1,185	32,782	39,840	0.05 - 0.13	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	226,958	38,605	226,958	38,605	-	-
Financial lease receivables	1,545	1,567	896	2,441	-	-	-	-	-	-	2,441	4,008	1.80	1.80
Long-term loan to other company	-	-	-	-	-	-	17,480	18,400	-	-	17,480	18,400	THBFIX + 1	THBFIX + 1
	1,545	1,567	896	2,441	-	-	49,065	57,055	228,155	39,790	279,661	100,853		
Financial liabilities														
Short-term loans from financial institution	145,000	245,000	-	-	-	-	-	-	-	-	145,000	245,000	1.05 - 1.10	1.25 - 1.50
Trade and other payables	-	-	-	-	-	-	-	-	35,767	18,304	35,767	18,304	-	-
	3M													
Long-term loan	-	-	-	-	-	-	100,000	-	-	-	100,000	-	BIBOR + 1.5	-
Lease liabilities	345	308	2,491	1,940	40,156	40,606	-	-	-	-	42,992	42,854	4.70	4.80
	145,345	245,308	2,491	1,940	40,156	40,606	100,000	-	35,767	18,304	323,759	306,158		

(Unit: Thousand Baht)

Separate financial statements

	Fixed interest rates						Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing		Total		interest rate	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	15,539	25,928	1,190	1,176	16,729	27,104	0.05 - 0.13	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	226,903	38,545	226,903	38,545	-	-
Financial lease receivables	1,545	1,567	896	2,441	-	-	-	-	-	-	2,441	4,008	1.80	1.80
	1,545	1,567	896	2,441	-	-	15,539	25,928	228,093	39,721	246,073	69,657		
Financial liabilities														
Short-term loans from financial institution	145,000	245,000	-	-	-	-	-	-	-	-	145,000	245,000	1.05 - 1.10	1.25 - 1.50
Trade and other payables	-	-	-	-	-	-	277,703	277,665	35,618	18,154	313,321	295,819	THBFIX + 1	THBFIX + 1
													3M	
Long-term loan	-	-	-	-	-	-	100,000	-	-	-	100,000	-	BIBOR + 1.5	-
Lease liabilities	485	462	3,605	2,916	60,100	61,275	-	-	-	-	64,190	64,653	4.80	4.80
	145,485	245,462	3,605	2,916	60,100	61,275	377,703	277,665	35,618	18,154	622,511	605,472		

The sensitivity of the Group's profit before tax and shareholder's equity to a reasonably possible change in bear floating interest rates on cash at banks, loans and other payables as at 31 December 2021 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

Commodity price risk

The Group is exposed to commodity price risk from fresh palm fruit and crude palm oil. Price volatility has depended on the supply among the market. The Group has policy for procurement and inventory management that are managed by considering planned production volume and changes in the price of fresh palm fruit and crude palm oil.

Liquidity risk

This is the risks that the Group will be unable to pay debts and meet obligations when due, because of inability to timely convert assets into cash when settlement is due, obtain sufficient funds to meet the funding needs, or is able to obtain funds but at the cost that is beyond an acceptable level. These risks may affect the Group's income and financial position.

The Group has a liquidity management policy, control of liquidity risk at acceptable levels, which stipulates the tools to be used for monitoring and controlling liquidity risk by the management. The tools used for liquidity risk management include estimate of cash inflows and outflows to assess liquidity position on various periods, manage liquidity to be available for debt repayment on due and analysis of key financial ratios. In addition, 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 as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

	(Unit: Thousand Baht)				
	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	145,006	-	-	-	145,006
Trade and other payables	-	35,767	-	-	35,767
Long-term loan	-	38,334	64,578	-	102,912
Lease liabilities	-	2,358	10,318	60,935	73,611
Total non-derivatives	145,006	76,459	74,896	60,935	357,296

(Unit: Thousand Baht)

Separate financial statements

31 December 2021				
On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Short-term loans from financial institutions	145,006	-	-	145,006
Trade and other payables	-	313,321	-	313,321
Long-term loan	-	38,334	64,578	102,912
Lease liabilities	-	3,556	15,556	111,114
Total non-derivatives	145,006	355,211	80,134	672,353

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2020				
On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Short-term loans from financial institutions	245,010	-	-	245,010
Trade and other payables	-	18,304	-	18,304
Lease liabilities	-	2,358	9,964	75,969
Total non-derivatives	245,010	20,662	9,964	339,283

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2020				
On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Short-term loans from financial institutions	245,010	-	-	245,010
Trade and other payables	-	295,819	-	295,819
Lease liabilities	-	3,556	15,023	114,670
Total non-derivatives	245,010	299,375	15,023	655,499

35.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2021, the Group's debt-to-equity ratio was 0.28:1 (2020: 0.31:1) and the Company's was 0.50:1 (2020: 0.57:1).

37. Event after the reporting period

On 24 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend in respect of 2021 profit of Baht 0.50 per share, or a total of Baht 162 million, for approval by the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.