

56-1



# ONE REPORT



56-1 One Report 2021

S. Khonkaen Foods Public Company Limited







MUSE DESIGN AWARDS 2021  
SILVER WINNER



MUSE  
DESIGN  
AWARDS



## The Biggest Bite

The “Moo Yor” is a traditional Thai sausage originating from the North Eastern region of Thailand. It is an all time favorite product amongst the older generations and usually enjoyed as snack, side dish or as ready to cook product ingredient used in various menus. S.Khonkaen brings a young and fun perspective to this traditionally loved product to the younger generations. It is now ready to eat and served in a thick big slice, which is backed by research, to provide the best experience of having this product.

Our challenge in packaging design is to make it stand out from strong competition among ready to eat products. We communicate our product uniqueness, size, by comparing it with the size of a city and illustrate the picture using painting technique that the young consumers are familiar with from Hollywood animations. Colors used are carefully selected to ensure differentiation and product excitement. We also bring new design to product's name to emphasize the difference of this new launch product.

Our design leaves transparent space in the middle of the packaging to show how this new product looks like. Illustration is filled with details to symbolize Bangkok and hidden items, such as company's logo to further serve marketing campaign and interact with the target in social media. The packaging design is also served as offline media to send out the challenge to content creators to have fun and win the prize by illustrating this concept “The Biggest Bite” in their own way.







## *Thailand Best Managed Companies*

### **Winners of the year 2021**

**S.Khonkaen Foods Public Company Limited**

**Food and Beverage**

The Thailand awards are derived from Deloitte's global Best Managed Companies awards programs - a well-regarded international awards program that applies a proven evaluation process to assess the businesses' quality of management in areas including strategy, capabilities and innovation, culture and commitment, as well as governance and financials. The evaluation of the Thailand awards is based on more than 25 years of observed practice from the global awards program that has been rolled out to 37 countries worldwide.



“We are proud to be an inaugural winner of Thailand's Best Managed Companies award. The award assures us our business model is sound and affirms our position as a leading food manufacturer and distributor of Thai food products both domestically and on a world scale. We appreciate our hard-working team and are committed to providing quality products to our customers and value for our stakeholders.”







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In case this 56-1 One Report references information is disclosed on the Company's website, the disclosed information shall be deemed to be part of 56-1 One Report.

The Board of Directors certifies the correctness and completeness of disclosed information and annual information disclosure in 56-1 One Report.









*Part 1*

## Business and Performance



# 1 Vision and Business Review

## Vision & Mission

S. Khonkaen Foods Public Company Limited (“The Company”) strives to be the Thai foods manufacturer for bettering everyone’s life and delivering sustainable value & impression to Stakeholders

## Goals

- Deliver the good experiences to customers under the Company’s brand reliably and confidently with the premium products and services.
- Creation of products and services to meet the customer demand which relied on a data analysis at an affordable price.
- Increasing distribution channels to be more comprehensive and able to reach customers more appropriately, including collaborating with partners for developing and expanding distribution channels of the Company.
- Maximize supply chain system efficiency by integrating work processes from raw material procurement planning storage and delivery of goods.
- To be a positive organization to attract qualified people who want to work with a company by creating an appropriated organization culture. Create a corporate culture that supports doing the right thing. Encourage teamwork by clearly providing common goals, promoting lifelong learning, establishing fair and competitive compensation and welfare management.
- To be socially responsible by sharing and exchanging valuable knowledge and experiences with academic institutes and agencies in both the public and private sectors

## Strategies

- Improvement of brand image and expand communication channels to match the era and need of new generation consumers by changing all former image, packaging design and increment of online digital communication to reach every consumer group.
- Development of products to match the consumer’s changing life pattern and increment of new products in every product group, e.g. Thai Native Foods, Seafoods, Snack Foods, Souvenir Goods and Ready-to-Eat Foods to stimulate the consumer demand especially in adult and adolescent.
- Increment of the Company’s own distribution channels except from Modern Trade such as Food Delivery, Cloud Kitchen, Food Truck, Traditional Trade, Food Services, E-Commerce and stores that are owned and franchised by the Company.
- Enhance the efficiency of upstream to downstream supply chain management to deliver goods and services at affordable prices by investing in plant improvements, machinery and technology to increase efficiency and productivity.
- Create an organizational culture that emphasizes credibility and adapts quickly to meet customer needs, also increasing flexibility, promoting employees to realize the freedom to take initiatives.



## Business overview

Over the period of 38 years, S. Khonkean Foods Public Company Limited has been striving in developing and raising the standard of Thai Native food continuously with the purpose of maximizing the Thai people's life quality through the daily foods consumption simultaneously with the business sustainable development by giving the importance to the Corporate Social Responsibilities (CSR) , Promoting environmental issues in social aspect, Human Rights and the Corporate Governance with the vision of Dr. Charoen Rujirasopon, the Company Founder, who strongly desires to create Thai Foods in the international level to its optimum growth in the world market thus has started the business in the format of limited partnership selling the souvenir products from Khonkaen Province, e.g. Dried Shredded Pork, Crispy Pork and Chinese Sausages , which has been become corporate limited and promoted as a public company limited in 1994. At present, the Company is engaged in the production and distribution of processed food from pork business, processed seafood business, swine farming business and restaurant business domestically and internationally.





# Major Changes and Developments

1984



Registration of a business to sell food souvenirs from Khonkaen, Thailand.

1988



Started to produce processed food at Bangplee plant, Samut Prakan Province.

1991



start to export  
The Company started to export products processed food from pork to Hong Kong as the first

2008



The Company branched out into snack processed from pork, expand the business from Thai Native Food and Processed Seafood then the Company had revenue growth 13 percent.

2009



The Company branched out into ready-to-eat frozen foods business, a fairly high rate of growth in this business as a consequence of a change in the lifestyle of the population in the urban meanwhile the company accelerated the 3rd production group at Mahachai.

2013



- The Company relocated the manufacturing platform from the Republic of Poland to the Netherlands by engaging the manufacturers in the Netherlands to produce the Company's products in place of the manufacturers in the Republic of Poland for the increment of the competition capability especially the transportation cost with the new manufacturers' higher efficient production capability in coping with the Company's growth in the future especially its main products, e.g. the products group of Pork Balls, Meat Balls, Preserved Pork Sausage etc.,
- The Company has established S. Khonkaen Foods (the Netherlands) B.V. in responsibility for the marketing of the Company's products in various countries of the European Community and United Kingdom for S. Khonkaen Foods (E.U.) Company Limited which has closed the business in the same year.
- The Company has supplemented the Quick Service Restaurant (QSR) business by opening 4 branches of Yunnan Pork Rice restaurant by focusing on locations as gas stations.





1994



The Company has converted into a public company limited and listed on the Stock Exchange of Thailand. Started the 2<sup>nd</sup> production groups at the Nakhon Pathom

1995

The Company branched out into swine farming business by investing in subsidiary to achieve risk management of raw materials which are used in the processed

2003

The Company branched out into processed seafood business by investing in a subsidiary to distribute risk resulting from fluctuation of income from the core business, nearly 30 percent growth in its operating income was achieved. erating income was achieved.

2010

The Company started the Quick Service Restaurant (QSR) to increase the Company's competitiveness by developing distribution channels, changed the Company's name from "S. Khonkaen Food Industry Public Company Limited" to "S. Khonkaen Foods Public Company Limited"

2012



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



2014 - 2021

The Company aimed at the implementation of its "from Farm to Table" policy by opened Thai- Isan Restaurant as "Zaap Classic" and "Yunnan" restaurant domestically and internationally.

2020

The Company has launched a business and expanding restaurants in the form of Food Truck and franchise branches.

2021

The Company has improved the restaurant business model by focusing on the small restaurant, which is high flexible but required low investment, resulting in the ability to expand branches quickly and able to increase the sales through delivery service providers by focusing on branch expansion in gas stations and accommodation areas such as condos and villages) also a cloud kitchen style restaurant and food truck.





## 2 Message from the Board of Director

### Message from

### Chairman of the Board of Directors



In 2021, The global economy was greatly impacted by the COVID-19 pandemic, resulting in the lower of Thailand's GDP, especially the tourism business, which was considered as 25 percent of Thai GDP. While the government's strict measures for foreign tourist. Consequently, the hotel business, entertainment business, tour business, restaurants, malls, and the tourism industry have experienced a severe slowdown over two years. The national economic activities were significantly affected which cause people to lose their income. Moreover, household debt has reached a peak, oil price causes an increase in business cost which increases food prices and commodities. The higher production costs have driven the lack of purchasing power of customers which causes an economic recession.

Apparently, the Company's net profit has higher than the profit in 2020 which is up to 30 percent higher than the previous year. According to the result of teamwork and professional management measures that can minimize operating costs. The Company has achieved production efficiency while creating new service models to approach new customers and social contexts.

On behalf of the board of director, I would like to express gratitude toward all stakeholders for their long-established trust.

A handwritten signature in black ink, consisting of a stylized 'T' followed by a long horizontal stroke.

(Dr. Thanong Bidaya)

Chairman of the Board of Directors



# Message from

## Chairman of Executive Committee

In 2021, Thailand has been through a great economic crisis due to the spread of the COVID-19, all industries have been affected which cause layoff problem, consumer markets lack purchasing power, and prices of goods and service have continually risen. It is the consequence after the rise in oil prices, these circumstances are challenging for executives' team. The Company's management team has to strategize to solve problems and achieve in company governance in order to lead the Company through the economic crisis. Finally, the Company was successful by reaching sales above 2020 and generating significant profits.

The Company always remembers that its profits are given by society. The Company intends to give back to society such as providing scholarships to students who study well but lose money, participating in building a field hospital to care for COVID-19 patients those who do not have access to government care, medical supplies donation for people who suffer from COVID-19. However, there are allowance a donation for the Buddhism, such as the creation of objects of worship, religious sites, and participation in the funeral reconstruction of those who died from the COVID-19.

The Company has won the "Muse Design Awards" for global marketing and packaging design award by the International Awards Associate (IAA), followed by the Southeast Asia and Regional Award, as the One of Thailand's best managed companies 2021 is "Thailand's Best Managed Companies 2021" by Deloitte Thailand.

Finally, on behalf of the Executive Committee, I would like to express gratitude toward all management and staff for their dedication and lead the Company to a successful in 2021.



(Dr. Charoen Rujirasopon)  
Chairman of Executive Committee





### 3 Financial Overview

Consolidated Financial Statement	Year 2021		Year 2020		Year 2019		Change	
	(THB Mil.)	(%)	(THB Mil.)	(%)	(THB Mil.)	(%)	21 vs 20	20 vs 19
Revenue from Sales	2,767	100.0 %	2,763	100.0 %	2,837	100.0 %	0.1%	(2.6 %)
Cost of sales	(2,050)	(74.1 %)	(2,027)	(73.4 %)	(2,085)	(73.5 %)	1.1 %	(2.8 %)
<b>Gross Profit</b>	<b>716</b>	<b>25.9 %</b>	<b>736</b>	<b>26.6 %</b>	<b>752</b>	<b>26.5 %</b>	<b>(2.7%)</b>	<b>(2.2 %)</b>
Distribution cost	(242)	(8.8 %)	(269)	(9.7 %)	(284)	(10.0 %)	(10.1 %)	(5.1 %)
Administrative expenses	(331)	(12.0 %)	(303)	(11.0 %)	(301)	(10.6 %)	9.5 %	0.5 %
<b>EBIT</b>	<b>205</b>	<b>7.4 %</b>	<b>168</b>	<b>6.0 %</b>	<b>170</b>	<b>6.0 %</b>	<b>22.0%</b>	<b>(1.6 %)</b>
Finance cost	(30)	(1.1 %)	(33)	(1.2 %)	(34)	(1.2 %)	(6.7 %)	(3.6 %)
Income tax expenses	(32)	(1.1 %)	(25)	(0.9 %)	(24)	(0.8 %)	27.8 %	2.8 %
<b>Net Profit</b>	<b>142</b>	<b>5.1 %</b>	<b>110</b>	<b>4.0 %</b>	<b>112</b>	<b>4.0 %</b>	<b>30%</b>	<b>(1.9 %)</b>

Consolidated Statement of Financial Position	December 31, 2021		December 31, 2020		December 31, 2019		Change	
	(THB Mil.)	(%)	(THB Mil.)	(%)	(THB Mil.)	(%)	21 vs 20	20 vs 19
<b>Total Assets</b>	<b>2,785</b>	<b>100.0 %</b>	<b>2,655</b>	<b>100.0 %</b>	<b>2,566</b>	<b>100.0 %</b>	<b>4.9 %</b>	<b>3.4 %</b>
Current Assets	939	33.7 %	885	33.3 %	972	37.9 %	6.1 %	(8.9 %)
- Cash and cash equivalents	103	3.7 %	161	6.1 %	152	5.9 %	(35.7 %)	5.6 %
- Trade and other receivables	432	15.5 %	417	15.7 %	470	18.3 %	3.6 %	(11.1 %)
- Inventories	277	9.9 %	217	8.2 %	251	9.8 %	27.4 %	(13.4 %)
- Current biological assets	112	4.0 %	68	2.6 %	74	2.9 %	64.6 %	(8.4 %)
Investment properties	629	22.6 %	637	24.0 %	640	25.0 %	(1.3 %)	(0.5 %)
Property, plant and equipment	1,084	38.9 %	985	37.1 %	920	35.8 %	10.1 %	7.0 %
Right-of-use assets	104	3.7 %	116	4.4 %	-	-	(10.6 %)	-
<b>Total liabilities</b>	<b>1,561</b>	<b>56.1 %</b>	<b>1,509</b>	<b>56.8 %</b>	<b>1,481</b>	<b>57.7 %</b>	<b>3.5 %</b>	<b>1.9 %</b>
Current liabilities	967	34.7 %	909	34.2 %	947	36.9 %	6.4 %	(4.0 %)
Non – current liabilities	594	21.3 %	600	22.6 %	534	20.8 %	(1.0 %)	12.4 %
<b>Total shareholders' equity</b>	<b>1,224</b>	<b>43.9 %</b>	<b>1,146</b>	<b>43.2 %</b>	<b>1,086</b>	<b>42.3 %</b>	<b>6.8 %</b>	<b>5.5 %</b>
Equity holders of the Company	1,222	43.9 %	1,144	43.1 %	1,084	42.2 %	6.8 %	5.5 %
Non-controlling interests of the subsidiaries	2	0.1 %	2	0.1 %	2	0.1 %	12.9 %	(1.9 %)



Financial Ratio		Year		
		2021	2020	2019
Total Number of Shares Issued *	Mil. Share	323.40	323.40	32.34
Earnings per Share **	THB / Share	0.22	0.79	2.70
Dividends per Share ***	THB / Share	0.15	0.20	2.00
Dividends Payout Ratio ****	%	67.1%	25.4%	74.1%
Average Collection Period	Days	56	59	59
Finised Goods Holding Period	Days	8	7	8
Inventory Holding Period	Days	60	55	52
Average Payment Period	Days	55	56	54
Cash Cycle	Days	61	58	57
Return on Assets	%	2.6%	2.1%	4.5%
Return on Fixed Assets	%	25.5%	23.9%	23.2%
Asset Turnover Ratio	Times	1.0	1.1	1.2
Debt to Equity Ratio	Times	1.3	1.3	1.4
Interest Coverage Ratio	Times	10.7	8.8	8.0
Debt-Service Coverage Ratio	Times	0.5	0.5	0.4

\* The 2020 Annual General Meeting of Shareholders has resolved to change the par value from the original value of THB 10 pershare to THB 1 per share, resulting in the increase of registered and paid-up ordinary shares to 323.40 million shares

\*\* Earnings per share (Separate Financial Statements)

\*\*\* Dividends per share : The company's dividend entitlement is uncertain and pending approval of the 2022 Annual General Meeting of Shareholders

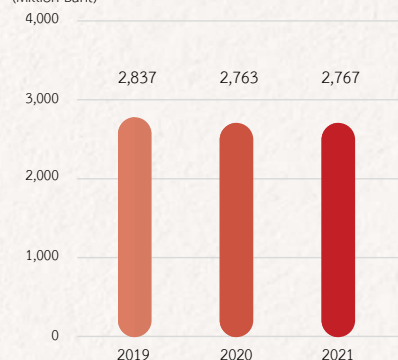
\*\*\*\* Dividends payout ratio (Separate Financial Statements)



# 4 Operating Results

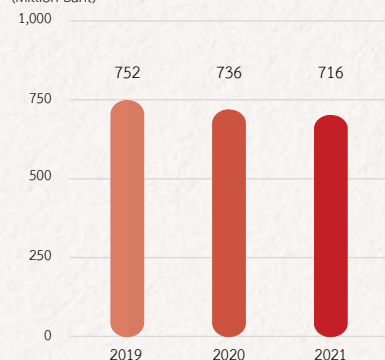
## Revenue from Sales

(Million Baht)



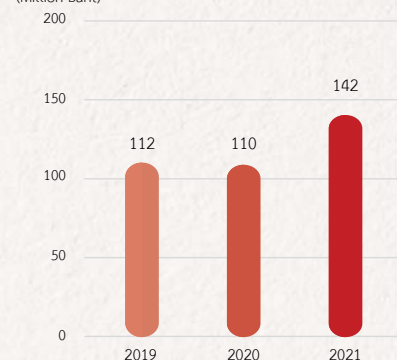
## Gross Margin

(Million Baht)



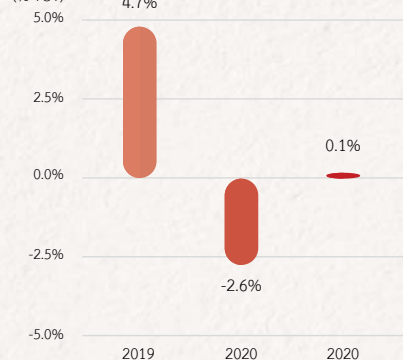
## Net Profit

(Million Baht)



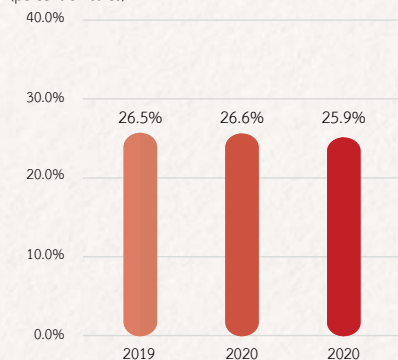
## Sales Growth

(% YOY)



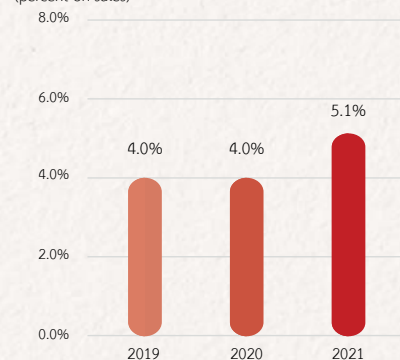
## Gross Margin

(percent on sales)



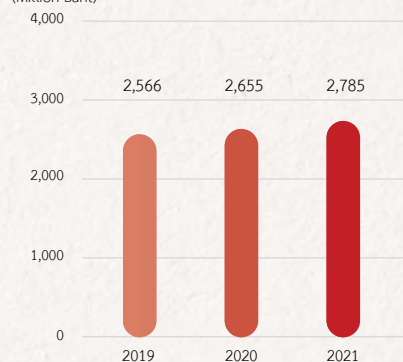
## Net Profit

(percent on sales)



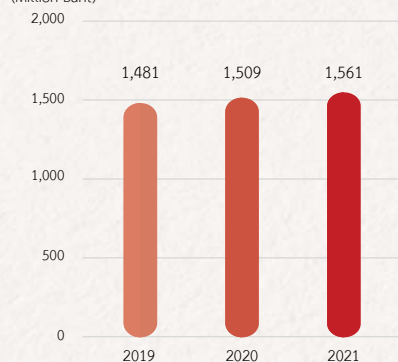
## Assets

(Million Baht)



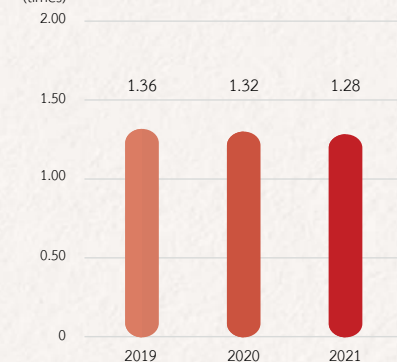
## Liabilities

(Million Baht)



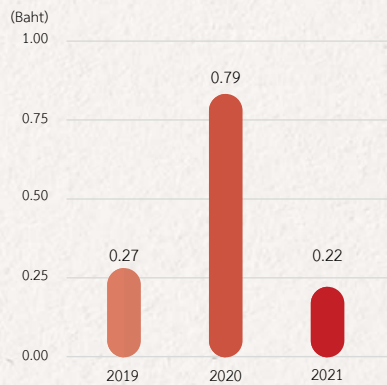
## DE Ratio

(times)

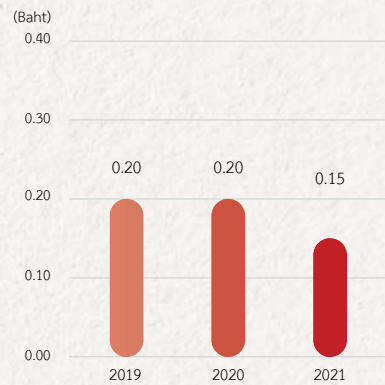




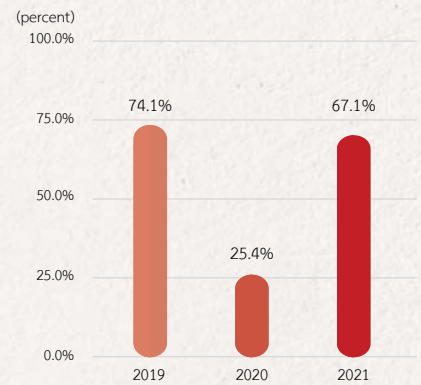
## Earning per share\*



## Dividend per share\*



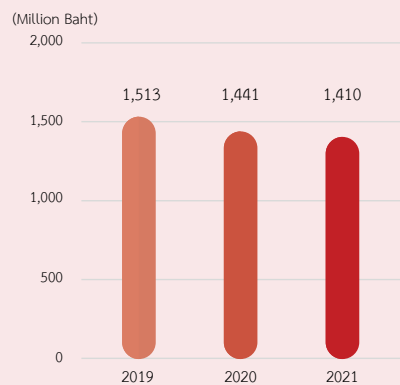
## Dividend Payout Ratio



\* In 2019, the number of shares has been adjusted from 32.34 million shares to 323.4 million shares (after the change in par value) for comparison.

## Revenue from Sales by business group

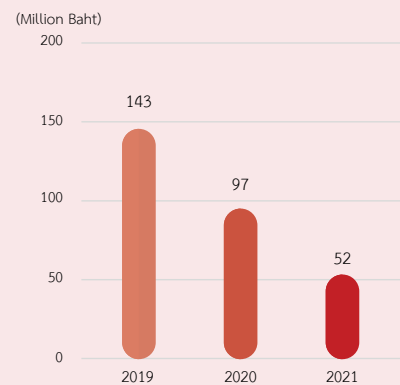
### Processed Food from Pork



### Processed Seafood



### QSR Restaurant



### Swine Farming





# 5 Business Highlights

In 2021, the Company's revenue from sales reached about Baht 2,767 million which increase by 0.1 percent compared to the previous year. The seafood processed business is accounted for 37 percent of total sales which grows by 6.0 percent expanding sales points and exporting to China in the previous year while sales of processed pork products which is about 51 percent of total sale, which growth rate decreased by 2.2 percent compared to the previous year. However, modern trade channels sales have grown whereas the epidemic situation of the COVID-19 has reduced the wholesale, which generate the adverse impact on a new product launch and new group of customers in the export market.

The Company's gross profit in 2021 amounted to Baht 716 million or 25.9 percent of sales revenue. which had gross margins decreased 0.7 percent compared to the previous year. The volatility in the pork market in the second half of the year affected gross profits in the farm business in the third quarter from the adjusted swine market price and affected the cost of key raw materials in the Processed Food from Pork in the fourth quarter

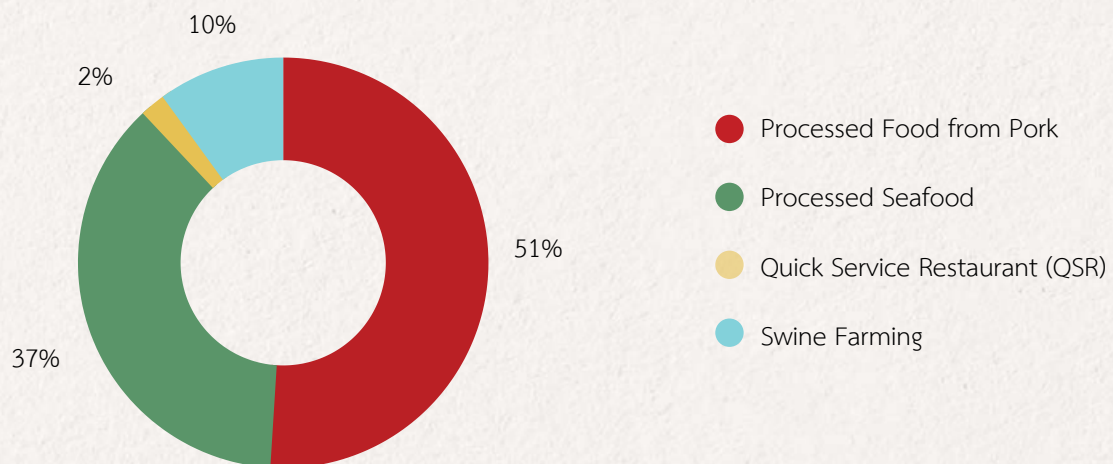
The Company had the net profit attributable to company shareholders in the year 2021 at the value Baht 142 million. When compared with the year 2020, the Company had the net profit increased 1.2 percent due to the impact of profit from the changing fair value less cost in the sale of biological goods for the value Baht 36 million.

Product Group	2021		2020		2019	
	(THB Mil.)	(%)	(THB Mil.)	(%)	(THB Mil.)	%
<b>1. Processed Food from Pork</b>						
- Domestic	1,346	47.3	1,326	47.5	1,413	49.3
- Import	64	2.3	115	4.1	100	3.5
<b>Total</b>	<b>1,410</b>	<b>49.5</b>	<b>1,441</b>	<b>51.6</b>	<b>1,513</b>	<b>52.8</b>
<b>2. Processed Seafood</b>						
- Domestic	916	32.2	886	31.7	873	30.5
- Import	105	3.7	78	2.8	60	2.1
<b>Total</b>	<b>1,021</b>	<b>35.8</b>	<b>963</b>	<b>34.5</b>	<b>933</b>	<b>32.6</b>
<b>3. Quick Service Restaurant (QSR)</b>	<b>52</b>	<b>1.8</b>	<b>97</b>	<b>3.4</b>	<b>143</b>	<b>5.0</b>
<b>4. Swine Farming</b>	<b>283</b>	<b>9.9</b>	<b>262</b>	<b>9.4</b>	<b>249</b>	<b>8.7</b>
<b>Total Sales</b>	<b>2,767</b>	<b>97.1</b>	<b>2,763</b>	<b>98.9</b>	<b>2,837</b>	<b>99.0</b>
Other income	82	2.9	31	1.1	28	1.0
<b>Total revenues</b>	<b>2,848</b>	<b>100.0</b>	<b>2,794</b>	<b>100.0</b>	<b>2,865</b>	<b>100.0</b>

The Company's revenue is approximately 94 percent, comes from domestic distribution and about 6 percent is exported. Apparently, the majorities of the products exported are processed seafood and processed pork respectively. This year, foreign exports of the processed seafood business continuously increased.



## 2021 Sales by Product Group



Group of “S. Khonkaen” companies’ business are categorized into 4 main businesses as follows

### 1. Processed Food from Pork

In 2021, the Company reached sales of Baht 1,410 million, accounting for 51.0 percent of total sales, a growth rate of 2.2 percent compared to the previous year. Gross profit was Baht 377 million, accounting for 26.7 percent of sales. The processed food from pork business has launched several new products in 2021 especially ready-to-eat products to meet consumer behavior such as sticky rice and salty pork, Big Bite Pork, pork rind and northern Thai green chili dip. The Company have focused on increasing sales through online channels however, the COVID-19 situation, marketing plan had to be postponed domestically and internationally. The Company decided to reduce the consignment area and tasting products booths in supermarkets resulting in a decrease in total sales.

In 2022, the Company focuses on appointing distributors to distribute products through traditional retail channels. Online marketing channels are expected to be a market with high growth rates starting in the first quarter of 2022.

### 2. Processed Seafood

In 2021, processed seafood sales amounted to Baht 1,021 million, accounting for 36.9 percent of total sales, with a growth rate of 6.0 percent compared to the previous year. The gross profit was estimated to be Baht 281 million, which is 27.6 percent of sales. It can be seen that the processed seafood business has grown significantly in all channels. Expansion of product distribution area in the country can increase new customers and expand export business abroad through distributor.

### 3. Quick Service Restaurant (QSR)

In 2021, the Company’s annual sales amounted to Baht 52 million, accounting for 1.9 percent of sales, a growth rate of 45.9 percent, a decrease compared to the previous year. The gross profit was Baht 29 million, representing 55.7 percent of sales. In order to maintain sales, the Company has changed business strategies from being a sit-down restaurant in a department store. The Company decided to close some branches that have continued losses and focusing on branch expansion in a small storefront model to deliver food through a delivery service provider Buying back to eat at home and food trucks which has lower investment than shops and can adjust the service area as appropriate.

### 4. Swine Farming

Revenue from sales in 2021 amounted to Baht 283 million, accounting for 10.2 percent of total sales, grew by 8.1 percent compared to the previous year. The gross profit was Baht 29 million, or 10.3 percent from the sale. According to pork market volatility, swine farming business was fully affected. To achieve the risk management, the Company has invested to optimize biosecurity and control the quality of swine farms and minimize the overall cost of the business.

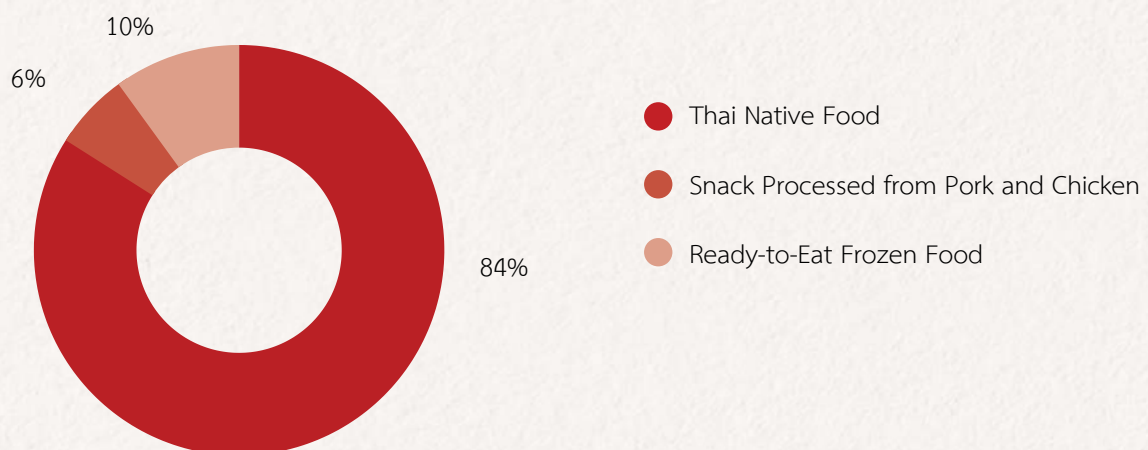


## Processed Food from Pork



The Company has been selling souvenirs from Khonkaen province which has been very successful. However, to upgrade the production standard by and increase a business opportunity in the processed food business. Therefore, the Company decided to invest in building a meat food processing factory by adopting modern technology in the production process and use the proportion of production resources in a safe and achieve the concept of environment- friendly.

### 2021 Sales of Processed Food from Pork





Processed food from pork business consists of 3 main products groups:

## 1. Thai Native Food

It is the main product that has been famous and create a product awareness to the Company. This main product group bring about the main income for the Company. Thai local food product consist of main products as follows :

Vietnamese Sausage - Fermented Sausage - Pork Ball - Shredded Pork - Chinese Sausage -  
Thai Style Sausage - Pork Rind - Crispy Pork



The Company produces and distributes products under 6 brands as follows:



## Marketing and Competition

In 2021, the Company has a large impact from COVID-19 over 2 years. The customer's purchasing power was limited because of the higher cost of living. They tend to spend their money on the essentials. Moreover, the impact of African Swine Fever (ASF) has continued in many countries, including Thailand. It caused a higher operation cost. Furthermore, higher feedstuff cost, higher farming operation cost due to preventing disease, and the lower of pig farmers. Consequently, it caused a shortage of pork in the market. There was a pent-up demand after the recovery economy led to the rocketing of the price of pork in 2021. All these problems influence the pork demand directly.

However, it could be said that the food industry is less affected compared to other industries because it is considered fundamental to their living. The sales of the Company can maintain market share continuously

because the organization and business strategy can be quickly adapted to suit the situation. The Company had created a marketing activity to stimulate purchase incentives. However, various investment plans financial management has been adjusted to be more efficient. Many consumers still trust and have brand loyalty to our products. Because we provide the qualified goods to market. We also concerned about cleanliness, deliciousness, and consumer demand. They are the Company's priority. As a result, the Company can maintain its customer base and market share continuously despite the crisis throughout the year. Thai local food products' sale in 2021 is at the same level as the previous year. By efficient management, we can maintain the production cost close to the previous year although the price of the raw ingredients keeps rising.



## 2. Ready-to-Eat Frozen Food and Ready-to-Heat Frozen Food : RTE & RTH

According to current consumer behavior, this product line can meet the needs of consumers who want a quick lifestyle, which is considered a product group with high growth potential in the future. Products developed for this group must be convenient for eating.



Crispy Flossy Pork with Sticky Rice



Fried Salted Pork  
with Sticky Rice



Pork Boiled Rice



Fried Vietnamese  
Sausage with Fish Sauce



Chinese roasted pork



Big bite Vietnamese pork

### Marketing and Competition

The Company has expanded this group of products to have more variety for the frozen ready-to-eat food line in the past year by adjusting Pre-Cook Thai local food to Ready-to-Eat (RTE) to meet the behavior of consumers who have shifted to an urban society that is in a hurry. They prioritize convenience. The Company emphasizes Mainly go to their own distribution channels and convenience stores to adjust the distribution channel strategy of this group of products.

The market overview of the frozen ready-to-eat food market has a market value of approximately Baht 23.7 billion a growth rate of approximately 10 percent in 2021. It is divided into 48 percent of ready-to-heat products, 44 percent of frozen ready-to-eat, and 8percent others.

It was found that Thai food accounted for the largest proportion of ready-to-eat food or 45 percent of the total ready-to-eat food market.

However, the situation of COVID-19 The persistence has led some consumers to choose instant noodles from time to time due to their low-cost alternatives. The factor that drives the ready-to-eat market to grow is probably the new variety of food menus that each entrepreneur is trying to bring out into the market. The Company has developed this group of products into the market as well such as sweet pork with sticky rice, Big Bite Vietnamese pork, fried pork with fish sauce and salty pork with sticky rice.

The Company continues to focus on and continues to develop products in this frozen ready-to-eat food group continuously. By continuing to focus on product development for this food group The Company also focuses mainly on consumer needs to develop products that are standardized and can be sold at reasonable prices.



### 3. Snack Processed from Pork and Chicken

In response to snack processed from pork and chicken, the Company has produced and distributed under the Entrée brand, a meat snack group that focuses on consumers who want primarily protein snacks, which are different from snack products. Others that focus mainly on powder but for Entrée include crispy pork and pork rind



### Marketing and Competition

In 2021, the overview of the domestic snack market has been continuously affected by the COVID-19 situation. What is evident is that consumer behavior has changed, and spending has become more cautious. In addition, products in the snack category are less necessary for consumption than other products. There are restrictions on sales growth. In addition, the cost price of important raw materials such as cereals, vegetable oils and sugar are likely to increase in the second half of 2021, causing the overall snack business in 2021 to contract 4.0 percent, representing a market value of approximately Baht 37,500 million. The previous year, the market grew by 2.6 percent. According to the study of the cause of the market contraction, the impact of the main target group is fragile in purchasing power and the increase in raw material costs in some items.

Due to the nature of the work, consumers who still work at home are the main continually to prevent the spread of COVID-19. according to government policy.

As a result, the number of people coming out to buy products at convenience stores and supermarkets is less. Meat Snack market is very competitive, increasing sales is possible gradually. The important thing that the Company Great care must be taken to manage the cost factor of the main raw material (pork) that has risen from the impact of the ongoing African Swine Fever (ASF) epidemic.

However, the meat snack food industry is still supported by the trend of health lovers or Health Conscious and groups of the new generation and the elderly. The COVID-19 outbreak has prompted a greater awareness of prevention and health promotion that this group of consumers avoid eating starchy snacks or containing carbohydrates and fats. high, which increases weight and leads to obesity and various ailments. It led some consumers to shift their behavior towards healthier and more nutritious snacks. This allows the meat snack market to continue to grow in the future.

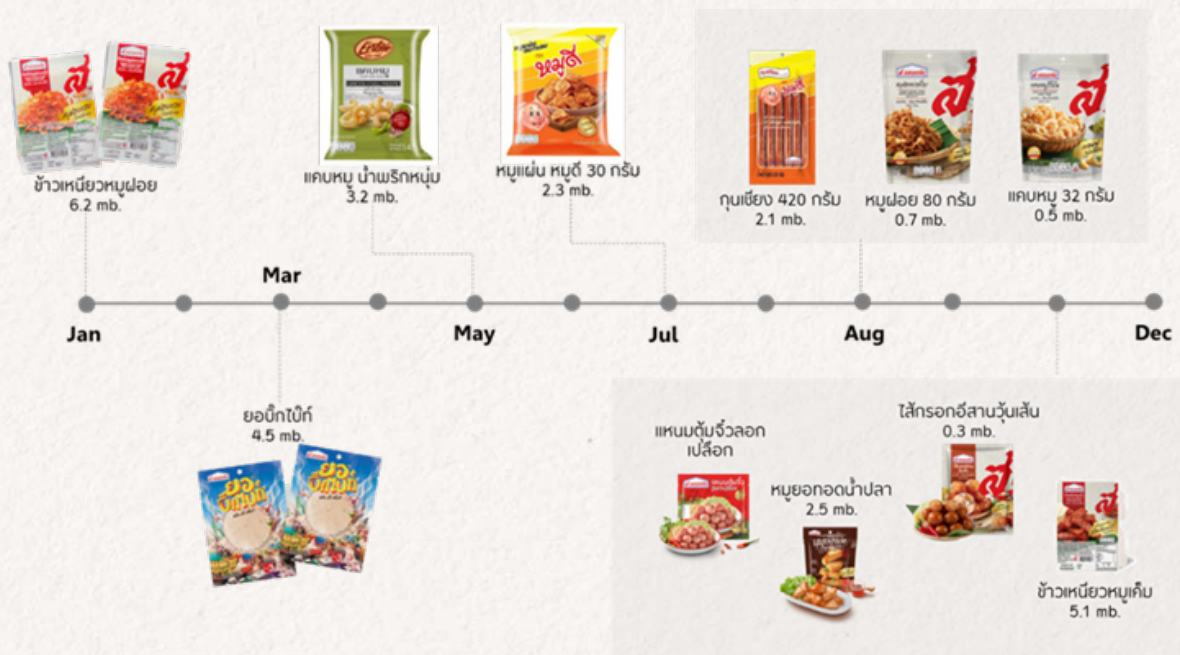


## Marketing and Sales Strategy

**Marketing Strategy** The details are as follows.

1. The important marketing strategies for 2021 are detailed as follows, mainly focusing on product development to meet the needs of today's customers, while paying attention to every step of production and development. This starts from collecting information on customer needs. which has collected all the information for use in product design and development quality test and test the taste of the product including the production process for distribution with clean, standardized machines The Company continues to gain the trust of consumers for 30 years. in the standard and trusting the quality from the customer group that they will always receive the best products from S. Khonkaen.

In 2021, the products line was sold as follows.

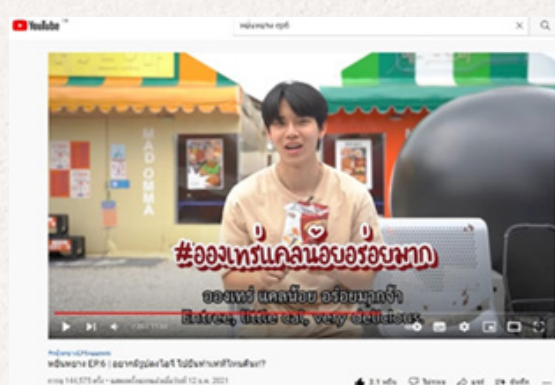


2. The product format has been developed to make it more convenient to eat. “Small fermented pork” this item is a best seller of the Company. The Company has developed a product that allows customers to eat small fermented pork as soon as they need to open the sachet, making it more convenient to eat. Responding to the behavior of target customers, the Company has placed great emphasis on changing the eating experience.





3. Multi Brand Strategies. The Company is committed to expanding customer groups by developing products for a variety of customer groups. Increase distribution channels by trying to showcase all brands of the Company to be known and accepted by consumers as much as possible. The multi-brand strategy offers flexibility in distributing products to various distribution channels both domestically and internationally. And marketing promotion activities can be done effectively, able to set the price and quality of the product to suit the customer group in each market and distribution channel without conflict.
4. Consumer Communication Strategies, strategies aimed to reach the target consumers by using KOL (Key Opinion Leader), Youtuber, Influencer to represent the brand. The Company focuses on communicating to consumer groups through various activities and content formats via Facebook, Twitter and TikTok.



5. Maintaining the standard and quality of products is the strategy that the Company always attaches importance to. To maintain standards and quality always because the production and quality of products are continuously controlled. The production has passed GMP and HACCP standards, emphasizing cleanliness, hygiene and standardization in both taste and deliciousness.

### Sales Strategy The details are as follows.

1. Strategies for all distribution channels are intended to be able to reach the target group thoroughly. The Company and business alliances with the ability to manage distribution channels have come to help manage product distribution. The Company is distributed through 4 main channels
  - 1.1 “Modern Trade” The main channel of the Company consists of supermarkets, hypermarkets and convenience store. Most of the distribution channels are managed by the Company itself, except for snack products that the Company has assigned a partner or DKSH (Thailand) Co., Ltd. to be the sole distributor.
  - 1.2 “Distributor” The Company has assigned DKSH (Thailand) Co., Ltd. to be the sole distributor in the snack food group. The alliance will distribute products to wholesale and retail stores across the country, including supermarkets without distribution centers.
  - 1.3 “E-Commerce channel” COVID-19 continues to spread, causing consumer behavior to change. The Company has adjusted its strategy to increase and drive more sales through online channels. and find a partner who has expertise in improving the customer experience for using the online shopping service. Therefore, sales can be made in the group of customers. E-Commerce has grown significantly.
  - 1.4 “Food Service and Industrial” The Company maintain this customer base. and increase the number of SKU products because the number of sales and value per purchase from this channel is higher than other groups. This allows the Company to better forecast and design efficiency and develop production
2. Product visibility management strategy in the online store, the Company regularly arranges the products on the shelf space to create an eye-catching appeal. To facilitate consumers to access the product, there will be a staff of partners who are enthusiastic to take care of customer. In addition, the Company is also looking for a special space to display products in Modern Trade stores to increase product visibility.



## Marketing activities

### 1. "The more you buy, the more profit" by Makro

The Company aims to help alleviate the burden of consumers and stimulate sales under the work from home measure. Therefore, in order to help customers to have access to products at a more economical price, the Company has coordinated with Makro. To organize activities "the more you buy, the more profit" by selling the Company's products with Pepsi's can (245 ml) at a special price.



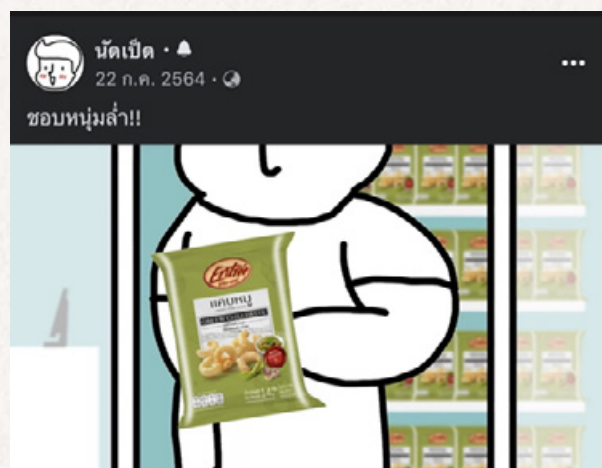
### 2. Support Game Dota2 Championship

The Company has partnered with Clover Solution as the main sponsor of the Pubstorm event. It is a world-class Dota2 gaming championship to win the prize with over 40 million dollars. It is a great opportunity to create product awareness to the new generation and target groups.



### 3. Organize a Q&A activities with "Nad Ped" on the FB page

The Company along with the Facebook page "Nad Ped", which is a page that is popular among teenagers. We had organized Q&A activities to win prizes for Entrée Pork Rind, Nam Prik Num flavor. This activities arrange the engagement with current customers and also create an awareness to the target customers efficiently.





#### 4. Live activities with new artists

The Company collaborates with young artists to provide new experiences and fun with our new product in 2021 such as pork rind in Nam Prik Num flavor, to introduce the northern food in snacks. It allows the target group reaches the products that they like through a live Q&A activity on the Instagram platform.



#### 5. Social responsibility

The Company collaborated with the “Sale Here page” allow people who required help to register for donation boxes to decrease Thai people burden. The Company has donated 2,500 sets of Entrée Nam Prik Num flavor to the public.



#### 6. Helping the COVID-19 crisis

According to the COVID-19 situation, many agencies are helping to reduce the spread of the disease. The Company would like to be part of supporting the vaccination for the public. By organizing a fundraising activity with The Mall, the Company’s business partner, to encourage medical personnel and the public who come to vaccinate with a total donation of 1,300 sets







## Processed Seafood

In 2003, the Company expanded processed seafood business. Originally, there was only the processed food from pork business by establishing as an affiliated company to diversify the risks arising from the volatility of income and costs of the processed food from pork business.

Mahachai Foods Company Limited (“Mahachai Foods”), a subsidiary of the processed seafood business, is responsible for the manufacturer and distributor of processed seafood and ready-to-eat food in chilled and frozen form under brands “Chiu Chow”, “Kwang Chao”, “Kowloon”, “Mahachai”, “Odeng”, “Shanghai”, “Kaizen”, “Hong Kong”, “Taipei” and others OEM products.

Processed seafood business is divided according to the production process 3 product groups:

### 1. Boiled product

Mahachai Foods specializes in producing fish ball products such as fish balls in various types, whether rugby, sphere or small fish balls, as well as the boiled fish strips which are products made from sea fish meat, have a unique taste and are not fishy, and the fish balls have a good texture.

### 2. Fried products

Mahachai Foods has outstanding deep-fried products such as fish tofu and fish strips, which are made from sea fish meat that has been processed with high quality without oily frying process with quality control. All products are fried at the good temperature and checked the quality of the oil. In addition, fried products have been developed many more to meet the needs of consumers to have more variety, such as fried shrimp balls and fish cakes.

### 3. Ready-to-cook product group

In addition to boiled and fried products, which are basic products that the Company has expertise in production, the Company continues to develop new products continuously, such as ready-to-cook products. and ready to eat In the past year, the Company has introduced ready-to-cook products to the market by developing from the basic products that already have expertise, namely clear fish noodles. The Company has developed a ready-to-cook product that can facilitate consumers as much as possible to respond to the lifestyle of consumers.



The Company produces and distributes products under 3 brands namely:

### 1. Meatball product group

including fried group and boiled group, under the product brand



### 2. Seasoning products group

namely chili paste group and sauce group under the brand



### 3. Ready-to-cook products

such as fish noodles under the brand



## Marketing and Competition

In 2021 the overview of the meatball market and other products of the Company has got a large impact directly from the COVID-19 situation. As a result, many fresh markets and restaurants in the country were temporarily closed. As a result, sales in this category decreased by 5.3 percent in the snack category, sales decreased by 57.8 percent. However, the Company has adjusted sales and marketing strategies to handle the situation such as trading products. (frozen seafood products) increased by 175 percent, Ready-to-cook products (Fish noodles) increased by 26.5 percent.

The Company focuses on the distribution and development of new products in all channels,

emphasizing health conditions, convenience, a form of consumption, accessibility, and reasonable prices. It aims to be in line with current consumer behavior and purchasing power, such as fish stripe, Small package sizes product 20 Baht/bag, including installing a community freezer project to distribute processed seafood to consumers allow large and small businesses to enhance careers and earn more income.

In addition, measures to help, take care, prevent, and maintain the health and well-being of all employees and their family members to be safe from COVID-19. Avoid affecting the lives of employees and their families during the performance of the Company's earnings.

## Marketing and Sales Strategy

The Company attaches utmost importance to product quality in order to deliver and produce and products to meet the consumers requirement. According to the law, consumers have basic protections whereby consumers are required to receive products that are safe, free of impurities or without harmful toxic substances under control. International standards (Global Standard), which is a guarantee that the manufacturer's factory is of quality and safety. Located in Samut Sakorn Industrial Estate, certified by HACCP, GMP, ISO9001:2015 and BRC in the factory.

1. The Company produces processed seafood from fish meat under the brands "Chiu Chow", "Kwang Chao", "Odeng", "Taipei", "Mahachai", "Kaizen" and others OEM products.
2. Able to meet the needs of all groups of consumers All brands of the Company's products are ranked number 1 in all distribution channels.
3. Multi Brand Strategy, which may lead to cannibalization, will benefit as a whole can help increase sales and increase market share for the Company.
4. Product development strategies The Company fully understands the needs of consumers in the market and thus allows the Company to introduce innovations that can be used to develop products to meet the needs of consumers in a Ready to Eat format.

The various strategies adopted by the Company allow the Company to determine the price and quality level of the product according to the distribution channel.



## Marketing strategy

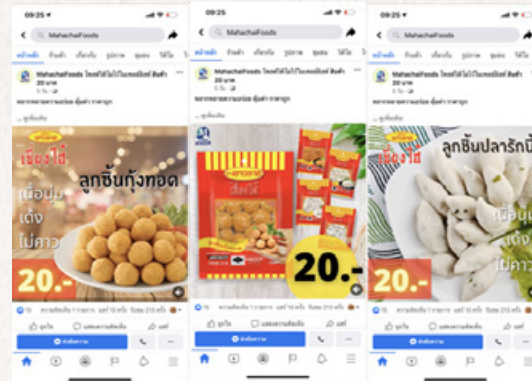
At present, the behavior of consumers is changing rapidly. Therefore, the Company has a strategy that uses the main

1. Increase communication to reach target consumers by using POP media at point of sale and Facebook to communicate to target consumers through content in various formats. because currently the target group of Mahachai Foods consumed through various media. Mostly offline and online channels, the Company has used POP media at the point of sale and Facebook to create product awareness and reach different consumer groups effectively

- POP Media



- Online Media



2. Adaptation of domestic sales and marketing strategies during the year 2021 according to the situation of COVID-19

In 2021, COVID-19 epidemic causes a major change in consumer behavior along with the impact of the overall economy Including the closure of the country, measures for the opening and closing periods of shops, including many fresh markets are temporarily closed. Consumers' lack of confidence resulted in a marked decrease in consumer consumption. With various situations, the Company has adapted to cope with various uncertainties as follows:

- 2.1 Increase sales channels "Community Freezer Project" by setting a price structure starting at Baht 20 to reach more consumers, supporting distribution channels that have been partially affected by the lockdown. The Company has facilitated all traditional trade stores by increasing the proportion of sales and distribution including adjusting temporary trade agreements to support the distribution of the Company's products conveniently
- 2.2 Focus on selling small package products so that consumers can More convenient to buy, such as frozen or processed food. Support the sale of small package products to facilitate consumers to buy conveniently in both frozen and processed foods, such as meatballs, priced at Baht 20





### 3. New products launched in the market in 2021:

Product Group	SKU	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Organic Product	11 SKU					  			 				
	Name		- Chiu Chow RTH-Seasoned Fish Noodles			- Chiu Chow RTH-Seasoned Fish Noodles - Chich Ka Baked Chicken Sanck with Original Flavor and Spicy Flavor	- Chiu Chow RTH-Seasoned Fish Noodles in Tom Yam Thickened Soup		- Mahachai Fried Fish Strips - Mahachai Small Fish Ball - Kowloon Small Fish Ball - Kowloon Rubby Fish Ball - Kowloon Big Fish Ball				
Frozen Product	17 SKU					    	 		    				
	Name					-NB Sliced Octopus Tentacles -NB Sliced Sea Bass -NB Salmon Belly -NB Sun-Dried Squid -NB Boiled Clams	-NB Chilean Mussels -NB Scallop with Cap		-NB Sliced Dolly Fish -NB White Shrimp -NB Sliced Squid with Skin -NB Sliced Squid -NB Sliced Dolly Fish (Pieces)				



Product Group	Brand	SKU	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Boiled Product (11 SKUs)	Chiu Chow, Taipei, Mahachai	11 SKUS											  	
		Name				- Chiu Chow Seasoned Fish Noodles - Chiu Chow Small Fish Balls			- Chiu Chow Fried Big Fish Ball - Taipei Big Fish Ball			- Chiu Chow Small Fish Balls - Chiu Chow Fish Noodles - Chiu Chow RTH-Fish Noodles in Soup	- Mahachai Big Fish Ball - Mahachai Fish Cakes - Mahachai Fried Fish Strips	- Chiu Chow RTH-Fish Noodles in Tom Yam Thickened Soup
		Channel				MAKRO			7-Eleven, Lotus's, CJ Express, UFM			Lotus's, 7-Eleven, MM Mega	Lotus's	Lotus's
Fried Product (5 SKUS)	Kwang Chao, Chiu Chow, Mahachai, Odeng	5 SKUS							 			 		
		Name							- Kwang Chao Fish Tofu - Kwang Chao Fish Strips			- Chiu Chow Fish Cakes - Chiu Chow Sliced Fried Fish Strips	- Odeng Fried Fish & Shrimp Balls	
		Channel							Lotus's, TOPS, UFM			Lotus's, MM Mega	Lotus's, CJ Express	



## Marketing activities

Online marketing activities during the quarantine period of COVID-19 where everyone has to stay safe at home, the Company has to drive more products consumption by creating a menu that made from products of Mahachai Foods Co., Ltd. and creating the Marketing activities through online channels.

### Marketing activities at fresh market

Marketing activities in the fresh market by providing samples of fried shrimp ball of brand Odeng to interested sellers with POP media for sellers to engage with product selling and this activity received good feedback and the Company has distributed more products into the market as well.



### New product launch "Supreme Fish Udon" under Chiu Chow brand

To expand ready-to-cook food (RTC) customers in retail stores and local mart. There are 2 flavors of Supreme Fish Udon, Chiu Chow brand: original flavor and tom yum flavor.



### Launch a new business group Community Freezer Project

The Company has launched a new business group to support the sales of frozen food products. The Company provides customers and people, who are interested doing business to borrow free freezers with conditions for purchasing products. In 2021, the Company can expand up to 596 community freezers, divided into 39 percent in Bangkok, the Central region 9 percent, Eastern region 8 percent, Northeastern region 19 percent Northern region 25 percent.



### Online marketing activities during COVID-19

Due to the epidemic situation of COVID-19 and a lockdown measure, many people have to stay at home and work from home, so the Company has communicates with customers through online channels by creating various contents; making some food made from company's products in various brand, introducing new product, introducing the Community Freezer Project, to support and drive the income of entrepreneurs, etc.



### Set promotions with business partners

The Company has taken a part in creating special promotions with all business partners; wholesale and retail, local mart or general stores. The Company will support the product cost at a special price or collaborate between business partners to drive more sales and become more close to each other.



### Product tasting activity

After the measures of lockdown from the government has loosened, the Company can arrange more activities; product tasting activity by cooperated with business partners which created brand awareness and also drive the sales of business partners in the store.



## Quick Service Restaurant



The Company wants to expand the distribution channel of the product and competitive capacity and profit ability under the policy of “from Farm to Table”. the Company started to initiate a restaurant business as Quick Service Restaurant (QSR) category by opening Zaap Classic restaurant and Yunnan pork leg with rice after that It has expanded and developed a business model into a franchise model.

Because of delicious taste, cleanliness, standardized quality, the restaurant of company become popular and widely known and also provides; dine in, delivery and take away services. On December 31, 2021, there are 19 branches of self-investment stores and 6 branches in the franchise system in the country and 1 branch in the foreign country.

However, the most of the shops is located in the shopping center, business areas and community areas, etc., with aiming to middle-class customers and above. Throughout the year, the Company has adjusted the strategic plan in opening a restaurant business by focusing on a small branch and provide a delivery service during the current situation of temporary-close restaurant and strict social distancing measures of the epidemic situation of COVID-19.

### Northeastern Food and Papaya Salad

under trademark “Zaap Classic” is an Isan food brand that is clean and standardized and aiming at the quality of an excellent raw materials, full of original Thai taste from best selected a raw materials in every step whether it’s fermented pork sausage, Thai sausages and others raw materials, produced from the Company’s factory, are fresh. and unique. Organic vegetable as a raw materials are clean and safe divided into 5 kinds; papaya, lemon, chili pepper, yardlong bean, tomato

### Pork leg with rice and One Dish Meal

“Yunnan” Pork leg with rice Restaurant is a Chinese style of pork knuckle restaurant that uses 14 kinds of herbs directly imported from Yunnan, China, with the best selection in ingredients. This restaurant has been developed and lifted the standard of food quality to be accepted both domestically and internationally with slogan “Yunnan Pork leg, the secret of deliciousness”. Moreover, fragrant from herbal ingredients, soft from fermentation and stewing at high heat for a long time, the restaurant has been accepted by consumers; teenagers, working people and family groups who like delicious taste, not oily and good for health as well.









As of the end of 2021, the Company has stores and branches as follows:

Quick Service Restaurant (QSR)	Branch / Selling Area		
	2021	2020	2019
<b>'Zaap Classic' Isan food</b>			
- Restaurant	12	13	12
- Food Truck	1	4	-
<b>'Yunnan' Pork leg with rice</b>			
- Restaurant	11	13	18
- Food Truck	2	1	-
<b>total</b>	<b>26</b>	<b>31</b>	<b>30</b>

## Marketing and Competition

In year 2021 has been a challenging year for entrepreneur in the restaurant industry and the Company has turned these challenges into opportunities to ensure that the Company can continue to operate the business firmly. Due to a temporary close or partial open in year 2021, the Company is focused on reducing cash outflows and maintaining liquidity of cash through cost control measures and cost-reducing project in order to invest to all restaurant branches, tend to close at high-risk, to use an opening strategies and new business models.

To be recovered in business, the Company is demanded to be an active capital structure management and strengthen to financial status. In 2021, the Company still carefully continued to expand the business and by the end of 2021, there are 26 of total restaurants under various brands; Zaap Classic, Yunnan, to be in line with the new business model, focused on locate out from department store, by expanding branches in a smaller form to support faster expansion and more growing in gas station, condo, and community areas.



# Marketing and Sales Strategy

## 1. Expanding accessible channels

Due to the situation of the COVID-19 virus, customers who come to the restaurant become less, no one knows when this epidemic situation will be resolved so the consumers also need to be careful on traveling, adapt lifestyle into the New Normal and Work from Home which is a good opportunity for the Company's Quick Service Restaurant business to reach out new customers more. The Company reaches to the consumers through online media and all social media; Facebook fan page or LINE and SOR Application. the restaurant can chat with customer and easily close the deal through LINE OA.

Besides, there is also an online e-commerce application and the strategy of expanding a smaller branch to be more flexible, less investment and expanding quickly to increase the distribution area of delivery to cover as much as possible. This is a key strategy of the Company in 2021 as well as in 2022

## 2 . The operation of restaurant business with creativity

There are a lot of changed thing from COVID-19 situation; some restaurants have to be close and for some of those that still open are not sure that when will be closed? or when will the customers be able sit and eat in the shop? The only method of to reaching to customers is through the online platform via mobile phone that the advantage is the opportunity to expand the customer by a brand content, to improve brand image and to design a content to be more modern to teenagers such as "Zaap Classic", "Yunnan" and a new Isan food brand "Esan Zaap Zaap" to meet the lifestyle of the new generation. The restaurant is going to expand into gas stations, condos and communities. Moreover, not only taste of food can increase more of customer, the creative ideas and being unique that it can be a logo and brand design or the unique raw materials, etc.

## 3 . Franchise business with sustainable growth

"Branch Expansion" with the principle of franchise management model, the investor's idea and goal of franchise business need to be the same with the Company; policy, planning, operation principles and controlling the operation base on the plan, conditions of learning lecture in principles and methods. So, the investors can learn high-level of management skills, have a good product and a good management system as well as the brand story of S. Khonkaen Foods Public

Company Limited, which is the owner of the brand business that has been accepted by the customers for more than 30 years.

The Company will divide the franchise business model into 2 types.

3.1 Franchise business is a type of business in the form of a Kiosk or a food stall with a logo and standard equipment to start a business and focused on selling quality of raw materials from S. Khonkaen such as fermented sausages, meatballs, and grilled pork, etc.

3.2 Franchise system is a type of business in the form of a management system and different parts are an entrance fee and monthly Royal Fee such as "Zaap Classic" and "Yunnan".

## 4. Adjust the cost structure

As we all known that the less income with the same cost will result in profit loss so the strategy of Quick Service Restaurant business is to reduce costs, reduce the number of employees in some branches and close some branches, that cannot be managed or too risky or even to adjust the ingredients used in the menu without affecting quality, reduced the variety of menu, change to the cheaper production sources, set menu promotion at a cheaper price to mainly use of some raw materials that are not very expensive to control costs and to drive orders as well, etc.

## 5. Cleanliness

Cleanliness is a key strategy for the Company during the COVID-19 situation that will be the first priority due to a situation, consumers give the attention to food cleanliness. The investor of Quick Service Restaurant business must strengthen in this factor by a best selection of raw materials where a place is clean and standardized in quality control as the Company's standards. For work process and packaging need to be packed in a sterile package with a seal of quality certification and for the delivery process, the vehicles need to be clean as well. The Company also using a delivery provider as intermediate shipping to service the customers such as Line Man, Grab Food, Food Panda, Robinhood and 1112 Delivery. In addition, the Company has created a cleaning manual for employees at all levels to be more familiar with proper hands washing and using alcohol regularly as well.



## Swine Farming



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

S. Pasusat Co., Ltd. operated the business of breeder pigs and fattening pigs, has imported 3 species of parental pig breeders from Denmark for improvement development of pig species, raising and distributing weaned pigs, nursery pigs and fattening pigs, with the importance of the products quality, low fat and much red meat required in markets. Moreover, breeder pigs and fattening pigs is carried out continuously on improvement development of pig species, to maintain the quality of the pig carcasses and the swine farming business is considered a business that creates collateral and prevent the risks of raw materials for the Company as well.

Types of Pig	Number of Pig in 2021
Sows pigs	1,800
Breeder pigs	94
Young sow pigs	450
Weaned pigs	8,200
Fattening pigs	8,600



## Marketing and Competition

The overall Thai economy in late 2021 has not recovered yet from the COVID-19 situation and there is a sign of inflation through prices of consumer goods rising, especially with pork that have shifted the highest price in 10 years or are priced at 200 Baht/kg and may increase in the future.

Factors that high pork price is both the supply and demand which after lockdown measures has loosened there is Pent-up demand and high demand in pork during the year-end festival while the amount of pork is insufficient due to Swine epidemic that widely spreads. This leads to eradicate a large number of at-risk pigs in order to control the disease and that create more needs on the pig supply. In the meantime, there is still a risk of African Swine Fever (ASF) spreading in neighboring countries which this disease has no vaccine treatment and pig farmers started to be less in number due to they are not feel certain in the situation to return to opening pigs farming or some of them decided to shut down the farm. In addition, in the previous period, the

government asked to freeze pork prices that farmers have to suffer huge costs and continually assemble to be the losses.

Moreover, the cost of pork production continues to increase due to cost of transportation and the cost of feed, which both are accounted for more than 70 percent of the total cost. Most of the raw materials used in the production of animal feed have to be imported from abroad, which is more expensive due to shipping costs and import taxes.

Apart from that, the farm also is given a great importance to improving the biosecurity system in pig farm to prevent disease outbreaks in pigs by to let the employees and security officers at various points to be aware and comply with the measures announced by the Company including the development of buildings to add more disinfection steps effectively and also investing on upgrading farm infrastructure, building a breeder pigs house in the form of EVAP Innovation System to improve productivity.

## Marketing and Sales Strategy

Swine farming business applied 7 success factors of main strategy

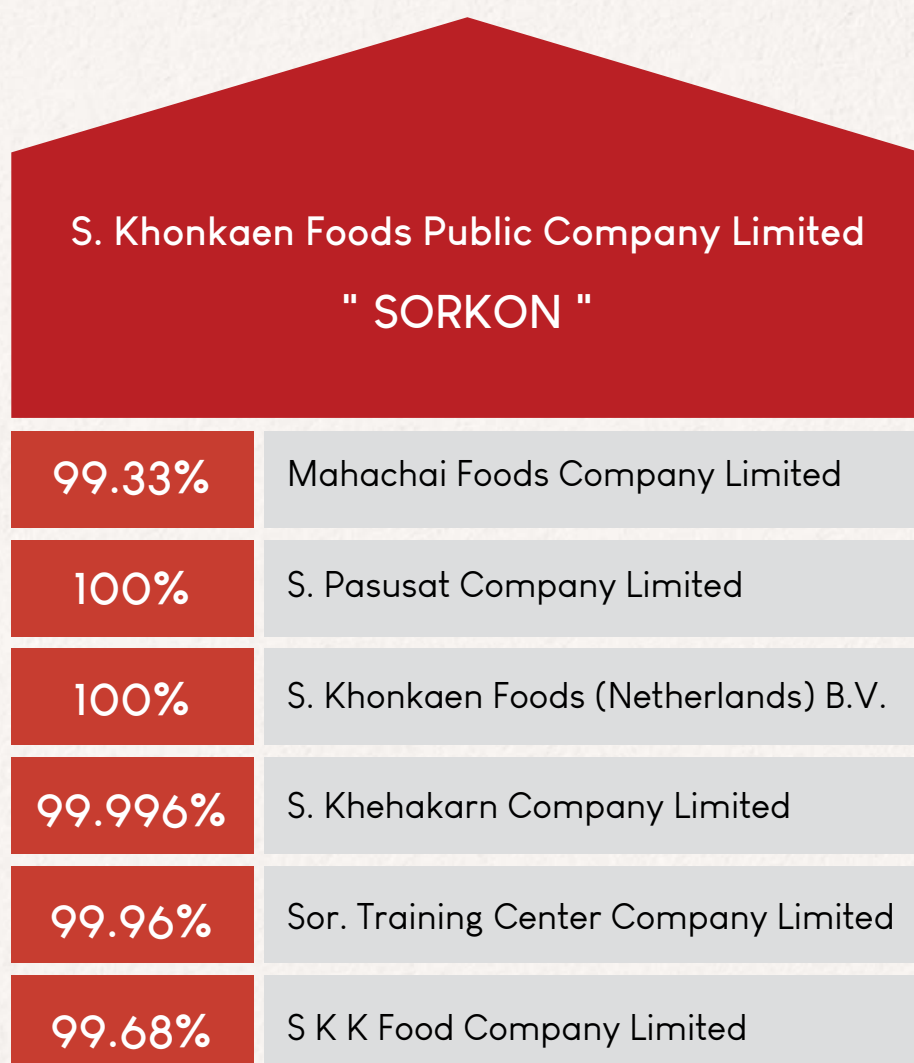
1. Animal species
2. Animal feed
3. Proper factory and equipment.
4. Good animal husbandry management
5. Safe production process meets international standards
6. Efficient transportation system
7. Biosafety management throughout the supply chain.

The Company focuses on selected location as well as farm design, good species and breeding under principles of animal welfare principles including distributing products to customers with integrity and all information.



## 6 Nature of Business

### The Group Structure of the Company





## Subsidiary company

Now the Company holds shares in 6 subsidiaries companies as follows:

### 1. Mahachai Foods Company Limited (“MFOOD”)



<b>Registered No :</b>	0105532104629
<b>Head Office Address :</b>	259/13 Soi Pridi Banomyong 13 Sukhumvit 71 Road (Pridi Banomyong) Prakhanong Nua Sub-district, Vadhana District, Bangkok 10110
<b>Telephone :</b>	0 2339 3999
<b>Registered Capital :</b>	Baht 245,000,000 fully paid-up
<b>Total Share :</b>	49,000,000 shares
<b>Percent of Shareholding :</b>	99.33 Percent

Mahachai Foods Company Limited carries on the business of producing and distributing processed seafood in the forms of chilled, frozen and ready-to-eat processed seafood. The company functioned the marketing and sales direct to the Modern Trade and wet market channel (Traditional Trade), and had applied the extensive sales nationwide through business alliance and main distributors. For export market, the company has appointed S. Khonkaen Foods Public Company Limited to be solely marketing and sales job.

### 2. S. Pasusat Company Limited (“SPS”)



<b>Registered No. :</b>	0305537001249
<b>Head Office Address :</b>	No. 44 Village Moo 2, Phaya Yen Sub-district, Pak Chong District, Nakhonratchasima Province 30320
<b>Telephone :</b>	0 2339 3999
<b>Registered Capital :</b>	Baht 45,000,000 fully paid-up
<b>Total Share :</b>	4,500,000 shares
<b>Percent of Shareholding :</b>	100 percent

S. Pasusat Company Limited operated the business of breeder pigs and fattening pigs farming with the selling without selling breeder pigs



### 3. S. Khonkaen Foods (Netherlands) B.V. (“SKN”)



S. Khonkaen Foods  
(Netherlands) BV

<b>Registered No. :</b>	58990577
<b>Head Office Address :</b>	Silverpoint Business Center Transistorstraat 91-31 1322 CL Almere, The Netherlands
<b>Telephone :</b>	+31 36 845 0058
<b>Registered Capital :</b>	EUR 100 (Baht 4,197) fully paid-up
<b>Total Share :</b>	100 shares
<b>Percent of Shareholding :</b>	100 percent

S. Khonkaen Foods (Netherlands) B.V. carries on the business of distributing the Company’s products (by employing manufacturers in the Netherlands to make production as OEMs).

### 4. S. Khehakarn Company Limited (“SKH”)



บริษัท ส. เคหะการ จำกัด  
S. KHEHAKARN CO., LTD.

<b>Registered No. :</b>	0105558045735
<b>Head Office Address :</b>	259/13 Sukhumvit 71 Road, Prakhanong Nua Sub-district, Vadhana District, Bangkok 10110
<b>Telephone :</b>	0 2339 3999
<b>Registered Capital :</b>	Baht 90,000,000 fully paid-up (As of December 31, 2020: Baht 10,000,000)
<b>Total Share :</b>	900,000 shares (As of December 31, 2020: 100,000 shares)
<b>Percent of Shareholding :</b>	99.996 percent

S. Khehakan Company Limited has added the business objective is to selling, renting, and leasing all kinds of real estate. In 2021, there are no transactions for goods and services.



## 5. Sor. Training Center Company Limited (“STC”)



<b>Registered No :</b>	0105558140592
<b>Head Office Address :</b>	259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Prakhanong Nua Sub-district, Vadhana District, Bangkok 10110
<b>Telephone :</b>	0 2339 3999
<b>Registered Capital :</b>	Baht 1,000,000 (50 percent fully paid-up or 500,000)
<b>Total Share :</b>	10,000 shares
<b>Percent of Shareholding :</b>	99.96 percent

Sor. Training Center Company Limited carries on the business of providing training services for companies affiliated to the same group. There have been no transactions for goods and services since the middle of 2019.

## 6. S K K Food Company Limited (“SKK”)



<b>Registered No :</b>	0105532084679
<b>Head Office Address :</b>	259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Prakhanong Nua Sub-district, Vadhana District, Bangkok 10110
<b>Telephone :</b>	0 2339 3999
<b>Fax :</b>	0 2339 3990
<b>Registered Capital :</b>	Baht 120,000,000 fully paid-up
<b>Total Share :</b>	24,000,000 shares
<b>Percent of Shareholding :</b>	99.68 percent

S K K Food Company Limited functioned the marketing and sales product of S. Khonkaen Foods Public Company Limited direct to the Modern Trade. There have been no transactions for goods and services since mid-2017.



Other Business that May Result in a Conflict of Interests with the Company

- None

Relationship with Company's Management

- None

## Shareholders

S. Khonkaen Foods Public Company Limited or "SORKON"

- Registered Capital Baht 323.4 million
- Issued and paid-up capital Baht 323.4 million
- Consists of ordinary shares 323.4 million shares
- par value of 1.00 Baht per share
- The Company does not issue shares other than ordinary shares.



## Top Ten Shareholders

Top ten shareholders listed in share register Book as of 30<sup>th</sup> December 2021

No.	List of Name	Share	%
1	Dr. Charoen Rujirasopon	98,981,860	30.61%
2	Mrs. Niramorn Rujirasopon	45,403,550	14.04%
3	Mr. Ayuth Charnsethikul	20,900,000	6.46%
4	Mr. Jarunpoj Rujirasopon	14,063,580	4.35%
5	Mr. Jaraspon Rujirasopon	13,850,580	4.28%
6	QUINTET PRIVATE BANK (EUROPE) S.A.	11,582,570	3.58%
7	Mr. Songkiat Rujirasopon	11,212,660	3.47%
8	Miss Orapan Assamongkol	10,751,860	3.32%
9	Mrs. Chataporn Usanachit	4,003,000	1.24%
10	Mr. Kobkhun Thiepreecha	4,000,000	1.24%
	Other institutions and general investors	88,650,340	27.41%
<b>Total</b>		<b>323,400,000</b>	<b>100.00%</b>

## Group of shareholders

listed in share register Book as of 30<sup>th</sup> December 2021

No.	List of Name	Share	%
1	<b>“ Rujirasopon ” Family</b>	<b>183,512,230</b>	<b>56.74%</b>
	Dr. Charoen Rujirasopon	98,981,860	30.61%
	Mrs. Niramorn Rujirasopon	45,403,550	14.04%
	Mr. Jarunpoj Rujirasopon	14,063,580	4.35%
	Mr. Jaraspon Rujirasopon	13,850,580	4.28%
	Mr. Songkiat Rujirasopon	11,212,660	3.47%
2	<b>“ Charnsethikul ” Family</b>	<b>23,355,320</b>	<b>7.22%</b>
	Mr. Ayuth Charnsethikul	20,900,000	6.46%
	Mrs. Pimpawal Charnsethikul	2,400,660	0.74%
	Mr. Rathawitch Charnsethikul	28,000	0.01%
	Ms. Pichsinee Charnsethiku	26,660	0.01%
<b>Total</b>		<b>206,867,550</b>	<b>63.97%</b>

## Issuance of other Securities

- The Company did not issue additional securities.



## Dividend Payment

### Dividends Payment Policy

1. **S. Khonkaen Foods Public Company Limited**

Dividend Payment Policy: Not less than 50 percent of the net profit after income tax, unless there is a cause of necessity.

2. **6 Subsidiaries**

are considered from the operating results and financial liquidity of each company.

S. Khonkaen Foods Public Company (Limited) "SORKON"	Year					
	Unit	2021 <sup>1</sup>	2020	2019	2018	2017
Number of shares <sup>2</sup>	Mil.Share	323.40	323.40	32.34	32.34	32.34
Net Profit (Separate financial statement)	Baht/Share	0.22	0.79	2.70	4.20	3.89
Dividend	Baht/Share	0.15	0.20	2.00	2.50	2.20
Dividend Payout ratio <sup>3</sup>	%	67.1	25.4	74.1	59.5	56.5

### Remark

1. The company's dividend entitlement is uncertain and pending approval of the 2022 Annual General Meeting of Shareholders.
2. The 2020 Annual General Meeting of Shareholders has resolved to change the par value from the original value of THB 10 per share to THB 1 per share, resulting in the increase of registered and paid-up ordinary shares to 323.40 million shares.
3. Dividend payout ratio is calculated from dividend paid to net profit according to the separate financial statement.





## Factory and Production Capacity

**S. Khonkaen Foods Public Company Limited** has 3 manufacturing factories as follows

Factory	Location	Products	Capacity (Ton/Year)	Utilization (%)
Bangplee Factory	44/4 Village No. 13, Pracharat Uthit Road, Racha Thewa Sub-district, Bangplee District, Samut Prakan Province	Fresh and dried traditional Thai products such as fermented sausages, Vietnamese sausages, Thai sausages, crispy pork and pork balls etc.	9,900	75%
Nakhon Pathom Factory	114 Village No. 8, Phai Lin Chang Road, Bor Phlab Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province	Dried traditional products such as Chinese sausages and shredded pork etc	800	70%
Mahachai Factory	39/61 Village No. 2, Rama II Road, Samut Sakhon Industrial Estate, Bang Krajae Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province	Frozen foods	2,700	80%

**Mahachai Foods Company Limited** has 1 factory as follows

Factory	Location	Products	Capacity (Ton/Year)	Utilization (%)
Mahachai Factory	71/11 Village No. 6, Tha Sai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province	Processed seafood	15,000	70%

**S. Pasusat Company Limited** has 1 swine farm as follows

Factory	Location	Products	Capacity	Utilization (%)
S. Pasusat Farm	44 Village No. 2, Phaya Yen Sub-district, Pak Chong District, Nakhon Ratchasima Province 30320	Producing parent stocks to further produce commercial pig for sales, but not producing parent stock for sales.	1,800 sows	70%



## Assets used in business

### 1. Land (ownership belongs to the company and subsidiaries)

List of Assets	Ownership	As of December 31, 2021	
		Value (Million Baht)	Guarantee Obligations with Bank (Million Baht)
1. Land used for business			
1.1 1 plots of land 81 square wa Pha Khanong Nua, Bangkok Location of the head office building	The Company	25	173
1.2 1 plots of land - 6 rai 3 ngan 34 square wa Bangplee District, Samut Prakan Province Location of office and factory	The Company	134	230
1.3 3 plots of land - 4 rai 3 ngan 36 square wa Muang District, Samut Sakhon Province Location of offices and factories	The Company	39	101
1.4 16 plots of land - 4 rai 78 square wa Bangplee District, Samut Prakan Province Location of office building 14 floors	The Company	237	334
1.5 10 plots of land - 33 rai 3 ngan 99.1 square wa Muang District, Samut Sakhon Province Location of offices and factories	MFOOD	103	-
1.6 Phor Bor. 5 1 plots of land t - 90 square wa Pak Chong District, Nakhon Ratchasima Province Location of the water source in the swine farm	SPS	0.5	-
2. Land waiting for development			
2.1 17 plots of land- 312 rai 2 ngan 77.8 square wa	The Company	42	173
2.2 9 plots of land -- 159 rai 2 ngan 68 square wa Kaeng Khoi District, Saraburi Province	The Company	33	-
2.3 24 plots of land - 269 rai 1 ngan 48 square wa Kaeng Khoi District, Saraburi Province	MFOOD	52	170
2.4 1 plot of land - 39 rai 1 ngan 3.1 square wa Kaeng Khoi District, Saraburi Province	SKH	79	-
2.5 1 plot of land - 2 rai 1 ngan 56 square wa Kaeng Khoi District, Saraburi Province	MFOOD	0.4	-
2.6 45 plots of land - 551 rai 1 ngan 78.9 square wa Located in Kaeng Khoi District Saraburi	SKK	142	-
2.7 5 plots of land -- 31 rai 2 ngan 1 square wa Located in Mueang Ratchaburi District Ratchaburi	SKK	14	265
** Guarantee of S. Khonkaen Foods Pcl.			



## 2. Building

List of Assets	Ownership	As of December 31, 2021	
		Value (Million Baht)	Guarantee Obligations with Bank (Million Baht)
<b>1. Pibulwet Building 1(No. 259/13)</b> Located in Phra Khanong Nuea, Bangkok. used as head office	The Company	-	173
<b>2. Bangplee Building</b> Located in Bangplee District Samut Prakan Province Used as an office and food processing factory	The Company	65	230
<b>3. Zaap Classic Restaurant Building</b> Located in Bangplee District Samut Prakan Province Used as a restaurant	The Company	2	230
<b>4. Frozen food factory building</b> Located in Mueang Samut Sakhon District Samut Sakhon Province Used as a frozen food factory	The Company	21	101
<b>5. Building improvements in Nakhon Pathom Province</b>	The Company	2	-
<b>6. Restaurant building improvements</b> “ Zaap Classic ” and “ Yunnan ”	The Company	7	-
<b>7. Office Building 14 Floors</b> Located in Bangplee District Samut Prakan Province Used as office and rental office	The Company	135	334
<b>8. Buildings</b> Located in Mueang Samut Sakhon District Samut Sakhon Province Used as an office and Mahachai Foods factory	MFOOD	150	-
<b>9. Office building</b> Located at Bangna Subdistrict, Bangkok Used as a sales office	MFOOD	10	-
<b>10. Buildings</b> Located in Pak Chong District Nakhon Ratchasima Province Used as a swine farm consisting of 32 houses and a feed mill	SPS	56	-

## 3. Machines and equipment

List of Assets	Ownership	As of December 31, 2021	
		Value (Million Baht)	Guarantee Obligations with Bank (Million Baht)
<b>1. Machinery and equipment</b> Used in 3 factories to produce processed food.	The Company	82	124
<b>2. Machinery and equipment</b> Used in factories to produce processed seafood.	MFOOD	121	110
<b>3. Machinery and equipment</b> Used in swine farms	SPS	0.4	-



#### 4. Land and/or buildings lease agreement (not the ownership of the company and subsidiaries)

Property Type	Tenant	Period	Rental fee (Baht)
1. Office and factory space lease agreements			
Period: 1 year after the termination of the rental period, the lessor agrees to keep the tenant for another 3 years. located in Mueang Nakhon Pathom District. Nakhon Pathom Province	The	1 January 2021 - 31 December 2021	121,000 / month
	Company	1 January 2022 - 31 December 2024	121,000 / month
2. Land lease agreement with buildings			
Period: long term 15 years Located in Bangplee District Samut Prakan Province	The Company	1 July 2020 - 30 June 2021	461,000 / month
		1 July 2021 - 30 June 2022	487,250 / month
		1 July 2022 - 30 June 2023	513,500 / month
		1 July 2023 - 30 June 2024	539,750 / month
		1 July 2024 - 30 June 2025	566,000 / month
		1 July 2025 - 30 June 2026	592,250 / month
		1 July 2026 - 30 June 2027	618,500 / month
		1 July 2027 - 30 June 2028	644,750 / month
		1 July 2028 - 30 June 2029	671,000 / month
		1 July 2029 - 30 June 2030	697,250 / month
		1 July 2030 - 30 June 2031	723,500 / month
		1 July 2031 - 30 June 2032	749,750 / month
		1 July 2032 - 30 June 2033	776,000 / month
		1 July 2033 - 30 June 2034	802,250 / month
3. Land lease agreement, area 82 square wa			
Period: 2 years located in Phra Khanong Nuea, Bangkok.	The Company	1 August 2020 - 31 July 2022	24,500 / month
4. Land lease agreement, area 395 rai 1 ngan 8 square wa			
Period: Long term 3 years after the termination of the rental period the lessor agrees to the tenant can be rented for another 1 year 3 months Located in Pak Chong District Nakhon Ratchasima Province	SPS	1 October 2018 - 30 September 2021	565,236 / year
		1 October 2021 - 31 December 2022	726,309 / year
5. Lease agreement and registration of the right to lease 2 rai of the land.			
Period: 16 years Located in Mueang Samut Sakhon District Samut Sakhon Province	MFOOD	1 January 2019 - 31 December 2024	55,000 / month
		1 January 2025 - 31 December 2029	65,000 / month
		1 January 2030 - 31 December 2034	75,000 / month
6. Pibulvet Building 2 Lease Agreement (No. 259/17)			
Period: 1 year 5 months located in Phra Khanong Nuea, Bangkok.	MFOOD	1 November 2021 - 31 March 2023	43,000 / month



# Product Procurement

## 1. Processed Food from Pork

The company focused on the product selection to be good quality of raw materials from both domestic and for the most are produced in country. The company has a serious process of selecting distributors both in terms of quality investigation before trading and the procurement process. In the initiate step of distributors selection, the company will consider a standard supplier first, whom be certified and guaranteed for quality that meets legal requirements and international standards. Apart From quality, the company has also pay attention to the price of goods and raw materials as well due to this part will be the main cost of business so in each procurement, there will be an examination, comparison of product or recruiting new partners of raw materials. Moreover, the proper volumes of purchasing in each time can be interested to partners to create the competition increase bargaining power and to reduce the shift of price that will affect the cost of the product. The Company has been in purchase agreements for several periods so it depends on the product type and market price trend in order to ensure that the quality of products or raw materials with a reasonable price and sufficient quantity to meet the required market. Besides, there are prices recheck on regularly to make sure that purchased goods are appropriate and meet the market.

## 2. Processed Seafood

Due to the situation of the COVID-19 around the world since the beginning of 2020 onwards, affecting the supply chain of products both domestically and internationally. Moreover, there was also a problem in the volatility of the weaker baht, affecting the price of imported raw materials increased especially frozen fish, minced fish meat (surimi), seasonings which is the main material in the production process. To manage production costs and prevent shortage of raw materials without interruption of production. In case of Supply Chain Disruption, the Company has managed as follows:

- Planning and monitoring the situation closely by using historical data along with current data to consider and make the decision
- Recruitment of new manufacturers and distributors both domestically and internationally continuously by treating the manufacturer/supplier to be a business partner to create a good relationship and supporting each other's business in the long term.
- Futures contracts during peak seasons, which get low prices. and/or during the appreciation of the baht
- Make an order in large quantities; bulk instead of gallons/bucket To save storage space and get a lower price.
- Negotiating with manufacturers and suppliers to store products for the company without charged fee.
- Make an order directly to manufacturers; vegetable groups, recruited farmers who produce directly, the company to get good prices and quality. It also helps farmers get higher prices without middlemen.

## 3. Swine Farming

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

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





## Award won in 2021

### Best Managed Companies Awards 2021



Thailand's Best Managed Companies organized and evaluated by Deloitte Thailand Company Limited, which is another honorary award of the company which is a globally recognized award. the process of evaluation is reliable to evaluate the quality of company's management; strategies, abilities, innovation in organization, business partners as well as cost management of company. This award is in accordance with the international award practice that Deloitte Thailand Company Limited has organized in 37 countries around the world and more than 25 years.

### Packaging Design by MUSE Design Awards



The company received the award for the best packaging design in the global competition of MUSE Design Awards from Big -Bite Vietnamese sausage that were launched in early April 2021. Because of illustration technique in design that is different from normal Thai food packaging. Moreover, the slogan **'Delicious, big, full-bite'** focuses on the size of sausage by using metaphor word and the city image to attract the attention of consumers along with the clear space in the middle showing the texture and thickness of the sausage. As a result, the packaging shines brightly and catch the eyes of new consumers as well as showing the concept of innovation and attention to every detail in production process for consumers.

## Survey of Customer's Satisfaction

The Company's Key Policy in the top list was the delivery of satisfaction to the customers more than their expectation. Henceforth, the Company has conducted the Customer's Satisfactory Survey regularly every year for bringing the survey results to make improvement and development of the Company's products and services in meeting with the customers' greater requirements from the evaluation of customers' satisfaction of products and services by the questionnaire method of the evaluation of different aspects such as convenience in contacts, products delivery system, delivery services, products quality, complaints reception and products labels / packaging, of which overall results derived from the evaluation in the year 2021 divided according to the products selling distribution channel as follows

Distribution Channel	2021	2020	2019	2018
1. Domestic	91.47%	90.97%	91.90%	86.47%
2. Export	88.32%	87.14%	80.93%	77.87%

The findings would show that in the year 2021 in the over outlook, the Company received the satisfaction scores higher than the year 2020.



# 7 Risk Management

## Risk Management Policy and Plan

The company recognizes the importance of risk management under changes from internal and external factors that may affect the business. Therefore, the organization has established corporate risk management policies and manuals by the ERM (Enterprise Risk Management - Integrated Framework 2004) and Enterprise Risk Management - Integrating with Strategy and Performance 2017 (Enterprise Risk Management). Integration with strategy and performance), a framework for international risk management throughout the organization created by the COSO (The Committee of Sponsoring Organizations of the Treadway Commission), has been appointed by the Risk Management Committee to manage the risks of the organization to an acceptable level. This is to ensure reasonable assurance that the company achieves its intended objectives.

### Corporate Risk Management Policy

1. Employees at all levels are responsible for risk management, which includes being aware of the risks they cause in their units and the organization, as well as the significance of managing risks to a sufficient, reasonable, and acceptable level.
2. To build a risk management approach for companies that complies with worldwide best practices in order to successfully manage risks that may impact the company's operations. Continually, across the company, and in the same direction. By incorporating a risk management system into the decision-making process. Planning the company's strategies, plans, and operations, as well as focusing on accomplishing the company's objectives, goals, purpose, vision, and strategies.
3. Provide supervision to ensure that established risk management processes work effectively and are regularly updated to be consistent with the current situation.
4. Provide the appropriate elements of corporate risk management for governance and culture as well as strategies and objectives, performance. This will help the company achieve its core objectives and effectively manage risks in four areas: strategy, operations, finance, and compliance. You can learn the full corporate risk management policy and guide at:  
<https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>



## Risk factors for the Company's business operations

### 1. Risk of a deadly epidemic

COVID-19 is also a risk factor for the company that must be properly watched at all times, even if the company has continued to manufacture and supply goods and services to clients without issues for the last 1-2 years. Strict monitoring is constantly in place with preventative measures, but with potentially unanticipated hazards like viral mutations, the company must watch and focus on it at all times.

#### Risk Management

The company has formed a working group to keep an eye on the COVID-19 issue in particular, and is in charge of keeping track of information, examining the scenario, establishing measures, communicating with and educating staff at all levels, and making emergency choices.

### 2. Risk Regarding Pig Epidemics

Nowadays problems regarding the spread of disease in pigs arise quickly and new diseases are caused by all-time changes in the climate while there are still no medicines and preventive vaccines for some of them. As a result, pigs sustain heavy injury and business operators are thereby obliged to close their pig farming businesses in many areas.

The pig diseases that still cannot be 100 percent vaccinated are:

1. The PRRS (Porcine Reproductive and Respiratory Syndrome), a disease which destroys the reproductive and respiratory systems of pigs;
2. The PCV2 (Porcine Circovirus Type 2), a disease which deteriorates the kidney and suppresses the immunity.
3. The FMD (Foot and Mouth Disease);
4. The ASF (African Swine Fever), a newly born disease which has started to spread into China and many further areas.

#### Risk Management

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

### 3. Risk Regarding Raw Materials of the Processed Pork Business

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

#### Risk Management

To reduce such risks, the company focuses on effective cost control and management. Which will help reduce the impact of shortages and fluctuations in raw material prices. The company has considered making medium – term, long-term purchase and sale contracts to the best possible prices and conditions and the Company also had the policy for the Purchase Department and Research & Development Department (R&D) to proceed to find replacement products with the recruitment of quality vendors for having additional product sellers.

### 4. Risk Regarding Corruption

The Company is a domestic and worldwide manufacturer and distributor of processed food items. The manufacturing facilities are located in the provinces of Samut Prakan, Nakhon Pathom, and Samut Sakhon, and the quick service restaurant (QSR) business necessitates contact with government agencies both domestically and internationally, which can pose corruption risks such as paying for facilities. Payments or charges to government authorities in specific circumstances in which the Company must collaborate, for example, or dangers arising from fraud involving cash, property, or procurement. Salary or expenditure payments for overseas workers Revenue, costs, and information systems are all factors to consider.

#### Risk Management

The Company examined its anti-corruption policy to ensure that it complied with the Good Practice Framework, as well as the risk data and procedures for controlling corporate corruption risks in line with and suitably with the organization's environment, which may vary each year. Furthermore, the efficacy of the risk management process is measured, as is compliance with anti-corruption policies and the organization's well-established corruption risk management meters



## 5. Risk of labor shortages

The Company has used approximately 1,300 industrial workers in total at all factories and pig farms. They're beginning to notice tendencies in troop shortages, including national worker migration as a result of the impact of COVID-19. Many employees have elected to return home to care for themselves and their families, which will have an influence on migrant workers who are unable to travel to Thailand and will have an impact on the growing cost of employment due to labor market competition

### Risk Management

The Company has assessed its work process and made it more efficient by reducing the use of force where tools or technologies may be utilized to help replace individuals, and change employment patterns in certain operations ranging from employing workers to subcontracting to incentivize employees to stay with the business through greater rates of remuneration per person.

## 6. Market Risks

### Risks from relying on Modern Trade distribution channels

This factor is both the strength and risk of the company at the same time since the development of its products is based on international standards, which requires high investment and administrative costs. As a result, the company's products have a higher cost structure than SMEs, so the implementation of the sales policy using modern trade channels, where the main customer group is the purchasing power group with a quality shopping habit and with the standard of distribution channels that must be selected only for that quality product. To date, the firm accounts for more than 80percent of sales through Modern Trade channels, raising the possibility of being taken off shelves for any cause

### Risk Management

However, this danger is modest owing to the company's lengthy track record and confidence. The company has not stood still, so it has established an intermediate roadmap aimed at increasing the proportion of sales from the non-department store chain, also known as Traditional Trade, as well as developing its own channels such as QSR (Quick Service Restaurant) and Online (E-Commerce), which offer growth opportunities

### Risks of economic slowdown

The COVID-19 pandemic happened in 2020. It has a global impact on many sectors, including tourism, restaurants, and hotels, leading to a rise in unemployment. As a result, buying power is greatly diminished.

### Risk Management

This risk factor is moderate for the company because it is affected by many distribution channels, including tourists, restaurants, and hotels, but it does not have a significant impact on the business because the food sector is also a factor for the majority of the company's products, including fighting brands and remaining products for customers with purchasing power.

In terms of future goals, the Company is dedicated to expanding distribution channels beyond the Modern Trade group but will prioritize the high-powered market.

### Risk Regarding the Knowledge of the brand

According to research, that the level of knowledge of the S. Khonkaen brand in the group of consumers below 25 years of age was significantly lower than that in the older age group. This would result in a future risk because the younger age group, having grown up with purchasing power, may not be acquainted with the brand. As a result, sales opportunities may be lost and the marketing cost may become higher.

### Risk Management

The level of this risk factor is still low because most S. Khonkaen products are for those who are older than 25 years of age. Moreover, the important marketing trend which is arising is that Thailand is becoming an elderly society completely next 30 years max and this society will remain an important market of products of the Company. However, the Company has laid down long-term plans for both the issues, that is, the development of the group of snack products for the younger age group and the long-term plan for the development of products suitable for the older age group.



## 7. Risks in processed seafood business

### Risk of Others raw material and Prices

The main ingredients used comprise fish, surimi, veggies, and seasoning, which vary in price and amount available. It is determined by supply and demand depending on the number of products entering the market, which is affected by weather conditions throughout the year. As a result, the company may have to supply raw materials at a high price but may be unable to adjust the selling price in response to rising raw material prices, or it may be unable to supply enough raw materials for distribution, resulting in revenue possibilities lost. On the other hand, the company obtains raw material price data that may be utilized to assess and forecast quantity and price patterns. It can estimate the amount of raw material to be utilized and order it accordingly. They are not permitted to employ extremely volatile or demanding raw ingredients in significant amounts. During the season, the corporation ordered at a reduced price to reserve for future storage. In addition, to compensate, the Company has created new products that make use of low-cost, high-quality raw materials. It has also consistently sought for possible new producers and distributors of new goods and raw materials.

### Risks from the high competition of the industry, including plagiarism

There are currently several direct rivals, both large and small, as well as numerous competitors with cheaper manufacturing and administrative expenses than the company. Failure to satisfy food production benchmarks results in price competition, which can have an impact on the company's growth and market share performance.

To address this issue, the company focuses on maintaining product standards in terms of quality and flavor, as well as regularly releasing new items to fulfill the expectations of consumers. In the long term, this allows the company to compete with other entrepreneurs in the industry.

### Risks in Cash collection and Management

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

for those certain customers who insisted on the traditional practice of cash payment to the staff, the Company had the measure in controlling cash received by the staffs as follows:

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

## 8. Risks from the majority shareholders Ability to control the resolutions of the shareholders meeting and have the power to manage the company.

The shareholder of the Rujirasopon family, majority shareholder of the Company, which represent 56.74 percent of the issued and paid-up capital of the company. As a result, the Rujirasopon family is able to acquire power in the company's management as well as appoint a representative to be a director of the Company and collect a majority in the votes of the shareholders' meeting on matters requiring a majority of the total number of votes of shareholders who attend the meeting and have the right to vote.

### Risk Management

However, the company is fully aware of and dedicated to operating in line with strong corporate governance standards, with the best interests of shareholders and stakeholders in mind. They have a strong sense of ethics in the realm of operations. The information is provided in a transparent manner, as is the approval of the things between them. To ensure that management and operations adhere to the principles of good corporate governance, transparency, and auditability, the company has appointed third parties as independent directors, as well as audit and corporate governance committees, to oversee and balance the power to review, scrutinize, and comment on matters to be presented to the shareholders' meeting. Therefore, the company is confident that shareholders and stakeholders will be treated equally and fairly.



# 8 Sustainability and Business Performance

## Policies and Goals for Sustainability Management

S. Khonkaen Foods Public Company Limited has set the conceptual framework and policies on sustainability aiming to develop businesses simultaneously with environment, society, business value chain, and in conformity with the vision and expectation of the Company's stakeholders. Such framework is in line with the practices of the UN Global Compact and the UN Sustainable Development Goals (UN SDGs) as follows.

### SUSTAINABLE DEVELOPMENT GOALS



### Good Corporate Governance

The Company runs the business and seeks for new business opportunities based on correct legal practices, related rules and regulations, and tax procedures with a spirit and determination to act against corruption, transparency and accountability taking into account the benefits of the Company's stakeholders.





## Respect for Human Rights

The Company takes into considerations the significance of respecting human rights which is a fundamental requirement for doing businesses as good corporate governance. Respecting human rights needs to be continuously supervised for the purpose of equality creation and not violating human rights both externally and internally. Such supervision covers the issues of labor and human rights policy, recruitment and selection, termination of employment, fair employment appraisal, appropriate remuneration and other fringe benefits. Other activities such as, enhancing capacity building for employees through training and developing their competency in safe workplaces, creating equality, promoting fundamental freedoms among employees covering gender diversity and vulnerability, nationality, religion, and disability are also included.



## Animal Welfare

The Company has cultivated employees' awareness in promoting welfare for animals to be properly tended and ethical. In addition, animal feeds and raising have been developed to be efficient and qualitative implementing together with in-farm environmental improvement being suitable for pig raising.



## Food Technology and Innovation

Population and food demand have tended to increase every year. Likewise, consumers' behavior and various environmental factors have rapidly changed. As such, the Company responds to the rapid transformation by; providing the consumers of all ages and genders with food innovation and technologies through any production process that meets with standards, quality and safety, easy access and delivery of good food; and transferring nutrition and health knowledge to consumers for better understanding and awareness.

Food packaging is another important factor that is used to preserve food quality and safety before being carried on to consumers' hands. This in turn results in the problem after consumption where packaging waste, especially those made from plastics, cannot be managed efficiently. Having an intention to solve the problem and use resources appreciatively, the Company improves the original packaging of Fermented Pork Sausages (Naem Tum Jiew) from a plastic container to peeling off plastic; which has currently made the sausage easy for consumption meanwhile plastic waste can be reduced.



## Human Resource Management

Believing that human resource is the most valuable asset, the Company has continued to develop and enhance human resource management, and cultivate the Company's values and identity being driven by all levels of employees. We, "the Company people", strive towards producing the best quality of foods with every step of caretaking while in processing just to ensure the delivery of food deliciousness, cleanliness and safety to our customers. We continue to hold and pass on this Company values from generation to generation to support sustainable business operation.

The Company promotes working environment to make the employees' sense as part of the Company's growth through the continuation of human resource development, a fair performance appraisal system and proper compensation and welfare being provided for every employee.





## Enhancement of Knowledge, Training, Occupation

With an anticipation to create happiness to the employees of all level, the Company promotes the employees at all levels to be the “Good” to a society, and develop self-potential to be the “Company’s Genius”. Therefore, the inside out method is applied to promote and develop personnel in the form of Employee Clinic having the employees as the Company’s center. We listen to employees’ voices to help develop and promote “the Good” and the “Genius” of the Company, then further extend the practices to the society. The idea is to link employees’ behavior with the organizational culture towards the development which will help enhance employees’ skills in management and implementation using the pulled potential at full capacity.



## Fair Procurement

The Company realizes the importance of fair and transparent procurement of the whole supply chain which can create sustainability for procuring goods and raw materials as well as other services, believing that it will bring a sustainable growth in the production process of the Company and business partners.



## Community Development Promotion

The Company realizes the importance of doing a business in harmony with promoting the development of surrounding communities as it will stabilize the occupation and income of people living therein, and can be part of enhancing the country’s economic stability. Further to that, the Company can build up good relations with the community people, which later can be acceptable as part of the communities. It is a good start for the Company to carry on this practice. There are also various activities being implemented to make further sustainable stay with the communities.



## Cost-Effective Environmental and Resource Management

The Company promotes employees and executives at all levels to be aware of environmental impacts and risks emerged from doing business which include water, air, soil, forests, eco-systems, biodiversity, and climate change. To face against the risks, the Company encourages the use of technologies and innovations to develop the systems of environmental management, hydro, and waste generated from a production process.

The Company has set the production policy to have the least impact on nature and environment to help the business grow sustainably by focusing on developing modern production systems to help reduce waste release to nature and production loss, and using alternative energies such as solar, and attending in the assessment of various production standards such as, ISO, GMP, HACCP, that can build confidence to stakeholders on the environmental-friendly and valuable products of the Company.





## Establishment of the Committee on Energy Conservation

The Company has set the policy on energy conservation with a view to be a guideline for implementing energy conservation, promoting and maximizing the use of energy as follows.

- The Company implement and develop appropriate energy management systems given that energy conservation is part of the Company's operation and is in accordance with related laws and regulations
- Improve the efficient use of the Company's energy resources continually and suitably with businesses, technologies and best practices. The Company has specified the plans and goals for energy conservation each year, and communicated to all employees for their proper understanding and operation. The Company considers the energy conservation issue as the duty and responsibility of the executives and employees at all levels to collaborate and act according to the stipulated measures, including to monitor, inspect, and report to the Working Group on Energy Management.
- Support human resources with training budget, dissemination of energy conservation activities, and participation and presentation of recommendations on energy development. Meanwhile, the executives and the Working Group on Energy Management will review and improve every year the energy targets and work plans.

## Promotion of All Level Employees to Give Importance of and Participation in Implementing Various Activities

It is to work earnestly for social responsibilities through various activities such as FiveS's (5S), Kaizen, TQM, cost reduction, improving business operation to reduce procedures and resources to be worthwhile, encouraging and supporting employees to participate together with the communities in volunteer work and public benefit activities. It is however not to support activities that are against morals or cause negative impacts on the confidence and trust of the Company's stakeholders.

## Organizing Seminars to Enhance Knowledge and Understanding in Quality Systems to Employees at All Levels

It is to promote the GMP, HACCP, and Safety systems through IQA training by external trainers, ISO 9001:2015 systems, and SGS accreditation. The focus should be put on employees' participation in various energy conservation projects that aim at energy efficiency and reducing loss from energy use. Simple activities that are practical and clearly effective can be organized to motivate employees to change their behavior of energy use, and voluntarily participate more in helping energy conservation of buildings. Public relations and campaigns both in and outside the Organization can be implemented to provide knowledge and understanding for network creation, and build inspiration to cohesively work for energy conservation. This results eventually will be extended further from buildings to communities. The Company provided the employees with trainings on the issues related to water and wastewater management, health promotion to prevent from diseases, drug prevention and drug abuse solutions, working environment, renovating the Company's location and areas so that employees can be put in better and safer environment. Regarding waste management, the Company hired the private company who received the concession from the Sub-district Administration Organization (SAO) to dispose waste and sewage using the correct methods. By such methods, industrial wastewater was managed through the wastewater treatment systems, and its quality was inspected in accordance with the required standards before being discharged into public canals.



## Management of Impact on Stakeholders in Business Value Chain

Stakeholders	Expectation	Company's Responses
Raw material producers /partners	Fair treatment	<ul style="list-style-type: none"> <li>- Fair partner selection</li> <li>- Fair Trading</li> <li>- Support information, knowledge and technologies to develop partners to gain more potential in delivering valuable and qualitative products</li> <li>- paid according to the agreed terms and conditions</li> </ul>
Employees / labor	Fair treatment	<ul style="list-style-type: none"> <li>- Support equality of all genders, nationality, region, and disability</li> <li>- Pay for wages and welfare, and fair performance appraisal</li> <li>- Follow the labor laws</li> </ul>
Surrounding communities	Environment around factories/Coexistence between communities and factories	<ul style="list-style-type: none"> <li>- Factories operates in accordance with the environmental control laws, controls and inspects waste emitted from the production process</li> <li>- Regularly organize activities to assist and support the surrounding communities including agencies and local administration organizations</li> </ul>
Distribution agents	Delivery of valuable products and trading support	Deliver valuable goods that consumers require and with the terms of trading as appropriate and fair to everyone, and assist the distribution agents in an appropriate manner so that they can run the business continuously and steadily
Consumers	Consumers	Provide food products that are valuable, healthy, delicious in order to response to the consumers' requirement in various forms

### Sustainability Management in Environmental Dimensions

The Company intends to do the business and deliver the products with good quality to be satisfied by customers while maintaining environment and natural resources for future sustainability as specified under international standard principles. The operational approaches are as follows.

1. Improve the process of production to reduce energy use and energy loss generated therein
2. Manage waste generated from a production process
3. Set a guideline for using alternative energy
4. Review environmental policies

### Sustainability Management in Social Dimension

The Company implements the policy on social responsibility to sustain future business operation, and promotes employees and executives at all levels to work toward transparency and exercise the good governance with stakeholders in the entire business value chain. The Company puts an emphasis on delivering to customers goods and products at its best quality as in accordance with the anti-corruption policy. The operational approaches are as follows.

1. Promote corporate good governance
2. Respect human rights, carry on human resource management on a fairly basis
3. Do the business in line with the anti-corruption policy and on a fairly basis with stakeholders
4. Participate in promoting surrounding communities



With a policy supporting the implementation of anti-corruption measures, the Company has set the written guidelines for various agencies to consider and bring it for practice in the case of making appropriate decisions and operations that may face any corruption business risks. The guidelines will give more confidence to the Company's stakeholders. In this regard, the Committee on Risk Management was established to analyze, assess, and set related measures for business risk management which is a vital part that will help achieve the goal of anti-corruption prevention by any forms. As dissemination, education and understanding are important to people who have to perform duties related to the Company and the stakeholders, the Company communicated such policy to the Board of Directors, executives, employees and stakeholders both internally and externally for common business practice with transparency, accountability, fairness and best benefits to the Company.

The Company is aware of doing business based on transparency, respect for laws and human rights, and that the Board of Directors, executives, and every employee should be stick to the code of ethics on respect for laws and human rights. For these reasons, the Company supported all employees to use the rights as a citizen under the Constitution and laws by giving them chances to communicate, suggest and complain any issues that are of grievance related to work. The suggestions will be responded with earnest considerations to find common solutions for the benefits of all parties concerned and build a good relationship for mutual collaboration.

## Social Implementation Results

- The Company donated 13 boxes of products (7 boxes of 30-gm-shredded pork, and 6 boxes of 16-gm-Entrée Classic Flavor) to the Samut Prakarn Province Industry Office which set up a "Donation Center" to support the prevention and solve the problems of the epidemic situation of COVID-19 disease.
- The Company donated Baht 10,000 to the Federation of Thai Industries, of Samut Prakarn Province
- The Company donated 10 Boxes of the products to the schools in Samut Prakarn Province as the gift for the 2021 Children's Day.





## Quick Service Restaurant

The Company started the management of restaurant business based on the “thinker” and environmental-friendly concept through the following strategies.

1. Use environmental-friendly raw materials ranging from procurement, storage, preparation and cooking
  - a) Sourcing Raw Materials
    - Selective use of environmental-friendly raw materials taking into consideration an easy finding of products in the location, organic raw materials, seasonal fruits, and crop cultivation or animal farming for self-use
    - Selective use of raw materials from environmental-friendly producers or received reliable standard certification
    - Planning for selective purchase of raw materials to reduce food waste
    - Planning for selective purchase to reduce containers and packaging
  - b) Raw Material Storage
    - Methods of storing raw material to reduce food waste
    - Methods of storing raw material to reduce containers and packaging
  - c) Raw material preparation and cooking
    - A menu is designed to be able to use raw materials for maximum profits
    - The standard of cooking process is set to reduce use of energy and resources
    - Avoidance of dish decoration using inedible raw materials
    - The amount of food served per dish should be suitable for customers using the services
2. Recycling is beneficial and inspires restaurant’s principles of reducing a single use of materials. Instead of throwing away single used materials, the restaurant has the idea to manage such waste through recycle, reuse, and up-cycle process. There is also an initiative to recruit partners for developing material recycle.
3. For environmental-friendly services and support, it includes creating the identify of an eco-friendly restaurant, providing services and serving in such as way that can reduce resources or waste at the source, promoting eco-friendly food and beverage services with the methods of taking away or delivery.
  - a) Create an eco-friendly restaurant identity
    - Set up internal and external environmental conditions to rely on nature
    - Decorate the restaurant using eco-friendly materials

- Try to use eco-friendly consumable materials/appliances for example, dishwashing liquids, bathroom cleaners, toilette paper, office equipment, chemical insecticides, etc.
- b) Servicing and serving to reduce resource use or waste at source
    - Set up procedures for reducing mistaken food ordering
    - Creative ways to reduce serving consumable supplies on a dining table
    - Avoid services provided with single-used tableware (in case of dining in a restaurant)
    - A policy for customers to bring food containers or glasses to take food on their own
    - Selective use of eco-friendly food containers instead of those made of foam.

## Swine farming

### Location and Farm design

The company considers farm locations on the risk management, green farms, animal welfare. and biosecurity system management, by the location must be appropriate for animal farming, enough basic utilities, a safe animal transport system with the prevention of cross-infection, the separated rearing and the outside area including the measurement of entering control and sterilization process before entry. Apart from a good farm design, the company also has regulations for farm personnel and visitor to strictly follow especially during African swine flu that the company was not affected by the epidemic in the past year due to a good management of biosecurity

Farm design and farming systems is in the form of open farm with nets covering every house to prevent vectors and there is the house improving to be in good condition and a sow pig house with EVAP innovation system. according to principles of animal welfare, to control the temperature in the house to be in a condition that is suitable for raising all the time. Besides there are a feeding control system and automatic water feeding, animal health check technology to prevent vectors in pig houses as well as a space for animals to perform their natural behaviors appropriately, a proper lighting that suitable for each type of animal as principles of animal welfare. Those lead to the animals is stress free and grow well.

In addition, the company has developed a model of animal farming to be a green farm with a good management in resource; a waste management system, water treatment system, environment management to nearby community, the use of farm waste to produce biogas as a fuel to generate electricity for use in the farm. Moreover, the company has encouraged farmers in the area to use precipitated wastewater as fertilizer in field crops and gardening to help mitigate environmental impacts, both from waste and air pollution.



## Animal breeding and development

The company has selected and developed species to suit the environment and required need of consumers by developing natural species based on genetics since the species purebred to old species by using an applied science and medical technology in order to breed strong animals with high productivity meet required need of consumers who want quality meat. The company has imported animal breeders from Denmark.

## Animal feed production

The company has nutrition experts as consultants so production process has no pollution that affects the environment and uses electricity from Biogas to produce as well. For the transportation used by trucks and some of the raw materials are packed in reuse plastic sacks to reduces the use of plastic in the system and for some parts were sold to nearby farmers. The animal feed is transported by a truck used in the farm so there is no use of plastic waste in food packaging.

## Animal farming

The company has continuously developed the system and technology used in animal farming and being received standards from the Department of Livestock Development; foot and mouth disease free in pig farms, GAP standards, red meat catalyst free and being environmentally friendly farms, etc. In the present, the farm uses the pig-doc program to collect data and analyze and evaluate the efficiency of the pig farming. The company has developed the animal farming process under the principles of animal welfare in 4 areas: 1. received nutrients and water as needed. 2. being in comfortable in a suitable environment. 3. being good health, no injuries. 4. being raised well, pigs are happy. The company has applied such 4 principles with the efficiency of raising per area without the use of chemicals in pig farming and having a healthy breed and also a nutritionally balanced feed suit to the age of the animal. Besides, there are the treatment for injured or sick animal by a veterinarian with a taking care closely. The company has focused on the health of people,

animals and the environment at the same time whereby the company always prioritize importance of animal healthy first to need medication less. However, if there is sick animal, it needs to be healed as principles of animal welfare with “Responsibility of Antimicrobials Use” which consist of

1. The use of the drug must be under the veterinarian and is only used for the necessary treatment.
2. Avoid using antibiotics for growth-accelerating purposes in animals.
3. Work with experts to come up with new and better ways to keep animals healthy as principles of animal welfare in order to reduce the need for antimicrobial use.

## Pig fertizer from biogas

The production process of fertilizer is to dry the pig manure after the biogas process and after that the pig manure become dried and ready to be packed into sacks for distribution to farmers. Moreover, there is the information about pig manure from the Animal Feed Research and Development Center Suwannawaj Kasikrit Institute, Kasetsart University of development of farm animal farm waste into organic fertilizers. It shows that using farm animal waste as organic fertilizer can increase crop yields and quality due to those wastes contain a large amount of various nutrients; macronutrients and micronutrients; nitrogen, phosphorus, potassium, calcium, magnesium, sulfur, iron, copper, zinc, manganese, sodium, etc., which are added to high level of modern pig feed but animals cannot digest and absorb all the benefits and left in the manure. These nutrients are very useful in the process of photosynthesis and activate plants to produce more chlorophyll with greener leaves. The plant become fruit full and strong, resist to disease, can harvest longer and use of chemical fertilizers less.



# 9 Management Discussion and Analysis (MD&A)

## Operation Results and Financial Status in the Past Years

### (1) Overview of Previous Operation Results

Income Statement	Year					
	2021		2020		2019	
	Mil. Baht	percent	Mil. Baht	percent	Mil. Baht	percent
Revenue from sales	2,767	97.1	2,763	98.9	2,837	99.0
Revenue from rental and service	13	0.4	11	0.4	9	0.3
Other income	69	2.4	19	0.7	19	0.7
<b>Total revenue</b>	<b>2,848</b>	<b>100.0</b>	<b>2,794</b>	<b>100.0</b>	<b>2,865</b>	<b>100.0</b>
Cost of sales	2,050	72.0	2,027	72.6	2,085	72.8
Cost of rental and service	20	0.7	18	0.6	15	0.5
Selling expenses	242	8.5	269	9.6	284	9.9
Administrative expenses	331	11.6	312	11.2	311	10.9
<b>Operating profit</b>	<b>205</b>	<b>7.2</b>	<b>168</b>	<b>6.0</b>	<b>170</b>	<b>5.9</b>
Financial cost	30	1.1	33	1.2	34	1.2
Income tax	32	1.1	25	0.9	24	0.8
<b>Profit after tax deduction</b>	<b>143</b>	<b>5.0</b>	<b>110</b>	<b>4.0</b>	<b>112</b>	<b>3.9</b>
Profit of minority shareholders	0	0.0	1	0.0	0	0.0
<b>Profit of majority shareholders</b>	<b>142</b>	<b>5.0</b>	<b>110</b>	<b>3.9</b>	<b>112</b>	<b>3.9</b>



## Revenue and Revenue from Sales

The Company and subsidiaries have the total income of Baht 2,848 million increasing from the year 2020 by Baht 54 million or an increase of 2.0 percent with the income from sales of Baht 2,767 million increasing from the year 2020 by Baht 3 million or an increase of 0.1 percent. Most of the increasing income was from the sales of processed seafood business group with the total of Baht 58 million, and swine farm business group at the amount of Baht 21 million. However, the income from the sales of the restaurant business group (QSR) and the processed food from pork business group decreased by Baht 44 million and Baht 31 million respectively.

## Gross Profit

The Company's gross profit in the year 2021 had the total value of Baht 709 million decreasing from the year 2020 by Baht 20 million or a decrease of 2.7 percent. This is due to the decrease of gross profit of; the quick service restaurant business group (QSR) by Baht 23 million; the processed food business group from pig meat comprising Thai native food, snack from pork and chicken, and ready-to-eat frozen food by Baht 23 million; swine farm business group by Baht 8 million. Nevertheless, the Company could gain more gross profitability from the processed seafood business group with the value of Baht 34 million.

The Company had the gross profit of 25.5 percent in the year 2021, a decrease of 0.8 percent compared to the year 2020 which gained the gross profit of 26.3 percent. The processed food business group from pig meat still remained the highest gross profit with the value of Baht 377 million, followed by the sea food processing business group with the value of Baht 281 million.

## Sales and Administrative Expenses

The selling and administrative expenses in the year 2021 was Baht 574 million compared to Baht 572 million in the year 2020 or an increase of Baht 1 million. This is due to the expenses from closing QSR business branches. The Company, in the year 2020, had the loss recognition for the amount of Baht 9 million due to the change of fair value less costs to sell biological assets, and the impairment loss on investment property, resulting a decrease of the total expense for Baht 8 million in 2021 compared to the year 2020.

## The financial expenses

in the year 2021 was Baht 30 million, decreasing from the year 2020 by Baht 2 million or a decrease of 6.7 percent due the Company's capability to efficiently manage the financial cost resulting in the decline of loan interest rates of financial institutions from the year 2020.

## Net Profit

The Company had the net profit attribute to the Company's shareholders in the year 2021 for the amount of Baht 142 million or 5.0 percent of the total revenue. Comparing to the year 2020, the Company had the net profit increased by Baht 32 million indicating a growth of 29.5 percent, and the net profit in the year 2021 increased from the year 2020 by 1.1 percent due to the impact of several factors as follows:

- Gross profit recognition from the change of fair value less costs to sell biological assets
- Loss recognition from closing the branches of QSR
- Increase of expenses to respond to the situation of the pandemic of COVID-19 disease



## Financial Position

Statement of Financial Position	As of					
	December 31, 2021		December 31, 2020		December 31, 2019	
	Mil. Baht	Percent	Mil. Baht	Percent	Mil. Baht	Percent
Cash and cash equivalent	103	3.7	161	6.1	152	5.9
Trade account receivables	432	15.5	417	15.7	470	18.3
Inventories	389	13.9	285	10.7	325	12.7
Other current assets	15	0.5	22	0.8	25	1.0
<b>Total current assets</b>	<b>939</b>	<b>33.7</b>	<b>885</b>	<b>33.3</b>	<b>972</b>	<b>37.9</b>
Non-current biological assets	10	0.3	9	0.4	9	0.4
Land, plant and equipment, net	1,084	38.9	985	37.1	920	35.8
Investment properties, net	629	22.6	637	24.0	640	25.0
Right-of-use assets	104	3.7	116	4.4	-	-
Other non-current assets	20	0.7	22	0.8	25	1.0
<b>Total assets</b>	<b>2,785</b>	<b>100.0</b>	<b>2,655</b>	<b>100.0</b>	<b>2,566</b>	<b>100.0</b>
Bank overdraft and short-term loan	515	18.5	421	15.9	514	20.0
Trade and other payables	302	10.8	326	12.3	297	11.6
Current portion of long-term debts	118	4.2	124	4.7	97	3.8
Other current liabilities	33	1.2	37	1.4	38	1.5
<b>Total current liabilities</b>	<b>967</b>	<b>34.7</b>	<b>909</b>	<b>34.2</b>	<b>947</b>	<b>36.9</b>
Long term liabilities	504	18.1	509	19.2	443	17.3
Provision for long-term employee benefits	90	3.2	91	3.4	91	3.5
<b>Total liabilities</b>	<b>1,561</b>	<b>56.1</b>	<b>1,509</b>	<b>56.8</b>	<b>1,481</b>	<b>57.7</b>
Equity to owners of the Company	1,222	43.9	1,144	43.1	1,084	42.2
Non-controlling interests of the subsidiaries	2	0.1	2	0.1	2	0.1
<b>Total shareholder's equity</b>	<b>1,224</b>	<b>43.9</b>	<b>1,146</b>	<b>43.2</b>	<b>1,086</b>	<b>42.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,785</b>	<b>100.0</b>	<b>2,655</b>	<b>100.0</b>	<b>2,566</b>	<b>100.0</b>



## Assets

As of December 31, 2021, the Company had the total assets of Baht 2,785 million increasing from the year 2020 by Baht 131 million or 4.9 percent due to the increase of inventories, current biological assets, property, plant and equipment. As of December 31, 2020, the Company had the total assets of Baht 2,655 million increasing from the year 2019 by Baht 88 million or 3.4 percent due to the increase in the right-of-use assets from the practice following the Thai Financial Report Standard No16.

## Liabilities

As of December 31, 2021, the Company had the total liabilities of Baht 1,561 million, an increase of Baht 52 million from the year 2020 or 3.5 percent due to an increase in liabilities under short-term loans. However, the Company had the decrease of trade and other payables, and long-term loans. As of December 31, 2020, the Company had total liabilities of Baht 1,509 million, an increase of Baht 28 million from the year 2019, or 1.9 percent due to an increase in liabilities under lease agreements from the practice following the Financial Reporting Standard No16. However, the Company's loans from financial institutions decreased.

## Shareholders

As of December 31, 2021, the Company had total shareholders' equity of Baht 1,224 million, an increase of Baht 78 million from the year 2020 or 6.8 percent due to the Company's net profit received at the amount of Baht 143 million for the year 2021 and the dividend payment accounting for Baht 65 million. As of December 31, 2020, the Company had the total shareholders' equity of Baht 1,146 million, an increase of Baht 60 million from the year 2019 or 5.5 percent, due to the Company's net profit of Baht 111 million, surplus on revaluation of property for Baht 14 million, dividend payment of Baht 65 million, and the profit of Baht 1 million from non-controlling interests of the subsidiaries.



## Cash Flow

Cash Flows Statement	Year Ended		
	2021	2020	2019
	Mil. Baht	Mil. Baht	Mil. Baht
Cash flows from operating activities (Before changes in operating assets and liabilities and)	298	296	294
<b>Net cash flows from operating activities</b>	<b>139</b>	<b>356</b>	<b>115</b>
<b>Net cash flows used in investing activities</b>	<b>(173)</b>	<b>(130)</b>	<b>(73)</b>
<b>Net cash flows from (used in) financial activities</b>	<b>(24)</b>	<b>(218)</b>	<b>32</b>
Net increase in cash and cash equivalents (decrease)	(58)	8	74
Cash and cash equivalents as of the beginning of year	161	152	78
<b>Cash and cash equivalents as of the end of year</b>	<b>103</b>	<b>161</b>	<b>152</b>

In 2021, the Company's the operating profits earned before changes in operating assets and liabilities was Baht 298 million. Comparing to the year 2020, the Company gained the operating profits as much as Baht 2 million. Also, when it was calculated by combing the change in assets and liabilities, the net cash flow from operating activities was found to remain at Baht 139 million, a decreased change by Baht 217 million from the previous year. This is due to the fact that the Company had the trade account receivables and other receivables including inventories and biological assets increased from the year 2020 while the trade payables and other payables decreased.

The net cash flows used in investing activities accounted for Baht 173 million, which was spent for the purchase of fixed assets and investment properties of Baht 182 million and Baht 6 million, respectively. The Company's cash inflows from selling the sows and selling investment properties were Baht 12 million and Baht 3 million, respectively

The net cash flows used in financing activities amounted for Baht 24 million, which came from; the repayment for long-term loans from financial institutions and the interest payment of Baht 122 million and Baht 30 million, respectively; the repayment for lease liabilities of Baht 12 million; and the dividend payment of Baht 65 million. In addition, the Company had the short-term and long-term borrowings from financial institutions of Baht 94 million and Baht 111 million, respectively.

The Company, as of 31<sup>st</sup> December 2021, had the cash and cash equivalents of Baht 103 million, a decrease from the year 2020 by Baht 57 million or in percentage of 35.7 percent.

## Liquidity

As of 31<sup>st</sup> December 2021, the liquidity ratio based on the consolidated financial statements was 1.0 times being the same as in the year 2020, while the cash cycle was 61 days, slightly increased compared to the year 2020 at 58 days.

The Company has the remaining long-term loans and lease liabilities as follows:

Unit : Million Baht

Obligation	Total	Payment Period		
		Within 1 year	Over 1 - 5 years	Over 5 years
Principal repayment	584	118	400	66

As of 31<sup>st</sup> December 2021, the Company had the trade accounts receivables balance of Baht 432 million, an increase of 3.6 percent and with the average debt collection period of 56.2 days which slightly decreased as compared to the year 2020 at 58.6 days. The Company had the inventories of Baht 389 million being divided into; Baht 277 million of finished products and raw materials, and Baht 112 million of biological assets with the inventory turnover ratio of 6.1 times, slightly decreased from the previous year. The decrease resulted from the Company's policy, during the year end in 2021, in managing pork and chicken raw materials during the high price period.



## Analysis of Financial Ratio

Financial Ratio	Year Ended		
	2021	2020	2019
<b>Liquidity Ratio</b>			
Liquidity ratio (times)	1.0	1.0	1.0
Quick liquidity ratio (times)	0.6	0.7	0.7
Cash flow liquidity ratio (times)	0.1	0.4	0.1
Account receivable turnover ratio (times)	6.5	6.2	6.2
Average debt collection period (days)	56.2	58.6	59.3
Finished product Inventory turnover ratio (times)	48.6	50.4	48.3
Average day sales of finished products (days)	7.5	7.2	7.6
Inventory turnover ratio	6.1	6.6	7.1
Average day sales of products (days)	60.0	54.9	51.5
Account payable turnover ratio (times)	6.6	6.6	6.8
Average payment period (days)	55.4	55.6	54.0
Cash cycle (days)	60.8	57.9	56.8
<b>Profitability Ratio</b>			
Gross profit margin ratio (percent)	25.5%	26.3%	26.2%
Operating profit margin ratio (percent)	7.4%	6.0%	6.0%
Ratio of other income to total income (percent)	2.4%	0.7%	0.7%
Return to equity ratio (percent)	67.9%	212.5%	67.5%
Net profit margin (percent)	5.0%	4.0%	3.9%
Return on equity (percent)	12.1%	9.9%	10.5%
<b>Efficiency Ratio</b>			
Return on Assets (percent)	2.6%	2.1%	4.5%
Return on Fixed Assets (percent)	25.5%	23.9%	23.2%
Total asset turnover (times)	1.0	1.1	1.2
<b>Financial Policy Ratio</b>			
Debt to equity ratio (times)	1.3	1.3	1.4
Interest coverage ratio (times)	10.7	8.8	8.0
Interest bearing debt to EBITDA ratio (times)	3.5	3.7	3.9
Debt service coverage ratio (times)	0.5	0.5	0.5
Dividend payout ratio (percent)	59.1%	59.1%	42.4%



## Operating Profitability

The net profit margin for the year 2021 equaled to 5.0 percent, an increase from the year 2020 which was 4.0 percent. This is due to an increasing price of pigs during the year and pig revaluation profit caused by the increasing price. Given for consideration in the revenue from sales in the year 2021, it slightly increased from the year 2020 due to the epidemic situation of the COVID-19 disease. Even then the Company could manage well in the part of selling and administrative expenses resulting in the operating profits up to 1.3 percent as compared to the year 2020.

The return on equity of the Company was paid by 12.1 percent, an increase of 9.9 percent from the year 2020 and the return on total assets was 2.6 percent, an increase of 0.5 percent from the year 2020.

## Financial Policy

Debt to equity ratio was 1.3 times which was equal to the ratio in the year 2020.

The interest coverage ratio was 10.7 times, an increase of 8.8 times from the previous year due to the decrease of interest payment and more operating profit of the Company.

## Policy and Credit Term

Criteria for consideration of credit limit and credit term for customers can be based on the followings factors:

- Character - can be considered through customers qualifications such as history, habits, behavior, responsiveness, honesty, reputation, business, on-time for repayment, competency, expertise, experiences in doing business.
- Capital - can be considered through financial analysis, liquidity, and debt service coverage ratio (D/E Ratio, Current Ratio)
- Capacity - can be considered through work management ability such as revenue, expenses, profits, and the business cash flow
- Condition - can be considered through external environment such as competition, economic conditions, business and industry trend, etc.

## Customer Segmentation

can be divided into 4 holes

1. Natural person can be classified as
    - 1.1 New customers who have to pay in cash only
    - 1.2 Old customers with good record of repayment being specified to receive a credit limit not exceeding 2 times of the monthly average purchased volume with the credit term not exceeding 30 days
  2. Legal persons or limited partnership being divided according to the registered capital of legal persons as follows:
    - 2.1 Registered capital less than or equivalent to Baht 1 million can use the same criteria as natural persons
    - 2.2 Registered capital less than or equivalent to Baht 5 million is required to apply in the following criteria:
      - 2.2.1 New Customers are specified for the credit limit not exceeding Baht 200,000 with the maximum credit terms not exceeding 45 days
      - 2.2.2 Old Customers with good record of repayment are specified for the maximum credit limit not exceeding 2 times of the monthly average purchased volume with the credit term not exceeding 60 days
    - 2.3 Register capital from Baht 5 million up is required to apply for the followings:
      - 2.3.1 General Customers can use the same criteria as those having register capital lower than or equivalent to Baht 5 million
      - 2.3.2 Modern Trade Customers and small and medium companies having creditability, financial stability, and liquidity, good debt repayment record are required to apply for the followings:

**Credit Term (days)**  
Under customers' criteria

**Credit Limit (Baht)**  
 $\text{No. of days of customer's credit term} \times \text{average purchase} / \text{day} \times 1.2$
3. E-Commerce has no credit but pays in cash only.
4. Export
  - 4.1 New Customers pay by L/C at sight, or money transfer (T/T) or D/P without credit term
  - 4.2 Old Customers pay by L/C, or T/T, or D/A Term, depending on the consideration of Management in accord of the Company's authority



## **Dividend Payment**

The Company's policy on dividend payment specifies that the total dividends paid each year will be at least 50 percent of the annual net profit after income tax deduction (according to the separate financial statements) except where in necessary cases. Given to that policy, the 1/2565 Company Board Meeting held on 24th February 2022 had the resolution to pay the dividends, based on the Company performance in the year 2021, to shareholders at the rate of Baht 0.15 per share making the total payment of Baht 48.51 million. In this regard, the Board Committee would submit the agreed dividend payment to the 2022 Annual General Meeting of Shareholders to be held on 28<sup>th</sup> April 2022 for further consideration and approval.

## **Factors or Events Probably Affect Significant Financial Position or Operation in the Future**

Factors affecting the Company's operations are mostly external factors that are unable to control by the Company, especially the COVID-19 pandemic situation which has affected the overall economy of the country throughout the year. The situation has consequently led to the decrease of purchasing power of consumers, price volatility of raw materials in the Company such as pork. Moreover, the spread of AFS in pig farms has made the situation worse. For the year 2022, the country's economic condition has not yet seen in good prospects due to the severe prevailing of COVID-19 since the beginning of the year. However, the Company has set the plan to develop products by designing new products and expanding more distribution channels through online marketing which is one of the marketing channels to increase the demanding response of customers in the present days. The Company also focuses on managing expenses to be more efficient and in line with the overall economic conditions of the country, believing that the Company's operation will be enhanced accordingly.



# 10 Investor Information

## General Information

### 1. S. Khonkaen Foods Public Company Limited



Registration :	0107537001811
Head Office Address :	259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Prakhnong Nua Sub-district, Vadhana District, Bangkok 10110
Type of Business :	Manufacturer and distributor of meat processed.
Telephone :	0 2339 3999
Fax :	0 2339 3990
Website :	<a href="http://www.sorkon.co.th">http://www.sorkon.co.th</a>
Registered Capital :	Baht 323,400,000, fully paid-up
Type of Share :	Ordinary Share 323,400,000 shares
Issuance :	323,400,000 shares

#### Investor Relations

Name :	Mr. Komnsit Ratanavachirin
Address :	12/555, Sor Tower Building Moo 15, Bangna-Trad Road, Tambon Bang Kaew, Amphoe Bangplee, Samut Prakan
Telephone :	0 2339 3999 Ext 3291
Email :	<a href="mailto:IR@sorkon.co.th">IR@sorkon.co.th</a>
Website :	<a href="http://investor.sorkon.co.th">http://investor.sorkon.co.th</a>

### 2. Other References

#### Securities Registrar



Name :	Thailand Securities Depository Company Limited
Address :	93 Rachadapisek Road, Din Daeng Sub-district, Din Daeng District Bangkok 10400
Telephone :	0 2009 9999





#### Auditor

**Name :** EY Office Limited

**Auditors :** 1. Miss Pimjai Manitkajohnkit (CPA No. 4521) and / or  
2. Miss Runghapa Lertsuwankul (CPA No. 3516) and / or  
3. Miss Sumana Punpongsanon (CPA No. 5872) and / or  
4. Miss Rosaporn Decharkom (CPA No. 5659)

**Auditors of** 1. S. Khonkaen Foods Public Company Limited  
2. Mahachai Foods Company Limited  
3. S K K Food Company Limited  
4. S. Pasusat Company Limited  
5. S. Khehakarn Company Limited

**Address :** 33<sup>rd</sup> Floor, Lake Rajada Office Complex 193/136 - 137  
Rajadapisek Road, Klongtoey, Bangkok 10110

**Telephone :** 0 2264 9090

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**Name :** Miss Chorsuda Jitchawanan (CPA No. 12576)

**Auditors of** Sor. Training Center Company Limited

**Address :** 88/12 The City Sathorn-Suksawat Soi Suksawat 39,  
Bang Phueng Subdistrict, Phra Pradaeng District  
Samut Prakan 10130

**Telephone :** 0 95542 9362

#### Tax Consultant

- None -

#### Legal Advisor

- None -

### 3. Person of Charge

Name	Responsibility
1. Miss Kalvarat Vithitamataya	Company Secretary
2. Miss Supaporn Khamsai	Head of Internal Audit
3. Miss Nareerat Chatkunakorn	Chief Accountant

### 4. Legal Disputed

- None -











# Part 2

## Corporate Governance





# 11 Corporate Governance Policy

The Board of Directors intends to lead S. Khonkaen Foods Public Company Limited to be a company with good corporate governance and management. In this regard, the Board of Directors has established such policies in accordance with the principles of good corporate governance for listed companies. 2017 which is prepared by the Stock Exchange of Thailand and in accordance with the rules CGR (Corporate Governance Report of Thai Listed Companies) according to the survey project on corporate governance of Thai listed companies by the Thai Institute of Directors Association (IOD) that has been revised in line with the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The Company has complied with the said policy to help build confidence of shareholders, investors, stakeholders and all related parties. This leads to stability and progress and to add value and promote sustainable growth of the Company.

## Overview of Corporate Governance Policies and Practices

### Corporate Governance Policy

The Board of Directors, having an intention to encourage S. Khonkaen Foods Public Company Limited to be a company with good corporate governance and good management, with fairness, transparency, and verifiability in the conduct of business, formulated a written policy on good corporate governance so that the directors, executives and all employees would adhere to it as performance guidelines which helps boosting trust and confidence of shareholders, investors, interested persons and all parties concerned leading to progressive stability adding value and support to the Company's sustainable growth. The Company published the corporate governance policy and other related policies that is consistent with the principles of good corporate governance for listed companies in 2017 prepared by the Stock Exchange of Thailand for the Board of Directors and all employees to adhere to as guidelines for their work as follows:

**Principle 1 :** Realize the roles and responsibilities of the directors as organization leaders who build sustainable value for the business.

The Company Board understands its roles and realizes responsibilities in its position as the leader who must supervise the corporate to have the good management administration covering objectives and goals, aims to conduct the Company's business operations to be transparent for sustainability, set objectives and goals, formulate strategies, operating policies to be competitive and have good operating results, taking into account long-term impacts. Ensuring that all company directors and executives perform their duties with responsibility, prudence, and honesty to the organization. Under Corporate Governance Policy, the Company emphasizes on accountability, fairness to stakeholders, including monitoring and evaluating performance, including reliable disclosure of financial information.

**Principle 2 :** Set objectives and main targets of sustainable business;

The Company has complied with the said policy to help build confidence of shareholders, investors, stakeholders and all related parties. This leads to stability and progress and to add value and promote sustainable growth of the Company. Besides, the Board of Directors also jointly considered and agreed on the determination of vision, mission, values, direction, policies of the Company, as well as overseeing both short-term and long-term strategic plans. In addition, the risk issues that arise are considered so that the executives can effectively implement and formulate the policy direction.



**Principle 3 :** Strengthen an effective Board of Directors;

The Board of Directors is aware of the roles, duties, and corporate governance by defining and reviewing the committee structure to select suitable persons to be the chairman of the board. They are responsible for reviewing the structure of the committee and sub-committees. The division of roles between the Board of Directors and the Management is clearly and in writing. In order to perform the duties of the Board of Directors efficiently and effectively, a company secretary has been appointed to oversee the Board of Directors' meetings and Shareholders' meetings and other activities to support the work of the Board of Directors to achieve the objectives.

**Principle 4 :** Recruit and develop high-ranking executives and manage personnel;

The Company Board has operated to ensure that there's recruitment and development of the Chief Executive Officer (CEO) and Executives to be well equipped with knowledge, skills, experiences and attributes necessary for driving organization to the specified goals and also has supervised in setting the suitable remuneration and structure and evaluation of the Chief Executive Officer and Executives by arranging the work evaluation at least once a year. Besides, The Company Board has monitored the management and development of personnel for the appropriate number, knowledge, skills, experience and incentives and supervises and oversees to have the work succession plan of the Chief Executive Officer and Executives by having the annual review every year.

**Principle 5 :** Promote innovations and business operations with responsibility

The Board recognizes the importance of supporting innovations that can create value for businesses and create benefits for customers or stakeholders. This is reflected in the action plan to ensure that everyone in the organization operates in accordance with the objectives and goals. Ready to pay attention to the appropriate allocation of resources in order to operate effectively and efficiently. The Board of Directors has established a policy to treat each stakeholder group with due regard to the rights of such stakeholders under

the law or in accordance with the agreement with the Company, including organizing a process to consider and take action to rectify any deficiencies or impacts, as well as to find a way to prevent the occurrence of another incident as follows:

1. Roles toward Shareholders
2. Roles toward Employees
3. Roles toward Customers
4. Roles toward Business Partners and/or Creditors
5. Roles toward Trade Competitors
6. Society, Community and Environment
7. Public Sector

**Principle 6 :** Make available appropriate systems of risk management and internal control;

The Company Board supervises the issue of risk management and assists to have the efficient system or process in risk management including the sufficiently appropriate comprehensive guidelines and measures on risk management with regular monitoring. In 2021, the Board of Directors reviewed the organization's risk management policy and manual to ensure compliance with the good corporate governance policy. The Board of Directors has assigned the Risk Management Committee to act in order to manage the Company's risks in accordance with the policy. and objectives set by the Board of Directors As for internal control, the Company has used the internal control system assessment form according to the guidelines of the Securities and Exchange Commission as a tool for assessing the adequacy of the Company's internal control. The Audit and Corporate Governance Committee has been assigned to act in accordance with the concept of The Committee of Sponsoring Organizations of The Treadway Commission (COSO).

The Board of Directors has set a policy and a guideline for anti-corruption and prohibits the directors, executives, and employees of the Company (including subsidiaries, associates, other controlled companies, business partners, and any person deemed to be an intermediary or agent of the Company) from execution, acceptance, or support for any forms of corruption both directly and indirectly, Mechanisms were developed to safeguard the whistleblower to urge the participatory actions of stakeholders in monitoring the Company's benefits more effectively.



Channels for notifying clues or filing grievances :

**- Email address :**

whistleblow@sorkon.co.th

**- Postal Address :**

The Chairman of Audit and  
Corporate Governance Committee  
S. Khonkaen Foods Public Company Limited 259/13  
Soi Pridi Banomyong 13, Sukhumvit 71 Road,  
Prakanong Nua Sub-district, Vadhana District,  
Bangkok 10110  
Letter to be put in a comment box.

**Principle 7 :** Maintain creditability in terms of finance and information disclosure;

The Board of Directors is aware of the roles and responsibilities for the financial statements and disclosures of important information that are accurate, adequate, timely and in accordance with relevant rules, standards and guidelines for financial credibility. and providing equal information to shareholders, financial institutions, securities companies Investors, including those who wish to use financial information and the general public This revelation covers every tactic the Company uses to communicate. such as annual reports and quarterly performance reports. published news press releases on the Company's website, including verbal communication. For monitoring the adequacy of financial liquidity and debt repayment capability, the Board of Directors has appointed the Audit Committee. and Corporate Governance, which is an independent director, is responsible for financial reports and internal control systems. Disclosure of the financial statements, the Board of Directors is responsible for the consolidated financial statements of the Company and its affiliated companies. Accounting transactions are prepared in accordance with generally accepted accounting standards in Thailand by choosing appropriate accounting policies and methods. that is consistently practiced

**Principle 8: Support participation and communication with shareholders.**

The Company's Board of Directors supervises the establishment of Shareholders' fundamental rights and rights to share certificates and share transfer rights and to receive sufficient information, timely and in an appropriate format, the right to attend and vote at the shareholders' meeting to decide on changes in the policy The Company and its shareholders' rights that the Board of Directors must seek approval from the shareholders' meeting. In this regard, the Board of Directors supervises the shareholders to receive the meeting invitation letter and information regarding the venue, date and time appropriately arranged by the Company, which will be delivered to the shareholders and

the registrar at least 7 days prior to the meeting. The notice of the meeting will be advertised in a newspaper at least 3 days before the meeting date and such information will be published on the website at least 1 month before the meeting.

The Company provides an opportunity for shareholders to propose meeting agendas and/or to nominate persons in advance for consideration to be elected as directors in advance of the date of the shareholders' meeting from October to December of every year. The Board of Directors also gave the shareholders an opportunity to ask questions at the meeting by recording questions and answers in the minutes of the meeting.

The full version of the Good Corporate Governance Policy can be found at <https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>

## Policies and Roles toward Shareholders and Stakeholders

### Policies and Roles toward Shareholders

1. The Company's Board of Directors supervises the establishment of Shareholders' fundamental rights.
  - 1.1 The rights in receiving the share receipt and share transfer and receipt of timely sufficient information and in the format appropriate for decision making with the impact on the Company and the shareholder themselves.
  - 1.2 The rights in attending the meeting and casting vote at the Shareholders' Meeting for making decision in the change of the Company's significant policies and in the shareholders' rights which the Company's Board of Directors need to obtain consent from the Shareholders' Meeting.
  - 1.3 The rights in election and withdrawal of the Company's Directors and to give consent to appoint the independent accounts auditor.
  - 1.4 The right in profit sharing
2. The Company's Board of Directors supervises for the Shareholders to receive the meeting invitation letter and information regarding the place, date, time duly organize by the Company including the meeting agenda accompanied by the Board of Directors' opinions and all other relevant information concerning agenda items for consideration. The invitation of meeting and accompanying notes shall be sent to the shareholders and the registrar at least 7 days prior to the meeting date. publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date and posted on the Company's website in advance of the meeting date.



3. On the agenda of the dividend payment, the Company's Board of Directors supervises for the Company to disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.
4. On the agenda of election of the Company's Directors, the Company's Board of Directors supervises for the Company to specify names and profiles of whom nominated for directors in the invitation letter and the shareholders are able to elect the Directors individually on basis one shareholder has one vote equivalent to one share for one vote
5. On the agenda of appointment of auditors, the Company's Board of Directors supervises to specify the relevant auditors' name, their company, and information enhancing the shareholders' consideration their competence and appropriateness, including the proposed audit fees in the meeting invitation letter.
6. The Company's Board of Directors supervises for the responsibilities of the Company's Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting in attending the shareholders' meeting to answer queries to the shareholders.
7. The Company's Board of Directors supervises for the Company to inform the shareholders of methods for voting and vote counting before the commencement of the meeting, arrange for persons to verify the vote counting in the shareholders' meeting, and disclose them in the minutes of the shareholders' meeting.
8. The Company's Board of Directors supervises for the Company to have the record in the minutes of the shareholders' meeting, the names of directors, the chairman of each sub-committee, and the Chief Executive Officers, who attend the shareholders' meeting as well as the resolutions and the affirmative, negative and abstaining votes for each agenda item that requires a resolution of the meeting.
9. The Company's Board of Directors supervises for the Company provide the shareholders with an opportunity to propose the meeting agenda and / or the names of persons nominated to be directors prior to the meeting date (October – December) and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
10. After the Shareholders' Meeting, the Company's Board of Directors supervises for the Company to provide facilities for the shareholders accessibility to the information relating to the consideration resolutions and the voting casting results of the meeting.
11. The Company's Board of Directors supervises for the Company to provide convenient facilities and supports to the shareholders including institutional investors attending the Shareholders' Meeting.
12. The Company's Board of Directors oversees to ensure that the shareholders have participated in the decisions making of the Company's significant issues.
13. The Company's Board of Directors has overseen the activity event on the date of the Shareholders' Meeting be conducted transparently and efficiently in good order conducive to the shareholders' capable exercises their rights.
14. The Company's Board of Directors has overseen for the disclosure of the meeting's resolutions and the preparation of the Shareholders' meeting minutes correctly and competently.
15. The Company's Board of Directors shall protect the shareholders' rights and treat the shareholders equally on which basis the shareholders have the right to cast vote according to the number of shares they have and have the equality in receiving the sufficiently and timely justified necessary information relating to the Company and the Company showing no bias to the shareholders of any particular group by giving the information that has not yet been disclosed.
16. The Company's Board of Directors supervises for the Company to provide the shareholders with the rights to attend the meeting and to vote by proxy. They are entitled also to receive documents and instructions for proxy together with the invitation letter of the meeting. Legal proxies who deliver the form of proxy to the directors at the meeting shall hold the right to attend the meeting and to vote as equally in all aspects as the shareholders. The shareholders can alternatively assign proxy to one of the independent directors to attend the meeting and to vote. In this regard, the shareholders hold the rights to receive the complete and appropriate profiles and works of each independent director for their consideration.
17. At the Shareholders' Meeting the Company's Board of Directors supervises for the Company to give the fair treatment to the shareholders.
18. The Company's Board of Directors supervises that before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company has already disclosed the details and rationale for such initiative to the shareholders.
19. The Company's Board of Directors supervises for the Company to disclose whether inter-related transactions are made fairly at a market value and in the normal business.
20. The Company's Board of Directors supervises for the Company to establish a policy requiring the directors and high-level management to report the Board of Directors or their assigned persons as regards the buying and selling the shares of their own company, at least one day in advance prior to the transaction date.



## Policies and Roles toward Shareholders

The Board of Directors is aware of the rights of stakeholders as required by law, including respect for human rights principles and fair treatment of workers. It also values community, society and the environment, and encourages collaboration between companies and stakeholders across the supply chain to work together to create wealth, create jobs and create wealthy businesses. Stable finances to enable mutual sustainable development in economic, social and environmental aspects. The committee confirmed that the rights of stakeholders are protected and treated well. In building competitive advantage and making profits to the Company, the Board of Directors takes into consideration benefits received and delivered to the stakeholders. The Board of Directors established a policy to treat every group of stakeholders in respect of the stakeholders' rights under the laws or any agreements with the Company and to refrain from any actions that could violate their rights. The Company has channels to receive clues or complaints in the event a stakeholder has sustained injury by an infringement of his/her rights. In this regard, there is a measure to compensate appropriately in accordance with the rights the stakeholder ought to have under the pertinent laws and there is also a process to consider and remedy defects or impacts that have arisen and to find guidelines for preventing a recurrence of the relevant incident.

## Roles toward Stakeholders

### 1. Roles toward Employees

The Company discerns the importance of employees who are regarded as valuable resources. Therefore, it treats all employees fairly and equally on the basis of human rights. There is no discrimination against colors, race, gender and religion. No child labor or illegal labor is used. It has the policy to manage wages and remuneration with adherence to equity and suitability for the job description, responsibilities and capability of each employee and such wages and remuneration are comparable to ones of companies in the same industry. It also has the policy to develop and improve the knowledge and ability of employees continuously for progress in their career. In addition, the Company has formulated a policy to take care of its working environment for safety to life and property of its employees in accordance with the laws and universal standards. Knowledge and training on safety and working environments are provided continuously to employees and individuals concerned.

### 2. Roles toward Customers

The Company insists on development of better goods and services constantly. The customers shall be provided with the right, adequate, and up-to-date information about the products and services without exaggeration, which could cause misunderstanding to the customers about quality, quantity, or any conditions of goods or services. Product pricing is properly set not to take advantage of consumers in compliance with the consumer protection laws. The Company attaches importance to quality control for delivery of quality products and services and complies in a transparent and equitable manner with contracts, agreements or conditions it has towards customers. It has made available systems or channels of communication so that customers may complain about the quality of products and services or their dissatisfaction and that the Company is able to satisfy the customers' needs promptly and maintain good and sustainable relationships with them. Also, it has cognizance of, is concerned about, pays attention to, and is responsible for customers in the case where they have suffered health or safety impacts that might result from the use of products / services of the Company.

### 3. Roles toward Business Partners and/or Creditors

The Company has determined clear, transparent and fair procedures for recruiting, selecting and assessing business partners, taking into consideration the maximum benefit to the Company, and shall treat its business partners and/or creditors on a fair and equal basis from which both parties receive mutual benefits. The Company shall adhere strictly to contracts or any terms and conditions as agreed. Should the Company is not able to follow any of the conditions, the business partners and/or creditors shall be promptly informed in advance to collaboratively resolve the issue.

### 4. Roles toward Trade Competitors

The Company shall conform to the rules of fair business competition. It shall refrain from dishonest or improper seeking for trade secrets of trade competitors, for example, bribery paid to employees of the competitors, and from ruining reputation of trade competitors by allegations against them. Also, it shall not do any acts which infringe intellectual property and copyrighted works of other persons or business partners.

### 5. Society, Community and Environment

The Company takes into consideration its role and responsibility to the society, community and environment in operating business. The Company constantly advocates activities for the benefits of community and society as a whole. It strictly complies with the concerning laws and regulations with care and accountability for the possible impact arising from the products, services, or operations of



the Company. It has cognizance of, is concerned about and pays attention to safety and quality of life of communities and society. It responds quickly and efficiently to events producing impacts on communities, society and the environment as a result of the conduct of activities of the Company by cooperating fully with government units and agencies concerned, participating in social responsibility regarding public interests, environment conservation, good interaction and community development. It does not support any activity that is harmful to society, communities, the environment or good morals. It supports and promotes activities that maintain decent customs, traditions and cultures, and it also campaigns for and cultivates consciousness and voluntary mind among employees so that they are responsible for society, communities and the environment, conserve resources and energies and use them efficiently and do not perform any acts that would produce harmful impacts on natural resources and the environment. This is to build society for ones to live happily together, develop virtues and ethics and maintain decent cultures with respect to

the working environment and atmosphere in both the factories and the office. The Company has made available places which are clean, orderly and healthy according to international standards. Standard environmental values are measured regularly at the time specified. Employees' habits are promoted and made in order that they have experience in doing activities for their awareness of and participation in the care, improvement and maintenance of the environment so that it is in an appropriate condition at all times. In addition, the Company will disclose the implementation of its policies as appropriate by preparing a social responsibility report for inclusion in its annual report and/or for presentation on its website.

#### **6. Public Sector**

The Company abides by pertinent laws, criteria, regulations and rules. It has good attitudes towards and has trust in government agencies, and it cooperates in being a good citizen and pays taxes correctly.

## **Business Code of Conduct**

The Board of Directors intends to support the development of the Company into an organization that operates business efficiently with corporate governance and the excellent business administration and runs its business responsibly, ethically, fairly, and transparently. The Board determines to create the greatest benefits to the shareholders taking into consideration the related stakeholders in order to build trustworthiness and to thrive sustainably together.

The Company set up a written corporate governance policy as guidelines for the directors, executives, employees, and other concerned people to follow. In addition, the Company established guidelines on the process of control and monitoring the compliance with the business code of conduct. The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company ([www.sorkon.co.th](http://www.sorkon.co.th)) under the heading "Corporate Governance".

To study the full business ethics at <https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>

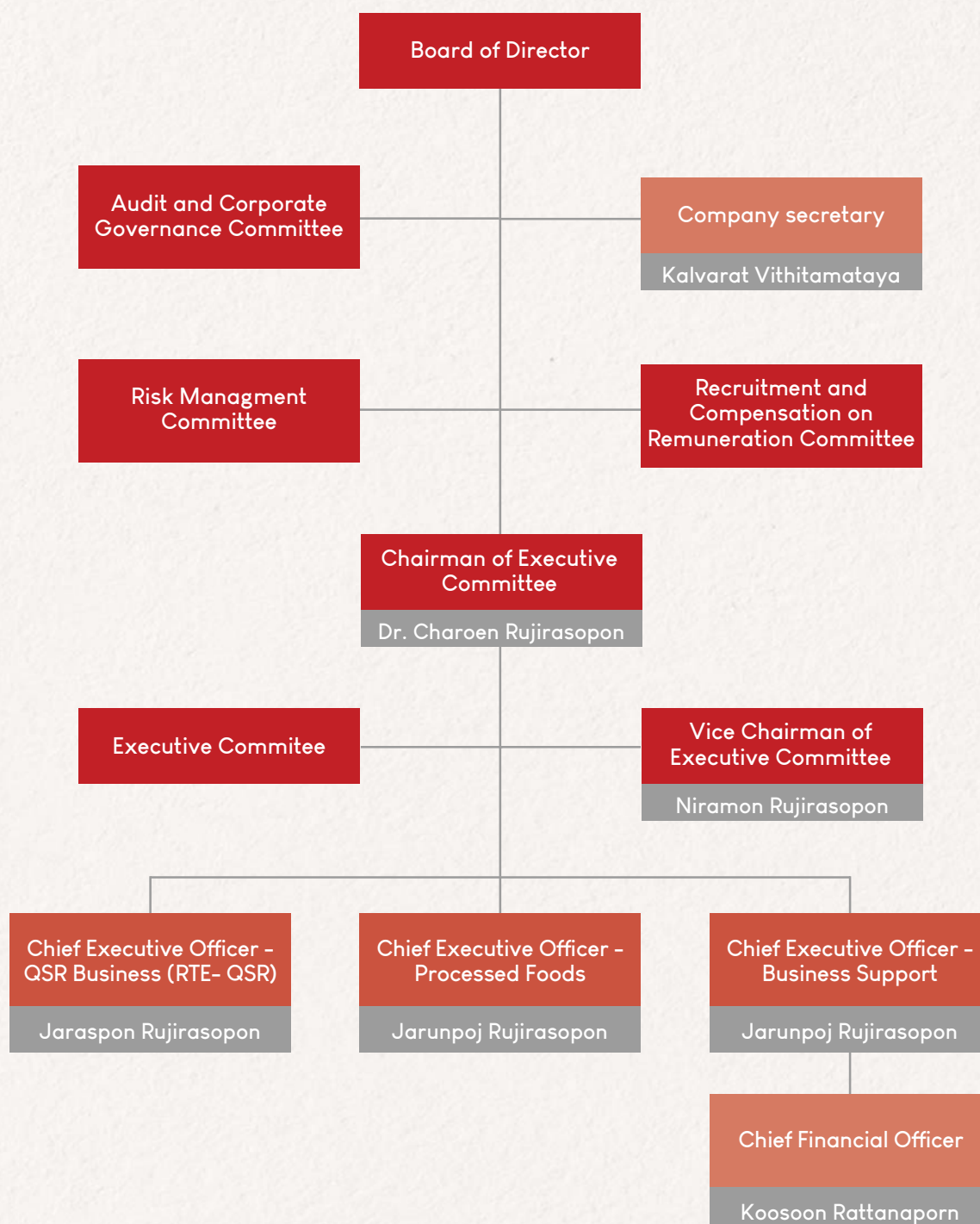
## **Major change and developments in policies, practices, and corporate governance**

The Board of Directors has the intention to promote good corporate governance and good management with integrity in business operation, transparency and accountability, therefore, has formulated a good corporate governance policy in accordance with the principles of good governance. Good Corporate Governance for Listed Companies 2012, developed from the OECD Principles of Corporate Governance. This is a universally accepted principle that has been used as a framework for the development of corporate governance principles of foreign countries. Such policies have been continuously reviewed and updated every year. In order to comply with the principles of good corporate governance for listed companies in the year 2017 prepared by the Stock Exchange of Thailand, as well as in accordance with the CGR (Corporate Governance Report of Thai Listed Companies) criteria, according to the Corporate Governance Survey Project. Thai listed company under the Thai Institute of Directors Association (IOD) updated in accordance with the policy of the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard).



# 12 Corporate Governance Structure

Organization chart





## Profile of Directors and Executives



# Dr. Thanong Bidaya

Age : 74 Years

- Director
- Chairman of the Board of Director and Independent Director

### Date of Appointment

June 30, 2018

August 9, 2018

### Educational Background :

- Ph.D. Management  
Northwestern University, U.S.A.
- M.S. Economics  
Northwestern University, U.S.A.
- B.A. Economics  
Yokohama National University,  
Japan

### Record of Training on Roles, Duties and Skills of a Director:

- Thai Institute of Directors Association
- Directors Accreditation Program (DAP) 25/2004

### Shareholding in the Company (%) :

- None -

### Family Relationship between Director and Executive Management :

- None -

### Director of other listed companies

(currently 3 companies)

- |                |   |
|----------------|---|
| 2008 - Present | Chairman of the Board of Director and Independent Director<br>TTW Public Company Limited        |
| 2012 - Present | Chairman of the Board of Director and Independent Director<br>CK Power Public Company Limited   |
| 2018 - Present | Chairman of the Board of Director<br>Property Perfect Public Company Limited                    |
| 2012 - 2020    | Chairman of the Board of Director and Independent Director<br>Scan Inter Public Company Limited |

### Directors of other companies

(currently 2 companies)

- |                |   |
|----------------|---|
| 2010 - Present | Chairman of the Board of Director<br>Xayaburi Power Company Limited       |
| 2020 - Present | Chairman of the Board of Director<br>Luang Pra Bang Power Company Limited |

### Years of Holding Office of Director :

3 Years and 6 Months

### Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Dr. Charoen Rujirasopon

**Age : 74 Years**

- Chairman of Executive Committee
- Recruitment and Compensation on Remuneration Committee

## Date of Appointment

November 12, 2012

February 24, 2014

## **Education Background :**

- M.S. Course on Social, Business and Political Leadership, Rangsit University
- B.A. Bachelor of Laws, Ramkhamhaeng University
- Honorary Degrees :
  - Ph.D. Honorary Doctorate Degree in Business Management from Western University
  - Doctor Degree Ph.D. in Social Change Universal Ministries of the King's College, Florida, United States of America
  - Ph.D. Honorary Doctorate of Science (Food Science and Technology), Rajamangala University of Technology Lanna
  - B.A. Honorary Bachelor of Home Economics in the field of foods and nutrition, Rajamangala University
  - B.A. Honorary Bachelor of Arts in Business Management, Chandrakasem Rajabhat University
- Certificate :
  - Certificate Course on High-Level Executives, Capital Market
  - Advanced Level Certificate Course on Public Sector Management and Public Law, King Prajadhipok's Institute

## **Record of Training on Roles, Duties and Skills of a Director :**

- Thai Institute of Directors Association
- Director Accreditation Program (DAP), Certificate Class 6/2003

## **Proportion of Shareholding in the Company (%) :**

98,981,860 shares or 30.61 percent

## **Relationship with the Company's Management :**

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

## **Director of other listed companies**

- None -

## **Directors of other companies**

(currently 8 companies)

- |                 |   |
|-----------------|---|
| 1988 - Presentm | Chairman<br>S K K Food Company Limited                  |
| 1994 - Present  | Chairman<br>S. Pasusat Company Limited                  |
| 2013 - Present  | Chairman<br>S. Khonkaen Foods (Netherlands) B.V.        |
| 2015 - Present  | Chairman<br>S. Khehakarn Company Limited                |
| 2015 - Present  | Chairman<br>Sor. Training Center Company Limited        |
| 2015 - Present  | Chairman<br>CNN Holding Company Limited                 |
| 2019 - Present  | Chairman<br>Mahachai Foods Company Limited              |
| 2020 - Present  | Chairman<br>Myeikc Sea Foods (Thailand) Company Limited |
| 1989 - 2018     | Director<br>Mahachai Food Processing Company Limited    |
| 2015 - 2018     | Chairman<br>Thai Home Food (Bangkok) Company Limited    |

## **Years of Holding Office of Director :**

9 Years

## **Other Business that May Result in a Conflict of Interests with the Company:**

- None -





# Mr. Worapon Lopansri

**Age : 57 Years**

- Director and Independent Director
- Chairman of the Audit and Corporate Governance Committee

## Date of Appointment

April 29, 2014  
May 12, 2014

## **Education Background :**

- Master's degree Master of Accountancy  
Thammasat University  
Certificate :
- Certificate Internal Auditor (CIA) No. 30858

## **Proportion of Shareholding in the Company (%) :**

80,000 shares or 0.0247 percent

## **Relationship with Company's Management :**

- None -

## **Record of Training on Roles, Duties and Skills of a Director :**

- Thai Institute of Directors Association  
Class 167/2012  
Director Certification Program (DCP)
- Class 45-2013  
Audit Committee Program (ACP)
- May 26, 2016  
"Enhancing Growth Through Governance in Family-Controlled Business"
- June 29, 2016  
Audit Committee Forum 2016 "New Auditor's Report; What is it for You?"
- September 5, 2016  
"Managing Technology and Disruption"
- October 5, 2017  
AC Forum 2017: "The Audit Committee's Role in Compliance and Ethical Culture Oversight"
- November 8, 2017  
Independent Director, Roles, Duties and Hopes of Individual Shareholders  
"Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance"
- November 12, 2018  
"Audit Committee Forum, Learn, unlearn and relearn - Audit Committee in the age of disruption"
- December 13, 2018  
IA Day "Connecting the world"
- October 26, 2021  
ESG : Opportunities and risks

## **Director of other listed companies**

(currently 1 company)

2016 - Present	Independent Director Audit Committee Member Firetrade Engineering Public Company Limited
2016 - 2016	Director Firetrade Engineering Public Company Limited

## **Directors of other companies**

- None -

## **Working Experience in 5 Years**

2005 - Present	Head of Internal Audit MSIG Insurance (Thailand) Public Company Limited
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## **Years of Holding Office of Director :**

7 Years and 8 Months

## **Other Business that May Result in a Conflict of Interests with the Company :**

- None -





# Mr. Prasarn Marukpitak

Age : 74 Years

- Director and Independent Director
- Audit and Corporate Governance Committee

## Date of Appointment

May 25, 1994

February 24, 2014

## Education Background :

- Bachelor of Arts Political Science  
Chulalongkorn University

## Record of Training on Roles, Duties and Skills of a Director :

- Thai Institute of Directors Association  
Certificate Class 29/2004  
Director Accreditation Program (DAP)
- Certificate Class 84/2007  
Director Certification Program (DCP)

## Proportion of Shareholding in the Company (%) :

- None -

## Relationship with Company's Management :

- None -

## Director of other listed companies

- None -

## Directors of other companies

(currently 1 company)

- |                |   |
|----------------|---|
| 1988 - Present | Chairman<br>Business Life Company Limited |
|----------------|---|

## Working Experience in 5 Years

- |                |  |
|----------------|--|
| 1981 - Present | Business Narrator, Government<br>and State Enterprises |
|----------------|--|

## Years of Holding Office of Director :

27 Years and 7 Months

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Mr. Chusak Vijakhana

**Age : 71 Years**

- Director
- Independent Director
- Audit and Corporate Governance Committee
- Recruitment and Compensation on Remuneration Committee
- Risk Management Committee

## Date of Appointment

November 23, 2004  
February 28, 2010  
February 24, 2014  
February 24, 2014  
March 23, 2017

## **Education Background :**

- B.A. Bachelor of Laws (Hon.),  
Thammasat University

## **Record of Training on Roles :**

- Thai Institute of Directors Association  
Class 43/2005  
Director Accreditation Program (DAP)

## **Proportion of Shareholding in the Company (%) :**

- None -

## **Relationship with the Company's Management :**

- None -

## **Director of other listed companies**

(currently 1 company)

- 1999 - Present Director  
Mahachai Hospital Public  
Company Limited

## **Directors of other companies**

(currently 4 companies)

- 2000 - Present Managing Director  
P.S.D. & Associate Company  
Limited
- 2014 - Present Director  
Wealthy Health Care  
Company Limited
- 2014 - Present Director  
Thai Value Care Company  
Limited
- 2014 - Present Director  
Chao Phya Hospital Public  
Company Limited
- 2016 - 2017 Director  
Mahachai Food Processing  
Company Limited

## **Working Experience in 5 Years**

- 2014 - 2020 Managing Director  
Marvel Media Company Limited

## **Years of Holding Office of Director :**

17 Years

## **Other Business that May Result in a Conflict of Interests with the Company :**

- None -





# Mr. Charoenphan Phantumonkol

**Age : 90 Years**

Date of Appointment

- Director and Independent Director

January 11, 2000

- Chairman of Recruitment and

February 24, 2014

Compensation on Remuneration Committee

## **Educational Background: :**

- Bachelor's degree Higher Certificate of Accountancy (Equivalent to BA), Thammasat University
- Certified Public Accountant (CPA)

## **Proportion of Shareholding in the Company (%) :**

- None -

## **Relationship with the Company's Management :**

- None -

## **Record of Training on Roles, Duties and Skills of a Director :**

- Thai Institute of Directors Association Class 29/2004 Director Accreditation Program (DAP)
- Other institute
- Internal Control and Risk Management (SET)
- TAS 2013 – 2014 (Federation of Accounting Professions)
- IAS 39 Financial Instruments : Recognition and Measurement (Federation of Accounting Professions)
- Hedge Accounting (Federation of Accounting Professions)

## **Director of other listed companies :**

- None -

## **Directors of other companies**

- None -

## **Years of Holding Office of Director :**

22 Years

## **Other Business that May Result in a Conflict of Interests with the Company :**

- None -





# Miss Panchama Vipamas

**Age : 70 Years**

- Director
- Independent director

Date of Appointment

2015

July 20, 2017

## **Educational Background :**

- Master's degree M.B.A.,  
Thammasat University
- Master's degree Master of Accountancy  
Chulalongkorn University
- Bachelor's degree Bachelor of Laws  
Sukhothai Thammathirat  
Open University
- Bachelor's degree Bachelor of Accountancy  
Chulalongkorn University

## **Record of Training on Roles, Duties and Skills of a Director:**

- Thai Institute of Directors Association
- Certificate Class 280/2019  
Director Certification Program (DCP)

## **Proportion of Shareholding in the Company (%) :**

113,750 shares or 0.0352 percent

## **Relationship with the Company's Management :**

- None -

## **Director of other listed companies**

- None -

## **Directors of other companies**

- None -

## **Working Experience in 5 Years**

2006 - present	Certified Public Accountant
2017 - present	Group Internal Auditor Group of Sandi-dhamma Foundation
2014 - 2017	Risk Management S. Khonkaen Foods Public Company Limited
2015 - 2016	Accounting & Finance Deputy Managing Director C.J. Express Group Company Limited
2013 - 2015	Director (Cash Management) Carabao Group <ul style="list-style-type: none"> <li>- Carabao Group Company Limited</li> <li>- Carabao Tawandang Company Limited</li> <li>- Tawandang DCM Company Limited</li> <li>- Asia Pacific Glass Company Limited</li> </ul>

## **Years of Holding Office of Director :**

7 Years

## **Other Business that May Result in a Conflict of Interests with the Company :**

- None -





# Mrs. Niramon Rujirasopon

Age : 70 Years

- Executive Director

- Vice Chairman of Executive Committee 2020

Date of Appointment

May 25, 1994

## Education Background :

- Bachelor's degree Bachelor of Economics (Industrial Economics), Ramkhamhaeng University

## Record of Training on Roles, Duties and Skills of a Director :

- Thai Institute of Directors Association
- Certificate Class 60/2007 Director Accreditation Program (DAP)
- Certificate Class 160/2012 Director Certification Program (DCP)

## Proportion of Shareholding in the Company (%) :

45,403,550 shares or 14.039 percent

## Relationship with the Company's Management :

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

## Director of other listed companies

- None -

## Directors of other companies

(currently 7 companies)

1989 - Present	Director S K K Food Company Limited
1994 - Present	Director S. Pasusat Company Limited
2013 - Present	Director S. Khonkaen Foods (Netherlands) B.V.
2015 - Present	Director S. Khehakarn Company Limited
2015 - Present	Director Sor. Training Center Company Limited
2015 - Present	Director CNN Holding Company Limited
2019 - Present	Director Mahachai Foods Company Limited
2015 - 2018	Executive Director Thai Home Food (Bangkok) Co., Ltd.
1989 - 2018	Director Mahachai Food Processing Company Limited

## Work experience for the past 5 years

2008 - Present	Chairman of the Board Thai Food for International Trade Employee's
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## Years of Holding Office of Director :

27 Years and 7 Months

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Mr. Jaraspon Rujirasopon

Age : 39 Years

- Executive Director
- Chief Executive Officer
- QSR Business (RTE - QSR)

## Date of Appointment

August 14, 2008

February 25, 2020

## Education Background :

- Master's degree M.B.A. (Marketing)  
Aston University,  
Birmingham, UK
- Bachelor's degree Bachelor of Arts in  
Communication Management,  
Chulalongkorn University

## Record of Training on Roles, Duties and Skills of a Director :

- Thai Institute of Directors Association  
Certificate Class 17/2012  
Financial Statement for Directors (FSD)
- Certificate Class 105/2013,  
Director Accreditation Program (DAP)
- Certificate Class 216/2016  
Director Certification Program (DCP)

## Proportion of Shareholding in the Company (%) :

13,850,580 shares or 4.28 percent

## Relationship with the Company's Management :

Son of Dr. Charoen Rujirasopon  
Son of Mrs. Niramon Rujirasopon  
Brother of Mr. Jarunpoj Rujirasopon  
Mr. Thanakrit Rujirasopon's first cousin

## Director of other listed companies

- None -

## Directors of other companies

(currently 3 companies)

2015 - Present	Executive Director CNN Holding Company Limited
2015 - Present	Executive Director S. Khehakarn Company Limited
2015 - Present	Executive Director Sor. Training Center Company Limited
2015 - 2018	Executive Director Thai Home Food (Bangkok) Company Limited

## Years of Holding Office of Director :

13 Years and 4.5 Months

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Mr. Jarunpoj Rujirasopon

Age : 35 Years

- Executive Director
- Chairman of the Risk Management Committee
- Chief Executive Officer Processed Foods and Business Support

## Date of Appointment

April 27, 2015

March 23, 2017

February 25, 2020

## Education Background :

- Bachelor's degree Business Administration  
Major in Finance,  
Faculty of Commerce and  
Accountancy,  
Chulalongkorn University

## Director of other listed companies

- None -

## Directors of other companies

(currently 5 companies)

2016 - Present Executive Director  
Mahachai Foods Company Limited

2015 - Present Executive Director  
CNN Holding Company Limited

2015 - Present Executive Director  
S. Khehakarn Company Limited

2015 - Present Executive Director  
Sor. Training Center Company  
Limited

2021 - Present Managing Executive Director  
S. Pasusat Company Limited

2015 - 2018 Executive Director  
Thai Home Food (Bangkok)  
Company Limited

2008 - 2020 Executive Director  
Earth Wealth Mining  
Company Limited

## Record of Training on Roles, Duties and Skills of a Director

- Thai Institute of Directors Association
- Certificate Class 129/2016  
Director Accreditation Program (DAP)

## Proportion of Shareholding in the Company (%) :

14,063,580 shares or 4.35 percent

## Relationship with the Company's Management :

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

## Years of Holding Office of Director:

6 Years and 8 Months

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Mr. Thanakrit Rujirasopon

**Age : 56 Years**

- Executive Director
- Chief Executive Operation (International Business)

Date of Appointment

April 29, 2013

October 1, 2019

## **Education Background :**

- Bachelor's degree Bachelor of Engineering (Mechanical Engineering), Prince of Songkla University

## **Director of other listed companies**

- None -

## **Directors of other companies**

- None -

## **Record of Training on Roles, Duties and Skills of a Director :**

- Thai Institute of Directors Association Certificate Class 6/2003 Director Accreditation Program (DAP)

## **Years of Holding Office of Director :**

8 Years and 8 Months

## **Proportion of Shareholding in the Company (%) :**

- None -

## **Other Business that May Result in a Conflict of Interests with the Company :**

- None -

## **Relationship with the Company's Management :**

Nephew of Dr. Charoen Rujirasopon  
Mr. Jaraspon Rujirasopon 's cousin  
Mr. Jarunpoj Rujirasopon 's cousin





# Mrs. Sirilak Chaiwattanaprapa

Age: 61 Years

- Executive Director

Date of Appointment

May 13, 2016

## Education Background :

- Bachelor's degree Bachelor of Business Management (Advertising and Public Relation), Ramkamhaeng University

## Record of Training on Roles, Duties and Skills of a Director :

- Thai Institute of Directors Association
- Certificate Class 277/2019 Director Certificate Program (DCP)

## Proportion of Shareholding in the Company (%)

- None -

## Relationship with the Company's Management :

- None -

## Director of other listed companies

- None -

## Directors of other companies

- None -

## Working Experience in 5 Years

2021 - Present	Director of Sales (Modern Trade) Mahachai Foods Company Limited
2016 - 2021	Director of Sales (Domestic) S. Khonkaen Foods Public Company Limited

## Years of Holding Office of Director :

4 Years and 8 Months

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Mr. Koosoon Rattanaporn

Age: 42 Years

- Chief Financial Officer

Date of Appointment

May 1, 2021

## Education Background :

- Bachelor's degree Accounting,  
Chiang Mai University

## Record of Training on Roles, Duties and Skills of a Director :

- None -

## Certificate :

- Thai Institute of Directors Association  
Certificate Class 113/2019  
Company Secretary Program (CSP)

## Proportion of Shareholding in the Company (%) :

- None -

## Relationship with the Company's Management :

- None -

## Director of other listed companies

- None -

## Directors of other companies

(Currently 1 Company)

2021 – Present	Director Above International Company Limited
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## Working Experience in 5 Years

2012 - 2021	Chief Financial Officer Taokaenoi Food and Marketing Public Company Limited
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## Years of Holding Office of Director :

-

## Other Business that May Result in a Conflict of Interests with the Company :

- None -





# Miss Kalvarat Vithitamataya

Age: 67 Years

- Secretary to Board of Directors
- Company Secretary

Date of Appointment

September 19, 1994

August 13, 2008

## Education Background :

- Master in Business Administration (EMBA)  
National Institute of Development Administration
- Bachelor Degree Laws,  
Ramkhamhaeng University

## Director of other listed companies

- None -

## Directors of other companies

- None -

## Record of Training on Roles, Duties and Skills of a Director :

- None -

## Years of Holding Office of Director :

-

## Other Business that May Result in a Conflict of Interests with the Company :

- None -

## Certificate :

- Thai Institute of Directors Association  
Certificate Class 101/2019  
Company Secretary Program (CSP)

## Proportion of Shareholding in the Company (%) :

- None -

## Relationship with the Company's Management :

- None -



## Structure of Corporate Governance

The Board of Directors recognizes the benefits of diversity among directors and considers it to be one of the most key factors in enhancing efficiency the Board's decision-making and performance.

However, diversity encompasses not only gender but also age, educational background, professional experience, skills, and knowledge. Therefore, the nomination and consideration of the Company's directors is based on expertise and competence, and selection criteria that consider the benefits of diversity are used to ensure effective operations and a diverse range of ideas, among other things.

The Company's management structure consists of the Board of Directors and four sub-committees, as follows:

### The Board of Directors

As of December 31, 2021, the Company's Board of Directors is comprised of twelve directors, of which 6 are independent directors, accounting for 50% of the total number of directors, and 6 non-Executive Directors, accounting for 50% of the total number of directors. The following are the items on the list:

- |                                    |   |
|------------------------------------|---|
| 1. Dr. Thanong Bidaya              | Chairman of the Board of Directors and Independent Director |
| 2. Dr. Charoen Rujirasopon         | Director and Chief Executive Officer                        |
| 3. Mr. Worapon Lopansri            | Director and Independent Director                           |
| 4. Mr. Prasarn Marukpitak          | Director and Independent Director                           |
| 5. Mr. Chusak Vijakkhana           | Director and Independent Director                           |
| 6. Mr. Charoenphan Phantumongkol   | Director and Independent Director                           |
| 7. Ms. Panchama Vipamas            | Director and Independent Director                           |
| 8. Mrs. Niramon Rujirasopon        | Director and Deputy Chief Executive Officer                 |
| 9. Mr. Jaraspon Rujirasopon        | Executive Director  |
| 10. Mr. Jarunpoj Rujirasopon       | Executive Director  |
| 11. Mr. Thanakrit Rujirasopon      | Executive Director  |
| 12. Mrs. Siriluck Chaiwattanaprapa | Director  |

with Ms. Kalvarat Vithitamataya is the Company Secretary.





## Directors

Mr. Charoen Rujirasopon and Mrs. Niramon Rujirasopon co-sign and affix the Company's seal, or Mr. Charoen Rujirasopon or Mrs. Niramon Rujirasopon, any of them sign with Mr. Jaraspon Rujirasopon or Mr. Thanakrit Rujirasopon, or Mr. Jarunpoj Rujirasopon, a total of two people, and affix the Company's seal.

## Authorization of the Board of Directors

The Board of Directors has the authority to approve:

- the objectives related to business of the Company
- Laws, regulations, and shareholder resolutions for the Company

The approval authority between the Board of Directors and executives in clearly defined areas such as personnel management, finance, and accounting.

## Roles and responsibilities of the Board of Directors

The shareholders appoint the Board of Directors to supervise the business in accordance with the Company's objectives within the scope stipulated in the Company's articles of association and the resolutions of the shareholders' meeting with honesty and impartiality to properly comply with the relevant laws and regulations. The Board of Directors may appoint one or more directors, or any other person may perform any act on its behalf; however, such delegation of powers must be within the scope of the Board's powers, and the authorized person's powers and duties.

The Board of Directors oversees management to ensure that they are operating in accordance with the goals, strategies, and plans approved by the Board of Directors for consideration and approval on important matters relating to the Company's operations. It consists of policies and business plans, risks, work plans, and budgets, as well as supervising management to ensure that established policies are followed with efficiency and effectiveness for the benefit of the Company and all stakeholders. The Executive Officers will be delegated powers and responsibilities in daily administration by the Board of Directors. The powers and duties are clearly distinct from those of the Chairman of the board and the Chief Executive Officer. Furthermore, the Board of Directors has formed various sub-committees to manage specific tasks, such as hiring external experts or consultants to provide opinions or suggestions on matters relating to the operation of the Company as necessary and reasonable at the Company's expense.

Furthermore, the Board of Directors has appointed a company secretary to advise and assist the Board of Directors by taking responsibility for ensuring that the Board of Directors complies with rules, regulations, and corporate governance processes to coordinate and assist in treating the Company's shareholders appropriately.

## The following criteria were used in the selection of preliminary directors:

1. Specialized knowledge that requires skills, experience, and special abilities that are useful to the Company, such as related industries, financial accounting, information technology, audit, and risk management, and so on, to ensure that the qualifications of individuals nominated are in line with the Company's short-term and long-term business strategies, with an awareness of driving the organization towards goals based on missions.
2. Gender diversity
3. Not possessing any prohibited characteristics as defined by applicable laws.
4. In the case of independent directors, they must meet the qualifications announced by the Capital Market Supervisory Board.
5. Holding a directorship in no more than five Thai listed companies.
6. In the previous two years, the director must not have been an employee or partner of an external audit firm used by the Company. The shareholders of the Company can nominate a qualified person to serve as the Company's director in accordance with the rules announced by the Company through the Stock Exchange of Thailand prior to the shareholders' meeting with the agenda for the appointment of the Company's directors.

## Tenure

1. Every annual general meeting of shareholders required by the Public Company Limited Act B.E. 2535 and the Company's Articles of Association. One-third of the board's total number of directors must retire. If the number of directors divided into exactly three parts does not fit, the number closest to one-third of the board will be issued, with the longest-serving committee retiring and the directors who retire by rotation may re-appointed to their former position.



2. If a director's position becomes vacant for reasons other than retirement by rotation, the Board of Directors shall consider appointing a person with qualifications and no prohibited characteristics under Section 68 of the Public Limited Companies Act B.E. 2535 to become a replacement director at the Board of Directors' meeting. The person who replaces the director will serve as director only for the remainder of the term of the director they replace.

## **The Board of Directors has the following powers and duties:**

1. Determine the Company's direction, goals, and business policies.
2. Perform duties with honesty and integrity in accordance with the law, objectives, and articles of association of the Company, as well as the resolutions of the Board of Directors and the resolutions of the shareholders' meeting and be careful to protect the interests of the Company, except in matters that require approval from the shareholders' meeting before proceeding. For example, matters required by law to be resolved by the shareholders' meeting connecting transactions, as well as purchasing or selling important assets in accordance with Thai Stock Exchange regulations.
3. Consider, approve, and review the Company's vision and mission every fiscal year.
4. Examine and approve policies, plans, and budgets, administrative structure, administration, corporate governance policy, and any other items prescribed by the Thai Stock Exchange or required by law.
5. Consider and approve items other than those that the Board of Directors has allowed the Chief Executive Officer to do or items, which required by law, rules, or the Company's regulations and required approval from the Board of Directors or the Company's shareholders' meeting.
6. Establish an internal control system for the Company's operations, financial reporting, and compliance with laws, regulations, policies, and procedures, and charge the internal audit unit with auditing compliance in accordance with the said internal control system and reporting to the audit and corporate governance committee.
7. Appoint the Chief Executive Officer and oversee the Chief Executive Officer's performance in accordance with the Company's corporate governance policy within the scope of the authority delegated by the Board of Directors and evaluate the Chief Executive Officer's performance annually for consideration of the Chief Executive Officer's remuneration.
8. Appoint directors to serve as directors in subsidiaries to oversee the operations of the subsidiaries and achieve the objectives of investing in those subsidiaries.
9. Appoint the Audit and Corporate Governance Committee, Executive Director, and various sub-committees, such as the Risk Management Sub-committee, Recruitment and Compensation on Remuneration Committee, and so on, to assist the Board of Directors in achieving the objectives set by the members of the sub-committees, who are mostly independent directors, as is the chairperson of the sub-committees.
10. Supervise management to ensure that policies, plans, and budgets.
11. Provide dependable accounting, financial reporting, and auditing systems, including ensuring an effective internal control system and internal auditing.
12. Supervise the Company to ensure that it has a comprehensive risk management system in place, as well as effective risk management, reporting, and monitoring processes.
13. In the annual report, include a report on the Board of Directors' responsibility for financial report preparation, as well as the auditor's report.
14. Treat shareholders and stakeholders with fairness, including consideration of conflicts of interest, transparency in operations, and adequate disclosure of information.
15. Consider the remuneration of the directors and bring various issues to the shareholders' meeting for discussion.
16. Appoint a company secretary to assist the board and the Company in conducting various activities such as meetings, board, and shareholder meetings, and providing regular advice to directors and the Company on how to conduct themselves and operate their business in accordance with the relevant laws and regulations.



## Independent Directors

### The following qualifications are required of independent directors

1. Do not own more than one percent of the voting shares in the Company or its subsidiaries, including shares held by related persons.
2. Do not participate in the management of the Company, affiliates, associated companies, or companies related to the Company's major shareholders, and do not work as an employee, officer, or consultant for the Company, affiliated companies, associated companies, or companies related to the Company's major shareholders.
3. Must be a person with no benefits or interests, whether directly or indirectly, in finance and management of the Company, affiliated companies, associated companies, or major shareholders of the Company, and is a director who has had no benefits or interests in the aforementioned manner in the previous two years, unless the Board of Directors has carefully considered that having interests or conflicts of interest will not interfere with the performance of duties or the provision of independent opinions.
4. Must not be a related person or a close relative of the Company's executive or major shareholder.
5. Must not be appointed as a representative to protect the interests of the Company's directors, major shareholders, or shareholders related to the Company's major shareholders.
6. Capable of performing duties, expressing opinions, or reporting on performance in accordance with the duties assigned by the Board of Directors without being controlled by the Company's management or major shareholders, including related persons or close relatives of such person.

If an independent director's position becomes vacant for reasons other than retirement by rotation and the remaining term of office is more than two months, the Board of Directors shall appoint a replacement director who meets the qualifications and does not possess any prohibited characteristics under the law. The resolution must be approved by not less than three-fourths of the remaining directors at the next Board meeting, and the newly appointed directors shall serve only for the remainder of the term of the director who they replace.

The following are the roles, duties, and responsibilities of the Chairman of the Board of Directors, Chief Executive Officer or Managing Director, and Company Secretary as defined by the Board of Directors:

## Chairman of the Board

1. Responsible as the leader of the Board of Directors in overseeing, monitoring, and supervising the Executive Director's management and the performance of the sub-committees to fulfill the plan's objectives.
2. Support and encourage the Board of Directors to do their jobs to the best of their ability, in accordance with the scope, powers, obligations, and responsibilities, as well as the laws and good corporate governance standards.
3. Participate in the agenda-setting process with the Board of Directors and/or the Chief Executive Officer.
4. Convene the Board of Directors meeting and oversee the distribution of the meeting invitation letter and other documents so that the Board of Directors receives adequate and timely information.
5. Serve as the Chairman of the Board of Directors' and shareholders' meetings, as well as supervise the meetings to ensure that the regulations and agendas.
6. Support and provide opportunities for directors to express themselves independently and equally, including controlling issues in discussions and meeting resolutions.
7. If the Board of Directors meeting has equal votes and votes from both parties, the casting vote will be used.
8. As required by law, perform the duties of the Chairman of the Board of Directors.

## Chief Executive Officer or Managing Director

1. Manage the Company's business in accordance with the Board of Directors' meeting's objectives, rules, policies, regulations, requirements, orders, and resolutions, or the shareholders' meeting's resolutions.
2. Execute or operate with efficiency and effectiveness in accordance with the policies, plans, and budgets approved by the Board of Directors.
3. Execute the preparation and delivery of the Company's business policies, including plans and budgets, to the Board of Directors for approval, and regularly report to the Board of Directors on progress in accordance with the approved plans and budget.
4. Supervise, contact, order, execute, and sign any legal acts, contracts, documents, orders, notices, or letters used to communicate with other agencies or individuals to ensure the efficiency and effectiveness of the Company's operations.



5. Supervise officers and employees, including recruiting, appointing, dismissing, postponing, reducing, or cutting salaries or wages, disciplinary action, and dismissal in accordance with the Board of Directors' regulations, requirements, or orders, or as specified by the Company.
6. The authority to delegate or assign another person to perform a specific task on his behalf by sub-delegating or assigning such assignment within the scope of the authorization under the power of attorney or in accordance with the rules, requirements, or orders of the Board of Directors of the Company or the Company specified.
7. In accordance with the Company's ethical and business code of conduct, be a leader and a role model.

### **Company Secretary**

1. Support the Chairman of the Board of Directors in the preparation and conduct of the Board of Directors' meeting.
2. Follow up on changes in corporate governance regulations, laws, and developments, including notifying the Board of Directors for acknowledgement.
3. Assist the board of directors of the Company in being aware of the stakeholders and taking social responsibility when making decisions
4. Serving as a representative to the Chairman of the Board of Directors and the Board of Directors.
5. Be the primary point of contact and consultant for the Company's directors on all matters pertaining to the Company.
6. Supervise the Company's compliance with the annual report's disclosure criteria.
7. Supervise the Company's compliance with Thai Stock Exchange regulations, including acting as a point of contact for regulatory agencies.
8. Be the focal point for dealing with investors, particularly in terms of governance.
9. Prepare information for new company directors, such as explaining their roles, duties, and responsibilities as directors of the Company.
10. Encourage the Company's directors to recognize their role in the disclosure of the Company's information to avoid disclosing information that misleads the market.
11. Be a document keeper as required by law.
12. Assist in the preparation of the shareholders' general meeting.

## **Sub-committees**

According to the rules prescribed by the Office of the Securities and Exchange Commission, the Board of Directors consists of twelve members, including six independent directors, constituting more than one-third of the entire board of directors. This will create balance in voting on various issues, as well as four sub-committees, as follows

1. Audit and Corporate Governance Committee
2. Recruitment and Compensation on Remuneration Committee
3. Risk Management Committee
4. Board of Directors

### **Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee includes of three independent directors, who are as follows:

1. Mr. Worapon Lopansri  
Chairman of the Audit and Corporate Governance Committee
2. Mr. Prasarn Marukpitak  
Audit and Corporate Governance Committee
3. Mr. Chusak Vijakkhana  
Audit and Corporate Governance Committee

with Ms. Supaporn Khamsai is the secretary of the Audit and Corporate Governance Committee.

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee, has 35 years of knowledge and experience in accounting, finance, and auditing, and as Chairman of the Audit and Corporate Governance Committee in 2021, he conducted a review of the Company's financial statements.

### **Tenure**

Members of the Audit and Corporate Governance Committee serve two-year terms, and those whose terms have expired can re-appointed to the Audit and Corporate Governance Committee.



**The following are the scope of authority and responsibilities**

1. Review for the Company financial reporting is accurate and sufficient.
2. Examine to ensure that the Company has an appropriate and effective corporate governance, risk management, internal control, internal audit, and anti-corruption system, and always consider the independence of the internal audit unit before giving approval to consider appointing, relocating, dismissing, or evaluating the performance of the head of the internal audit unit or any other unit responsible for internal audits.
3. Examine the Company's compliance with the Securities and Exchange Act, including the Stock Exchange of Thailand's regulations and the laws applicable to the Company's business.
4. Consider, select, and nominate an independent person to function as the Company's auditor, and propose such person's remuneration, which includes attending the auditor's meeting at least once a year without management present.
5. Consider connected transactions or the transactions that may have conflicts of interest in accordance with Thai Stock Exchange laws and regulations to ensure that such transactions are reasonable and in the best interests of the Company.
6. Prepare an Audit and Corporate Governance Committee report and include it in the Company's annual report, which must be signed by the Chairman of the Audit and Corporate Governance Committee and contain at least the following information
  - a. Opinions on the Company's financial reports' accuracy, completeness, and credibility.
  - b. Opinions on the Company's internal control system's sufficiency.
  - c. Opinions on compliance with Securities and Exchange Act regulations or laws relevant to the Company's operations
  - d. Opinions on the suitability of the auditor.
  - e. Opinions on transactions involving potential conflicts of interest.
  - f. The number of Audit and Corporate Governance Committee meetings and the attendance of each Audit and Corporate Governance Committee member at each meeting.
  - g. Opinions or general observations received by the Audit and Corporate Governance Committee while performing its duties under the Charter.
- h. Other items that shareholders and general investors should be aware of under the Board of Directors' scope of duties and responsibilities.
7. Create a good corporate governance policy that is appropriate for the Company within the scope of laws, criteria, rules, and regulations of regulatory agencies such as the Stock Exchange of Thailand Office of the Securities and Exchange Commission, relevant agencies, and guidelines for good corporate governance based on international standards for submission to the Board of Directors for approval.
8. For practical and continuity reasons, supervise and advise the Company's directors and executives on how to perform their duties and responsibilities in accordance with the good corporate governance policy.
9. Regularly review and update the good corporate governance policy to ensure that the Company's good corporate governance policy is in accordance with international best practices as well as the Company's laws, criteria, regulations, rules, and business.
10. Monitor and report to the Board of Directors, shareholders, and general investors on the implementation of good corporate governance policies.
11. Recommend requirements and guidelines for conducting business ethics and codes of conduct, as well as codes of conduct for the Company's directors, executives, and employees
12. As needed, a working group can form to support good corporate governance.
13. With the approval of the Audit and Corporate Governance Committee, perform any other duties as assigned by the Board of Directors.
14. In carrying out the Audit and Corporate Governance Committee's duties, if it is discovered or suspected that there are transactions or actions that may have a material impact on the Company's financial position and performance, the Board of Directors shall Audit and corporate governance report to the Board of Directors for improvement within the time that the Audit and Corporate Governance Committee deems appropriate. If the Board of Directors or management does not make the required corrections within the time frame, one of the Audit and Corporate Governance Committees may report such transactions or actions to the Securities and Exchange Commission or the Thai Stock Exchange.



## Recruitment and Compensation on Remuneration Committee

On February 24, 2014, the Board of Directors established the Recruitment and Compensation on Remuneration Committee. The Recruitment and Compensation on Remuneration Committee includes of three directors, including the Chairman of the Recruitment and Compensation on Remuneration Committee and one other director. There are two independent directors and one Executive Director, whose names are as follows

1. Mr. Charoenphan Phantumongkol  
Chairman of the Nomination and Remuneration Committee
2. Mr. Chusak Vijakkhana  
Recruitment and Compensation on Remuneration Committee
3. Dr. Charoen Rujirasopon  
Recruitment and Compensation on Remuneration Committee

with Miss. Kalvarat Vithitamata is the secretary of the Recruitment and Compensation on Remuneration Committee.

### Tenure

The Chairman of the Recruitment and Compensation on Remuneration Committee and each member of the Recruitment and Compensation on Remuneration Committee shall serve for a two-year term beginning with the date of election or by the term of being a director of the Company for continuity of work. If any director wishes to resign from the position, the term of office may change with the approval of the Board of Directors, and the retired director may be re-elected with the approval of the Board of Directors. A written request must made to the Board of Directors by December 31, 2021, before the end of the term.

### Charter of the Recruitment and Compensation on Remuneration Committee

Board of Directors has approved the Recruitment and Compensation on Remuneration Committee charter in writing, stipulating the following duties and responsibilities:

#### A. Recruitment

1. Consider the appropriateness of the Board of Directors' and subcommittees' composition.
2. Determine policies, criteria, and methods for director nomination to be presented to the Board of Directors for approval.
3. Recruit, select, and nominate qualified individuals to serve as directors of the Company, directors on various sub-committees of the Company, and the highest-level executives to the Board of Directors for consideration if such positions become vacant.
4. Other duties delegated by the Board of Directors

#### B. Responsibilities of Consideration and Remuneration

1. Propose remuneration policies, guidelines, and other benefits for the Board of Directors and various sub-committees, including top management, in accordance with their responsibilities and the Company's performance. And, if it is deemed appropriate to depart from the previously approved resolution of the shareholders' meeting, the matter shall be submitted to the Company's directors for consideration before being presented to the shareholders' meeting for consideration and approval for further amendments.
2. Consider the payout information of other businesses in the same industry as the Company.
3. Determine the guidelines for the Board of Directors', various subcommittees', and top management's yearly performance evaluations, and present the results to the Board of Directors and include them in the annual report.
4. Other responsibilities delegated by the Board of Directors

### Criteria and procedure for appointing new top management and directors.

In the event that the Company's board of directors or high-level executives become vacant, the Company's transparent criteria and procedures for nominating directors and high-level executives, namely the Recruitment and Compensation on Remuneration Committee, will be responsible for considering the selection of new directors and senior executives based on qualifications, knowledge, competence, work experience, and necessary skills that are currently lacking in the board of directors and senior executives without regard to gender, and willing to dedicate sufficient time to adequately complete obligations, including those that are not forbidden by law and are consistent with good corporate governance principles. However, the Company's board of directors will be selected in part from the Director Pool or consulting firms, as the case may be (Professional Search Firm), resulting in a more diverse board structure, considering the necessary abilities that the board still lacks, as well as the Company's business strategy. For example, if the Company has a new business strategy that differs from the existing one, it will be necessary to recruit qualified directors with relevant experience to match the new business, which the Company will then propose to the Board of Directors and/or the shareholders' meeting for consideration and approval, as appropriate, which is considered a process for appointing the Company's directors.



### **Criteria, nomination process, and election of directors**

1. Following the Company's Articles of Association, the Recruitment and Compensation on Remuneration Committee is responsible for nominating, selecting qualified persons, and proposing them to the Board of Directors for consideration for election or to propose for approval to elect to the shareholders' meeting.
2. When deciding whether to re-elect a former director for another term, the Recruitment and Compensation on Remuneration Committee considers factors such as the Company's director's performance, history of attendance and participation in meetings, and contributions to the committee's activities, as well as the director's independence if they are independent director.
3. The election of directors will be conducted through the Recruitment and Compensation on Remuneration Committee in accordance with the rules and procedures for electing directors at the meeting of shareholders, which must be transparent and clear, and will be conducted in accordance with the Company's Articles of Association and relevant legal requirements, which must be transparent and clear, and will be conducted through the Recruitment and Compensation on Remuneration Committee in accordance with the rules and procedures for electing directors at the meeting of shareholders are as follows:
  1. One vote is equal to the number of shares held by a single shareholder.
  2. Each shareholder must use all their votes under Clause 1) to elect one or more directors for the Company, but the votes cannot divide among any number of people.
  3. The election of directors decided by a majority of votes cast. If the votes are tied, the meeting's Chairman has a casting vote. One-third of the directors must retire from office at each annual general meeting of shareholders. If the number of directors to be split cannot be divided into three equal parts, if a new director of the Company is elected, the number closest to one-third shall be retired, and the director who has retired through rotation may re-elected provided the shareholders approve.

In the event that the post of Company director becomes vacant for reasons other than retirement by rotation, the Recruitment and Compensation on Remuneration Committee will recruit a person with the requisite credentials and knowledge to fill the position, unless the remaining term of the director is less than 2 months, the Board of Directors shall consider electing a person who has qualifications and does not have any

prohibited characteristics as a replacement director at the next Board Meeting, instead of being a director only for the remaining term of the director he/she replaces. In this case, the resolution calling for the election of persons to replace the directors must receive three-fourths of the remaining directors' votes.

### **Risk Management Committee**

The Risk Management Committee includes of the following members of the Company's Board of Directors and Senior Management:

1. Mr. Jarunpoj Rujirasopon  
Chairman of the Risk Management Committee
2. Mr. Chusak Vijakkhana  
Risk Management Committee
3. Mr. Thanakrit Rujirasopon  
Risk Management Committee
4. Mr. Jaraspon Rujirasopon  
Risk Management Committee
5. Mrs. Narinthorn Aswapanyawongse  
Risk Management Committee

with Mrs. Attaporn Honghern is the secretary of the Risk Management Committee.

### **Tenure**

The Risk Management Committee appointed for a two-year term or for the duration of the Company's director's tenure. The Board of Directors can re-elect directors who have lapsed in office to serve on the Risk Management Committee.

### **The following are the powers, duties, and responsibilities:**

1. Determine risk management policies and provide guidance for the development and enhancement of acceptable and efficient risk management processes within the organization.
2. Provide a procedure for detecting, analyzing, assessing, managing, and reporting on risk management information across the Company on a continual and consistent manner.
3. Ensure that risk management processes are overseen, monitored, and evaluated throughout the organization.
4. Other responsibilities delegated by the Board of Directors.

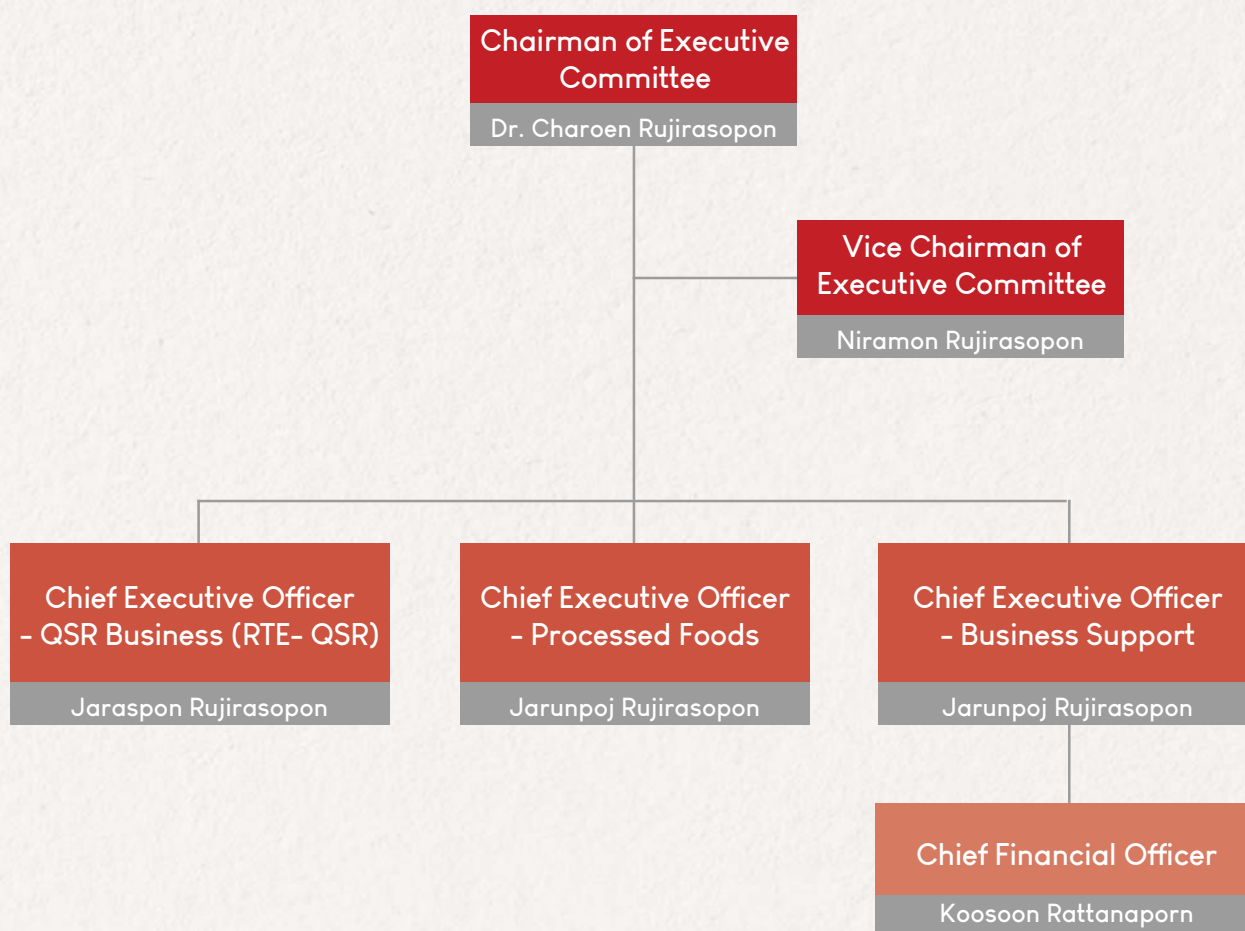


## Executive Director

The Board of Directors appointed the Executive Director to help the Board of Directors in monitoring and overseeing management to guarantee efficiency and effectiveness in compliance with the Board of Directors' policies and business goals.

As of December 31, 2021, the Company's Executive Director includes of the five Executive Directors

- |                              |  |
|------------------------------|--|
| 1. Dr. Charoen Rujirasopon   | Chairman of Executive Committee  |
| 2. Mrs. Niramon Rujirasopon  | Executive Director and Vice Chairman of Executive Committee  |
| 3. Mr. Jarunpoj Rujirasopon  | Executive Director<br>Chief Executive Officer (Processed Food)<br>Chief Executive Officer (Business Support) |
| 4. Mr. Jaraspon Rujirasopon  | Executive Director<br>Chief Executive Officer (RTE-QSR)  |
| 5. Mr. Thanakrit Rujirasopon | Executive Director<br>Chief Operating Officer (International Business)                                       |





### The Executive Director's duties and responsibilities are as follows

1. Determine the Company's strategic direction, management structure, business plan, and yearly budget for approval by the Board of Directors.
2. Manage the Company's business operations to meet the Company's objectives and goals.
3. Supervise and monitor the Company's operating results and financial state, including the progress of the investment project and actual performance vs the investment project's budget for the Board of Directors' approval.
4. Look for and assess new business investment opportunities.
5. Consider the Company's dividend payment policy and provide feedback to the Board of Directors.
6. Within the scope of the Board of Directors' authority, consider, review, and approve transactions relating to investment, human resource management, finance, general administration, and any other transaction relating to the Company's operations.
7. Except for any activities that the Board of Directors has delegated to other sub-committees, consider, and provide opinions on matters requiring Board of Directors approval.
8. Consider and review the risk management and internal control systems in place at the organization and evaluate them.
9. Engage the services of a consultant or a neutral third party to provide opinions or advice as needed.
10. Perform any other acts or act in accordance with the authorities and obligations delegated to you by the Board of Directors from time to time.

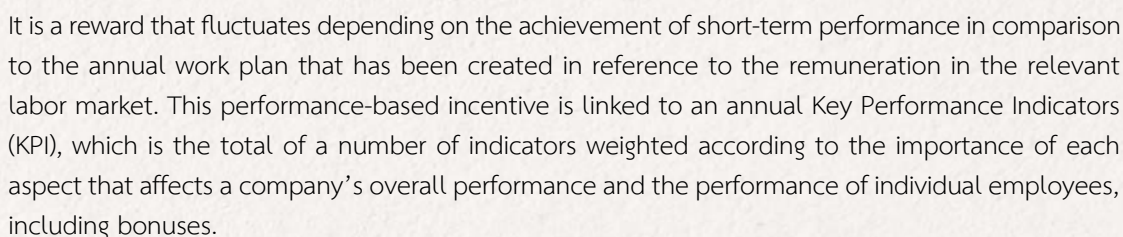
### Executive Remuneration Policy

The Company's pay concept is designed to reward the Company's strategic operations' performance as well as the contributions executives have made to the Company, as determined by the Board of Directors. Annually, Nomination and Salary reviews and approves the remuneration policy of senior executives by defining a remuneration management system that considers the following factors

1. Performance-based remuneration management
  - Senior management pay is based on the Company's strategic goals being met.
  - Operational success metrics, both financial and non-financial, are used to evaluate performance.
2. Management of remuneration in conformity with shareholder expectations.
  - Selecting an innovative performance measuring system that meets the Company's short- and long-term goals to align with the Company's strategy and provide continual additional value to shareholders.
  - Ensuring if the success measures proved are acceptable for the target company's operating capabilities and a higher level of performance
  - To safeguard the Company's ability to invest, it must prove a consistent and systematic fundraising program.
3. Competitive Remuneration Management
  - Competitive remuneration management in connected business groups to ensure that the Company can attract and retain strong and skilled employees to work for and stay with the Company to continue to produce outcomes.
  - For both yearly and long-term returns, the proportionate relationship between remuneration and performance is considerable.



The following elements are included in the remuneration awarded to the Chief Executive Officer and other executives approved by the Company's Recruitment and Compensation on Remuneration Committee

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## Chief Executive Officer

Person appointed by the Board of Directors to manage the Company's business to achieve the Board of Directors' objectives and goals, as well as to oversee the business for the most beneficial business operations to stakeholders in all aspects appropriately and fairly, including ensuring that general information and financial information of the Company are disclosed in accordance with good practice guidelines, and to have the responsibilities.

Each year, the Board of Directors will evaluate the Chief Executive Officer's performance to determine remuneration based on key performance indicators. Financial return measures such as Market Capitalization, Profitability (earnings before interest, taxes, and EBITDA Margin), Return on Equity, and Net Profit Margin, among others, are included. Salary and annual bonus based on real performance include the Chief Executive Officer's remuneration.

### Duties and Responsibilities of the Chief

#### Executive Officer

1. Manage the Company's operations in compliance with the policies, laws, goals, articles of association, meeting resolutions, shareholders, Board of Directors meeting resolutions, Executive Board meeting resolutions, and other relevant rules and regulations.
2. Capable of issuing instructions or taking other required and right actions to ensure the successful implementation of Clause 1 and, if necessary, reporting to the Board of Directors and/or Executive Board meetings.
3. Consider and approve employee recruitment, appointment, transfer, and dismissal, including merit, disciplinary measures, and deciding compensation and welfare, if the acts do not interfere with the Executive Director's power.

### Preparation of a senior management succession strategy

The Company has devised a succession plan for senior executives to ensure that the Company has executives with the expertise and ability to carry out their responsibilities, as follows

1. The Board of Directors has devised a strategy for developing executive potential to build a succession plan that includes all departmental Chief Officers.
2. The Recruitment and Compensation on Remuneration Committee evaluates each position's knowledge, competence, and experience to identify executives with the requisite qualities that can be passed down.
3. The Chief Executive Officer assesses qualified executives' performance and competence to the needed level of competence to create an individual development plan to close the Competency Gap.

4. Assign the Board of Personnel Management (Executive HR) to oversee the successor to the Deputy Chief Executive Officer's training and development of knowledge and abilities.
5. The Chief Executive Officer arranges for the rotation of responsibilities among executives with the right qualifications and assigns executives at the Deputy Chief Executive Officer level to attend Executive Board meetings to gain knowledge, experience, and readiness in managing the organization in the future.
6. Once a year, the Chief Executive Officer reports to the Recruitment and Compensation on Remuneration Committee on the performance and development of qualified executives in accordance with their individual development plans.
7. The Recruitment and Compensation on Remuneration Committee evaluates and summarizes the results of the Chief Executive Officer and Deputy Chief Executive Officer succession plans on a regular basis and reports to the Board of Directors once a year.
8. The Executive HR Committee has produced a chart and structure for the Chief Executive Officer's successor role, which presented to the Board of Directors in 2021.
9. To support the growth of top management talent, build development plans by hiring qualified and well-known external Executive Coaches.

## Company Secretary

Miss Kalvarat Vithitamataya appointed as a company secretary by the Board of Directors to execute the following duties

1. Supervises and advises the Board of Directors and executives on different rules that the Board of Directors must understand and observe, including the Company's strong corporate governance standards.
2. Organizes meetings of the Board of Directors and shareholders.
3. Prepare and maintain various documents in accordance with applicable laws.
4. Other responsibilities as assigned by the Capital Market Supervisory Board.



## Employees

By Company	2021			2020			2019		
	Daily	Monthly	Total	Daily	Monthly	Total	Daily	Monthly	Total
S. KHONKAEN FOODS PUBLIC COMPANY LIMITED	65	626	691	177	695	872	464	810	1,274
S. PASUSAT COMPANY LIMITED	-	108	108	24	78	102	29	76	105
MAHACHAI FOODS COMPANY LIMITED	296	320	616	258	292	550	287	314	601
<b>Total</b>	<b>361</b>	<b>1,054</b>	<b>1,415</b>	<b>459</b>	<b>1,065</b>	<b>1,524</b>	<b>780</b>	<b>1,200</b>	<b>1,980</b>

The Company employed 1,415 people as of December 31, 2021. Salary, overtime pay, bonus, special subsidy, social security payment, and provident fund, among other benefits, which were paid in 2021. The total amount is 342,927,203.00 baht. Furthermore, the subsidiaries provided remuneration to employees in the same manner as the Company, totaling 223,553,362.00 baht. Over the last three years, the Company has altered the number of employees as follows

### Welfare Benefits

The Company prioritizes the well-being of its employees, which is critical to the Company's long-term success. The Company has achieved considerable improvements in welfare benefits during the last year, as follows

1. A provident fund was established.
2. In group offices, the policy of flexible working hours has improved.
3. Annual leave increased based on the employee's working age.
4. Working conditions, shift rates, and the diligence allowance have all enhanced.
5. Employee care rewards based on service age and retirement have added.

### Provident Fund

The Company has a policy encouraging the provident fund committee to choose fund managers that adhere to the Investment Governance Code ("I Code") and is a fund manager who responsibly manages assets by considering environmental, social, and governance factors: "ESG" follows the principles of sound investment governance and makes its fund manager selection standards available to its members, resulting in investment management that prioritizes the public long-term provident fund member's best interests.

Company/Subsidiaries	Total employees (monthly)	Participating in PVD (persons)	Percent participation
S. KHONKAEN FOODS PUBLIC COMPANY LIMITED	614	435	70.85%
S. PASUSAT COMPANY LIMITED	108	48	44.44%
MAHACHAI FOODS COMPANY LIMITED	304	187	61.51%



## Organization and Employee Development

To ensure that S. Khonkaen's capabilities are maintained eventually, the Company has developed the following organizational and employee development strategies for 2019-2022

1. The path to effective organization management (LEAN Organization) is as follows: S. Khonkaen will improve the management flow that tightens the hierarchy decision making by adequately defining roles and duties at both the departmental and operator level, allowing the Company to respond to customer needs more swiftly, including analyzing and improving work processes, eliminating unnecessary procedures, and retaining only those operations that are critical to the delivery of high-quality products and services to customers, as well as successfully planning and managing staff so that the organization is prepared to deal with a variety of events and changes that may arise at any time.
2. Enhancing a customer-focused and efficiency-oriented corporate culture: If the corporate culture reflects S. Khonkaen's principles and identity, "SOR people" are instilled with a dedication to prepare the highest-quality meals. We take care of every procedure to ensure that our consumers receive delicious, clean, and safe food, which we will continue to respect and pass down from generation to generation, while also reinforcing another key value. This will assist S. Khonkaen in developing an organizational culture that prioritizes efficiency (High Performance Culture). For example, determining genuine customer needs (Customer Centric Culture), developing one's own potential, and resulting in continuous improvement (Continuous Improvement Culture), collaborating for the organization's best interests (Collaboration Culture), and so on. A positive corporate culture will function as a kaleidoscope, strengthening Khonkaen S.T. and allowing it to develop into a larger tree eventually.
3. Improving the efficiency of the human resource management system: Employees have always been the most valuable resource for S. Khonkaen. Upgrading the human resource management system, which includes the recruiting and selection system for good talent, the employee performance management system, the wage and compensation management system, the leadership development system, the capacity development system, employees, and a database for strategic analysis, will be an important mechanism that will assist in the systematic development of "SOR people" and help increase the organization's caliber.

### SOR people bring joy to themselves, their organizations, and society.

The Company looks to make employees happy at all levels by supporting being a "good person" in society and developing their own potential to become a "skilled person" in the organization, capable of performing as the Company demands. As a result, as Employee Centric, we collaborate to promote and develop our workers from the inside out. We listen to every voice of our employees to lead the development and foster "Good people and smart 'SOR people'" while also expanding results to society by linking employee behavior with organizational culture for development to increase skills in management, work, and help draw potential and encourage full use of one's own potential.







## SOR people roadmap

The Company values and encourages development to improve employees' knowledge and skills to collaborate with morality and ethics, to be aware of their responsibilities, and to have social responsibility for being a good and smart person with happiness in the organization, which demonstrates efficiency and self-efficacy, builds a firm foundation that leads to corporate sustainability, and is a good person willing to create value for themselves, the organization, and society.

We have created and empowered good and smart employees by providing them with the following:

1. Corporate Executive Selection and Development: The succession management strategy focuses on establishing and developing succession management preparations, commencing with senior leadership (CEO, C-Level, or Director Level), and extending to management positions (GM-Level) from 2022 onwards.
2. Creating and growing the capacity for mutual recognition among those in management by establishing and defining a joint management team organizational strategy which will be incorporated into the Training Year Plan to develop effectively in accordance with the organization's direction by communicating and transferring strategies to department managers and employees at all levels through the Strategic Workshop to the senior management team, such as the Chief Executive Officer, Director General Manager, and to thoroughly forward information and directions of the organization.
3. The Company's executives meet monthly in virtual conferences to discuss the Company's vision and operations direction. The CEO and Function Head speak with all executives to keep them informed on the direction and status of the Company's primary activities that affect the organization's common goals, as well as using this virtual conference as a platform for brainstorming, offering immediate response on significant topics, and fostering mutual perception among the management team, resulting in more efficient cross-functional coordination.
4. Direct action in the creation and development of things, there are ongoing activities to promote and increase productivity to increase the potential of employees to be good and smart people who enjoy working by developing and improving them through three main activities: 5S, Kaizen, and QC Story.
5. Employee potential creation and development within the context of organizational culture, the Company creates and develops the organization's talented employees by focusing on developing their potential at all levels by emphasizing on the foundation of both theoretical knowledge and professional expertise, relating corporate culture to Foundation Courses and Function Courses which are appropriate for the job based on suitability and interests. In 2021, we have organized internal training divided into the following programs



- o Onboarding Program for new employees to prepare them for work.
  - o Leadership Skills Program
  - o Business Preparation Program for the Covid-19 crisis in business, people, and technology (New Normal Covid-19)
  - o Promotional Program for New Product Development
  - o Quality Standard System Program
  - o Legal Safety Program
  - o Restaurant Management Program
  - o Service Development Program for the restaurants under S. Khonkaen brand
  - o Organizational Culture Program
  - o Soft Skill Development Program
6. Establishing and developing personnel by fostering a culture of lifelong learning. In addition to formal training and learning activities tailored to specific target groups, the Company encourages other forms of

learning to allow employees at all levels to advance in leaps and bounds through study tours of various companies and work experience sharing activities. It also interviews employees who are nearing retirement to gather their expertise and knowledge, including Knowledge Management (KM) as a knowledge base for the next generation of employees.

7. Creating awareness and keeping up with external situations for personnel by providing communication channels on matters that directly affect the organization's business in order to encourage employees to create mutual awareness of being a part of sharing responsibility and being cautious, including learning about important issues such as dealing with the COVID-19 situation, the Swine Flu Epidemic (ASF: African swine fever) situation, and so on.

## Auditor's Remuneration

### 1. Audit Fee

In 2021, the Company paid audit fees to two auditors, namely:

- EY OFFICE COMPANY LIMITED	3,910,000	Baht
- Ms. Chorsuda Jitchawanan	8,000	Baht

Auditors		Company Name	Audit fee (Baht)
Name	Auditor No.		
<b>S. Khonkaen Foods Public Company Limited</b>		S. KHONKAEN FOODS PUBLIC COMPANY LIMITED	1,700,000
1. Ms. Pimjai Manitkajohnkit and/or	4521	<b>Subsidiaries</b>	
2. Ms. Rungnapa Lertsuwankul and/or	3516	S. PASUSAT COMPANY LIMITED	630,000
3. Ms. Sumana Punpongsanon and/or	5872	MAHACHAI FOODS COMPANY LIMITED	1,500,000
4. Ms. Rosaporn Dejakom	5659	S K K FOOD COMPANY LIMITED	40,000
		S. KHEHAKARN COMPANY LIMITED	40,000
Ms. Chorsuda Jitchawanan	12576	SOR. TRAINING CENTER COMPANY LIMITED	8,000
<b>Total audit fees</b>			<b>3,918,000</b>

### 2. Non-Audit Fee

- The observation fee for product destruction in S. Khonkaen Foods Public Company Limited is 10,000 Baht
- The observation fee for product destruction of Mahachai Foods Company Limited is 15,000 Baht
- Future remuneration arising from agreements that were not completed in the previous fiscal year - None -



# 13 Key Performances in Corporate Governance

A summary of the Board of Directors' performance over the last year.

## Recruiting, developing, and evaluating the Board of Director's performance

The Board of Directors of the Company has relevant business and industry experience, understands business barriers, and can operate effectively, creating a competitive advantage in the industry, and presenting views and useful visions in business operations, including various risks related to the Company's business. Furthermore, all company directors are qualified and do not possess any prohibited characteristics as defined by the laws governing public limited companies and securities and exchanges. As for the Independent Directors meet all the qualifications according to the Notification of the Capital Market Supervisory Board No. 2 (พ.ค. 4/2552").

## Evaluation of the Board of Directors performance

The Board of Directors requires the individuals and the Board of Directors' quarterly self-assessment assessed annually to serve as a scope for reviewing the performance of duties to ensure that good practice has conducted or not, to improve the performance of the Board of Directors in accordance with the policies established, as well as to review the problems and obstacles encountered in the previous year, the following processes were used

1. The Recruitment and Compensation on Remuneration Committee examines the evaluation form to ensure that it is accurate, complete, and follows the rules established by the Audit and Corporate Governance Committee.
2. At the end of each year, the secretary of the Board of Directors sends an assessment form to all directors for self-assessment, collects the information, and reports a summary of the assessment results to the Board of Directors meeting, along with discussing guidelines for future development.

The assessment of the Board of Directors' performance for the year 2021 consists of individual assessments and individual assessments by committee evaluations, with a total of six assessment topics

1. Structure and Qualifications of the Board of Directors
2. Roles, duties, and responsibilities of the Board of Directors
3. Board meeting
4. Duties of Directors
5. Relationship with Management Executive
6. Director's Self-development and Executive Development

The evaluation results are particularly good, with **an average score of 95.95 percent**, implying that the structure of the Board of Directors and the qualifications of the directors are appropriate for the nature of business and the size of the Company's income, assisting the overall performance of the Board of Directors to be efficient. The Board of Directors places a high value on the consideration of various agendas and compliance with relevant rules at each meeting. During the meeting, the directors express their opinions independently and constructively based on their acceptance of differing opinions.



### The subcommittees' self-evaluation criteria divided into three categories

1. The Board of Directors' structure and qualifications are appropriate for the Board's efficient operation.
2. Subcommittee meetings have taken the following actions to enable committees to perform their duties in meetings more efficiently.
3. The subcommittees' roles, duties, and responsibilities have considered, reviewed, and given adequate time.

The following are the results of the subcommittee performance appraisals on a per-faculty basis in 2021

#### Average score as a percentage

1. Audit and Corporate Governance Committee	93.66
2. Recruitment and Compensation on Remuneration Committee	96.05
3. Risk Management Committee	77.72

### The self-assessment of individual committees consists of three assessments

1. Structure and Qualifications of the Board of Directors
2. Board meeting
3. Roles, duties, and responsibilities of the Board of Directors

The evaluation results were excellent, with an **average score of 85.61 percent**. Overall, all directors understand their roles, duties, and responsibilities as directors, including understanding the organization and factors affecting the Company's business and performing their duties as directors prudently and appropriately. In addition to the Board of Directors' performance appraisal, each subcommittee conducts its own performance appraisal and reports the results to the Board of Directors on an annual basis.

The following are the results of the individual performance assessments of the subcommittees in 2021

#### Average score as a percentage

1. Audit and Corporate Governance Committee	97.72
2. Recruitment and Compensation on Remuneration Committee	95.45
3. Risk Management Committee	97.72

### Senior Executive performance appraisal form - Chief Executive Officer (CEO) divided into 10 topics

1. Leadership
2. Strategy Formulation
3. Strategy Implementation
4. Financial Planning and Performance
5. Relationship with the Board of Directors

6. Relationship with the third party
7. Management and relationship with personnel
8. Succession
9. Knowledge of Products and Services
10. Personal Characteristics

The following are the results of the Chief Executive Officer's performance assessment in 2021

#### Average score as a percentage

1. Chief Executive Officer in Processed Foods Business	88.47
2. Chief Executive Officer in Ready-to-eat/QSR Business	89.35

## Nomination of Directors and Senior Executives

### Nomination of Directors

The Company has given shareholders the opportunity to propose a list of qualified persons to be elected as the Company's directors for the Board of Directors to consider in advance from October to December 2021 for the 2022 Annual General Meeting of Shareholders, but no shareholder has nominated a list of qualified persons to be elected as a director in any way.

### Nomination of Senior Executives

The Chief Executive Officer considers the appropriate person for the appointment of senior management of the Company.

## Participation and remuneration of Individual Committees

The Board of Directors places a high value on the consideration of various agendas and compliance with relevant rules at each meeting. During the meeting, the directors express their opinions independently and constructively based on their acceptance of differing opinions.



### Meeting of Independent Directors

The Audit and Corporate Governance Committee and Independent Directors meet at least once a year without Executive Directors present to provide opportunities for discussion on various issues related to the Company's business and those related to the Company's business in the interest of the Company's business. There was only one meeting in the previous year, with the meeting schedule being determined in advance throughout the year to ensure that all non-Executive Directors could allocate their meeting time in unison.

The Board of Directors has appointed a Company Secretary to manage Board of Directors and independent director matters, including shareholder meetings. In addition to preparing the minutes of the Board of Directors' meetings, as well as keeping documents as required by law, and providing advice on rules that the

Board of Directors must know, and supervising the Board of Directors' activities, including coordinating to ensure compliance with the Board's resolutions.

### Orientation for new Directors

The Company has provided a lecture on the nature of the business and the Company's business guidelines, as well as relevant rules and regulations and necessary and useful information for duty performance. Orientation documents for new directors have been prepared to provide useful information for the new directors' performance, which includes important information such as the Board of Directors meeting schedule, the Company's history and business, business guidelines, strategic plans, the most recent operating results, a manual on corporate governance and code of conduct, a board charter, a manual for independent directors, and so on.

### Board of Directors Meeting

The Board of Directors meets at least six times per year, with additional meetings held as needed. In 2021, there were a total of seven meetings, with the following directors in attendance

Board of Directors	Position	Number of times attended
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	7/7
2. Dr. Charoen Rujirasopon	Director and Chief Executive Officer	7/7
3. Mr. Worapon Lopansri	Director and Independent Director	7/7
4. Mr. Prasarn Marukpitak	Director and Independent Director	7/7
5. Mr. Chusak Vijakkhana	Director and Independent Director	7/7
6. Mr. Charoenphan Phantumongkol	Director and Independent Director	7/7
7. Ms. Panchama Vipamas	Director and Independent Director	7/7
8. Mrs. Niramon Rujirasopon	Director and Deputy Chief Executive Officer	7/7
9. Mr. Jaraspon Rujirasopon	Executive Director	7/7
10. Mr. Jarunpoj Rujirasopon	Executive Director	7/7
11. Mr. Thanakrit Rujirasopon	Executive Director	7/7
12. Mrs. Siriluck Chaiwattanaprapa	Director	7/7

The Company secretary attends each Board of Directors meeting, recording the minutes of the meeting and presenting them to the meeting for approval at the next meeting, as well as collecting information or documents relating to the meetings.



## Summary of the performance of other sub-committees

### Audit and Corporate Governance Committee

In 2021, the meetings were held four times with the management of the internal audit unit and the auditor to report on the performance of duties and make recommendations to the Board of Directors on matters deemed appropriate on a quarterly basis. The directors who attended the meeting were as follows

Audit and Corporate Governance Committee	Position	Number of times attended
1. Mr. Worapon Lopansri	Chairman of the Audit and Corporate Governance Committee	4/4
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee	4/4
3. Mr. Chusak Vijakkhana	Audit and Corporate Governance Committee	4/4

### Risk Management Sub-committee

In 2021, there was a total of one meeting with the following members of the Risk Management Sub-committee in attendance

Risk Management Committee	Position	Number of times attended
1. Mr. Jarunpoj Rujirasopon	Chairman of the Risk Management Committee	1/1
2. Mr. Chusak Vijakkhana	Risk Management Committee	1/1
3. Mr. Thanakrit Rujirasopon	Risk Management Committee	1/1
4. Mr. Jaraspon Rujirasopon	Risk Management Committee	1/1
5. Mrs. Narinthorn Aswapanyawongse	Risk Management Committee	1/1

### Recruitment and Compensation on Remuneration Committee

In 2021, there were a total of two meetings, with members of the Recruitment and Compensation on Remuneration Committee attending the following meetings:

Recruitment and Compensation on Remuneration Committee	Position	Number of times attended
1. Mr. Charoenphan Phantumongkol	Chairman of the Recruitment and Compensation on Remuneration Committee	2/2
2. Mr. Chusak Vijakkhana	Recruitment and Compensation on Remuneration Committee	2/2
3. Dr. Charoen Rujirasopon	Recruitment and Compensation on Remuneration Committee	2/2



## Directors Remuneration

The Company has a policy of offering to pay directors' remuneration at an appropriate level, based on the Company's performance and comparisons with other companies in the same industry, which taking into account the directors' duties and responsibilities, such remuneration will be at an appropriate level comparable to the market and the same industry, as well as sufficient to motivate and retain quality directors with the Company. In 2021, the directors' remuneration will be in the form of annual remuneration and meeting allowances, the 27th Annual General Meeting of Shareholders approved the annual directors' remuneration of 1,475,600 baht (one million four hundred seventy-five thousand six hundred baht only) by authorizing the Chairman of the Board to allocate such directors' remuneration as follows:

### Monetary Remuneration

1. The total remuneration for directors is 1,475,600 Baht.

Directors	Position	Directors Remuneration (Baht)
1. Dr. Thanong Bidaya	Chairman of the Board of Directors Independent Director	169,694
2. Dr. Charoen Rujirasopon	Executive Director Chairman of Executive Committee Recruitment and Compensation on Remuneration Committee	103,292
3. Mr. Worapon Lopansri	Director and Independent Director Chairman of the Recruitment and Compensation on Remuneration Committee	154,938
4. Mr. Prasarn Marukpitak	Director and Independent Director Audit and Corporate Governance Committee	140,182
5. Mr. Chusak Vijakkhana	Director and Independent Director Audit and Corporate Governance Committee Recruitment and Compensation on Remuneration Committee Risk Management Committee	140,182
6. Mr. Charoenphan Phantumongkol	Director and Independent Director Chairman of the Recruitment and Compensation on Remuneration Committee	140,182
7. Ms. Panchama Vipamas	Director and Independent Director	140,182
8. Mrs. Niramom Rujirasopon	Executive Director Vice Chairman of Executive Committee	103,292
9. Mr. Jaraspon Rujirasopon	Executive Director Chief Executive Officer Risk Management Committee	95,914
10. Mr. Jarunpoj Rujirasopon	Executive Director Chief Executive Officer Chairman of the Risk Management Committee	95,914
11. Mr. Thanakrit Rujirasopon	Executive Director Chief Operating Officer (International Business) Risk Management Committee Member	95,914
12. Mrs. Siriluck Chaiwattanaprapa	Director	95,914

**Important note:** Remuneration paid from operating results from January 1 to December 31, 2021.



## Monetary Compensation

2. The allowance for Board Meetings and Company Committees for 2021: a total of 950,000 baht comprised of :

- 2.1 The meeting allowance per meeting for the Board of Directors
  - 2.1.1 Chairman and Independent Director 30,000 Baht
  - 2.1.2 Independent Directors 15,000 Baht / person
  - 2.1.3 Directors 15,000 Baht / person
- 2.2 The meeting allowance per meeting for the Audit and Corporate Governance Committee
  - 2.2.1 Chairman of the Committee 20,000 Baht
  - 2.2.2 Member of the Committee 15,000 Baht / person
- 2.3 The meeting allowance per meeting for the Recruitment and Compensation on Remuneration Committee
  - 2.3.1 Chairman of the Committee 20,000 Baht
  - 2.3.2 Member of the Committee 15,000 Baht / person
- 2.4 The meeting allowance per meeting for the Risk Management Sub-committee
  - 2.4.1 Chairman of the Committee 20,000 Baht
  - 2.4.2 Risk Management Committee 15,000 Baht / person

**Other benefits :** - None -

However, the directors who hold more than one position, on the other hand, are only entitled to the highest rate of meeting allowance and annual remuneration for one position.

The Chairman of the board and/or directors who are employees or hold positions as internal executives of the Company are not entitled to meeting allowances under clauses 2.1 to 2.4, but instead only receive annual directors' reward as allocated by the chairman.

List of Directors	Allowance (Baht)			
	Board of Director	Audit and Corporate Governance Committee	Risk Management Committee	Total
1. Dr. Thanong Bidaya	210,000	-	-	210,000
2. Mr. Worapon Lopansri	105,000	80,000	-	185,000
3. Mr. Prasarn Marukpitak	105,000	60,000	-	165,000
4. Mr. Chusak Vijakkhana	105,000	60,000	15,000	180,000
5. Mr. Charoenphan Phantu-mongkol	105,000	-	-	105,000
6. Ms. Panchama Vipamas	105,000	-	-	105,000
<b>Total</b>	<b>735,000</b>	<b>200,000</b>	<b>15,000</b>	<b>950,000</b>



## **Supervision of Subsidiaries and Associated Companies**

The Company has established regulations for the subsidiary to follow in order for it to comply with the following critical issues.

1. Connected transactions, asset acquisition or disposition, or any other significant transactions of such companies must be complete and correct and must follow the rules for disclosure and transactions outlined above, using the same criteria as the Company.
2. The subsidiaries must use the same accounting policies and standards as the Company, including storage and accounting records, so that the Company can audit and collect them to prepare the consolidated financial statements on time.
3. To create unity among the affiliates, the same personnel management policy as the Company must be applied. The Company has a policy that allows the Company's directors to oversee and control the subsidiary's operations to supervise management in accordance with the Company's policy. Furthermore, companies in the group meet monthly to discuss operating results, plan work, and set goals for each new investment venture. In the case of adding a new business line, the Company will consider the expertise of each company and have a company with expertise in the said business as a participant, with the parent company acting as the operator of the investment.
4. Follow the Company's corporate governance principles, such as the Good Corporate Governance Policy, the Code of Business Conduct Policy, the Corporate Risk Management Policy, and the Anti-Corruption Policy, among others.

## **Compliance with corporate governance policies and practices is monitored to ensure that they are followed.**

### **Prevention of conflicts of interests**

The Company is dedicated to operating with honesty, integrity, clarity, and responsibility in all aspects of its operations; therefore, to avoid misuse of authority or improper behavior that could lead to personal exploitation or a conflict of interest that could harm the Company's reputation. As a result, the corporation mandates all workers to abstain from any act that could create a conflict of interest during the Board of Directors' meeting. If any director has a conflict of interest in the agenda under consideration, they must abstain from voting on it.

### **Supervision of the use of internal information**

All of the Company's shareholders must be treated equally and is fair according to existing fundamental rights so the Company has policies and guidelines for supervising the use of internal information of the Company to find benefits for themselves or other people in an unfair way, which may cause damage to shareholders as a whole.

1. Provide a policy on management and disclosure of internal information to provide material information on price changes or the value of the securities has been properly disclosed to the public. Not against the law and related regulations the directors, executives and employees of the Company are forbidden and subsidiary Disclosure of internal information of the Company. Subsidiary company to outsiders or other persons who do not act to prevent misuse of inside information. The directors, executives and all employees follow the same guidelines. This policy will cover how to deal with inside information. Sort of internal information must be disclosed including the methods used to disclose inside information.
2. Provide regulations on securities trading which requires directors, executives to prepare and submit reports securities holding and trading in the Company's securities within the specified criteria and period, and the Company has set a prohibition period for trading the Company's securities, namely
  - A. Before the date that the Company has disclosed financial statements for at least 1 month.
  - B. After the date the Company has disclosed the financial statements for at least 3 days.



## Securities holding of directors and executives.

Rank	List of directors	Number of shares			Remark
		30/12/2021	30/12/2020	Increase / (Lower)	
1	Mr. Charoen Rujirasopon	98,981,860	98,981,860	-	
	Spouse	45,403,550	45,403,550	-	Mrs. Niramon Rujirasopon
	Minor children	-	-	-	
2	Mrs. Niramon Rujirasopon	45,403,550	45,403,550	-	
	Spouse	98,981,860	98,981,860	-	Mr. Charoen Rujirasopon
	Minor children	-	-	-	
3	Mr. Jarunpoj Rujirasopon	14,063,580	13,963,580	100,000	
	Spouse	-	-	-	
	Minor children	-	-	-	
4	Mr. Jaraspon Rujirasopon	13,850,580	13,850,580	-	
	Spouse	-	-	-	
	Minor children	-	-	-	
5	Ms. Panchama Vipamas	113,750	113,750	-	
	Spouse	-	-	-	
	Minor children	-	-	-	
6	Mr. Woraphon Lophansri	80,000	80,000	-	
	Spouse	-	-	-	
	Minor children	-	-	-	

## Anti-Corruption

The Company has the intention and determination to against all forms of corruption. This is to make decisions and business operations of the Company. Corruption risks may be considered and treated appropriately as well as build confidence for the Company's stakeholders. The Company has established a Risk Management Committee to assess, analyze and determine measures to manage business risks and corruption. Including establishing an internal control system and effective inspection as well as establishing an anti-corruption policy by defining responsibility and appropriate guidelines for preventing corruption in all activities and communicate the said policy to the Board of Directors, executives, employees, and internal and external stakeholders for acknowledgment. As a guideline for common practice in conducting business with transparency and fairness.

In 2017, the Company was certified by the Thai Private Sector Collective Action Coalition against Corruption (CAC). As a member of the Action Coalition Project this shows our commitment and determination to combat all forms of corruption. In 2020, the Company has been considered for renewal of the certificate. (Recertification) from the Thai Institute of Directors Association (IOD) which confirms the intention of the Company to be determined to continually against corruption.



## Whistleblowing

The Company has given employees the opportunity to stakeholders or outsiders who have clues about illegal actions, codes of conduct or behaviors that may imply corruption or misconduct or received unfairness from the performance of employees, or found a defective internal control system of the Company Able to report clues to the Company as follows:

**Send electronic mail**     whistleblow@sorkon.co.th

**Send a postal letter to**     **Chairman of the Audit and Corporate Governance Committee**  
S. Khonkaen Foods Public Company Limited.  
259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road, Vadhana, Bangkok 10110  
or put in the Company's the comment box.

### Consideration of complaints or clues

1. Complaints or clues received will be treated confidentially. And the name of the complainant will not be publicly disclosed without their consent. Including the complainant or the person who cooperates in the investigation of facts or the source of the information or the person concerned will be protected with their rights with regard to safety as the primary concern.
2. Set up a process to investigate facts and respond to complainants within a reasonable period of time. This depends on the adequacy of the information and the complexity of each subject as follows
  1. Office of Human Resource Management and The organization registers complaints received from the Audit and Corporate Governance Committee chairman or from other chances.
  2. Office of Human Resource Management and the organization notifying the matter to the Chairman of the Executive Committee or the Audit and Corporate Governance Committee to appoint an investigative committee (Except the Office of Human Resource Management and the organization is the one who is complained or accused The Chairman of the Audit and Corporate Governance Committee or the person assigned by notify the matter directly to the Chairman of the Executive Committee to appoint a working group to investigate.)
  3. Establish a main investigative committee, according to the regulations for employees who commit wrongdoing and the Associate Investigation Committee as appropriate in each case.
  4. Investigation Committee conduct an investigation by gathering information and documentary evidence, including investigating those involved to draw conclusions. Then the responsible unit prepares a summary report to be presented to the Executive Chairman or Compliance Committee to consider and order the report is divided into two parts.
    - Part 1     Summary of fact-checking results and penalties, the Office of Human Resources Management and the Organization shall be responsible.
    - Part 2     New operating procedures and procedures for controlling and monitoring work to the agency that has been complained or accused and the Office of Human Resources and Organization Management is responsible.
5. When the Chairman of the Executive Committee or the Compliance Committee has considered and ordered for the investigation committee to expedite the implementation of the order. In the case of an order for disciplinary action, the Office of Human Resources Management and the organization shall be responsible for the punishment according to the rules and regulations. The Company's Articles and in the event that a legal sanction is ordered, the Legal Department is responsible for taking legal proceedings.
6. When the order has been completed, the Office of Human Resources Management and Organizations shall proceed as follows
  - o Close the complaint and notify the response to the complainant.
  - o Prepare a summary report of the performance to be presented to the Chairman of the Executive Committee or Compliance Committee, and Chairman of the Audit and Corporate Governance Committee.
7. To provide units examine internal and new operational procedures established to assess adequacy, efficiency and effectiveness of controls. Including giving suggestions for improving the internal control system to be more concise and report to the Chairman of the Executive Committee and the Audit and Corporate Governance Committee.



## Report on the performance of the Audit Committee

In 2021, 4 Audit and Corporate Governance Committee meetings were held. All 3 committees attended every time. However, at the meeting, there was a meeting with the management, the auditor and the internal audit unit as well as meetings with auditors without the participation of executives. As well as the results of the performance of duties have been reported and suggestions to the Board of Directors on the matters as it deems appropriate on a quarterly basis.

1. Review the financial reports of the Audit Committee and corporate governance reviewed quarterly financial statements, and the annual financial statements in 2021, which have been reviewed and audited by an auditor to ensure that the financial statements are prepared in accordance with accounting standards or generally accepted accounting principles. There is adequate disclosure of information and presented to the Board of Directors for consideration and approval of the financial statements. Including having discussed with the management and auditors to consider important accounting issues. The Audit and Corporate Governance Committee holds meetings with the auditors without the Company's executives participate in the meeting to discuss the auditor's independence in the performance of duties. Important defectiveness in the internal control system and the cooperation of the management in supporting information for the preparation of financial reports to be accurate and timely.
2. Review the internal control system. The Audit and Corporate Governance Committee attaches importance to the internal control system. It has reviewed and evaluated the internal control system cooperate with the internal audit unit. Which uses the internal control system adequacy assessment form of the Securities and Exchange Commission and the internal control framework COSO-Internal Control Integrated Framework. The Audit and Corporate Governance Committee considered that the Company has an appropriate internal control system and sufficient to effectively supervise the operations in accordance with the goals, objectives, laws, and relevant requirements. Able to protect assets from corruption, damage, including having an account reliable accurate reports.
3. Review the risk management of the Audit Committee. The corporate governance reviewed the Company's risk management to ensure that the Company has an adequate, appropriate and efficient risk management system. Disclosing significant risks in the annual report.
4. Review compliance with regulations. The Audit and Corporate Governance Committee has reviewed the Company's operations to be in accordance with the law on securities and exchange. Regulations of the Stock Exchange of Thailand and other relevant regulatory agencies including the rules and various laws related to the Company's business operations.
5. Review the Corporate Governance of the Audit Committee and the Corporate Governance has reviewed the Company's operations that there is an efficient, adequate and appropriate. Including agreeing to review and improve the governance policy good business to have content in accordance with the principles of good corporate governance for the Company. Registered in 2017 of The Securities and Exchange Commission, Thailand. The Company has complied with the policy such as well. In addition, the Company participated in the Thai Private Sector (Collective Action Coalition). The intention was announced in May 2014. The Company has been certified by the Thai Private Sector Collective Action Coalition against Corruption (CAC). As a member of the Action Coalition Project in March 2017 that demonstrates commitment and determination to combat all forms of corruption. In 2020, the Company has been considered for renewal of the certificate. (Recertification) from the Thai Institute of Directors Association (IOD) that demonstrates the intention of the Company to be determined to continually against corruption. The Audit and Corporate Governance Committee has assigned the Internal Audit Department to review the compliance with anti-corruption measures.



6. Consider the selection. Nominate the auditor for the year. The Audit and Corporate Governance Committee will consider and select, nominate, offer layoff, and propose the annual auditor's remuneration of the Company to present to the Board of Directors for approval and presented at the annual shareholders' meeting with a resolution to appoint EY Office Company Limited as the Company's auditor and subsidiary. The consideration is based on the qualifications, abilities, experience and work of the auditors. Including the appropriateness of the audit fees.
7. Review connected transactions or transactions that may have conflicts of interest. The Audit and Corporate Governance Committee has reviewed the connected transactions or items that may have conflicts of interest to ensure that the Company have practiced and disclose information accurately complete in accordance with the regulations of the relevant regulatory agencies before presenting them to the Board of Directors or shareholders according to the size of the transaction to ensure that the transaction is reasonable and transparent.
8. Other
  1. The Audit and Corporate Governance Committee has reviewed the Audit Committee's Charter. And corporate governance in accordance with relevant practices and laws as well as having their own performance appraisals both individually and individually to ensure that good practices are followed that the Stock Exchange of Thailand has set as a guideline.
  2. The Audit and Corporate Governance Committee has reviewed the formulation of anti-corruption measures. Including determining the channels used for receiving clues or complaints that are sufficient and appropriate, able to prevent or control or solve problems arising from wrongdoing and fraud effectively.
  3. The Audit and Corporate Governance Committee has considered and approved the Internal Audit Plan for the year 2021. Prepared by considering the risk base and reviewed their independence. The adequacy of resources necessary for the performance of the internal audit function, including reviewing the results of internal audits and follow up on the progress of operations on a quarterly basis.



## Risk Management Committee Report

Dear Shareholder  
S. Khonkaen Foods Public Company Limited

According to S. Khonkaen Foods Public Company Limited has a policy to encourage the Company to be an efficient organization in business operations. There is a good corporate governance. There are excellent management and conducting business with responsibility with ethics, fairness, transparency and accountability by striving to create the greatest benefits for shareholders and taking into account the stakeholders involved. To build confidence and sustainable growth, as well as wanting to raise the level of corporate governance to be standardized with the guidelines of the regulatory agency.

Board of Directors Therefore, the Risk Management Committee has been appointed to determine the risk management framework. Risk Management Policy. Risk management process and the Risk Management Committee Charter, Including assessing business risks. Establish control and preventive measures and prepare a risk management plan as well as supervise. Support, monitor and evaluate the effectiveness of the risk management process. The results were reported to the Board of Directors.

In 2021, the Risk Management Committee held one meeting, which summarized the key points of operations as follows:

1. Consider reviewing the Risk Management Committee Charter to be in line with the Company's good corporate governance policy.
2. Consider reviewing the organization's risk management policies and manuals by improving the risk assessment criteria for impact (Impact Criteria) to cover potential impacts.
3. Consider reviewing the risk management process and related documents, including information on risks in both business and corruption to be consistent and appropriate to the current situation. To be used as information to manage, control, monitor, evaluate and improve the risk management process to be effective. In addition, Key Risk Indicator (KRI) and Risk appetite for each risk issue are further defined in order to be able to respond to risks in a timely manner. In this regard, the operating results have been reported risk management to the Board of Directors and shareholders to know.
4. Follow up and evaluate the implementation of the plans set forth in the organization's risk register to ensure that there is a continuous and systematic and efficient risk management throughout the organization by being able to achieve according to the intended purpose.
5. Evaluate their own performance both groups and individually to ensure compliance with the Risk Management Committee Charter as stipulated by the Company.

The Risk Management Committee is confident that Company's Risk Management to be efficient and has an internal control system that is sufficient and appropriate and in accordance with good corporate governance guidelines.

On behalf of the Risk Management Committee



(Mr. Jarunpoj Rujirasopon)  
Chairman of the Risk Management Committee



## Nomination and Remuneration Committee Report

Dear Shareholders  
S. Khonkaen Foods Public Company Limited

Board of Directors S. Khonkaen Foods Public Company Limited has appointed the Nomination and Remuneration Committee with Mr. Charoenphan Punthumongkol as the Chairman of the Nomination and Remuneration Committee, Mr. Chusak Vichakkana. Dr. Charoen Rujirasopon is a member of the Nomination and Remuneration Committee for the nomination duty and consider the remuneration of directors and Managing Director / Chief Executive Officer to be transparent and fair.

In 2021, the Nomination and Remuneration Committee Two meetings were held to consider various matters. Summary of key performance of duties as follows

**1. To consider and select a qualified person to be a director of the Company according to the rules and the Company's recruiting process**

By proposing to appoint a person to be a director to replace the one who retires by rotation in the general meeting of shareholders nomination committee and determine the remuneration, considering the qualifications and the performance of duties in the past year of the directors who retired by rotation. Propose to the 2020 Annual General Meeting of Shareholders to reappoint for another term.

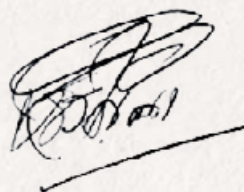
**2. To consider setting the criteria for considering the remuneration of the Managing Director / Chief Executive Officer.**

The Nomination and Remuneration Committee has reviewed the criteria for considering the remuneration. Managing Director / Chief Executive Officer which saw that the Company's criteria be appropriate.

**3. Consider the annual remuneration of directors. Board meeting allowance and sub-committees of the Company and presented to the general meeting of shareholders for approval.**

The Nomination and Remuneration Committee has determined the annual remuneration of directors. Board meeting allowance and the Sub-Committees of the Company in 2021 by considering the criteria for considering the directors' remuneration that are appropriate and in accordance with the scope of duties and responsibilities of each director at the same level as those in the same industry that can motivate. Maintain knowledgeable and competent directors and quality in performing duties for the Company Components of the compensation clear, transparent easy to understand by presenting to the general meeting of shareholders for approval.

In summary, the Nomination and Remuneration Committee has performed its duties as stipulated in the Nomination and Remuneration Committee Charter approved by the Board of Directors by using knowledge caution and sufficient independence in expressing opinions and suggestions for the overall benefit of the Company



(Mr. Charoenphan Punthumongkol)  
Chairman of the Nomination and Remuneration Committee



## Executive Committee Report

Dear Shareholders  
S. Khonkaen Foods Public Company Limited

The Executive Committee of the Company consists of 5 members as follows

<u>Name – Surname</u>	<u>Position</u>
1. Dr. Charoen Rujirasopon	Chairman of Executive Committee
2. Mrs. Niramorn Rujirasopon	Vice Chairman of Executive Committee
3. Mr. Jaraspon Rujirasopon	Executive Director
4. Mr. Jarunpoj Rujirasopon	Executive Director
5. Mr. Thanakrit Rujirasopon	Executive Director

In 2021, the Executive Committee has performed its duties in accordance with its scope, powers, duties and responsibilities. There are important aspects of the performance of duties that can be summarized as follows

1. Consider, review and approve the direction of operation and the Company's strategy Administrative structure, business plan and annual budget and presented to the Board of Directors for approval
2. Follow up on financial performance and the Company's operating results and present the said report to the Board of Directors.
3. Consider and screen new business investments and branch expansion to match the Company's strategy including presenting the Company's strategic plan to the Board of Directors
4. Consider and review the Company's risk management. prepared by the Risk Management Committee and present the report to the Board of Directors
5. Consider and study the feasibility of various projects including giving management advice to executives
6. Approve other transactions assigned by the Board of Directors



(Dr. Charoen Rujirasopon)  
Executive Chairman







# 14 Internal Control and Connected Transaction

## Internal control

### **The adequacy and appropriateness of the Company's internal control system.**

The Company realizes the importance of a good internal control system. A good system can help prevent, manage, and manage risks or damages that may occur to the Company and stakeholders as well. The Audit and Corporate Governance Committee has reviewed the internal control system together with the internal audit unit of the Company. The Company's auditor, which the Audit and Corporate Governance Committee considers that the Company There is an appropriate and sufficient internal control system in order to effectively supervise the operations in accordance with the goals, objectives, laws, and related requirements. To be able to protect assets from corruption, damage, including having an account Reports are accurate and reliable. In 2021, the meetings of the Audit and Corporate Governance Committee were held for 4 times.

### **Opinion of the Audit Committee**

The Audit and Corporate Governance Committee has performed its responsibilities independently by using knowledge, ability and caution careful in the scope of duties assigned by the Board of Directors. The Audit and Corporate Governance Committee has the opinion that the Company have an internal control system. Efficient and effective risk management system. Consist of having good corporate governance as well as complying with the rules of law and relevant agencies.

### **Person holding the position of Head of Internal Audit**

Ms. Supaporn Khamsai is the Head of Internal Audit of the Company. From March 1, 2019, because Ms. Supaporn Khamsai is knowledgeable, capable and appropriate to perform such duties appropriately enough. Attended training courses in the Certificate Program for Internal Auditors of Thailand (CPIAT) and received the CPIAT certificate.

In this regard, the consideration and approval of the appointment, removal and transfer of the person holding the position of the head of the internal audit unit of the Company must be approved by the Audit and Corporate Governance Committee. The qualifications of the person holding the position of Head of Internal Audit are shown in Attachment 2.



## Intercom

During the year 2021, the Company and its subsidiaries had related transactions with directors and major shareholders as follows

Persons who may have conflicts.	Relationship nature.	Characteristics of important connected transactions.	Transaction Value (Baht)
Mr. Charoen Rujirasopon	Major shareholder and executives	A subsidiary leases land. No. 44, Village No. 2, Phayayen Sub-district Pak Chong District, Nakhon Ratchasima Province Area of approximately 395 rai 1 ngan 8 square wa*	726,309

\* The lease contract is for a period of 3 years, starting from October 1, 2018 to September 30, 2021 at a rental rate of 565,236 Baht per year. When the rental period expires have agreed to rent for another year and 3 months from October 1, 2021 - December 31, 2022 at the rental rate of 726,309 Baht per year.

Necessity and Reasonableness of Connected Transactions. Entering into connected transactions of the Company and its subsidiaries are for the normal business operation and support the Company's normal business. There are general trading conditions, measures to take care of related transactions in normal business related transactions whether it is a transaction with outsider or a person who may have a conflict of interest. The Company has guidelines for approving such transactions as well by taking into account the benefits of the Company as important.

For other related items. The Company requires that it be reviewed by the Audit and Corporate Governance Committee in order to prevent conflicts of interest. The Audit and Corporate Governance Committee may employ an independent appraiser or a financial advisor to assess the price of such related transactions to use as a comparison guide then presented to the Board of Directors for further approval







# Part 3

## Financial Statements





# 15 Report on the Board of Directors' Responsibilities for Financial Statements

To : The Shareholders

S. Khonkean Foods Public Company Limited

The Board of Directors is responsible for preparation of financial statement of S. Khonkean Foods Public Company Limited and for consolidated financial statement of S. Khonkean Foods Public Company Limited and its subsidiaries, as well as for financial information appearing in the Annual Report. The financial statements are prepared according to generally accepted accounting principles in Thailand, using the accounting policy that is suitable as practice regularly and with careful discretion together with the best projections in the preparations, including disclosure of important data adequately in the added notice section supplementing the financial statements so that it is transparently beneficial to shareholders and general investors. In addition, these financial statements have been audited with unqualified opinions by an independent auditor.

For this purpose, the Board of Directors has appointed the Audit and Corporate Governance Committee comprising 3 independent directors to perform the duty to oversee and verify the financial reports, the internal control and internal audit system, the risk management system and to consider disclosures of information on interrelated transactions. The Audit and Corporate Governance Committee's opinions about this subject appear in the Audit and Corporate Governance Committee's report, which is indicated in this Annual Report.

The Board of Directors has viewed that the overall internal control system of the Company was at sufficiently efficient and suitable level, which could ensure that the financial statements of S. Khonkaen Foods Public Company Limited and the consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries for the year ended December 31, 2021 was reliable along with the financial reporting standards and was conducted precisely according to the related laws and regulations.



.....  
(Dr. Thanong Bidiya)  
Chairman of The Board of Director



.....  
(Dr. Charoen Rujirasopon)  
Chairman of Executive Committee







# 16 Consolidated Financial Statements

## Independent Auditors Report

To the Shareholders of S. Khonkaen Foods Public Company Limit

### Opinion

I have audited the accompanying consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of S. Khonkaen Foods Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S. Khonkaen Foods Public Company Limited and its subsidiaries and of S. Khonkaen Foods Public Company Limited as at 31 December 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

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Group has a large customer base. Therefore, I focused on my audit on the occurrence of the revenue from sales. I have examined the revenue recognition of the Group by

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



## Other information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and is responsible for any internal control that management considers necessary. To be able to prepare financial statements that are free from material misstatement, whether due to fraud or error.

in the preparation of financial statements Management is responsible for assessing the Group's ability to continue as a going concern. Disclosure of matters related to continuing operations in the event of such matters and the use of accounting criteria for continuing operations Unless the management intends to dissolve the Group or cease operations or is unable to continue the business.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



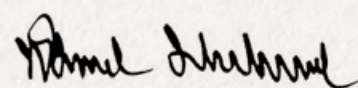
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit  
 Certified Public Accountant (Thailand) No. 4521  
 EY Office Limited  
 Bangkok: 24 February 2022



**S. Khonkaen Foods 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
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	103,375,439	160,841,083	48,487,951	59,526,362
Trade and other receivables	6, 8	432,426,583	417,413,260	327,655,918	326,285,295
Short-term loans to subsidiaries	6	-	-	-	80,000,000
Inventories	9	276,890,768	217,334,192	163,866,746	120,871,514
Current biological assets	16	111,618,459	67,821,026	-	-
Other current assets		14,663,516	21,836,447	12,395,807	10,729,067
<b>Total current assets</b>		<b>938,974,765</b>	<b>885,246,008</b>	<b>552,406,422</b>	<b>597,412,238</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	1,510,410	1,505,335	-	-
Long-term loans to subsidiary	6	-	-	113,000,000	83,000,000
Investments in subsidiaries	12	-	-	536,612,093	456,615,293
Investment properties	13	628,599,712	637,186,032	364,427,374	371,241,504
Property, plant and equipment	14	1,084,099,272	984,566,886	504,811,417	461,831,432
Right-of-use assets	15	103,770,479	116,013,630	88,441,656	96,842,979
Non-current biological assets	16	9,601,914	9,440,421	-	-
Intangible assets	17	9,140,745	10,864,476	5,701,820	7,568,918
Deferred tax assets	24	327,600	327,600	-	-
Other non-current assets		9,008,084	9,370,022	6,697,822	6,896,108
<b>Total non-current assets</b>		<b>1,846,058,216</b>	<b>1,769,274,402</b>	<b>1,619,692,182</b>	<b>1,483,996,234</b>
<b>Total assets</b>		<b>2,785,032,981</b>	<b>2,654,520,410</b>	<b>2,172,098,604</b>	<b>2,081,408,472</b>

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	515,000,000	421,007,326	450,000,000	361,007,326
Trade and other payables	6, 19	301,789,858	326,208,839	188,605,626	224,669,588
Current portion of lease liabilities	15	9,344,938	11,257,594	7,853,342	9,219,334
Current portion of long-term loans	20	108,295,958	112,983,035	57,289,421	64,121,108
Income tax payable		11,582,033	12,068,279	679,455	18,388
Other current liabilities		20,969,403	25,259,762	12,408,575	18,710,666
Total current liabilities		966,982,190	908,784,835	716,836,419	677,746,410
Non-current liabilities					
Lease liabilities, net of current portion	15	95,419,059	100,531,549	81,304,568	84,508,547
Long-term loans, net of current portion	20	371,100,048	377,672,308	283,986,116	231,196,128
Deferred tax liabilities	24	35,451,420	29,310,532	19,688,677	20,639,418
Provisions for long-term employee benefits	21	90,205,544	90,826,336	59,510,089	64,654,400
Other non-current liabilities		1,956,906	1,736,327	1,681,780	1,184,100
Total non-current liabilities		594,132,977	600,077,052	446,171,230	402,182,593
Total liabilities		1,561,115,167	1,508,861,887	1,163,007,649	1,079,929,003

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
<b>Shareholders' equity</b>					
Share capital					
Registered					
323,400,000 ordinary shares of Baht 1 each		323,400,000	323,400,000	323,400,000	323,400,000
Issued and paid-up					
323,400,000 ordinary shares of Baht 1 each		323,400,000	323,400,000	323,400,000	323,400,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	-	-
Retained earnings					
Appropriated - statutory reserve	22	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		602,000,498	524,265,201	471,025,676	463,414,190
Other components of shareholders' equity		176,596,119	176,271,193	132,044,279	132,044,279
Equity attributable to owners of the Company		1,222,169,770	1,144,109,547	1,009,090,955	1,001,479,469
Non-controlling interests of the subsidiaries		1,748,044	1,548,976	-	-
<b>Total shareholders' equity</b>		<b>1,223,917,814</b>	<b>1,145,658,523</b>	<b>1,009,090,955</b>	<b>1,001,479,469</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,785,032,981</b>	<b>2,654,520,410</b>	<b>2,172,098,604</b>	<b>2,081,408,472</b>

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Income statement**

**For the year ended 31 December 2021**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Revenues					
Sales		2,766,675,879	2,763,318,290	1,541,435,985	1,565,610,600
Revenue from rental and service		12,729,870	11,194,542	12,729,870	11,194,542
Dividend income	6	-	-	52,597,474	228,467,485
Other income		32,572,779	19,190,774	13,055,574	16,156,121
Gain on changes in fair value less cost of sale of biological assets	16	36,297,241	-	-	-
Total revenues		2,848,275,769	2,793,703,606	1,619,818,903	1,821,428,748
Expenses					
Cost of sales		2,050,459,636	2,027,424,624	1,128,174,895	1,118,344,229
Cost of rental and service		19,681,419	17,718,456	19,681,419	17,718,456
Selling and distribution expenses		242,196,187	269,422,254	155,893,505	192,877,578
Administrative expenses		331,380,797	302,693,966	220,830,871	212,873,630
Loss on change in fair value less cost to sale of biological assets	16	-	7,436,980	-	-
Loss on impairment of investment properties		-	1,566,000	-	-
Total expenses		2,643,718,039	2,626,262,280	1,524,580,690	1,541,813,893
Operating profit		204,557,730	167,441,326	95,238,213	279,614,855
Interest income		176,956	216,808	4,108,167	3,111,487
Finance cost		(30,329,626)	(32,518,698)	(22,795,538)	(23,048,432)
Profit before tax expense		174,405,060	135,139,436	76,550,842	259,677,910
Income tax expenses	24	(31,540,970)	(24,674,576)	(4,259,356)	(5,276,611)
Profit for the year		142,864,090	110,464,860	72,291,486	254,401,299
Profit attributable to:					
Equity holders of the Company		142,415,297	109,930,990	72,291,486	254,401,299
Non-controlling interests of the subsidiaries		448,793	533,870		
		142,864,090	110,464,860		
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.44	0.34	0.22	0.79

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2021**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Profit for the year</b>		142,864,090	110,464,860	72,291,486	254,401,299
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		324,926	465,950	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of assets					
- net of income tax	14	-	14,408,518	-	12,692,096
<b>Other comprehensive income for the year</b>		324,926	14,874,468	-	12,692,096
<b>Total comprehensive income for the year</b>		143,189,016	125,339,328	72,291,486	267,093,395
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		142,740,223	124,805,458	72,291,486	267,093,395
Non-controlling interests of the subsidiaries		448,793	533,870		
		143,189,016	125,339,328		

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2021**

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
	Other components of equity holders													
	Issued and paid-up share capital	Share premium	Exchange differences				Other comprehensive income			Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
			Share premium on treasury stock	Retained earnings		Statutory reserve	on translation of financial statements in foreign currency	Surplus on revaluation of assets	Surplus on revaluation of subsidiary's assets					Surplus on changes in proportion in interest of subsidiary
<b>Balance as at 1 January 2020</b>	323,400,000	50,281,000	37,552,153	32,340,000	479,014,211	(212,367)	119,352,183	41,754,649	502,260	161,396,725	1,083,984,089	1,578,939	1,085,563,028	
Profit for the year	-	-	-	-	109,930,990	-	-	-	-	-	109,930,990	533,870	110,464,860	
Other comprehensive income for the year	-	-	-	-	-	465,950	12,692,096	1,716,422	-	14,874,468	14,874,468	-	14,874,468	
Total comprehensive income for the year	-	-	-	-	109,930,990	465,950	12,692,096	1,716,422	-	14,874,468	124,805,458	533,870	125,339,328	
Dividends paid (Note 28)	-	-	-	-	(64,680,000)	-	-	-	-	-	(64,680,000)	(1,542,515)	(66,222,515)	
Decrease non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	978,682	978,682	
<b>Balance as at 31 December 2020</b>	323,400,000	50,281,000	37,552,153	32,340,000	524,265,201	253,583	132,044,279	43,471,071	502,260	176,271,193	1,144,109,547	1,548,976	1,145,658,523	
<b>Balance as at 1 January 2021</b>	323,400,000	50,281,000	37,552,153	32,340,000	524,265,201	253,583	132,044,279	43,471,071	502,260	176,271,193	1,144,109,547	1,548,976	1,145,658,523	
Profit for the year	-	-	-	-	142,415,297	-	-	-	-	-	142,415,297	448,793	142,864,090	
Other comprehensive income for the year	-	-	-	-	-	324,926	-	-	-	324,926	324,926	-	324,926	
Total comprehensive income for the year	-	-	-	-	142,415,297	324,926	-	-	-	324,926	142,740,223	448,793	143,189,016	
Dividends paid (Note 28)	-	-	-	-	(64,680,000)	-	-	-	-	-	(64,680,000)	(252,925)	(64,932,925)	
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	3,200	3,200	
<b>Balance as at 31 December 2021</b>	323,400,000	50,281,000	37,552,153	32,340,000	602,000,498	578,509	132,044,279	43,471,071	502,260	176,596,119	1,222,169,770	1,748,044	1,223,917,814	

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2021**

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity holders	
			Statutory reserve	Unappropriated	income	Total
<b>Balance as at 1 January 2020</b>	323,400,000	50,281,000	32,340,000	273,692,891	119,352,183	799,066,074
Profit for the year	-	-	-	254,401,299	-	254,401,299
Other comprehensive income for the year	-	-	-	-	12,692,096	12,692,096
Total comprehensive income for the year	-	-	-	254,401,299	12,692,096	267,093,395
Dividends paid (Note 28)	-	-	-	(64,680,000)	-	(64,680,000)
<b>Balance as at 31 December 2020</b>	323,400,000	50,281,000	32,340,000	463,414,190	132,044,279	1,001,479,469
<b>Balance as at 1 January 2021</b>	323,400,000	50,281,000	32,340,000	463,414,190	132,044,279	1,001,479,469
Profit for the year	-	-	-	72,291,486	-	72,291,486
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	72,291,486	-	72,291,486
Dividends paid (Note 28)	-	-	-	(64,680,000)	-	(64,680,000)
<b>Balance as at 31 December 2021</b>	323,400,000	50,281,000	32,340,000	471,025,676	132,044,279	1,009,090,955
	-	-	-	-	-	-
	-	-	-	-	-	-

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Profit before tax	174,405,060	135,139,436	76,550,842	259,677,910
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	112,366,664	108,605,930	52,703,313	53,034,764
Depreciation of biological assets	5,217,751	5,629,530	-	-
Amortisation of intangible assets	3,290,788	3,162,448	2,868,195	2,731,303
Amortisation of deferred rental expense (reversal)	-	1,012,755	-	(1,125,255)
Allowance for expected credit losses of trade and other receivables (reversal)	1,818,344	(218,022)	1,437,330	(211,900)
Reduction of inventories to present at net realisable value	2,681,515	1,278,547	3,076,006	1,088,747
Reversal of allowance for doubtful account of loan to unrelated company	(5,000,000)	-	(5,000,000)	-
Loss on impairment of equipment	8,566,197	-	8,566,197	-
Loss on impairment of computer software	161,162	-	161,162	-
Loss (gain) on sales of investment property	(1,137,810)	8,468	-	-
Gain on sales of equipment and computer software	(966,265)	(25,834)	(695,800)	(494,767)
Write-off building and equipment and computer software	2,357,073	6,294,999	2,103,781	5,589,964
Gain on write-off of right-of-use	(197,977)	(6,773,369)	(182,425)	(6,421,740)
Loss on impairment of investment properties	-	1,566,000	-	-
Gain on sale of stud swine	(7,523,803)	(5,712,893)	-	-
Transfer of long-term employee benefit	-	-	(4,496,867)	308,397
Long-term employee benefit expense	9,887,891	6,435,479	6,443,768	3,614,618
Unrealised loss (gain) on exchange	(26,536)	147,325	(26,536)	(395,865)
Loss (gain) on changes in fair value less cost to sell of biological assets	(36,297,241)	7,436,980	-	-
Gain on changes in fair value of interest rate exchanges	(1,815,019)	(742,262)	(1,815,018)	(742,262)
Dividend income from subsidiary	-	-	(52,597,474)	(228,467,485)
Interest income	(176,956)	(216,808)	(4,108,167)	(3,111,487)
Finance cost	30,329,626	32,518,698	22,795,538	23,048,432
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>297,940,464</b>	<b>295,547,407</b>	<b>107,783,845</b>	<b>108,123,374</b>

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
Operating assets (increase) decrease				
Trade and other receivables	(16,805,131)	52,200,992	(2,187,853)	51,185,790
Inventories	(62,238,091)	32,307,058	(46,071,238)	58,028,475
Biological assets	(17,254,055)	(7,468,207)		-
Other current assets	8,987,950	3,698,507	148,278	(4,686,716)
Loan to unrelated party	5,000,000	-	5,000,000	-
Other non-current assets	361,938	1,084,845	198,286	1,766,023
Operating liabilities increase (decrease)				
Trade and other payables	(36,514,410)	13,340,465	(40,806,546)	(3,150,223)
Other current liabilities	(4,290,359)	1,110,350	(6,302,091)	1,598,488
Other non-current liabilities	220,579	(1,973,103)	497,680	118,185
Cash paid for long-term employee benefit	(10,508,683)	(6,117,106)	(7,091,212)	(3,865,565)
Cash flows from operating activities	164,900,202	383,731,208	11,169,149	209,117,831
Cash paid for corporate income tax	(25,886,328)	(27,393,471)	(4,549,030)	(11,352,877)
<b>Net cash flows from operating activities</b>	<b>139,013,874</b>	<b>356,337,737</b>	<b>6,620,119</b>	<b>197,764,954</b>
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(5,075)	(15,079)	-	-
Cash received from dissolved subsidiary	-	-	-	426,564
Cash paid for capital increase in subsidiary	-	-	(79,996,800)	(158,926,995)
Decrease (increase) in short-term loans to subsidiaries	-	-	80,000,000	(73,011,940)
Increase in long-term loans to subsidiaries	-	-	(30,000,000)	-
Cash paid for return of share subscription to non-controlling shareholders of subsidiary	-	(105,900)	-	-
Acquisition of investment properties	(5,872,819)	-	(5,872,819)	-
Acquisition of building and equipment	(182,425,602)	(135,911,182)	(77,745,887)	(86,455,672)
Acquisition of computer software	(492,550)	(816,878)	-	(388,878)
Cash paid for advance on right-of-use assets	(177,239)	-	(177,239)	-
Acquisitions of stud swine and feed costs	-	(2,514,293)	-	-
Proceeds from sales of investment property	2,910,000	22,318	-	-
Proceeds from sales of equipment	1,340,578	750,063	1,991,400	622,744
Proceeds from sales of stud swine	11,898,422	8,582,791	-	-
Cash received from interest income	176,956	216,808	3,514,603	2,580,362
Cash received from dividend income from subsidiary	-	-	52,597,474	228,467,485
<b>Net cash flows used in investing activities</b>	<b>(172,647,329)</b>	<b>(129,791,352)</b>	<b>(55,689,268)</b>	<b>(86,686,330)</b>

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



**S. Khonkaen Foods Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2021**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2021	2020	2021	2020
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	93,992,674	(93,487,091)	88,992,674	(67,046,562)
Cash receipt from long-term loans	110,865,601	81,777,587	95,029,409	42,492,996
Cash paid for long-term loans	(122,124,938)	(97,601,898)	(49,071,108)	(38,485,580)
Cash paid under lease agreements	(11,635,050)	(11,491,591)	(9,477,704)	(9,509,286)
Cash paid for interest expenses	(30,325,677)	(32,469,462)	(22,762,533)	(23,070,490)
Proceeds from increase in share capital of a subsidiary	3,200	1,073,005	-	-
Dividend paid	(64,932,925)	(66,222,515)	(64,680,000)	(64,680,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(24,157,115)</b>	<b>(218,421,965)</b>	<b>38,030,738</b>	<b>(160,298,922)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(57,790,570)</b>	<b>8,124,420</b>	<b>(11,038,411)</b>	<b>(49,220,298)</b>
Translation adjustments	324,926	465,950	-	-
Cash and cash equivalents at beginning of year	160,841,083	152,250,713	59,526,362	108,746,660
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>103,375,439</b>	<b>160,841,083</b>	<b>48,487,951</b>	<b>59,526,362</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash items transaction				
Payable from acquisition of equipment	12,091,480	14,744,926	4,709,579	11,321,907
Lease liabilities	(7,685,165)	(6,684,912)	(7,507,926)	(3,086,409)
Write-off bad debt of loan to unrelated company	(5,000,000)	-	(5,000,000)	-
Transfer investment properties to property, plant and equipment	8,600,990	-	8,600,990	-
Transfer property, plant and equipment to intangible assets	(1,273,410)	-	(1,200,000)	-
Transfer right-of-use assets to property, plant and equipment	2,107,647	-	1,095,051	-
Revaluation surplus on land	-	18,025,120	-	15,865,120

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

S. Khonkaen Foods Public Company Limited and its subsidiaries

## 1. General Information

S. Khonkaen Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of processed food products from meat and seafood, restaurants and swine farm.

The registered office of the Company is at 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phraknong Nuer, Vadhana, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of S. Khonkaen Foods Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”)

Company's name	Nature of business	Country of incorporation	Percent of shareholding
S. Pasusat Company Limited	Breeding and sales of finishing swine	Thailand	100
S K K Food Company Limited	Distribution of processed products	Thailand	99
Mahachai Foods Company Limited	Manufacture and distribution of processed food products	Thailand	99
S. Khehakarn Company Limited (Formerly known as “3D Food and Beverage Company Limited”)	Selling and lease of investment properties	Thailand	100
Sor. Training Center Company Limited	Training and seminar service	Thailand	100
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed food products	The Netherlands	100

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.



- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
  - f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements of the Company, which present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

#### 3.1 Financial reporting standards that become effective in the current period

During the period, 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 believes that adoption of these amendments will not have any significant impact on the Group’s financial statements.

### 4. Significant accounting policies

#### 4.1 Revenue and expense recognition

##### *Sales of goods*

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts. When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

##### *Interest income*

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

##### *Dividend income*

Dividends are recognised as income when the right to receive the dividends is established.

##### *Finance cost*

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



#### 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 cost (under the weighted average) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

#### 4.4 Investments in subsidiaries

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

#### 4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties with respect to office building for rent is calculated by reference to its cost on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation provided on land and land awaiting for sales.

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

#### 4.6 Property, plant and equipment and depreciation

Land is stated on a revaluation basis. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation decrease is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvements	5 - 20	years
Plant and improvements	5 - 20	years
Machinery and equipment	5 - 10	years
Furniture, fixtures and office equipment	5	years
Motor vehicles	5	years



Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.7 Leases

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

##### **The Group as a lessee**

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

##### ***Right-of-use assets***

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

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

Land and improvements	13 - 15 years
Buildings and improvements	2 - 3 years
Machinery and equipment	2 - 5 years
Motor vehicles	5 years

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

##### ***Lease liabilities***

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

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

##### ***Short-term leases and leases of low-value assets***

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



#### **The Group as a lessor**

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

#### **4.8 Biological assets**

Biological assets are measured at fair value less cost to sale (incremental costs directly attributable to the disposal of biological assets). If the fair value cannot be measured reliably, it is measured at cost less accumulated depreciation and accumulated impairment losses. Gains or losses on changes in fair value less cost to sale are recognised in profit or loss.

Current biological assets, comprising fattening swine is presented under the caption “Current assets”. Non-current biological assets, comprising stud swine is presented under the caption “Non-current assets” in the statement of financial position.

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

#### **4.10 Intangible assets**

Following the initial recognition, the intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible asset with finite useful lives is computer software which has useful lives of 5 - 10 years.

#### **4.11 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include an individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company’s operations.

#### **4.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Group’s functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

#### **4.13 Impairment of non-financial assets**

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



value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.14 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits and other long-term employee benefits**

###### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

#### **4.15 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.16 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary



differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 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 fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### ***Financial assets at FVTPL***

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

##### **Classification and measurement of financial liabilities**

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

##### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

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

##### **Impairment of financial assets**

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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.



#### 4.18 Derivatives

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

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

Derivatives are presented as current assets or current liabilities.

#### 4.19 Fair value measurement

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows

- Level 1    Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2    Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3    Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### 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.



**Investment property**

The Company presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 13.

**Property, plant and equipment / Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Group's plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Biological assets**

Fattening swine are measured at their fair value less costs to sell. This fair value is measured with reference to the quoted prices of fattening swine at the reporting date, after deducting estimated cost to sale.

The measurement of fair value related to biological assets involves certain assumptions and some estimations, such as feeding costs of fattening swine and cost to sale.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits

**Post-employment benefits under defined benefit plans and other long-term employee benefits**

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

## **6. Related party transactions**

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on commercial terms and bases agreed upon between the Company and those related parties.



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2021	2020	2021	2020	
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	12,654	17,051	Cost plus margin
Service income	-	-	978	6,246	As stipulated in agreements
Sales of equipment and supplies	-	-	117	19	Cost plus margin
Dividend income	-	-	52,597	228,467	As declared
Interest income	-	-	4,100	3,094	Average cost of debt 2.664% - 3.25% per annum (2020: 2.664% - 4.50% per annum)
Purchases of goods	-	-	89,438	73,454	Cost plus margin
Other expenses	-	-	776	576	Cost plus margin

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related companies are as follows :

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b><u>Trade and other receivables (Note 8)</u></b>				
Subsidiaries	-	-	1,551	2,141
<b><u>Trade and other payables (Note 19)</u></b>				
Subsidiaries	-	-	744	1,061

Loans to the subsidiaries

As at 31 December 2021 and 2020, the balance of loans to the subsidiaries and the movements are as follows

(Unit: Thousand Baht)

Loans to subsidiaries	Separate financial statements					
	Balance as at 31 December 2020	Increase during the year	Decrease during the year	Balance as at 31 December 2021	Less: Short-term loan to subsidiaries	Long-term loan to subsidiary
S. Pasusat Co., Ltd.	83,000	30,000	-	113,000	-	113,000
S. Khehakarn Co., Ltd.	80,000	-	(80,000)	-	-	-
<b>Total</b>	<b>163,000</b>	<b>30,000</b>	<b>(80,000)</b>	<b>113,000</b>	<b>-</b>	<b>113,000</b>

Those short-term loan to S. Pasusat Co., Ltd. bear interest at rates of 3.25% per annum (2020: 2.664% - 3.250% per annum). The due date for repayment of principal and by 7 October 2026.



### Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Short-term employee benefits	41,768	45,384	31,381	24,420
Post-employment benefits	1,743	5,139	907	2,680
<b>Total</b>	<b>43,511</b>	<b>50,523</b>	<b>32,288</b>	<b>27,100</b>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29.2 (2).

## 7.Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	2,260	3,350	1,137	2,897
Bank deposits	101,115	157,491	47,351	56,629
<b>Total</b>	<b>103,375</b>	<b>160,841</b>	<b>48,488</b>	<b>59,526</b>

As at 31 December 2021 and 2020, bank deposits in saving accounts carried interests between 0.050% and 0.375% per annum.



## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,061	997
Total trade accounts receivable - related parties	-	-	1,061	997
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	420,916	400,559	316,874	308,191
Past due				
Up to 3 months	10,131	12,993	8,025	12,169
3 - 6 months	533	687	27	640
6 - 12 months	60	469	45	432
Over 12 months	512	590	-	227
Total	432,152	415,298	324,971	321,659
Less: Allowance for expected credit losses	(1,137)	(1,304)	(115)	(834)
Total trade accounts receivable - unrelated parties, net	431,015	413,994	324,856	320,825
<b>Total trade accounts receivable, net</b>	<b>431,015</b>	<b>413,994</b>	<b>325,917</b>	<b>321,822</b>
<u>Other receivables</u>				
Other receivables - related parties	-	-	490	1,144
Other receivables - unrelated parties	2,914	4,022	2,751	3,751
Others	1,086	-	1,086	-
Total	4,000	4,022	4,327	4,895
Less: Allowance for expected credit losses	(2,588)	(603)	(2,588)	(432)
Total other receivables - net	1,412	3,419	1,739	4,463
<b>Total trade and other receivables - net</b>	<b>432,427</b>	<b>417,413</b>	<b>327,656</b>	<b>326,285</b>



## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	46,279	39,079	(496)	(521)	45,783	38,558
Work in process	21,165	17,306	(320)	(1)	20,845	17,305
Raw materials	153,798	113,257	(1,506)	(431)	152,292	112,826
Packing materials	35,073	28,783	(2,966)	(2,360)	32,107	26,423
Spare parts and factory supplies	11,458	11,094	(781)	(74)	10,677	11,020
Animal foods and vaccine for swine	4,448	4,413	-	-	4,448	4,413
Raw materials for production of animal foods	10,739	6,789	-	-	10,739	6,789
<b>Total</b>	<b>282,960</b>	<b>220,721</b>	<b>(6,069)</b>	<b>(3,387)</b>	<b>276,891</b>	<b>217,334</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	23,454	26,046	(133)	(106)	23,321	25,940
Work in process	16,370	15,648	(320)	-	16,050	15,648
Raw materials	98,034	54,352	(1,506)	(252)	96,528	54,100
Packing materials	24,899	20,350	(2,710)	(1,942)	22,189	18,408
Spare parts and factory supplies	6,535	6,825	(756)	(49)	5,779	6,776
<b>Total</b>	<b>169,292</b>	<b>123,221</b>	<b>(5,425)</b>	<b>(2,349)</b>	<b>163,867</b>	<b>120,872</b>

During the year, the Group reduced cost of inventories by Baht 7 million (2020: Baht 3 million) (the Company only: Baht 6 million and 2020: Baht 3 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed reduced cost of inventories by Baht 4 million (2020: Baht 2 million) (the Company only: Baht 3 million and 2020: Baht 2 million), by reducing the amount of inventories recognised as cost of sales during the year.

## 10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure a fuel credit card and guarantee for utility usages.



## 11. Loan to unrelated company

As at 31 December 2021 and 2020, the balance of loan to unrelated company and the movements are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements					
	Principal		Allowance for doubtful account		Loan to unrelated company - net	
	2021	2020	2021	2020	2021	2020
Loan to unrelated company						
Lao Inter Trade Sole Company Limited	-	5,000	-	(5,000)	-	-
<b>Total</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>

In October 2015, the Company provided loan of Baht 5 million to an overseas company. This loan has been guaranteed by the pledge of total shares of the Company amounting to LAK 1 billion. The repayment term is five years which is fully repayable in October 2020. In 2018, the Company fully recognised allowance for doubtful account of loan to unrelated company.

In December 2020, the court ordered that company to repay the whole amount to the Company. During the year, the Company assessed that this company doesn't have ability to settle-off the loan, the Company therefore write-off bad debt.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows

(Unit: Thousand Baht)

Subsidiaries' name	Paid-up capital	Shareholding percentage (Percent)	Cost		Allowance for impairment loss		Cost - net	
			2021	2020	2021	2020	2021	2020
S. Pasusat Co., Ltd.	Baht 45 million	100	44,968	44,968	-	-	44,968	44,968
S K K Food Co., Ltd.	Baht 120 million	99	119,225	119,225	-	-	119,225	119,225
Mahachai Foods Co., Ltd.	Baht 245 million	99	286,919	286,919	-	-	286,919	286,919
S.Khehakarn Co., Ltd.	Baht 90 million	100	89,996	10,000	(5,000)	(5,000)	84,996	5,000
Sor. Training Center Co., Ltd.	Baht 0.5 million	100	500	500	-	-	500	500
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4
			<b>541,612</b>	<b>461,616</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>536,612</b>	<b>456,616</b>

On 9 July 2021, S. Khehakarn Company Limited, a subsidiary of the Company, had increase the registered shares capital amount of 80 million from Baht 10 million to Baht 90 million by issuing share capital 0.8 million shares with a par of Baht 100 each, to be subscribed for all of its shares by the existing shareholders in proportionate of their shareholdings after being approved by the Board of Directors Meeting of that company and subsequently S. Khehakarn Co., Ltd. repaid of short-term loan by Baht 80 million to the Company.



### 13. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land awaiting sales	Land and office building for rent	Total	Land awaiting sales	Land and office building for rent	Total
31 December 2021:						
Cost	340,842	303,616	644,458	74,771	303,616	378,387
Less: Accumulated depreciation	-	(13,960)	(13,960)	-	(13,960)	(13,960)
Less: Allowance for impairment	(1,898)	-	(1,898)	-	-	-
<b>Net book value</b>	<b>338,944</b>	<b>289,656</b>	<b>628,600</b>	<b>74,771</b>	<b>289,656</b>	<b>364,427</b>
31 December 2020:						
Cost	342,613	313,742	656,355	74,771	313,742	388,513
Less: Accumulated depreciation	-	(17,721)	(17,721)	-	(17,721)	(17,721)
Less: Allowance for impairment	(1,898)	-	(1,898)	-	-	-
<b>Net book value</b>	<b>340,715</b>	<b>296,471</b>	<b>637,186</b>	<b>74,771</b>	<b>296,471</b>	<b>371,242</b>

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	637,186	640,306	371,242	372,765
Purchase	5,872	-	5,872	-
Disposals - net book value	(1,771)	(31)	-	-
Transfer from (to) property, plant and equipment	(8,601)	2,260	(8,601)	-
Depreciation charged	(4,086)	(3,783)	(4,086)	(3,783)
Allowance for impairment	-	(1,566)	-	-
<b>Net book value at end of year</b>	<b>628,600</b>	<b>637,186</b>	<b>364,427</b>	<b>371,242</b>

Revenue and expenses related to land and office building for rent for the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Revenue from rental and service	12,730	11,195	12,730	11,195
Cost of rental and service	19,681	17,718	19,681	17,718



In 2020, the Company arranged for an independent value to appraise fair values of the investment properties. The fair value as at 31 December 2021 and 2020 stated below

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Land awaiting for sales	973,242	976,252	170,101	170,101
Land and office building for rent	329,000	329,000	329,000	329,000

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

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

	(Unit: Thousand Baht)	
	2021	2020
In up to 1 year	10,186	3,228
In over 1 year and up to 5 years	6,299	2,881

The Group has pledged investment properties amounting to approximately Baht 397 million (2020: Baht 437 million) (the Company only: Baht 331 million, 2020: Baht 371 million) as collateral against credit facilities received from financial institutions.



## 14. Property, plant and equipment

(Unit: Thousand Baht)

### Consolidated financial statements

	Revaluation basis	Cost basis						Total
	Land	Land improve- ments	Buildings and improve- ments	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construc- tion in progress	
<b>Cost / Revalued amount:</b>								
1 January 2020	271,470	27,235	669,579	511,701	64,377	50,873	21,476	1,616,711
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(9,108)	-	(9,108)
Additions	-	-	4,583	8,940	2,798	796	133,888	151,005
Disposals	-	-	-	(8,171)	(1,772)	(1,097)	-	(11,040)
Write-off	-	-	(18,953)	(5,942)	(3,766)	(145)	(1,160)	(29,966)
Transfers in (out)	-	56	15,812	57,749	3,987	272	(77,876)	-
Transfer from right of use assets	-	-	-	-	-	662	-	662
Transfer to investment properties	-	-	-	-	-	-	(2,260)	(2,260)
Revaluation increase	18,025	-	-	-	-	-	-	18,025
31 December 2020	289,495	27,291	671,021	564,277	65,624	42,253	74,068	1,734,029
Addition	-	-	7,372	28,657	8,674	3,075	146,739	194,517
Disposals	-	-	(1,255)	(6,193)	(1,443)	(3,093)	-	(11,984)
Write-off	-	-	(17,124)	(4,464)	(6,088)	(232)	-	(27,908)
Transfers in (out)	-	-	93,184	22,607	3,363	4,263	(123,417)	-
Transfer from (to) investment properties	-	-	27,496	1,341	-	-	(12,838)	15,999
Transfer from right of use assets	-	-	-	-	-	6,709	-	6,709
Transfer to intangible assets	-	-	-	-	(102)	-	(1,200)	(1,302)
31 December 2021	289,495	27,291	780,694	606,225	70,028	52,975	83,352	1,910,060



## Consolidated financial statements

	Revaluation basis	Cost basis						
	Land	Land improve- ments	Buildings and improve- ments	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construc- tion in progress	Total
<b>Accumulated depreciation:</b>								
1 January 2020	-	9,890	293,434	309,942	44,093	39,476	-	696,835
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(3,166)	-	(3,166)
Depreciation for the year	-	760	33,313	44,325	7,830	2,545	-	88,773
Depreciation on disposals	-	-	-	(7,552)	(1,671)	(1,093)	-	(10,316)
Depreciation on write-off	-	-	(15,342)	(5,664)	(2,524)	(145)	-	(23,675)
Transfer from right of use assets	-	-	-	-	-	529	-	529
31 December 2020	-	10,650	311,405	341,051	47,728	38,146	-	748,980
Depreciation for the year	-	747	34,152	47,072	7,812	3,377	-	93,160
Depreciation on disposals	-	-	(1,255)	(5,884)	(1,411)	(3,060)	-	(11,610)
Depreciation on write-off	-	-	(7,855)	(4,316)	(5,700)	(232)	-	(18,103)
Transfer from investment properties	-	-	7,335	62	-	-	-	7,397
Transfer from right-of-use assets	-	-	-	-	-	4,602	-	4,602
Transfer to intangible assets	-	-	-	-	(28)	-	-	(28)
31 December 2021	-	11,397	343,782	377,985	48,401	42,833	-	824,398
<b>Allowance for impairment loss:</b>								
1 January 2020	-	-	-	-	-	-	-	-
Increase during the year	-	-	482	-	-	-	-	482
31 December 2020	-	-	482	-	-	-	-	482
Increase during the year	-	-	7,045	924	597	-	-	8,566
Reverse during the year	-	-	(6,955)	(144)	(386)	-	-	(7,485)
31 December 2021	-	-	572	780	211	-	-	1,563
<b>Net book value:</b>								
31 December 2020	289,495	16,641	359,134	223,226	17,896	4,107	74,068	984,567
31 December 2021	289,495	15,894	436,340	227,460	21,416	10,142	83,352	1,084,099
<b>Depreciation for the year</b>								
2020 (Baht 67 million included in manufacturing cost, and the balance in selling and administrative expenses)								88,773
2021 (Baht 63 million included in manufacturing cost, and the balance in selling and administrative expenses)								93,160



(Unit: Thousand Baht)

	Separate financial statements							
	Revaluation basis	Cost basis						
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost / Revalued amount:								
1 January 2020	182,173	2,247	209,049	265,948	45,986	24,034	9,310	738,747
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(2,899)	-	(2,899)
Additions	-	-	1,616	3,112	1,289	764	90,995	97,776
Disposals	-	-	-	(2,673)	(877)	(1,088)	-	(4,638)
Write-off	-	-	(13,923)	-	(2,928)	-	(1,160)	(18,011)
Transfer in (out)	-	-	990	21,832	3,987	272	(27,081)	-
Transfer to investment properties	-	-	-	-	-	-	(2,260)	(2,260)
Revaluation increase	15,865	-	-	-	-	-	-	15,865
31 December 2020	198,038	2,247	197,732	288,219	47,457	21,083	69,804	824,580
Additions	-	-	4,779	13,170	4,461	1,695	58,351	82,456
Disposals	-	-	(891)	(5,075)	(978)	(3,400)	-	(10,344)
Write-off	-	-	(15,084)	(4,464)	(5,998)	(232)	-	(25,778)
Transfer in (out)	-	-	86,975	12,800	3,364	-	(103,139)	-
Transfer from (to) investment properties	-	-	27,496	1,341	-	-	(12,838)	15,999
Transfer from right-of-use assets	-	-	-	-	-	1,796	-	1,796
Transfer to intangible assets	-	-	-	-	-	-	(1,200)	(1,200)
31 December 2021	198,038	2,247	301,007	305,991	48,306	20,942	10,978	887,509



(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis	Cost basis					
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
<b>Accumulated depreciation:</b>							
1 January 2020	-	2,247	113,128	176,861	33,036	19,133	- 344,405
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(453)	- (453)
Depreciation for the year	-	-	9,303	20,230	5,118	1,081	- 35,732
Depreciation on disposals	-	-	-	(2,618)	(804)	(1,088)	- (4,510)
Depreciation on write-off	-	-	(10,657)	-	(1,768)	-	- (12,425)
31 December 2020	-	2,247	111,774	194,473	35,582	18,673	- 362,749
Depreciation for the year	-	-	9,286	20,498	4,960	1,301	- 36,045
Depreciation on disposals	-	-	(891)	(4,851)	(951)	(2,355)	- (9,048)
Depreciation on write-off	-	-	(6,551)	(4,316)	(5,610)	(232)	- (16,709)
Transfer from investment properties	-	-	7,335	62	-	-	- 7,397
Transfer from right-of-use assets	-	-	-	-	-	701	- 701
31 December 2021	-	2,247	120,953	205,866	33,981	18,088	- 381,135
<b>Allowance for impairment loss:</b>							
1 January 2020	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-
31 December 2020	-	-	-	-	-	-	-
Increase during the year	-	-	7,045	924	597	-	- 8,566
Reverse during the year	-	-	(6,473)	(144)	(386)	-	- (7,003)
31 December 2021	-	-	572	780	211	-	- 1,563
<b>Net book value:</b>							
31 December 2020	198,038	-	85,958	93,746	11,875	2,410	69,804 461,831
31 December 2021	198,038	-	179,482	99,345	14,114	2,854	10,978 504,811
<b>Depreciation for the year</b>							
2020 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							35,732
2021 (Baht 22 million included in manufacturing cost, and the balance in selling and administrative expenses)							36,045



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

Had the land been carried on a historical cost basis, their net book values as of 31 December 2021 and 2020 would have been as follows

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Land	69,997	69,997	32,983	32,983

As at 31 December 2021, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 408 million (2020: Baht 375 million) (the Company only: Baht 239 million, 2020: Baht 228 million).

The Group has mortgaged land and building constructed thereon and machinery with a total net book value of Baht 343 million (2020: Baht 606 million) as collaterals against credit facilities received from financial institutions (the Company only: Baht 257 million, 2020: Baht 249 million).

## 15. Leases

### 15.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 15 years.

#### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2021 and 2020 are summarised below  
(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments right of use assets due to TFRS 16 adoption	104,282	13,550	1,498	5,942	125,272
Additions	2,562	1,803	1,230	3,260	8,855
Write-off	(692)	(1,239)	-	-	(1,931)
Transfer to property, plant and equipment	-	-	-	(133)	(133)
Depreciation for the year	(7,448)	(5,764)	(1,006)	(1,831)	(16,049)
31 December 2020	98,704	8,350	1,722	7,238	116,014
Additions	-	5,048	1,720	917	7,685
Write-off	(282)	(2,418)	-	-	(2,700)
Transfer to property, plant and equipment	-	-	-	(2,108)	(2,108)
Depreciation for the year	(7,326)	(4,711)	(1,184)	(1,900)	(15,121)
31 December 2021	91,096	6,269	2,258	4,147	103,770



(Unit: Thousand Baht)

	Separate financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments right of use assets due to TFRS 16 adoption	89,042	13,550	1,498	2,446	106,536
Additions	1,548	1,803	-	1,713	5,064
Write-off	-	(1,239)	-	-	(1,239)
Depreciation for the year	(6,248)	(5,764)	(862)	(644)	(13,518)
31 December 2020	84,342	8,350	636	3,515	96,843
Additions	-	5,048	1,720	917	7,685
Write-off	-	(2,418)	-	-	(2,418)
Transfer to property, plant and equipment	-	-	-	(1,095)	(1,095)
Depreciation for the year	(6,247)	(4,711)	(938)	(677)	(12,573)
31 December 2021	78,095	6,269	1,418	2,660	88,442

**b) Lease liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	133,322	144,685	113,337	121,100
Less: Deferred interest expenses	(28,558)	(32,896)	(24,179)	(27,372)
Total	104,764	111,789	89,158	93,728
Less: Portion due within one year	(9,345)	(11,258)	(7,853)	(9,219)
Lease liabilities - net of current portion	95,419	100,531	81,305	84,509

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

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	15,121	15,574	12,573	13,043
Interest expense on lease liabilities	4,366	4,662	3,602	3,851
Expense relating to short-term leases	5,492	7,865	4,631	6,683
Expense relating to leases of low-value assets	2,460	2,720	2,460	2,720



#### d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 24 million (2020: Baht 26 million) (the Company only: Baht 20 million, 2020: Baht 22 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

#### 15.2 Group as a lessor

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows

	(Unit: Thousand Baht)	
	Consolidated /Separate financial statements	
	2021	2020
Within 1 year	10,186	3,228
Over 1 and up to 5 years	6,299	2,881
<b>Total</b>	<b>16,485</b>	<b>6,109</b>

### 16. Biological assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
Current biological assets	111,618	67,821
Non-current biological assets	9,602	9,440
<b>Total biological assets</b>	<b>121,220</b>	<b>77,261</b>

Biological assets comprise of fattening swine and stud swine. The Group presented the biological assets with feeding cycle not over one year as current biological assets. The biological assets with feeding cycle over one year presented as non-current biological assets.

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
<b>Balance at beginning of year</b>	<b>77,261</b>	<b>83,215</b>
Increases due to feeding costs	280,521	243,715
Decreases due to sales	(267,641)	(236,603)
Depreciation for the year	(5,218)	(5,629)
Gain (loss) on change in fair value less cost to sell of biological assets	36,297	(7,437)
<b>Balance at end of year</b>	<b>121,220</b>	<b>77,261</b>



## 17. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2021		
Cost	34,521	29,213
Less: Accumulated amortisation	(25,219)	(23,350)
Less: Allowance for impairment loss	(161)	(161)
Net book value	9,141	5,702
As at 31 December 2020		
Cost	34,315	29,602
Less: Accumulated amortisation	(23,451)	(22,033)
Net book value	10,864	7,569

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	10,864	13,214	7,569	9,916
Acquisitions	493	817	-	389
Transferred from property, plant and equipment	1,274	-	1,200	-
Amortisation during the year	(3,291)	(3,162)	(2,868)	(2,731)
Disposal/write-off during the year	(38)	(5)	(38)	(5)
Allowance for impairment loss	(161)	-	(161)	-
Net book value at end of year	9,141	10,864	5,702	7,569

## 18. Bank overdrafts and short-term loans from financial institutions

		(Unit: Thousand Baht)			
	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Bank overdrafts	-	-	1,007	-	1,007
Short-term loans from financial institutions	1.70 - 1.95	515,000	420,000	450,000	360,000
Total		515,000	421,007	450,000	361,007

The above credit facilities of the Company are secured by the mortgages of land and building constructed thereon and machines of the Company.

The above credit facilities of subsidiaries are secured by the mortgages of subsidiaries' land of subsidiaries and guaranteed by the Company (2020: Securement by the mortgages of subsidiaries' land and building constructed thereon of subsidiaries and guaranteed by the Company).



## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payable - related parties	-	-	744	1,061
Trade accounts payable - unrelated parties	161,281	161,237	91,252	95,962
Accrued sale promotions	42,487	66,708	29,050	55,791
Accrued expenses	84,778	82,668	62,265	60,086
Payable from purchase of equipment	12,091	14,745	4,710	11,322
Others	1,153	851	585	448
Total trade and other payables	301,790	326,209	188,606	224,670

## 20. Long-term loans

As at 31 December 2021 and 2020, long-term loans are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Loans from banks	479,396	490,655	341,276	295,317
Less: Current portion of long-term loans	(108,296)	(112,983)	(57,290)	(64,121)
Net	371,100	377,672	283,986	231,196

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

Company's name	Balance of long-term loans		Interest rates (% per annum)	Repayment (Monthly repayment)
	2021 (Thousand Baht)	2020 (Thousand Baht)		
S. Khonkaen Foods Pcl.	492	2,088	MLR less fixed rate	Final dued in April 2022
	31,530	51,570	Fixed rate	Final dued in July 2023
	32,224	43,159	Fixed rate	Final dued in December 2025
	182,000	198,500	MLR less fixed rate	Final dued in May 2025
	95,030	-	Fixed rate	Final dued in December 2027
	341,276	295,317		
Mahachai Foods Co., Ltd.	43,140	42,743	Fixed rate	Final dued in May 2026
	94,400	151,595	Fixed rate	Final dued in November 2024
	137,540	194,338		
S. Pasusat Co., Ltd.	580	1,000	Fixed rate	Final dued in June 2022
<b>Total</b>	<b>479,396</b>	<b>490,655</b>		



Movement of the long-term loan account during the year ended 31 December 2021 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	490,655	295,317
Add: Additional borrowings	110,866	95,030
Less: Repayment	(122,125)	(49,071)
Balance as at 31 December 2021	479,396	341,276

The long-term loans of the Company is secured by the mortgages of land and building constructed thereon, machinery and investment properties of the Company.

The long - term loans of the subsidiaries are secured by the mortgage of land, machinery of subsidiaries and guaranteed by the Company (2020: Securement by the mortgage of land, building constructed thereon, machinery, investment properties of subsidiaries and guaranteed by the Company).

The loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio, interest-bearing debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreements. Also, the Group has to maintain shareholding proportion in the parent prescribed in the agreement.

As at 31 December 2021, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 199 million (2020: Baht 64 million) (the Company only: Baht 199 million, 2020: Baht 64 million).

## 21. Provisions for long-term employee benefits

Provisions for long-term employee benefits, which represent compensations payable to employees after they retire, are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Provisions for long-term employee benefits at beginning of year</b>	90,826	90,508	64,654	64,597
Included in profit or loss:				
Current service cost	7,988	4,577	5,104	2,273
Interest cost	1,900	1,858	1,340	1,341
Included in other comprehensive income:	-	-	(4,497)	308
Transfer in (out) from (to) subsidiary	(10,508)	(6,117)	(7,091)	(3,865)
Benefits paid during the year				
<b>Provisions for long-term employee benefits at end of year</b>	<b>90,206</b>	<b>90,826</b>	<b>59,510</b>	<b>64,654</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:  
(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cost of sales	2,752	1,724	1,830	665
Selling and administrative expenses	7,136	4,711	4,614	2,950
<b>Total expense recognised in profit or loss</b>	<b>9,888</b>	<b>6,435</b>	<b>6,444</b>	<b>3,615</b>



The Group expect to pay Baht 12 million of long-term employee benefits during the next year (2020: Baht 9 million) (the Company only: Baht 9 million, 2020: Baht 6 million).

As at 31 December 2021, the weighted average duration of the liabilities for retirement benefit of long-term employee benefit is 9 years (2010: 9 years) (the Company only: 9 years 2020: 9 years)

As at 31 December 2021, the weighted average duration of the liabilities for long service award of long-term employee benefit is 8 years (2020: 8 years) (the Company only: 8 years 2020: 8 years)

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rates for compensation on employee's retirement	1.88	1.88	1.88	1.88
Discount rates for long service award	1.83	1.83	1.83	1.83
Salary increase rates	6.14	6.14	6.14	6.14
Turnover rates	0.0 - 58.0	0.0 - 58.0	0.0 - 58.0	0.0 - 58.0

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

	Consolidated financial statements					
	Obligation change			Obligation change		
	Increase (%)	2021 (Thousand Baht)	2020 (Thousand Baht)	Decrease (%)	2021 (Thousand Baht)	2020 (Thousand Baht)
Discount rate	1.0	(4,859)	(5,152)	(1.0)	5,358	5,689
Salary increase rate	1.0	6,877	6,237	(1.0)	(6,316)	(5,749)
Turnover rate	1.0	(6,067)	(5,473)	(1.0)	6,793	6,097

	Separated financial statements					
	Obligation change			Obligation change		
	Increase (%)	2021 (Thousand Baht)	2020 (Thousand Baht)	Decrease (%)	2021 (Thousand Baht)	2020 (Thousand Baht)
Discount rate	1.0	(3,428)	(3,648)	(1.0)	3,783	4,028
Salary increase rate	1.0	4,880	4,431	(1.0)	(4,481)	(4,086)
Turnover rate	1.0	(4,095)	(3,679)	(1.0)	4,600	4,110

The results of sensitivity analysis for significant assumptions that affect the present value for long service award of the long-term employee benefits obligation as at 31 December 2021 and 2020 are summarized below

	Consolidated financial statements					
		Obligation change			Obligation change	
	Increase	2021	2020	Decrease	2021	2020
	(%)	(Thousand	(Thousand	(%)	(Thousand	(Thousand
		Baht)	Baht)		Baht)	Baht)
Discount rate	1.0	(84)	(95)	(1.0)	92	104
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(125)	(120)	(1.0)	138	131

	Separated financial statements					
		Obligation change			Obligation change	
	Increase	2021	2020	Decrease	2021	2020
	(%)	(Thousand	(Thousand	(%)	(Thousand	(Thousand
		Baht)	Baht)		Baht)	Baht)
Discount rate	1.0	(55)	(62)	(1.0)	60	68
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(82)	(78)	(1.0)	90	85

## 22. Statutory reserve

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

## 23. Expenses by nature

Significant expenses classified by nature are as follows

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Salaries and wages and other employee benefits	640,065	631,559	407,831	414,928
Depreciation and amortisation	120,876	117,398	55,572	55,766
Raw materials and consumables used	1,425,507	1,374,951	806,437	733,898
Changes in inventories of finished goods and work in process	(56,226)	(22,316)	(1,870)	(19,492)
Sale promotion expenses	191,419	198,499	134,264	144,425



## 24. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Current income tax:</b>				
Current income tax charge	25,400	26,226	5,210	4,760
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	6,141	(1,551)	(951)	517
<b>Income tax expense reported in profit or loss</b>	<b>31,541</b>	<b>24,675</b>	<b>4,259</b>	<b>5,277</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting profit before tax	174,405	135,139	76,551	259,678
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	34,881	27,028	15,310	51,936
Effects of:				
Non-deductible expenses	6,471	3,091	5,218	2,217
Additional deductible expenses allowed	(6,930)	(4,023)	(5,622)	(3,190)
Exempted revenue	-	-	(10,640)	(45,693)
Others	(2,881)	(1,421)	(7)	7
Total	(3,340)	(2,353)	(11,051)	(46,659)
Income tax expense reported in the income statement	31,541	24,675	4,259	5,277

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b>Deferred tax assets</b>				
Allowance for expected credit losses	745	1,382	540	1,253
Allowance for diminution in value of inventories	1,214	677	1,085	470
Impairment on investment properties	380	380	-	-
Impairment on building and equipments	345	96	345	-
Impairment of biological assets	175	175	-	-
Cost of fattening swine	133	-	-	-
Depreciation of stud swine	442	654	-	-
Provision for long-term employee benefits	16,577	17,486	11,902	12,931
Leases	384	-	300	-
Total deferred tax assets	20,395	20,850	14,172	14,654
<b>Deferred tax liabilities</b>				
Interest rate swaps	(511)	(148)	(511)	(149)
Cost of fattening swine	-	(162)	-	-
Cost of machinery and equipment	(339)	(1,723)	(339)	(1,723)
Surplus on revaluation of assets	(43,900)	(43,900)	(33,011)	(33,011)
Gain on change in fair value less cost to sale of biological assets	(10,768)	(3,510)	-	-
Leases	-	(390)	-	(410)
Total deferred tax liabilities	(55,518)	(49,833)	(33,861)	(35,293)
Deferred tax liabilities - net	(35,123)	(28,983)	(19,689)	(20,639)
<b>Deferred tax assets (liabilities) presented in statement of financial position</b>				
Deferred tax assets	328	328	-	-
Deferred tax liabilities	(35,451)	(29,311)	(19,689)	(20,639)

As at 31 December 2021, three subsidiaries have deductible temporary differences and unused tax losses totaling Baht 2 million (2020: Baht 16 million), on which deferred tax assets have not been recognised as those subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire within 2026.



## 25. Earnings per share

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

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

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Profit attributable to equity holders of the Company (Thousand Baht)	142,415	109,931	72,291	254,401
Weighted average number of ordinary shares (Thousand Shares)	323,400	323,400	323,400	323,400
Earnings per share (Baht/share)	0.44	0.34	0.22	0.79

## 26. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees contribute to the fund monthly at the rates of 3% and 2% - 15%, respectively of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules of the Group's provident fund.

During the year ended 31 December 2021 and 2020, the contributions were recognised as expenses as following details

Company's name	Fund Manager	(Unit: Million Baht)	
		Company's contribution in	
		2021	2020
S. Khonkaen Foods Public Company Limited	Bangkok Capital Asset Management Company Limited	5	-
Mahachai Foods Company Limited	TISCO Asset Management Company Limited	2	-
S. Pasusat Company Limited	Bangkok Capital Asset Management Company Limited	0.3	-

## 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 is organised into business units based on its products and services. Their operating segments are classified into four reportable segments as follows

1. Processed food from pork
2. Processed seafood
3. Restaurants
4. Swine farm

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The revenue and profit information regarding the Group operating segments for the years ended 31 December 2021 and 2020 is presented below (Unit: Thousand Baht)

For the years ended 31 December 2021 and 2020	Processed food from pork		Processed seafood		Restaurants		Swine farm		Total segment		Elimination entries		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from external customers	1,410,302	1,441,350	1,021,153	963,498	52,295	96,684	282,926	261,786	2,766,676	2,763,318	-	-	2,766,676	2,763,318
Inter-segment revenue	12,654	17,051	89,438	73,454	-	-	-	-	102,092	90,505	(102,092)	(90,505)	-	-
Total sales	1,422,956	1,458,401	1,110,591	1,036,952	52,295	96,684	282,926	261,786	2,868,768	2,853,823	(102,092)	(90,505)	2,766,676	2,763,318
Gross operating profit	376,645	399,732	281,329	247,007	29,109	52,125	29,133	37,030	716,216	735,894	-	-	716,216	735,894
Loss from rental and service													(6,951)	(6,524)
Other income													32,750	19,408
Gain (loss) on change in fair value less cost to sale of biological assets													36,297	(7,437)
Selling and distribution expenses													(242,196)	(269,422)
Administrative expenses													(331,381)	(304,260)
Finance cost													(30,330)	(32,519)
Tax expense													(31,541)	(24,675)
Profit for the year													142,864	110,465
Segment total assets														
Property, plant and equipment	492,856	439,686	443,295	447,397	12,007	22,387	136,150	75,097	1,084,308	984,567	(209)	-	1,084,099	984,567
Intangible assets	5,675	7,389	3,369	3,295	27	180	70	-	9,141	10,864	-	-	9,141	10,864



## Geographic information

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

	(Unit: Thousand Baht)	
	2021	2020
Revenue from external customers		
Thailand	2,597,018	2,570,214
Others	169,658	193,104
Total	2,766,676	2,763,318

## Major customers

During the year, the Group had revenue from three major customers amounting to Baht 1,373 million arising from processed food from pork segment and processed seafood segment (2020: Baht 1,346 million derived from three major customers in the same segment).

## 28.Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2020	Annual General Meeting of the shareholders on 27 April 2021	64,680	0.20
Interim dividend for 2019	Board of Directors Meeting of the Company on 1 April 2020	64,680	2.00*

\*Dividend per share was calculated from number of ordinary shares prior to the changes in its par value from Baht 10 per share to Baht 1 per share.

## 29. Commitments and contingent liabilities

### 29.1 Capital commitments

As at 31 December 2021, the Group had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 31 million (2020: Baht 73 million) (the Company only: Baht 9 million, 2020: Baht 70 million).

### 29.2 Guarantees

- (1) As at 31 December 2021, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million (2020: Baht 1 million).
- (2) As at 31 December 2021, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 323 million (2020: Baht 323 million).
- (3) As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 8 million (2020: Baht 8 million) issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (the Company only: Baht 6 million, 2020: Baht 6 million).

## 30. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had assets and liabilities that were measured at fair value using different levels of inputs as follows

(Unit: Million Baht)

As at 31 December 2021								
Consolidated financial statements				Separate financial statements				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>								
Land	-	289	-	289	-	198	-	198
Biological assets	-	42	79	121	-	-	-	-
<b>Assets for which fair value is disclosed</b>								
Investment properties	-	973	329	1,302	-	170	329	499

(Unit: Million Baht)

As at 31 December 2020								
Consolidated financial statements				Separate financial statements				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>								
Land	-	289	-	289	-	198	-	198
Biological assets	-	16	61	77	-	-	-	-
<b>Assets for which fair value is disclosed</b>								
Investment properties	-	976	329	1,305	-	170	329	499

## 31. Financial instruments

### 31.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans and short-term, lease liabilities and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.



### **Trade accounts receivable**

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

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

### **Financial instruments and cash deposits**

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

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

### **Foreign currency risk**

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

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

### **Interest rate risk**

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

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

As at 31 December 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)

	Consolidate financial statements						
	As at 31 December 2021						
	Fixed interest rates			Floating interest rate	Non-inte rest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	862	-	-	7,516	94,997	103,375	0.05 - 0.375
Trade and other receivables	-	-	-	-	432,427	432,427	-
Restricted bank deposits	348	1,162	-	-	-	1,510	0.375 - 1.50
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	515,000	-	515,000	1.70 - 1.95
Trade and other payables	-	-	-	-	301,790	301,790	-
Lease liabilities	9,345	28,901	66,518	-	-	104,764	1.53 - 5.375
Long-term loans	108,296	371,100	-	-	-	479,396	Note 20

(Unit: Thousand Baht)

	Consolidate financial statements						
	As at 31 December 2020						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	859	-	-	7,118	152,864	160,841	0.05 - 0.375
Trade and other receivables	-	-	-	-	417,413	417,413	-
Restricted bank deposits	347	1,158	-	-	-	1,505	0.20 - 0.375
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	421,007	-	421,007	1.90 - 5.84
Trade and other payables	-	-	-	-	326,209	326,209	-
Lease liabilities	11,258	26,920	73,611	-	-	111,789	1.53 - 5.375
Long-term loans	112,983	377,672	-	-	-	490,655	Note 20



(Unit: Thousand Baht)

	Separate financial statements						
	As at 31 December 2021						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	3,983	44,505	48,488	0.05 - 0.125
Trade and other receivables	-	-	-	-	327,656	327,656	-
Long-term loans to subsidiary	-	-	-	113,000	-	113,000	3.25
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	450,000	-	450,000	1.70
Trade and other payables	-	-	-	-	188,606	188,606	-
Lease liabilities	7,853	23,145	58,160	-	-	89,158	1.53 - 4.00
Long-term loans	57,290	283,986	-	-	-	341,276	Note 20

(Unit: Thousand Baht)

	Separate financial statements						
	As at 31 December 2020						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	2,403	57,123	59,526	0.05 - 0.125
Trade and other receivables	-	-	-	-	326,285	326,285	-
Short-term loans to subsidiary	80,000	-	-	-	-	80,000	2.664
Long-term loans to subsidiary	-	-	-	83,000	-	83,000	3.25
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	361,007	-	361,007	1.90 - 5.84
Trade and other payables	-	-	-	-	224,670	224,670	-
Lease liabilities	9,219	21,143	63,366	-	-	93,728	1.53 - 4.00
Long-term loans	64,121	231,196	-	-	-	295,317	Note 20

### Liquidity risk

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

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows

(Unit: Thousand Baht)

Consolidated financial statements					
31 December 2021					
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	515,000	-	-	515,000
Trade and other payables	-	301,790	-	-	301,790
Lease liabilities	-	9,345	28,901	66,518	104,764
Long-term loans	-	108,296	371,100	-	479,396
<b>Total non-derivatives</b>	-	934,431	400,001	66,518	1,400,950

(Unit: Thousand Baht)

Consolidated financial statements					
31 December 2020					
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	421,007	-	-	421,007
Trade and other payables	-	326,209	-	-	326,209
Lease liabilities	-	11,258	26,920	73,611	111,789
Long-term loans	-	112,983	377,672	-	490,655
<b>Total non-derivatives</b>	-	871,457	404,592	73,611	1,349,660



(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2021				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	450,000	-	-	450,000
Trade and other payables	-	188,606	-	-	188,606
Lease liabilities	-	7,853	23,145	58,160	89,158
Long-term loans	-	57,290	283,986	-	341,276
<b>Total non-derivatives</b>	-	703,749	307,131	58,160	1,069,040

(Unit: Thousand Baht)

	Separate financial statements				
	31 December 2020				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	361,007	-	-	361,007
Trade and other payables	-	224,670	-	-	224,670
Lease liabilities	-	9,219	21,143	63,366	93,728
Long-term loans	-	64,121	231,196	-	295,317
<b>Total non-derivatives</b>	-	659,017	252,339	63,366	974,722

### 31.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

### **32. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 1.28:1 (2020: 1.32:1) (the Company only: 1.15:1, 2020: 1.08:1).

### **33. Event after the reporting period**

The meeting of the Company's Board of Directors held on 24 February 2022 passed a resolution to propose to the Company's annual general shareholders' meeting to approve dividend payment from operating results of the year 2021 at Baht 0.15 per share, or a total of Baht 48.51 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders of the Company.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.







# Part 4

## Appendix





## Attachment 1 Director and Executive Director in Subsidiaries

Name of Subsidiary	S. KHONKAEN FOODS PCL.  Name of Shareholders	Subsidiary					
		S.PASUSAT CO.,LTD.	S K K FOOD CO.,LTD.	MAHACHAI FOODS CO.,LTD.	S. KHONKAEN FOODS (NETHERLANDS) B.V.	SOR. TRAINING CENTER CO.,LTD.	S. KHEHAKARN CO.,LTD.
1. Dr. Charoen Rujirasopon		X	X	//	X	X	X
2. Mrs. Niramorn Rujirasopon		//	//	/	//	//	//
3. Mr. Jaraspon Rujirasopon						//	//
4. Mr. Jarunpoj Rujirasopon		//		//		//	//
5. Mr. Thanakrit Rujirasopon							
6. Mr. Nippon Seetang				//			
7. Mr. Damri Sukhothanang				X			
8. Mr. Pensak Chalarak				/			
9. Mrs. Pornsiri Punkasem				/			
10. Mr. Mongkol Lapchalempong				/			
11. Mr. Luan Saengtong			/	//			
12. Mr. Supoj Thaisomboon			/				
13. Mr. Chuchart Dejuythachai				//			
14. Mr. Wirot Jiwattayakul					//		

**Note :** X = Chairman of the Board of Director

/ = Director

// = Executive Director

## Attachment 2 Head of Internal Audit

Name/ Last name/ Position	Educational Qualifications/ Diploma or Certificates/ Related Training	Responsibilities	Relevant experience		
			Period	Position	Organization/ Company/ Type of business
Ms. Supaporn Khamsai	<ul style="list-style-type: none"> <li>- Bachelor of Accounting, Asian Aknay University</li> <li>- Certified Professional Internal Auditors of Thailand (CPIAT) :</li> <li>Association of Internal Auditors of Thailand</li> <li>- Diploma</li> <li>Internal Audit Certificate Program (IACP) : Federation of Accounting Professions In the Royal Patronage</li> <li>- Risk Base Audit: Association of Internal Auditors of Thailand</li> <li>- Fraud Audit : Association of Internal Auditors of Thailand</li> <li>- Elevate paper Anti-Corruption Review Class 3/21 : Thai Institute of Directors Association (IOD)</li> <li>- Smart Disclosure Program (SDP) Training : The Stock Exchange of Thailand Corporate</li> </ul>	Supervise internal audit work, plan the annual audit work. Define and update guidelines scope, procedures, guidelines for monitoring and consulting on revisions to improve the system for the agency.	March 2019 - Present	Head Internal Audit	S.Khonkaen Foods Public Company Limited
		Prepare meeting invitations, documents and support the work of the Audit committee and corporate governance.	May 2019 – Present	Secretary to the Audit and Corporate Governance Committee	S.Khonkaen Foods Public Company Limited
		Establish an internal control system, internal audit, audit report, evaluate the performance of the audited unit. And consult on revisions to improve the work system for the internal audit unit.	Jan - Dec 2018	Head of Internal Audit Department	Advance Research Group Company Co., Ltd.
		Establish an internal control system, internal audit, audit report, evaluate the performance of the audited unit. And consult on revisions to improve the work system for the internal audit unit.	Aug 2015- Dec 2017	Head of Internal Audit Department	VR Fittings Co., Ltd.
		Consulting and training for the E-Business Plus Account & ERP program	Aug 2014 - Jul 2015	Support Account	E-Business Plus Co., Ltd.



Name/ Last name/ Position	Educational Qualifications/ Diploma or Certificates/ Related Training	Responsibilities	Relevant experience		
			Period	Position	Organization/ Company/ Type of business
	<ul style="list-style-type: none"> <li>- Governance Audit : Federation of Accounting Professions In the Royal Patronage</li> <li>- Personal Data Protection Act B.E. 2535 (2015) 2019 and related digital laws : Federation of Accounting Professions In the Royal Patronage</li> </ul>	Responsible in human resources and general affairs, finance, related to the registration of permission to establish a hospital. Contact for utility permission.	Jul 2013 - Jul 2014	General Manager	Mahanakorn Mae Sot Medical Co., Ltd.
		<ul style="list-style-type: none"> <li>- Prepare invitation and prepare reference materials for the meeting of the Board of Directors and shareholders</li> <li>- Summary of minutes of the Board of Directors' meetings and shareholders</li> <li>- Contact and coordinate with the Stock Exchange of Thailand and the Securities Depository of Thailand (TSD)</li> </ul>	2011 - Jun 2013	Assistant Corporate Secretary	Srivichai Vejiviat Public Company Limited
		Prepare information for a business meetings, Set up an appointment schedule , review documents before presenting and signing , coordination with internal and external unit and as assigned.	2008 - 2010	Secretary To Chief Financial Officer	Srivichai Vejiviat Co., Ltd.
		Prepare debtors ageing, Individual receivable details report and Manage employee performance to achieve the company's KPI performance	2005 - 2007	Head of Accounts Receivable Department	Srivichai Vejiviat Co., Ltd.

### Attachment 3 Chief Accountant

Name – Surname	Educational Background	Relevant Work Experience		
		Period	Position	Organization / Company / Type of Business
Miss Nareerat Chatkunakorn	Bachelor of Accounting, Kaset Sart University	April 2017 - Present	Accounting Manager	S. Khonkean Foods Public Company Limited
		April 2011 -March 2017	Audit Assistant	EY Office Limited



# Attachment 4 Details of Asset Appraisal

-Non-assessment in Year 2021

## **Attachment 5 Corporate Governance Policy (Full Version) and Code of Conduct Manual**

Please find out the full version of corporate governance policy and Business Code of Conduct at

<https://investor.sorkon.co.th/th/corporate-governance/corporate-policies>



## Attachment 6 Audit and Corporate Governance Committee's Report

Dear Shareholders

S. Khonkaen Foods Public Company Limited

The Audit and Corporate Governance Committee of S. Khonkaen Foods Public Company Limited is comprised of three independent members, namely Mr. Worapon Lopansri, who are experts with experiences in Accounting and Finance, as Chairman of the Audit and Corporate Governance Committee, Mr. Prasam Marukpitak and Mr. Chusak Vijakkhana as members of the Audit and Corporate Governance Committee. All members of the Audit Committee's composition and qualifications are based on the regulations of the Stock Exchange of Thailand (SET). The members of the Audit and Corporate Governance Committee have performed their duties and responsibilities pursuant to the Charter approved by the Board of Directors of the Company.

In 2021, the Audit and Corporate Governance Committee held a total of 4 meetings, with attendance by all members every time. The Committee has consulted with the management, the internal auditors and the external auditor to regularly report to the Board of Directors in each quarter on the Committee's performance and their recommendations as deemed appropriate. The main activities of the Committee are concluded as follows:

### 1. Review of Financial Report

The Audit and Corporate Governance Committee reviewed the quarterly and annual financial statements for the year 2021, which had been reviewed and audited by the external auditor prior to submission to the Board of Directors for approval. The Audit and Corporate Governance Committee's objectives of the review are to ensure that the financial statements have been prepared in accordance with the accounting standards or the generally accepted accounting principles and with adequate disclosure. Additionally, the Committee discussed with the management and the external auditor to collaboratively consider key accounting issues. After all, the management is responsible for preparation and presentation of financial statements and for necessary internal controls in the preparation process whereas the external auditor is responsible for expression of opinion on those financial statements.

### 2. Review of Internal Control System

The Audit and Corporate Governance Committee recognizes the importance of an effective internal control system and had jointly reviewed and evaluated the internal control system with the Internal Audit Section. Such a review and evaluate has been using an evaluation form of the Office of the Securities and Exchange Commission (SEC) and the COSO - Internal Control Integrated Framework. In the Audit and Corporate Governance Committee's opinion, the Company has a proper and adequate internal control system to allow the operations to efficiently pursue the goals and objectives in compliance with the laws and relevant regulations, to prevent fraud on assets, and to produce accurate and reliable accounting records and reports.

### 3. Review of Risk Management

The Audit and Corporate Governance Committee reviewed the Company risk management process to ensure that it was adequate, appropriate and efficient. The Company has disclosed these risks in the Annual Report for 2021

### 4. Review of Law Compliance

The Audit and Corporate Governance Committee has reviewed the Company's compliance with the laws concerning Stock Exchange of Thailand (SET) and the Securities and the regulations of SET and other laws related to the business of the Company and found that compliance has been made correctly with related laws.

### 5. Review of the Corporate Governance Committee

The Audit Committee and Corporate Governance Committee reviewed the Company's operations and determined that it had an effective, adequate, and appropriate corporate governance system, as well as agreed to review and improve good corporate governance policies in accordance with the Company's good corporate governance principles. The Securities and Exchange Commission's 2017 listing (SEC) The Company has adhered well to the policy. Furthermore, the Company engaged in the Collective Action Coalition, which declared its purpose in May 2014, and was accepted as a member of the Thai Institute of Directors (IOD) program, demonstrating its dedication and determination to fight corruption in all forms. The Audit and Corporate Governance Committee has tasked an internal audit firm with reviewing anti-corruption compliance.

### 6. Selection and Propose for Appointment of External Auditors

The Audit and Corporate Governance Committee is considering it by selecting, proposing, appointing, and dismissing the remuneration of the Company's annual auditor to present to the Board of Directors, so it's approved and presented to the annual shareholders' meeting with a resolution appointing the Company, EY Office Co., Ltd. as auditor of the Company and its subsidiaries, taking into account the auditor's qualifications, competence, experience, and performance, as well as the appropriateness of the auditor's fees.

### 7. Whistleblowing Arrangements Review

The Audit and Corporate Governance Committee reviewed the adequacy and appropriateness of corruption preventive measures and of channels provided for whistleblowers to notify a trail or file a complaint. They should be able to efficiently prevent, control or solve the problems resulting from wrongdoing and corruption.



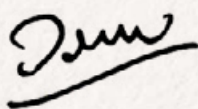
## 8. Others

8.1 The Audit and Corporate Governance Committee evaluated the Audit Committee's charter and corporate governance in compliance with applicable norms and legislation. Furthermore, their performance has been examined individually, both individually and individually, to guarantee that the best standards established by the Thai Stock Exchange are followed.

8.2 The Audit and Corporate Governance Committee has reviewed the determination of anti-corruption measures that are sufficient and appropriate, including the designation of channels used to receive whistleblowers or complaints, to effectively prevent, control, or address issues arising from wrongdoing and corruption.

8.3 The Audit and Corporate Governance Committee approved the 2021 Internal Audit Plan, which was developed on a risk-based basis, and reviewed the independence and adequacy of resources required for the performance of internal audit agencies, as well as reviewing internal audit results and monitoring the progress of operations on a quarterly basis.

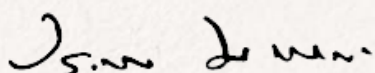
In conclusion, the Audit and Corporate Governance Committee performed its duties independently and duly in accordance with the scope of duty assigned by the Board of Directors. In the Committee's opinion, the financial statements of the Company had been prepared fairly, in all material aspects, in accordance with the financial reporting standards, the related-party transactions were reasonable, disclosure of information was adequate, complete and reliable, the internal control system and the risk management system were effective and efficient, and the Company had complied with its key policies and the relevant laws and regulations.



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(Mr. Worapon Lopansri)

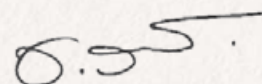
Chairman of the Audit and Corporate Governance Committee



.....

(Mr. Prasarn Marukpitak)

Member of the Audit and  
Corporate Governance Committee



.....

(Mr. Chusak Vijakhana)

Member of the Audit and  
Corporate Governance Committee







凉茶

Tài Bào  
Lóng  
HERBAL DRINK

ส. ขอบแก้ว



ไต่  
เป่า  
หลวง

น้ำจืดเลี้ยง  
สมุนไพรแท้  
100%

บรรเทาอาการร้อนใน  
ปรับสมดุลร่างกาย

สูตรต้นตำรับ 100 ปี



ส. ขอบแก้ว

ใหม่  
**ส. ออกไก่**  
**จกไก่**  
**รสแซ่บ**  
**สายพันธุ์**  
**สแน็ค**



ใช้เนื้อ

**อร่อยได้เนื้อแน่นๆ**  
**โปรตีนสูง ไขมันต่ำ**

**ไขมันต่ำ สลิมเวอร์**

**อร่อยจัด...เผ็ดเต็มแผ่น**

**อกไก่ควีน**

อร่อยได้ที่







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