

# Annual Registration Statement and Annual Report 2020

(Form 56-1 One Report)

Food and Drinks Public Company Limited



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**Committee Report**

Dear Shareholder,

In 2020, the economy and politics remain challenging. There has been negative impact from the coronavirus epidemic situation, especially to the overall economy of the country that is still not recovering very well. The fierce market competition and exchange rate fluctuation has made the company's business operations extremely challenging. In 2020, the company recorded improved operating results. In 2020 we had a net profit of 24.27 million baht, including profits of 8.1 million baht from investment in associate companies, accounting for a net profit per share of 1.38 baht and book value per share on December 31, 2020 equal to 61.01 baht.

Overseas sales grew by 4.7% while domestic sales declined by 19.7%, resulting in total sales of 694 million baht, a decrease of 5.2 % compared to the previous year.

For 2021 it is expected that there would still be uncertainty in the global economy. The company must closely follow the situation and carefully plan marketing strategies, production, product development and management, in order to maintain competitiveness. The company has not only maintained strong relationships with main customers over a long period of time, but has also gained new customers. We also supported product research and development in order to be competitive in the market.

We have the determination and cooperation from the employees, management team and board members, with the common goal of offering the best products to customers and on-time delivery to customers. We are trusted by our customers which include government agencies, financial institutions, raw material suppliers and farmers, as well as our shareholders who have given us support throughout. The company is determined to grow continuously in order to produce high-quality products with world-class standards for the market.

The Board of Directors would like to take this opportunity to express our sincere appreciation to all.



Mr. Phirasilp Subhapholsiri

Chairman



Mr. Kasem Deemaitree

Chief Executive Director

## Part 1

### Business Operations and Result

#### 1. Company group structure and operations

##### 1.1 Policy and Overview of the Business

Food and Drinks Public Co., Ltd. was established in 1985. The Company's main business is manufacturing food and beverage according to customers' requirement under customers' brands, and company's own brand products. The Company's business involved selling to both domestic market and export to more than 10 countries such as Australia, Japan, United Kingdom, USA, Africa and countries in AEC; including indirect export through companies in Thailand. The export ratio to domestic market is equal to 65.9% : 34.2% in 2020.

The Company's VISION is to be a leading company in the production and distribution of food and beverage products in accordance with international standards.

##### 1.1.1 Major changes and developments

The Company continuously develops both new products and extension to existing product line to fulfill customers' requirements by developing product together with existing customers.

In 1993, became public company and listed in the Stock Exchange of Thailand in 1994 with the registered capital of Baht125 million.

In 2004, The Company has expanded the production line to include beverage in PET bottles; and have a joint venture with Hon Chuan (Thailand) Company Limited to set up Hon Chuan FD Packaging Company Limited in which Food and Drinks Public Company Limited hold 35% for the production of plastic bottles, caps and shrink films.

In 2012, The Company invested in rubber plantation in the unused land, which was classified as land awaiting for development in order to utilize company's asset to provide return by invested more than Baht 14 million in the first year with additional investment about Baht 4 million every year until it can start to generate income in the next 6-7 years.

In 2013, The Company developed new beverage products under brand "ZUMMER". There are 2 types of beverage i.e. plum juice with plum and aloe vera juice with aloe vera bits with honey and lime.

In 2018, The Company has registered capital Baht 176,243,080 with 17,624,308 shares and the paid up capital was Baht 176,243,080. The result has strengthened The Company’s financial position.

In 2019, The Company has invested in the expansion of ready to eat production line for frozen and chill to support the market expansion.

In 2020, The Company will continue to develop new products especially for beverage and ready-to-eat.



**1.1.2 Company Information as follows**

Company Name	Food and Drinks Public Company Limited
Registration Number	0107536001192 (Formerly “Public Company193”)
Head Office	695/1 Banbung – Bankai Rd. Klongkew, Banbung Chonburi 20220 Tel : 0-3820-1219-21 Fax : 0-3820-1020
Bangkok Office	15fl. Regent House Building 183 Rajdamri Rd. Lumpini, Patumwan, Bangkok 10330 Tel : 0-2253-5232-3 Fax : 0-2070-0733
Homepage	<a href="http://www.foodanddrinks.co.th">www.foodanddrinks.co.th</a>
Business Type	The manufacture and distribution of foods products, beverages, frozen foods for export and local markets
Registered Shares	17,624,308 Ordinary shares 10 par value Registered capital at Baht 176,243,080
Shares issued and fully paid up	17,624,308 Ordinary shares 10 par value Registered capital at Baht 176,243,080

**1.1.3 Business Classification**

	<u>2018</u>		<u>2019</u>		<u>2020</u>	
	Million Baht	%	Million Baht	%	Million Baht	%
Export sales	436.1	56.3	437.2	59.7	457.6	65.9
Domestic sales	338.4	43.7	295.1	40.3	237.0	34.1
Total sales	<u>774.5</u>	<u>100.0</u>	<u>732.3</u>	<u>100.0</u>	<u>694.6</u>	<u>100.0</u>
Sharing profit (loss) from investment	5.5		8.2		8.1	

**1.1.4 Product information**

Company's business policy is to concentrate mainly in product quality. Most of The Company's product is Premium Grade made from natural raw material. Therefore most of our export customer is high ended – medium customer. Most of customer has long term relationship more than decade and have a good relationship with The Company because they are confident in product quality.

Company's main products are fruit, vegetable, curry paste, curry sauce, spices, cooking sauce, fruit and vegetable beverages. This includes mixing many of above ingredients to make a new product which is company's strategy to reduce the risk on marketing and raw material.

The detail of company's products for both export and local markets are as follows:

**(1) Fruits/vegetables/spices and food in sealed containers**

Products are aloe vera and mango. Spices are lemon grass, chilli, coriander and curry pastes packed in glass jar, retort pouch or can. Media for fruit and vegetable is brine, vinegar, syrup or water.

**(2) Juices and Beverage**

Products are fruit and vegetable juices, and ready-to-drink tea packed in can or PET bottle. Some raw materials are from fresh fruits and vegetables used in above products.

(3) Ready to eat

Products are food that the consumers can eat right after heating in the microwaves. There is chilled and frozen product such as rice with chicken basil stir fried, minced chicken with hot yellow curry paste, steamed glutinous rice in banana leaf, papaya salad. By developed and sold more than 20 menus in 2014, there have been development in more categories and types of food continuously more than 200 menus.

**1.1.5 Market situation and competition**

The market of The Company is for both export and local without limiting the type of products. When customers want to export the products, The Company will have to consider the rules and regulations of the exporting countries. Therefore, the strategy that The Company used for product development for export is to cooperate with customers to produce the products according to customers' concept, and comply with the rules and regulations. This is to ensure that customers will have confidence about the quality. As for domestic market, The Company manufactures products under its own brand, and under the same quality standard as for export. At the same time, The Company also uses the same concept for co-packing products for customers.

(1) Export

Export market covers all continents with more than 10 countries such as Australia (42.3%) as the biggest market, and follow by countries in Japan (16.8%), AEC (16%), European Union (15.4%), the United States of America (4.9%), Asia Union (3.0%), and South Africa (1.5%).

The exporting products covered all the products that The Company produces. The Company has the policy to expand to other markets. The reason is not only to increase sales, but also to reduce the risk.

Channels of expanding the market include attending exhibitions, and working with new and existing customers.



(2) Domestic

The Company works with various trading companies in the country in 2005, and considers this as the major business. Some companies are traders. Thus, although the business is a domestic market, but it's also part of the major indirect export market.

In 2013, The Company has relaunched ready-to-drink products with the packaging under brand "Zummer". The two products launched were plum juice with bits, and aloe vera in lime juice with honey. The aloe vera juice has aloe vera pulp and fresh lime juice and honey. The product was launched in Thailand 2013 and received good acceptance from both local and foreign customers. The Company uses distributor to sell the products, and agencies to advertise and promote the products continuously.

In 2014, The Company has developed ready-to-eat products to market under company's brand name, "Besto", and co-packing under customers' brands.

In 2019, The Company has expanded the production capacity of Ready to Eat product to support the market that has been expanding continuously.

In 2020, The Company has created new products under the F&D brand, distributed within leading department stores and convenience stores in the country.

The Company has been emphasized in medium to high market, which is the group of customers who understand the importance of quality, which is strength of The Company. From the beginning, The Company will research and develop process, packaging, and technology continuously such that the products will meet the international quality requirement and satisfy customers' requirement and demand on COVID-19 pandemic period.

With such development, The Company considers the safety and health of the consumers as the major consideration. Therefore, The Company has been certified for GMP (Good Manufacturing Practice), HACCP (Hazard Analysis and Critical Control Point), and BRC (Global Standard for Food safety). The certification provides assurance to customers that The Company has the standard and control in place. Importantly, The Company also maintains good relationship with customers by maintaining its quality standard with on time delivery, while cooperating in developing new products.

As for export market, it can be divided into 3 groups i.e. agent or trading companies (broker), distributors, and brand owners. Agents will be the middleman in helping brand owners to source products and receive commission either from The Company or from the customers as per pre-arrangement. As for brand owners, they will work directly with The Company, but could pay commission to the introductory company, or distributors.

At present, The Company has exported to more than 10 countries. The major countries are Australia, AEC Group – Cambodia, Vietnam, Japan, European Union – Netherland, UK, the U.S.A, Asia Union – Taiwan, Singapore and South Africa.

#### Sales 2018 - 2020 by Countries

(Unit : Million Baht)

Country	2018	2019	2020
AEC – Cambodia and Vietnam	110.0	113.6	73.0
European – Netherland and United Kingdom	61.6	47.0	70.3
Asia – Taiwan and Singapore	14.1	14.8	13.5
Japan	68.4	59.4	76.7
Australia	153.3	171.1	193.5
South Africa	-	9.2	6.7
United State of America	29.1	22.1	23.9
Domestic	338.0	295.1	237.0
<b>Total</b>	<b>774.5</b>	<b>732.3</b>	<b>694.6</b>

#### (3) Competition

Competition in the fruits and vegetables processing industry is very high from both domestic and foreign countries included uncertainly status of raw materials so our factory decreases production volume of this product group because can't competitive especially with competitor from foreign countries as China.

Although Thailand is known for its quality and standard, it has the weakness in price competitiveness. This is caused by low yield per acres from the farm, and low quality of the crops, agricultural chemical residues, as well as minimum wage and benefit that constantly increases according to government policy. Therefore, production cost in Thailand is higher than the competitor countries in the same region such as China, Vietnam, and Indonesia.

For spice and condiments market, the competition is also considered high since there are many domestic manufacturers. The difference is in adjusting the formulations and process to meet customers' requirement. More importantly, the quality of the factory is also the main factor.

Beverages in every sector have high competition, especially in the read-to-drink market. The competition is higher in the domestic market with launching of new products, and in different segment. At present, the competition is targeting fruit and vegetables juices and tea that are good for health. The Company has also launched products in the same category for plum juice and aloe vera juice. The concept is not only healthy but also delicious and natural. The product was launched in May 2013 at Thaixex, and have been exporting to AEC and Japan under Zummer brand. The Company will continue to develop new products to support the brand.

As for the international market, there is demand for the same type of products, which generate sales more than 10%, so it is an opportunity for The Company to continue marketing this product.

Due to more competitions from other countries, Thailand has lost its market share to other countries. In order for The Company to maintain its market share, it has to maintain high standard and service. One of them is to have the HACCP certification, which is highly regarded by international quality requirement. The Company has been certified by TQCSI certification from Australia.

Since The Company has a clear policy in expanding the product types to reduce the risks of concentrating in one product, thus, The Company does not have a head-on competitor in the market. Although The Company has competitors in each product, but not in all products. Main competitors from foreign countries include China, Indonesia, and Vietnam.

### 1.1.6 Sourcing products and services

The factory has production capacity of about 60,000 metric tons. The production policy is mainly manufacture according to customers' orders, except those that are seasonal. Then, marketing will consider the orders, supply of raw materials, and market situation.

The Company's main supply materials are fruits, vegetables, cans, jars, lids, ingredients, cartons, and labels. The value of the materials can be divided as follow:

#### **Material Purchasing for 2018-2020**

	<u>2018</u>		<u>2019</u>		<u>2020</u>	
	Million Baht	%	Million Baht	%	Million Baht	%
Raw material – Local	403.1	96.2	396.7	96.4	349.7	96.3
Raw material – Import	15.8	3.8	14.9	13.6	13.6	3.7
<b>Total</b>	<b>418.9</b>	<b>100.0</b>	<b>411.6</b>	<b>100.0</b>	<b>363.3</b>	<b>100.0</b>

Raw materials are purchased either through farmers directly or via middleman. Location of material supplies depend on the plantation area. For example, aloe vera is from upper South of Thailand. The quantity and price of raw materials will depend on the weather and demand of the market.

Various packaging materials such as carton, labels, jars, lids, and cans are from local companies and some are imported from Philippines and Europe.

Chemicals and other ingredients do not have a high value. They are also purchased from both local companies and some are imported.

## 1.2 Shareholding structure

### 1.2.1 Overview of the business operations of the associated company

In 2004 Food and Drinks Public Co., Ltd. has set up joint venture with Hon Chuan (Thailand) Co., Ltd. to set up Hon Chuan FD Packaging Co., Ltd. for production of plastic PET bottles, and shrink film labels. The registered capital was 194,865,000 Baht. Hon Chuan (Thailand) Co., Ltd. will be responsible for the production and distribution of the packaging materials of bottles, caps and shrink films. The Company has 35% shares.

Hon Chuan FD Packaging Co., Ltd. has responsibility in production and marketing because Hon Chuan (Thailand) Co., Ltd. is the subsidiary company of Hon Chuan Co., Ltd. which is the leading company in Taiwan that have expertise in production and selling plastic packaging for a long time.

### 1.2.2 Major shareholders

List of top 10 major Shareholders as of 31 December 2020

	Name of Shareholder	Shares	%	Director (*)	Remarks
1	Mr. Kasem Deemitree	3,302,400	18.74	*	A
2	Ms. Huai Hui Lee	2,030,640	11.52	*	A
3	JW International Worldwide Group	1,749,120	9.92	Representative director Mr. Wong Chun Num	C
4	Mr. Huai Hsin Lee	1,743,375	9.89	*	A
5	Kawasho Food Corporation	950,000	5.39	Representative director Mr. Aditep Nonratip	C
6	Mrs. Chintana Asdornnithee	806,160	4.57	*	B
7	Mr. Woravich Deemitree	715,720	4.06	*	A
8	Mr. Taveechat Jularnkul	700,000	3.97		
9	Mr. Suthee Wangseanthong	631,120	3.58		
10	Iamsakulrat co., ltd.	581,000	3.30	*	B

#### Remarks

A - Deemaitree Group: total shares holding is 7,392,135 equals to 44.21%

B - Mrs. Chintana Asdornnithee Group: total shares holding is 1,387,160 equals to 7.87%

C - JW International Worldwide Group Ltd. And Kawasho Foods Corporation are registered company, and do not have the information of Ultimate shareholders to disclose.

The Company has capital registered in the amount of Baht 176.2 million, and paid up capital of Baht 176.2 million for total of 17.6 million shares at Baht 10 per share.

The Company's shareholder structure as of 31 December 2020 is as follows:

Description	No. of shares	Amount (Baht)	%
Registered capital	17,624,308	176,243,080	
Paid up capital as at 31 December 2020	17,624,308	176,243,080	100.00
- Top 10 Major shareholders	12,809,535	128,095,350	72.68
- Other shareholders	4,814,773	48,147,730	27.32

### 1.3 Dividend Payment Policy

The Company has the policy of paying dividend annually for the amount of not less than 60% of net profit after tax and statutory reserve, and reserve for future investments. When the Board of Directors has the suggestion to pay the annual dividend, the matter will be presented to the Shareholders for approval unless it is interim dividend payment. Then, the Board of Directors can approve the payment and report to the shareholders at the next meeting.

Year	2018	2019	2020
Earnings per share (Baht)	(0.61)	0.08	1.38
Dividend per share	-	-	-
Dividend / Net profit (%)	0.0%	0.0%	0.0%*

\* It will be approved at the Annual General Meeting of Shareholders No. 1/2021 on April 28, 2021.

## **2. Risk Management**

The Company has implemented various risk management strategies and periodically monitor the impact of events that may pose a risk to the business operations of the company. In order to ensure prudent and effective risk management, a risk management committee was set up. It consists of executive directors and management who are involved in the analysis of various risk factors, and assess the risks that may arise. In addition, the Risk Management Committee will report to the Audit Committee and the Board of Directors for acknowledgment and consideration at least every quarter. The risks that have significant influence on the company are as follows:

### **2.1 Risk Management Policy**

The Company operates its business under acceptable risk to achieve the company's objectives and meet the expectations of the shareholders. This is done by designating risk management as part of the preparation of the annual business plan, day-to-day administration and decision-making, including project management processes.

All management and employees of the company are risk owners, and are responsible for identifying and assessing the risks of the department in which they are responsible, including setting appropriate measures to manage such risks.

All risks that affect the company's goals must be handled as follows:

- Identify the risk on time.
- Assessing the chances of the risk and the effects if the situation arises.
- Manage risks according to the protocol set by the company, bearing in mind related costs and benefits from the risk management.
- Follow up to make sure that the risk has been effectively managed.

Risks can also affect the company in various ways. Risks that are considered high and very high must be reported to the Risk Management Committee and the board of directors, including effective risk management strategies.

## 2.2 Risk factors for the company

### 2.2.1 Strategy Risks

#### (1) Vision risks

Presently the company has designated the vision to create a direction for the organization, approved by the board of directors as follows.

**Vision:** To be the leading manufacturer and retailer of food and drink products with world standards.

#### (2) Business model risk

The company faces the risk of its business model. Due to the intense market competition, in the past the company had suffered continuous losses for 5 years. The company is currently considering a suitable business model that can generate reasonable profits and returns to shareholders and stakeholders. In 2019, the company's management was restructured in order to lower the risk in the business, as well as renovating the factory for increased efficiency, thus enabling the company to start making profits in 2019.

#### (3) Risk of sustainable business growth

As the company had continuous losses for many years, the company then managed the risks by improving the efficiency in all aspects and co-developed products with customers to meet the market demand. That helped operating results to record profits of 24.3 million baht (2019: 1.4 million baht), resulting in stronger confidence in growth and profits.

#### (4) Reputation risk

The Company is aware of The Company's reputational risks that may cause investors/shareholders to have no confidence in The Company. This may include personal actions of the Board of Directors.

To reassure investors and shareholders, The Board of Directors emphasized the importance of this risk. As part of its performance, The Company can start making profits in 2019.



## 2.2.2 Operation Risk

### (1) Market Risk

The company's main business is the manufacturing of products according to the requirements of the customer, so the income of the company therefore, it varies mainly according to the number of orders and the success of the customer's business. This is a factor that the company cannot control, although the company has laid out a risk management plan through co-analysis and research of customer marketing strategies. This includes organizing sales promotions and co-develop new products that are unique in the market. This helps ensure that the customer can run a strong business and lower chances of switching over to purchasing products from our competitors.

In addition, to prevent the fluctuation in the international market, whether from the global economic crisis, trade barriers of the European Union and others, as well as to increase domestic market share, the company expanded its production capacity. As a result, during the past 3-5 years the proportion of the domestic market has grown continuously from 36.2% in 2016 to 40.3% in 2019.

In 2020, the Company has a proportional Exports per domestic sale were 65.9% to 34.1%, due to the impact of COVID-19, which led to a decline in consumers' incomes, and less spending, as well as lockdown measures that consumers could not easily travel to buy.

### (2) Supply chain risk management

- Ability to control cost Risk

The company has a large number of customers and too many products, which makes cost control difficult. When there are too many types of products, each product will sell for a small amount. But the small amount of production makes the production not as efficient as it should, therefore, driving up the production cost. Therefore, the company has to develop main products that have high quality and are delicious. The aim is to generate more sales for that type of product rather than selling many types of products with lower combined sales. This will help generate enough production to create production efficiency.

In 2020, the company lowered risks by having the purchasing department combine sufficient orders to achieve bargaining power and raise advantage when negotiating with certain vendors in long-term orders. The company was able to lower the impact on the company's cost structure and enable the company to better manage its cost risk factors.

- Procurement Risk

Since the raw materials used in production are agricultural raw materials that are cultivated mainly in the country. The company has selected from the products of farmers in different regions across Thailand, therefore there is uncertainty in price, quantity and quality which will mainly vary according to the climate conditions. As a result, the company has been inevitably affected. In the past, the management has laid down guidelines for the hedging of raw material risks, as follows.

- Diversification by increasing product diversity.
- Sales planning including the selling price in accordance with the production of raw materials, particularly seasonal crops.
- Close coordination with farmers or cooperatives, government agencies and buyer groups in order to be able to prepare a reserve plan for raw materials that meets the needs, and achieve the quality in accordance with company standards.
- Planning with vendors to determine the timing and price of the purchase to suit the season.
- Focusing on the society development, especially by organizing activities to promote sustainable use of agricultural landscapes and continuously educating farmers. This will benefit the quality and yield in the long run. From continuous management of raw material risks, the company has been able to manage the impact from raw materials very well.

- Production Risk

The variety of products according to customer specifications may lead to inefficient production (Production Efficiency).

In 2020, the company reduced risks by improving production with a focus on production efficiency. This was achieved by reducing the use of labor outside working hours to reduce the overtime expenses, controlling production numbers according to production plans.

(3) Human Resources Risk

Due to the expansion in a variety of businesses, it is necessary to manage personnel management effectively. Recruiting and developing personnel suitable for the job extension is a challenge for the company. However, the management needs to consider restructuring to suit the current and future business models. To reduce this risk and ensure the sustainable development of the company, the company will recruit appropriate personnel for this matter.

(4) Succession Risk

The company is working on a development plan to replace various positions. The objective is to prepare manpower both in terms of quality and quantity, create continuity in management that is appropriate to select and prepare the right personnel for the main positions in the company. This includes the top management, including pivotal positions in the management structure or business operation, or positions with specific skills and business expertise. In 2020 the company appointed the Nomination and Remuneration Committee, in order to prepare for the selection process and recruiting suitable individuals to take the main positions of the company. This will help strengthen a sustainable business for the company in the future.

**2.2.3 Information System Risk**

The company set up a computer network system to support operations in meeting business goals. Operators must use and maintain the equipment in good working order at all times. Managers and employees must not download or upload any information, websites, or anything unrelated to the company's work or business. The network administrators regularly provide training on how to use the computer system correctly and safely for employees. In addition, a security monitoring system has been set up as well to prevent hackers or computer virus from infiltrating the system.

## 2.2.4 Financial Risk

### (1) Liquidity

In 2020, there was an outbreak of coronavirus 2019 (COVID-19), which affected the overall economic conditions. The Company closely monitors, inquires and assesses the risks of debt repayment from customers. As a result, The Company has no problems with overdue receivables, as well as finding suppliers of raw materials, new suppliers that can provide a better repayment period. As a result, The Company can manage its liquidity to a certain threshold. It has no impact on The Company's financial liquidity.

### (2) Interest Rate Risk

The Company's exposure to interest rate risk relates primarily to its deposit at financial institutions, current investment, guaranteed bank deposit, bank overdrafts and short-term loans, long-term loan and liabilities lease. 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 Company monitors trends of international monetary markets and manage risk by managing major costs of capital toward fixed and consistent interest rate.

### (3) Foreign exchange risk

Due to the company focus on using raw materials from domestic production mainly to support farmers in every region to have stable self-supporting income, the main cost and expense of the company is mostly in the form of the Baht currency. However regarding the Baht's value against the US dollar, there is an impact on the company in relation to the trading of goods in foreign currencies. In 2020, the baht was quite strong, thus the company considered monitoring the exchange rate to lower risks.

### (4) Credit Risk to Trade Receivables

The company is exposed to credit risk to trade accounts receivable. The Executive Committee controls this risk by establishing appropriate credit control policies and procedures, so the company does not expect any significant losses from credit granting. In addition, the company's credit facilities are not concentrated, because of the diverse customer base.

**2.2.5 Compliance Risk**

The Company is obliged to comply with the laws and regulations of various government agencies more than 10 ministries as well as regulations of the Securities and Exchange Commission of Thailand including accounting standards which update. Therefore, the Company has risks arising from monitoring and studying the requirements to be carried out in time for enforcement purposes.

In addition to domestic laws and regulations, the Company must also comply with foreign requirements for its partner countries.

Therefore, it is challenging to keep up with changes in laws and regulations and adjust the company's practices in time.

The Company will monitor notifications of changed or emerging regulatory information, including communication systems for stakeholders to prepare for support.

**2.2.6 Environmental, Social and Corporate Governance Risks**

(1) Environment

Environmental problems refer to waste or foreign matter that contaminate and cause harm to the environment, consisting of pollution from community sources and pollution from industrial sources, including water pollution, air pollution, noise pollution, waste, etc.

(a) Water pollution

The Company has taken into account the responsibility to the environment and has assessed the risks for water priority issues including wastewater and the impact of water scarcity.

The Company has reduced the risk of impact by assigning a team to monitor closely wastewater data and treatments and strictly comply with the requirements of the Department of Industrial Works.

(b) Air Pollution

The company has adapted the fuel used in the production from husk to NGV gas, allowing it to reduce air pollution.

(c) Noise Pollution

The company has no issues with noise pollution because The company is in food production industry and the production facility is fully enclosed.

(d) Waste

The company divides waste management in various forms according to the nature of the waste, such as fresh waste, which is used to make compost, plastic waste and paper will be sold for recycling.

(2) Occupational Health and Safety

The company has taken into account safety and occupational health, which is an important basic foundation. The company has thus created infrastructure with high levels of security, safety and suitable environment, complying with relevant regulations and laws to enable present employees to work happily, enjoy good hygiene and have high work safety.

The Company manages risks by:

- Announcing policies on safety, occupational health and working environment No. 1 on 15 May 2015.
- Creating a culture and safety awareness for all employees through various forms of public relations.
- Establishing a work safety committee.
- Providing professional safety officer in the factory.
- Training of safety officers and supervisors.
- Providing life insurance for employees (group insurance).
- The company provides Compensation Fund in the event of an accident at work.

(3) Social aspect

Respect for the dignity, fundamental rights and liberties, as well as treating all persons with equality are all fundamental ethics for work and coexistence. The company has given importance to the above issues and has reduced the risk by:

The Company has reduced its risk by:

- The company has announced a human rights policy. It was promulgated on February 7, 2020 and followed labor requirements, whether with Thai law or human rights requirements.
- There is training before commencing work to inform employees of their right.
- The company has channels for complaints including a process for receiving complaints both inside and outside the organization.
- The company has audits under SEDEX's SMETA standard (European standard).

#### (4) Corruption

The company is aware of anti-corruption measures and corruption, which is detrimental to the economic growth of the country. The company managed the risk by announcing the anti-corruption and bribery policy on March 11, 2010, with the policy being announced and reviewed every year. And at the end of 2020, the company introduced a no-gift policy, with announcement being made on the company's website and sent to key business partners.

#### 2.2.7 Risk of Natural Disasters

The disasters that occurred in 2011, both the earthquake in Japan and the floods in Thailand, forced many companies in the country and abroad to study the impact they have on the company. The factory is located in Ban Bueng district in Chonburi province and was not affected by the floods. However if partners of the company suffers from such a disaster, the company would works with them in a backup plan to prevent production problems. The company has prepared a plan in case of a disaster that may arise, as well as purchasing insurance policies for unavoidable events.

#### 2.2.8 Emerging risks

With current conditions, there may be risks of re-incidence at any time, so the Company must be prepared to deal with any risks that arise at any time.

For 2020, there have been incidents of COVID – 19 outbreaks that have affected not only the economy in the country but the global impact. The company's revenue impact can be divided into 2 parts.

(1) Domestic sales revenues have decreased significantly due to the lockdown measures, which prevents convenience stores from opening 24 hours. At the same time, the consumers are decreasing. The government has measures to help people, including Welfare Cards, Khon-La-Khrung project, Thai-Chana project which causes consumers to reduce their shopping from department stores.

(2) Increased export revenue due to lock-down measures abroad. The majority of people cook at home, increasingly. As a result, the products of the condiments have increased, but they have faced a shortage of containers and the impact of the baht strengthened.

The Company manages risks by closely monitoring the situation and impacts of the COVID-19 pandemic, as well as monitoring, consulting and exchanging information with all customers and partners to adjust the joint sales programs to suit the situation.



### **3. Driving Business for Sustainability**

#### **3.1 Policy and Sustainability Management Goals**

The company has been managing and operating under good corporate governance and appropriate risk management. It strives in being the leading company in food and beverage production, while caring for the environment and being responsible for society. It also provides equal and fair treatment to stakeholders, with respect for employees' rights and human rights protection. The company has announced a policy of social responsibility, including the business ethics policy, anti-corruption and bribery policy, along with establishing good practice. All company management and employees have been informed and are required to follow these guidelines.

The company produces high quality products that are safe for consumer, along with social and environmental responsibility. The company has joined the CSR-DIW set up by Department of Labor, Ministry of Industry to study and development factory management system. The company was able to follow the guidelines and standards, and received the certificate together with the community on January 25, 2011. This was beneficial to the economic and social drive of the country and helps the company to achieve sustainable growth.

#### **3.2 Management Chain Effects to Stakeholders in the Business Value Chain**

##### **3.2.1 Business Value Chain**

The company is committed to producing high quality products according to international standards in order to meet the expectations of stakeholders. This is done by streamlining the entire business value chain from farmers, suppliers, factories, and logistics to customers. The company realizes the importance of creating sustainable value for all concerned. There is emphasis on value creation and maintaining quality according to international standards, to achieve food and beverage production that meets the expectations of stakeholders, as well as conforming to international practices.

**3.2.2 Stakeholder Analysis in the Business Value Chain**

The company realizes the importance of creating sustainable value for all stakeholders. In 2020, it began an analysis of the impact on stakeholders in the business value chain from upstream to downstream, creating value by producing food and beverages with international standards.

Stakeholders	Expectations	Company Response
Farmers, Middlemen, Creditors	Fair and sustainable joint business practices.	Create good relationship Operate with integrity on the basis fair and equitable business rules and conditions for creditors and business partners under the business operations as required by law.
Customers	Receive good products on time Fair and sustainable business practice.	Create good relationship International standard production and on-time delivery Satisfaction survey Company receives GMP HACCP BRC certification every year.
Government agency	Enforcing rules and regulations according to the law.	Create good relationship with the government Ensuring that operations are in line with rules and regulations.
Financial Institution	Fair and sustainable joint business practices.	Create good relationship with the government Ensuring that operations are in line with rules and regulations.
Employee	Fair and sustainable joint	Set expectations of all levels of employees to help drive our Company.
Community	Sustainable Coexistence	Create good relationship with community Social development policy for sustainable growth by participating in various public activities.

**3.3 Sustainability management in environmental dimensions**

**3.3.1 Environmental Policies and Practices**

The factory has environmental management policy and the cost-effective use of resources in line with legal requirements.

1. In terms of wastewater treatment system management, the factory sends sample of wastewater for analysis in accordance with the law on the discharge of wastewater outside the factory. The samples are collected twice a month and reported to the Department of Industrial Works. This is to report the amount of pollutants discharged from the factory every 6 months and report the results of the wastewater treatment system (TS2) to the Pollution Control Department by the 15th day of the following month, including a detailed recording of the daily monitoring of the operation of the wastewater treatment system.

In terms of waste management (Industrial waste), the factory clearly classifies the type of waste and the storage space is clearly divided. The company also acquires permission and provides annual report submission to the Department of Industrial Works.

As such, the person/company carrying out waste treatment at the factory does have a license complying with legal requirements.

2. In terms of management of air pollution, the factory checks the quality of the ventilation chimneys every 6 months and reports the amount of pollutants emitted from the factory every 6 months to the Department of Industrial Works. The parameters of the shaft end quality were measured for TSP (Total Suspended Particulate Matter) dust values and atmospheric chemicals were also measured

3. In terms of energy management, the factory records daily usage, including electricity, water, and fuel, with a clear separation of the consumption as well as calculating the proportion of energy cost per unit output that occurs. In addition, the factory's energy management must be performed in accordance with the requirements of the Department of Alternative Energy Development. The factory's energy management measures are as follows:

Annual Energy Management	Measure	Energy Saved
2013	Change the electric LED lamp Phase 1	5,391.36 kW-h/year
2014	Develop air conditioners plan Phase 1	4,458.24 kWh/year
2015	Develop air conditioners plan Phase 2	12,931.58 kWh/year
2016	Set lighting usage	6,044.4 kWh/year
2017	Transparent roof replacement to reduce lighting	13,248 kWh/year
2018	Change the electric LED lamp Phase 2	3,960 kW-h/year
2019	Set lighting usage	13,850.76 kW-h/year

4. Currently, the factory is working on a project to reduce the use of plastics in the factory, and is in the process of collecting data such as using film to wrap raw material containers and waste from manufacturing process for short distance transportation. The factory is studying possibilities of switching from plastic to stainless steel nets

### 3.3.2 Environmental Controls Details

The company has a wastewater treatment area of 13,000 square meters, with a post-treated wastewater quality certification according to the Department of Factories, Ministry of Industry.

The company uses leftover raw materials to make organic fertilizers. At the moment, some types of waste raw materials have been sold to companies for further utilization.

The company has invested in 2008 to replace the hot-air generator from fuel oil and rice husk to natural gas in 2008. Apart from the lower amount of waste, less smoke is released into the atmosphere.

From 2011 to 2013, the company participated in the Carbon Footprint study program for agricultural and food products organized by the National Bureau of Agricultural and Food Standards. In 2012 the company also participated in the study project regarding the Carbon Footprint calculator for agricultural and food products organized by Kasetsart University and the Federation of Thai Industries.

The target of evaluation under the PAS 2050 standard is to study the emission of carbon throughout a product's life cycle. The information will be used to reduce the emission by improving the production process, which will reduce the energy and reduce the cost.

The organization prepared the greenhouse gas emissions data according to the criteria for calculating and reporting the organization's carbon footprint (4th revision, January 2021) by the Thailand Greenhouse Gas Management Organization (Public Organization).

Type 1 corporate greenhouse gas emission of 3,770.46 TonCO<sub>2</sub>e.

Type 2 corporate greenhouse gas emission of 3,774.07 TonCO<sub>2</sub>e.

Type 3 corporate greenhouse gas emission (water and paper) of 318.83 TonCO<sub>2</sub>e.

However, the organization has not provided any third-party audits as it is improving its system for collecting new greenhouse gas emissions data and will provide an audit plan from external auditors as required by the Greenhouse Gas Management Organization (Public Organization) in the future.

### **3.4 Sustainability Management in the Social Dimension**

#### **3.4.1 Social Policy and Guidelines**

The company has a policy of maintaining high social responsibility to operate the business with responsibility towards society, environment and stakeholders as follows:

Food and Drinks Public Company Limited is committed to operating with responsibility for the society and any impact in various fields arising from its business operations. The company adheres to the code of conduct, including maintaining a transparent business, fair labour practices without discrimination, verifiable status, ethical, respect for human rights, political neutrality, fairness and anti-corruption. The company also supports participation, by communications and taking into account the interests of stakeholders, as well as the impact on the community and environment.

#### **3.4.2 Corporate Social Responsibilities (CSR)**

The Company sees the importance of Corporate Social Responsibility. Thus, The Company has entered the program organized by the Department of Industrial Work, Ministry of Industry.

The company has been able to operate according to the regulations and standards, receiving a certificate together with the community on January 25, 2011. This is beneficial to the country's economic and social drive, and contributes to the company's success and sustainable growth.

The company has a policy to support the development of society. It has cooperated with government and private sectors in activities which benefit the public.

In 2020, the company awarded 315 scholarships worth 305,600 baht to employees' children and students from various schools in Ban Bueng District, Chonburi Province.

Activities for the community that have been implemented in 2020 include the following:

1. Organize activities with Hua Kunjae Municipality in the Lent Candle Festival.
2. Organize activities with the Hua Kunjae Municipality in the Running Buffalo Festival.
3. Organize activities with Ban Mab Lum in the Running Buffalo Festival.
4. Support Elderly Club activities at Ban Hua Kunjae Hospital.
5. Provide support in organizing Children's Day activities to 13 schools in Ban Bueng district.
6. Support government agencies including SAO, District, Excise Office, Provincial Industry, Office of Welfare and Social Security and Office of Irrigation in organizing the National Children's Day event.
7. Support a walk-run mini marathon in honor of HRH Princess Maha Chakri Sirindhorn.

#### 4. **Management Discussion and Analysis : MD&A**

Food and Drinks Public Company Limited operating result in 2020 compare to 2019 and Financial Statement as at 31 December 2020 compare to 2019 which has been audited and approved by Certified Auditor and has been approved by the Board of Director can be summarized the major points as follows :

##### 4.1 **Operating Result**

Company's Financial Statement in 2020 has net profit amount to Baht 24.27 million compared to last year financial statement which had net profit of Baht 1.47 million. Net profit ratio in 2020 is 3.49% (in 2019: Net profit ratio was 0.20%). The Company has profit per share at Baht 1.38 (in 2019: profit per share at Baht 0.08) and book value per share as at 31 December 2020 is equal to 61.01 Baht.

Significant change are as follows :

##### **Statements of Comprehensive Income**

###### Revenue

Revenue from sale in Baht 694.62 million decreased by Baht 37.73 million or 5.15%. (2019 : Baht 732.35 million). Due to COVID – 19 control measures impacted to our main local customer's business. On the other hand, orders from export increased.

Export sales revenue is amounting of Baht 457.6 million which equals to 65.9% (2019 in the amount of Baht 437.2 million which was 59.7%) of total sales.

Domestic sales revenue is amounting of Baht 237.1 million which equals to 34.1% (2019 in the amount of Baht 295.1 million which was 40.3%) of total sales.

Other income in 2020 is amounting of Baht 20.6 million mainly from rental and service which is the normal transaction (2019 has other income amounting of Baht 23.2 million).

###### Cost of Sales

Cost of sales amounting of Baht 595.6 million decreased by Baht 55.3 million or 8.5% due to sales amount decreased and The Company managed production effectively to control costs. Cost of sales ratio at 85.74% (2019 : at 88.88%) which result in gross profit of Baht 90.2 million increasing Baht 17.7 million (2019 gross profit margin amounting of Baht 81.5 million).

Selling and Administrative Expense

Selling expense decreases amounting of Baht 8.9 million due to distribution expense decrease. In 2020 selling expense is in the amount of Baht 38.9 million (2019 Selling expense amounting of Baht 47.8 million).

Administrative expense amounting of Baht 57.8 million increasing 25.1% (2019 Administrative expense is in the amount of Baht 46.2 million) which increase from additional staff.

Finance cost

Finance cost amounting of Baht 5.5 million decrease by amounting of Baht 3.7 million or 40.4% (2019 Finance cost amounting of Baht 9.2 million) due to The Company repayment loan from financial institution within year 2020 amounting of Baht 76.7 million.

Income tax expense

Corporate income tax for year 2020 is in the amount of Baht 1.3 million.

**Statements of financial position**

Statement of Financial Position as at 31 December 2020, The Company has total asset of Baht 1,486.49 million decreased from last year by Baht 33.56 million, total liabilities in Baht 411.27 million decreased from last year by Baht 55.87 million and shareholders' equity of Baht 1,075.92 million increased from last year by Baht 22.31 million or 2.12%. The important changes in asset, liabilities and shareholders' equity are as follows:

Assets

Cash and cash equivalents increased by Baht 11.5 million, Trade receivable decreased by Baht 11.2 million, account receivable outstanding at 30 days. Inventory decreased 14.9 million, Inventory outstanding at 21.1 days.

The Company recorded profit sharing in joint-venture by equity method of Baht 8.1 million and received dividend from joint-venture in Baht 13.6 million. Investment in associate as at 31 December 2020 amounting of Baht 96.5 million.

The Company started rubber tree plantation in the empty company's land since 3rd quarter of 2012 by investment in Baht 24.9 million which including rubber tree and rubber tree plantation expenses. Rubber tree maintenance cost in 2020 increased by Baht 12.7 million. The Company expect to tapping rubber tree and generate latex revenues within year 2021.



Liabilities

Bank overdraft and short-term loan from financial institutions decrease by 76.7 million, long-term loan from financial institution increase 12.9 million and lease liabilities increase 3.2 million.

Trade and other current payable increase 1.3 million. Account payable outstanding at 27.4 days.

Shareholder's equity

Shareholder's equity increases from operation profit for year 2020.

**Cash flow statement**

Cash Flow Statement for the year ended 31 December 2020, The Company has cash and cash equivalent transaction net increased from 31 December 2019 in Baht 11.54 million by separate cash flow to each activity as follows:

Cash flow from operating activity, net received Baht 71.52 million has significant transactions as follow:

Operating cash flow before changing			
in operating asset and liability	Baht	45.44	million
Trade and other receivable decrease by	Baht	10.38	million
Inventories decrease by	Baht	18.64	million
Other current assets decrease by	Baht	6.13	million
Paid for financial cost	Baht	(5.65)	million

Cash flow from investing activity, net received Baht 4.86 million has significant transactions as follow:

Dividend income from associate	Baht	13.64	million
Acquisition of property, plant			
and equipment	Baht	(6.23)	million
Cost of rubber plantation	Baht	(2.73)	million

Cash flow from financing activity, net used in Baht 64.85 million has significant transactions as follow:

Bank overdrafts and short-term loans			
from financial institutions decrease by	Baht	(76.77)	million
Long-term loan from financial institution increase by	Baht	20.00	million
Repayment of loan-term loan	Baht	(7.06)	million
Repayment of lease liabilities	Baht	(1.02)	million

Company's source of capital mainly came from revenue from company's operating and credit from local commercial bank for supporting current capital and investment project by The Company is carefully in management capital structure.

In 2020, company has liquidity ratio 1.2 time (2019 : 0.9 time) and Debt to Equity Ratio as at December 31, 2020 at 0.4 time (2019: 0.4 time) which is in the average of the industry.

Trend of future business operation, The Company has goal to expand domestic and export market and strengthen company's own brand products by increase efficiency in utilizing its plant, machine and equipment. However, The Company has investment plan to improve and expand the production to meet customer's requirement.

The Company started to expand the market to AEC countries such as Cambodia and Vietnam in small amount. The Company's main market is still in Australia, Japan, USA and United Kingdom by maintain the existing customer base who have long term relationship and contact new customer and support research and development of new products in order to compete in the market.

The Company will also emphasize in building its own brand to be well known in the market, and to increase long-term revenue and profit to The Company and take pride by the employees.

**4.2 Summary Financial Information and Financial Ratio**

	<b>(Unit : Baht)</b>		
<b>Summary Financial Information</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Current assets	262,308,079	199,316,308	178,950,059
Investment in associate	107,404,159	101,980,327	96,467,321
Investment properties	-	97,889,859	96,958,242
Properties, plant and equipment	540,670,270	1,089,191,941	1,075,433,517
Cost of rubber plantation	27,290,718	28,455,400	31,180,043
Total assets	943,228,121	1,520,049,561	1,486,492,574
Current liabilities	291,253,555	219,054,590	146,648,166
Long-term loan from financial institution, net of current portion	-	32,156,863	43,529,412
Employee benefit obligations	27,773,032	37,443,140	40,104,386
Deferred tax liabilities	49,812,776	177,411,947	178,179,404
Total liabilities	369,250,621	467,133,670	411,267,945
Registered capital	176,243,080	176,243,080	176,243,080
Issued and paid-up share capital	176,243,080	176,243,080	176,243,080
Share premium	125,668,080	125,668,080	125,668,080
Revaluation Surplus	342,801,100	822,321,100	822,321,100
Legal reserve	15,431,000	15,431,000	15,431,000
Unappropriated (deficit)	(86,165,760)	(86,747,369)	(64,438,631)
Total shareholder's equity	573,977,500	1,052,915,891	1,075,224,629
Revenues from sales	774,523,033	732,348,508	694,623,152
Other income	13,042,260	23,205,121	20,577,831
Share profit from investment in associate	5,472,703	8,212,617	8,086,568
Profit (loss) before income tax expense (income)	(17,808,419)	9,696,998	25,540,904
Income tax expense (income)	(7,096,845)	8,231,876	1,268,593
Profit (loss) for the year	(10,711,574)	1,465,122	24,272,311
Change in revaluation of land	-	599,400,000	-
Actuarial gain	(247,228)	(2,563,530)	(2414,731)
Income tax of items that will not be reclassified to profit or loss	79,246	(119,368,317)	472,704
Total comprehensive income (expense) for the year	(11,028,560)	478,938,391	22381,493
Earnings (loss) per share	(0.61)	0.08	1.38

<b>Financial Ratio</b>	<b>Unit</b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b><u>Liquidity Ratio</u></b>				
Current ratio	Times	0.9	0.9	1.2
Quick ratio	Times	0.4	0.3	0.5
Account Receivable Turnover	Times	8.6	9.4	11.9
Days Account Receivable Outstanding	Days	42.9	38.3	30.0
Inventory Turnover	Times	16.2	16.1	17.1
Days Inventory Outstanding	Days	22.2	22.4	21.1
Account Payable Turnover	Times	12.5	11.9	13.1
Days Account Payable Outstanding	Days	28.7	30.2	27.4
Cash Cycle	Days	35.4	30.5	23.7
<b><u>Profitability Ratio</u></b>				
Gross Margin	%	12.5%	11.1%	14.3%
Operating Profit	%	-2.8%	0.3%	0.2%
Profit Margin on Sales	%	-1.4%	0.2%	3.5%
Return on Equity	%	-1.8%	0.2%	2.3%
<b><u>Efficiency Ratio</u></b>				
Return on Assets	%	-1.1%	0.1%	1.6%
Assets Turnover	Times	0.8	0.6	0.5
<b><u>Financial Policy Ratio</u></b>				
Debt to Equity	Times	0.6	0.4	0.4
Interest Converge	Times	1.1	9.0	15.9
Dividend Payout	%	-	-	*
<b><u>Per Share</u></b>				
Book Value	Baht	32.57	59.74	61.01
Net Profit	Baht	(0.61)	0.08	1.38

\* Not approved, to be approve at the ordinary general meeting of shareholders no. 1/2021 held on 28 April 2021.

**5. General and other important information****5.1 General Information**

Share Registration	Thailand Securities Depository Company Limited 93 Ratchadapisek Road Kwang Dindaeng, Khet Dindaeng, Bangkok 10400 Tel.: 0-2009-9000 Fax: 0-2009-9991
Auditor	Mr. Pornchai Kittipanya-Ngam Certified Public Accountant (Thailand) No. 2778 or Mrs. Suwanee Kittipanya-Ngam Certified Public Accountant (Thailand) No. 2899 or Mr. Thanakorn Fakfaipol Certified Public Accountant (Thailand) No. 4879 Bunchikij Co., Ltd. 9th Floor 87 Modern Town Building Ekamai Soi 3, Sukhumvit 63 Road, Wattana, Bangkok 10110 Tel.: 0-2382-0414 Fax.: 0-2381-5849
Legal Advisor	Legal Advisory Council Limited. 16fl. Olympia Thai Tower 444 Ratchdapisek Road Huay Kwang, Bangkok 10310 Tel.: 0-2512-5938-40
Investor Relation	Miss. Pornnaphat Phattaravorphan 15fl. Regent House Building 183 Rajdamri Rd. Lumpini, Patumwan, Bangkok 10330 Tel : 0-2253-5232-3 Fax : 0-2070-0733 Email : info@foodanddrinks.co.th

## Part 2

### Corporate Governance

#### 6. Corporate Governance Policy

The Company recognizes the importance of good corporate governance for transparency in operation, and the responsibilities of the Board of Directors to enhance the shareholders' trust and value. The Company has committed to comply with corporate governance guidelines issued by the regulatory bodies that govern its operations as a public company, and to the implementation and compliance with such other standards as are appropriate to the conduct of its business.

##### 6.1 Overview of policies and practices of corporate governance

###### 6.1.1 Policy and Guidelines regarding the Board of Directors

The Company has established important policies and guidelines concerning the Board of Directors. In order to ensure transparency and fairness, ranging from nomination and remuneration to directors and executives. Independence of the Board of Directors from management Development of The Board of Directors' Performance Assessment Committee including supervision of subsidiaries and associated companies.

###### 6.1.2 Policies and Guidelines concerning Shareholders and Stakeholders

The Company has established important policies and guidelines concerning shareholders and stakeholders in order to ensure appropriate treatment of shareholders and stakeholders. It covers from promoting the exercise of rights of shareholders. Equal treatment of shareholders Responsibility to stakeholders to supervise the use of internal information Prevention of conflicts of interest, anti-corruption, information notification Complaints or clues.

##### 6.2 Code of Conduct

The Company attaches importance to the rights of all stakeholders. Whether there are internal stakeholders including the Board of Directors. Executives, employees and shareholders of The Company or external stakeholders include customers, partners, competitors, creditors, Government and other related agencies The Company has prepared the following code of conduct guidelines following:

- **Shareholders:** The Company is committed to providing efficient business operations. Therefore, in addition to the basic rights, rights set forth in laws, articles of association, such as the right to attend shareholders' meetings and vote. The right to express their opinions independently at the shareholders' meeting, including the right to receive fair returns. The Company also grants shareholders the right to

make various recommendations regarding The Company's business operations as the owner of The Company, with every comment moderated for proposal to be considered by the Board of Directors.

- **Customers:** The Company is committed to offering quality products that meet international standards and on-time delivery. In order for the buyer to be satisfied with both the quality and the price. It can be accepted to compete with the market as well. In 2020, The Company surveyed customer satisfaction with products and services with an average customer satisfaction score of more than 90%. The Company emphasizes on maintaining the standards set by its partners and complying with the regulations of the trading partners, with factory received GMP certification and HACCP certification by TQCS International (Group), Pty. from Australia and Global Standard for Food Safety (BRC) by NSF Certification from the UK.
- **Competitors:** Competing companies are one of the factors that make The Company more committed to improving its products and services. The Company adheres to conducting business fairly within the framework of the law and has a policy of promoting competition within the framework of fair, transparent, non-seeking confidential information of competitors through dishonest means. Do not damage reputation or act without truth or unfairness.
- **Creditors:** The Company is always aware that building relationships with creditors to gain confidence and trust. It is a burden to act in conjunction with compliance with conditions and integrity. Therefore, The Company adheres to business operations with integrity, based on fair and compliance with business criteria and conditions for creditors and partners. In the past year, The Company has gained confidence from leading financial institutions to approve credit lines for business expansion and is classified as a group of top debtors who receive special interest rates.
- **Employees:** The Company recognizes that personnel are an important mechanism for the company's operations to achieve its goals efficiently and efficiently. Therefore, the Company treats all employees equally. Therefore, the Company attaches great importance to its employees. Policies and guidelines on safety and hygiene in the workplace are established. The company also provides quality recruitment as well as effective personnel development. Since 2012, the Company has continuously provided provident funds for employees to provide long-term care for employees.

- **Social Community and Environment:** The Company recognizes the importance of coexistence in society as well as the community environment. Therefore, The Company has a clear policy to contribute to the sustainable development of society. The Company has cooperated with the public and private sectors to perform activities in the public interest including:
  1. Scholarship Program - The Company has been starting the program since 2003, providing scholarships to children of employees and to schools in Ban Bueng district for students studying well but poorly.
  2. Student Program Students work during the school holidays - Started a student program Students have been working since 2003 to provide extra income to students during the school holidays.
  3. Blood Donation - The Company has joined forces with Ban Bueng Public Health to organize blood donation activities. 4 times a year.
  4. Environmental protection in the community - The Company has divided the wastewater treatment area to 13,000 square meters, certified for the quality of wastewater after treatment. The quality is exactly as specified by the Department of Plants, Ministry of Industry.
  5. Thai local projects, green space conservation, planting trees at reservoirs and public interest areas.
  6. In addition, in the waste material section. The Company is in the process of studying the fermentation of waste materials for organic fertilizer, while now some waste materials have been sold to companies that can be used for use.

### **6.3 Significant Changes and Developments of Policy, Corporate Governance, and Corporate Governance System in the past year**

In 2020, the Company have been developed the business in order to benefit shareholders and their goals as follows:

#### **6.3.1 Vision**

In 2020, the Company has revamped its vision to formulate a vision in line with its current operations. The company presented and approved by the Board of Directors' Meeting No. 1/2021 on January 15, 2021 with the following changes:

**Previous Vision:** “To become one of the most recognized food manufacturers characterized by modern technology, high productivity, quality, safety, competitive pricing and timely delivery. ROE target is 12%, provide good working environment, appropriate return, working efficiently and proud in company’s success.”



**Revised Vision:** “To be a leader of food and beverage manufacturer and distributor according to international standards”

**6.3.2 Change in Policy, Corporate Governance Guidelines and Systems**

In 2020, the Company reviewed its policy. The Company has improved the charter of the Board of Directors and the Charter of the Audit Committee as follows:

(1) Charter of the Board of Directors

**Previous Charter of Board of Director**

- Require at least 4 meetings per year.
- Inform shareholders from the original form is an annual information display (Form 56-1) and the Company's Annual Report (Form 56-2).

**Revised Charter of Board of Director**

- Require at least 6 meetings per year.
- Inform shareholders in the annual information form (Form 56-1 One Report).

(2) Charter of the Audit Committee

**Previous Charter of Audit Committee**

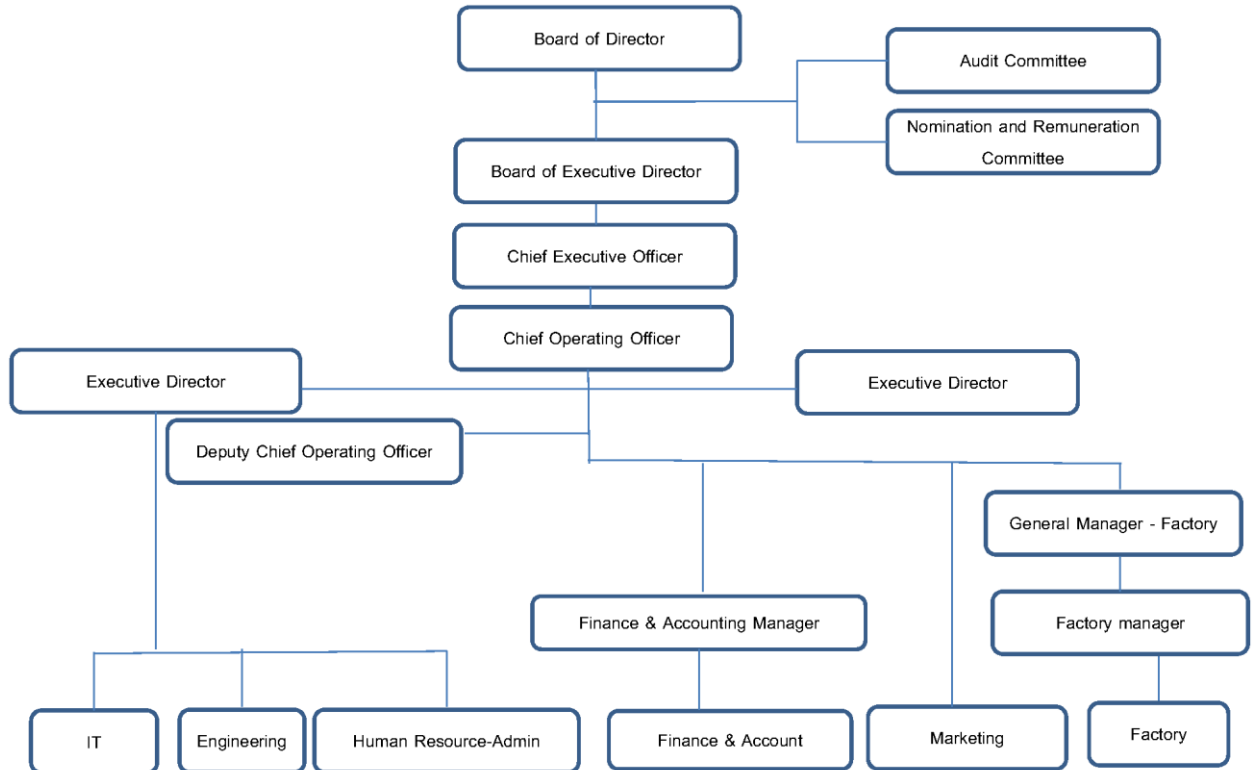
- Name “The Charter of the Audit Subcommittee”.

**Revised Charter of Audit Committee**

- Name “The Charter of the Audit Committee”.
- Review the Charter of the Audit Committee at least once a year.

**7. Corporate Governance Structure and Key Information about Board, Sub-committees, Management, and Others**

**7.1 Management Structure**



## 7.2 Board of Director Composition

### Board of director

The Board of Directors is comprised of 4 independent directors, 4 executive directors, and 3 non-executive directors.

1.	Mr. Phirasilp	Subhapholsiri	Chairman, Independent Director
2.	Mr. Kasem	Deemaitree	Director, Chief Executive Officer
3.	Mrs. Chintana	Asdornnithee	Executive Director
4.	Ms. Huai Hui	Lee	Director, Chief Operating Officer
5.	Mr. Huai Hsin	Lee	Executive Director
6.	Mr. Udom	Karoonkornsakul	Director
7.	Mr. Aditep	Nontratip	Director
8.	Mr. Wong Chun	Nam	Director
9.	Ms. Chaovana	Vivatpanachati	Independent Director and Chairman of Audit Committee
10.	Mr. Sumet	Chey-O-nanund	Independent Director and Audit Committee
11.	Mr. Sansern	Nilrat	Independent Director and Audit Committee

The directors who are authorized to sign to represent The Company are Mrs. Chintana Asdornnithee or Mr. Aditep Nontratip co-sign with Mr. Kasem Deemaitree or Miss Huai Hui Lee or Mr. Huai Hsin Lee with company seal.

### The Responsibility of the Board of Directors

1. Monitor and manage the operation of The Company on the basis of good corporate governance.
2. Set company's vision and mission for management and employee to have the same goal and consider reviewed The Company's vision and mission every year.
3. Manage and discuss the business strategy as proposed by the executive directors and ensure that the executive directors and management carry out the plans as approved efficiently, added value to The Company's business, and give good operational results.
4. Set up shareholders' annual meeting within 4 months after the fiscal year-end closing date and any other meetings necessary.

5. Set up board of directors meeting at least 4 times per year. In each meeting, there will be at least 60% of all directors are present. If there is a resolution required, the resolution is based on the majority vote. If equal, the chairman of the meeting will have one additional vote.
6. Consider and approve annual business plan, including budget for investment and goals.
7. Report financial data and other important information to shareholders. To ensure that the information is correct, complete and sufficient.
8. Set up and follow up on internal control, internal audit and risk management to ensure the efficiency in the system.
9. Appoint and clarify the differences in responsibility among directors, various sub-committees, management and employee.
10. Oversee the executive directors and management to follow the policies and requirements that were approved or specified from the shareholders according to the requirement of SEC and Stock Exchange of Thailand.
11. Set up for take a position of the list company's director not more than 5 companies.
12. Set up the Chairman's responsibility.
13. Report the stakeholder.
14. Overall responsibility to ensure and supervise the risk management in The Company.
15. Set up the Board of Director's Meeting for year 2020 and informed to the Board of Director.

No.	Date
1	21 January
2	27 February
3	14 April
4	16 July
5	13 August
6	13 November

### 7.3 Sub-committees Composition

#### Executive committee

- |                  |              |                                   |
|------------------|--------------|-----------------------------------|
| 1. Mr. Kasem     | Deemaitree   | Director, Chief Executive Officer |
| 2. Mrs. Chintana | Asdornnithee | Executive Director                |
| 3. Ms. Huai Hui  | Lee          | Director, Chief Operating Officer |
| 4. Mr. Huai Hsin | Lee          | Executive Director                |

#### The Responsibility of Executive Committee

1. Set plans, direction, strategy and budget in company's operations to achieve the target and follow up to ensure that those are practiced and disclose.
2. Review The Company's operations from time to time to achieve the business projections.
3. Evaluate any major investments and budgets before presenting to the Board of Directors for consideration.
4. Conduct financial transactions with financial institutions according to the authorization chart for the short-term loans, withdraw and opening accounts.
5. Represent The Company and operate on behalf of The Company to the public.
6. Evaluate and risk management in the organization.

Audit committee

- |    |                             |                             |
|----|-----------------------------|-----------------------------|
| 1. | Ms. Chaovana Vivatpanachati | Chairman of Audit Committee |
| 2. | Mr. Sumet Chey-O-nanund     | Audit Committee             |
| 3. | Mr. Sansern Nilrat          | Audit Committee             |

Remarks :

Ms. Chaovana Vivatpanachati - Chairman of Audit Committee, Mr. Sumet Chey-O-nanund and Mr. Sansern Nilrat - Audit Committee members, all have accounting background for review company's financial statement.

The Responsibility of Audit Committee

1. Ensure the accuracy, completeness and reliability of financial statements and that sufficient information is disclosed.
2. Review the financial statement, company's account policy according to general certification standards.
3. Ensure that The Company has sufficient, appropriate and effective internal controls, risk management, and internal audit systems. Have the authority to review, and investigate related to concern matters, under the scope of responsibility and authorization, by inviting directors, or management, or staff to attend the meeting and provide relevant information.
4. Select and propose The Company's auditors and determine their compensation, including meeting the auditor without the presence of the management at least once a year.
5. Consider and propose to terminate auditors if found not appropriate or suitable.
6. Ensure that The Company abide by all rules and regulations including other regulations and laws related to The Company's business.
7. Ensure that not create conflict of interest.
8. Prepare an Audit Committee's Report according to the Scope of Responsibilities assigned by the Board of Directors and report in The Company's annual report, signed by the Chairman of the Audit Committee.

Risk Management Committee

1.	Mr. Kasem	Deemaitree	Chairman
2.	Ms. Huai Hui	Lee	Director
3.	Mrs. Chintana	Asdornnithee	Director
4.	Mr. Huai Hsin	Lee	Director
5.	Mr. Theerapat	Soopanit	Director
6.	Dr. Nakorn	Mahakun	Director
7.	Mr. Prasit	Jaturatpunsang	Director
8.	Mr. Suchat	Thipmontian	Director
9.	Mr. Piyapak	Muangkaew	Director and secretary

The Responsibility of Risk Management Committee

1. Consider to set the policy and scope of risk management in the organization on risk management principles and propose to the board of directors to consider and approve.
2. Ensure and support the various departments in the organization to create.
  - 2.1. Evaluate type of risk such as Strategic risk, Operational Risk, Financial Risk, Legal Risk, IT Risk that concerning to business operations in the organization under their department responsibilities.
  - 2.2. Risk management measure.
  - 2.3. Operations plan for manage or reduce the risk to be an acceptable level for ensure that The Company group have risk management sufficient and suitable.
3. Follow up the risk management action plans of various department in the organization for reduce the risk to be an acceptable level.
4. Ensure in improvement the risk management system in the organization always successively and effectively.
5. Review the policy and risk management framework regularly once a year to ensure that according and suitable to operating business conditions.
6. Report the results of the risk management include risk status, guidelines for risk management, progress and the results of the risk management to the board of directors, the audit committee and the management team quarterly.
7. Any other responsibilities assigned by the board of directors.

Nomination and Remuneration Committee

1. Mr. Sansern Nilrat Chairman of Nomination and Remuneration Committee
2. Mr. Sumet Chey-O-nanund Committee
3. Mr. Huai Hsin Lee Committee

Responsibilities of the Nomination and Remuneration Committee

1. Nominate qualified persons who deserve to be nominated as directors for approval by the Board of Directors or shareholders' meetings.
2. Recruit qualified and deserving candidates for senior management positions. To propose to the Board of Directors for approval.
3. Determine the method and criteria for the nomination of directors and senior executives of The Company.
4. Set the remunerations and other benefits to the Board of Directors for consideration of the Board of Directors prior to the approval of the shareholders' meeting.
5. Assign payout rates and other benefits to senior executives for approval from the Board of Directors' meetings or board of directors.
6. Evaluate the annual performance and consider the policy to adjust the appropriate remuneration rate for The Company's employees as a whole.
7. Perform any other work related to recruitment as assigned by the Board of Directors or the shareholders' meeting.



## 7.4 Management

Management as at 31 December 2020 as follows :

- |                  |              |                                   |
|------------------|--------------|-----------------------------------|
| 1. Mr. Kasem     | Deemaitree   | Director, Chief Executive Officer |
| 2. Mrs. Chintana | Asdornnithee | Executive Director                |
| 3. Ms. Huai Hui  | Lee          | Director, Chief Operating Officer |
| 4. Mr. Huai Hsin | Lee          | Executive Director                |
| 5. Mr. Piyapark  | Muangkaew    | Deputy Chief Operating Officer    |
| 6. Mr. Theerapat | Soopanit     | Chief Financial Officer           |

### Director remuneration policy

The Nomination and Remuneration Committee considers and presents appropriate executive remuneration. The company's remuneration, including the remuneration of the Chief Executive Officer and Managing Director, is related to both short-term and long-term performance that reflects the company's sustainability.

### Director remuneration

Within year 2020, The Company paid Salary and bonus for 6 executives and managers are Baht 17.32 million for 2020.

## 7.5 Employee Information

Currently, The Company employs both Bangkok office and factory department 514 persons excluding executives.

Risks of labor shortages and distribution of workers in key agencies In the last three years, it has had a significant impact on business operations and costs. It is necessary to import and hire foreign workers, which has a high cost of processing. at least 120,000 baht per year.

In addition to returns for fair, legitimate wages and equivalent rates to the general labor market and employee satisfaction. The Company also provides welfare benefits to employees as follows:

Salary adjustment is based on ability and efficiency for employees after their probation performance evaluation.

Bonus when turnover is good, even if profitable or not profitable. If the Company deems appropriate, bonuses should be given to employees for encouragement. The Company will consider it according to the competence, efficiency and employee's working life.

Provident fund contributions to employees, lump sums for retirement, resignation, disability or family collateral in the event of employee death by employees and The Company will save money into the provident fund at the rate of 2% of each month's wages by voluntarily submitting an application to become a provident fund member when they complete 4 months of work.

Number of years of membership	Right to contributions with benefits
3 years < 5 years	20%
5 years < 7 years	50%
Over 7 years	100%

However, if you have a disability, death or retirement, you will receive 100% contributions from The Company even if you are not a member for 7 years.

Marriage gifts for the employee of the marriage by registering the marriage legally.

Give funeral grants to employees. If the spouse, child/daughter, father/mother, the birther of the employee dies, or to the employee's heir, if an employee dies.

Loan to employees for study of the children/daughters or the employees themselves, or the cost of medical treatment. Spouse, children/daughters, parents, birthers or employees themselves

Life insurance, accident or health insurance are provided for employees after probation.

As at 31 December 2020, there are employees 520 persons. In 2020, the Company paid 125.19 million Baht consists of salaries, overtime, grants, living expenses, bonuses, and other employees, Social Security funds and provident fund contributions.

	Employee (persons)	Amount (Million Baht)
Executive	6	17.32
Employees	514	107.87
Total	520	125.19

**7.6 Other Information**

Chief Financial Officer	Mr. Theerapat Soopanit
Company Secretary	Miss. Pornnaphat Phattaravorphan
Internal Audit Outsource	DIA International Audit Co., Ltd.

Auditors' Remuneration

Auditors' annual appointment and fixing their remuneration is approved at Annual Shareholders' Meeting. The names of auditors proposed and appointed are licensed according to the Stock Exchange of Thailand. In 2021, the company will dominate the appointment of Bunchikij Co., Ltd. as company auditor with the audit fee of Baht 1,500,000.

## 8. Highlights of Corporate Governance

### 8.1 Summary of the Board of Directors' performance in the past year

In 2020, the Board of Directors reviewed and updated its vision and mission to meet the current and consistent with the long-term business direction. Approve key issues regarding The Company's direction and operational policies, including business plans and annual budgets. Review the adequacy of internal control processes and appropriate risk management processes. Supervise and monitor management's management in accordance with the policy. The Management department shall report its performance to the meeting.

#### Nomination, Development and Evaluation of The Board of Directors' Duties

##### Independent director

The criteria for selection of independent directors are to have qualifications as specified by the SEC and SET, with details as follows:

1. Must hold no more than 0.5% of the total voting shares of The Company, parent company, subsidiary company, associated company or juristic person that may have conflicts of interest by including the shares held by related persons.
2. Do not involve as management, staff, employees or consultants who receive regular salary, controlling person of The Company, parent company, subsidiary company, associated company, same-level subsidiary company or juristic persons that may have conflicts (Present and during the 2 years before appointment).
3. Not a family members either by birth or by registration as a parent, spouse, siblings and children, including spouses of children and executives of major shareholders, regulator or the person who is nominated as the executive or controlling person of The Company or subsidiary.
4. Business relations with The Company
  - a. Relationship
    - Relationship in the nature of professional services
      - Relationship: Auditors, service providers and other professional services such as legal advisors, financial advisor, property appraiser etc.
      - Significant level that is not considered independent
        - In the case of the auditor: all cases are prohibited.
        - In the case of other professional service providers: Amounting exceeds 2 million Baht per year

- Commercial / Business Relations (Use the same guidelines as SET requirements for connected transactions)
    - Relationship: defines all types of business transactions, including normal business transactions rental list / rental property, the transactions relating to assets / services and the list of giving or receiving financial assistance.
    - Significant levels that are not independent

Transaction amount > 20 million Baht or > 3% of The Company's NTA, whichever is lower. In considering the transaction value, include transactions occurred during 6 months.
  - b. In the case of a relationship under (a) with a juristic person, the person considered to be not independent are the major shareholders, directors (except in the case of independent directors / audit committee) and the executive or partner of that juristic person.
  - c. Specify the period of time in which the relationship is prohibited under (a) and (b): present and 2 years ago appointed.
  - d. Exception: In case of necessity or reason which does not occur consistently and continuously, the independent director/audit committee may have a relationship that exceeds the significant level that can determine during that position but must be first approved by the board of directors and the resolution must be a consensus. In addition, The Company must disclose such relationship of that director in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) of The Company. If The Company proposes later that independent director/audit committee to hold the position for another term, The Company must disclose information about the said relationship in the details for Voting Directors in the Annual General Meeting for Shareholders agenda.
5. Not a director appointed to be a representative of The Company's directors, major shareholders or shareholders who are related to the major shareholders of The Company.
  6. Not having any characteristics which make him incapable of being independent.
  7. Independent directors with qualifications may be assigned by the board of directors to make decisions about the operations of The Company, parent company, subsidiary company, associated company, same-level subsidiary company or juristic persons that may have conflicts in which there is a collective decision.

The selection of independent directors must be approved by the shareholders' meeting. The committee which is still in the term will nominate to the shareholders' meeting.

Nomination of Directors and Administrators

1. The selection of directors, including independent directors, must be approved by the shareholders' meeting, with the board of directors still on the agenda to be nominated to the shareholders' meeting, and for senior executives to be selected by the Executive Committee, unless the Chairman of the Board of Directors must be approved by the Board of Directors.
2. At present, The Company have an appointment at the nomination committee date 21<sup>st</sup> January 2020.
3. Selection of directors is from the shareholders' meeting.
4. Shareholders elects and removes directors according to the following rules and procedures:
  - a. The number of votes equal to the number of shares held by each shareholder.
  - b. During the election process, directors can be elected individually, several persons, or as a group, whichever deems appropriate by the Meeting. To pass a resolution, the shareholders shall cast all of their votes according to (a.) No splitting of votes allowed.
  - c. A simple majority is applied to the election of directors. In the event of a tie, the Chairman of the Meeting has the deciding vote.

The Shareholders Meeting may pass a resolution to remove any director prior to the end of that director's term. Such resolution requires no less than three-fourths of shareholders present at the meeting with voting rights, and the total shares should not be less than half of those held by the attending shareholders with voting rights.

Attendant records and remuneration for each director

The Company discloses information about the participation of directors' meetings on the sub-committees in order to comply with the following principles of good corporate governance:

Attendance records of directors

Name of Director	Directors Meeting (11 persons)	Shareholders' Meeting No. 1/2020
Mr. Phirasilp Subhapholsiri	6/6	1/1
Mr. Kasem Deemaitree	6/6	1/1
Mrs. Chintana Asdornnithee	4/6	1/1
Mr. Udom Karoonkornsakul	5/6	1/1
Ms. Chaovana Vivatpanachati	6/6	0/1
Mr. Sumet Chey-O-nanund	6/6	1/1
Mr. Sansern Nilrat	6/6	1/1
Mr. Aditep Nontratip	6/6	1/1
Mr. Wong Chun Nam *	3/6	0/1
Mr. Huai Hsin Lee	6/6	1/1
Miss Huai Hui Lee	6/6	1/1

Remarks \* Mr. Wong Chun Nam, Due to is overseas residency, Therefore, it is not possible to travel to meetings due to lock down international travel.

Remuneration for each director

The financial remuneration for 11 directors in 2020 equaled to Baht 1,160,000.00 fixed remuneration.

	<u>Name of Director</u>	<u>Position</u>	<u>Annual Remuneration</u>	<u>Meeting Allowance*</u>
1	Mr. Phirasilp Subhapholsiri	Chairman	40,000 Baht	72,000 Baht
2	Mr. Kasem Deemaitree	Director, Chief Executive Officer	40,000 Baht	72,000 Baht
3	Mrs. Chintana Asdornmithee	Executive Director	40,000 Baht	48,000 Baht
4	Miss Huai Hui Lee	Director, Chief Operating Officer	40,000 Baht	72,000 Baht
5	Mr. Huai Hsin Lee	Executive Director	40,000 Baht	72,000 Baht
6	Mr. Udom Karoonkornsakul	Director	40,000 Baht	60,000 Baht
7	Mr. Aditep Nontratip	Director	40,000 Baht	72,000 Baht
8	Mr. Wong Chun Nam	Director	40,000 Baht	36,000 Baht
9	Mr. Sansern Nilrat	Independent Director	40,000 Baht	72,000 Baht
10	Ms. Chaovana Vivatpanachati	Independent Director	40,000 Baht	72,000 Baht
11	Mr. Sumet Chey-Onanund	Independent Director	40,000 Baht	72,000 Baht

Remarks \* Pay based on actual attendance.

The remuneration of the Audit Committee for a total of 3 persons is 452,000 Baht.

	<u>Name of Audit Committee</u>	<u>Position</u>	<u>Annual Remuneration</u>	<u>Meeting Allowance*</u>
1	Ms. Chaovana Vivatpanachati	Chairman of Audit Committee	80,000 บาท	84,000 บาท
2	Mr. Sansern Nilrat	Audit Committee	60,000 บาท	84,000 บาท
3	Mr. Sumet Chey-Onanund	Audit Committee	60,000 บาท	84,000 บาท

Remarks \* Pay based on actual attendance.



The remuneration of the nomination and remuneration committee for a total of 3 persons is 32,000 Baht as fixed compensation.

	<u>Name of Committee</u>	<u>Position</u>	<u>Meeting Allowance*</u>
1	Mr. Sansern Nilrat	Chairman of Audit Committee	12,000 บาท
2	Mr. Sumet Chey-Onanund	Director	10,000 บาท
3	Mr. Huai Hsin Lee	Director	10,000 บาท

Remarks \* Pay based on actual attendance.

#### Supervision of Associated Company

The Board of Directors has a supervision mechanism that allows it to control, manage, and be responsible for the operations of associated company in order to protect the interests of The Company's investments as follows:

- Appoint company representative to be directors and executives of the associated company in proportion to their shareholding. The representative must approved by the meeting of the Board of Directors.
- There is a scope of authority and responsibility of the directors and executives representing The Company in the associated company to control or participate in the determination of important policies for business operations.
- Disclosure of financial status and results of operations, the transactions between associated companies, acquisition or disposition of assets or other important transactions of the associated company completely and correctly and use the rules relating to the disclosure of information and transactions in the above manner in the same way as The Company's rules.
- There is an appropriate and sufficient internal control system in the associated company and mechanisms for overseeing associates such as approval of capital increase or decrease of capital.

#### Monitoring the compliance with corporate governance policies and practices

The Board of Directors closely monitors the Company's performance to meet its annual estimates to ensure that the Company can turn its results around positively. Even in the situation of the COVID-19 pandemic.

In addition, the Company should follow up to ensure compliance with good corporate governance in 4 other issues as follows:

Prevention conflicts of interest

The Board of Directors has assigned the Audit Committee to consider the related interests of the directors to prevent conflicts of interest.

Use of inside information for exploitation

The Board of Directors has required directors and executives not to trade the Company's securities specifically one month before the financial statements are made public.

Anti-Corruption Policy

The Company recognizes anti-corruption, which eliminates the country's economic growth. The Company has managed its risks by announcing its anti-corruption and bribery policies. On March 11, 2010, the policy was announced and reviewed every year. And The Company has participated in anti-corruption programs when.....And at the beginning of 2021, The Company has announced that it is not accepting gifts by announcing on its website and notifying its key partners.

Whistleblowing

If an employee sees a potential problem with fraud, they can notify the Board of Directors at 02 253-5232-3 ext 115, or if it is important or urgent that may affect The Company's image or involve a senior executive or director, notify the Chairman of the Audit Committee directly.

Company has procedures to deal with the misconduct as follow:

1. To consider the preliminary information and send to the relevant section to investigate.
2. Company will protect the person who report from any troubles.
3. Company will not demote or punish the person who report, although it might cause The Company to lose business opportunities.
4. Company will keep the information as secret.

In term of the responsibility to consumers, The Company determined to produce quality food and services for safety to consumer is important by stick to international standard, law and other related regulation.

**8.2 Report on the audit committee's performance over the past year**

Name of Audit Committee	Meeting Attendance
Ms. Chaovana Vivatpanachati	6/6
Mr. Sansern Nilrat	6/6
Mr. Sumet Chey-Onanund	6/6

The Audit Committee has reviewed the financial reports. Review The Company's effective internal control system and internal audit. To consider the selection of external auditors and present to the Board of Directors for consideration and other duties as assigned by the Board of Directors, which meets the requirements and best practices for the Audit Committee of the Stock Exchange of Thailand. There are 6 meetings for 2020.

**8.3 Summary of duties of other sub-committees**Nomination and Remuneration Committee

Name of Remuneration Committee	Meeting Attendance
Mr. Sumet Chey-Onanund	1/1
Mr. Sansern Nilrat	1/1
Mr. Huai Hsin Lee	1/1

The Nomination and Remuneration Committee has conducted a 2020 charter review and regulations for The Company's early retirement, along with 1 meeting for 2020.

**9. Internal Control and Related Transactions****9.1 Internal Control**

The Board of Directors approved to hire Auditor Office of DIA Audit Company Limited to be our Internal Auditor as suggested by the Audit Committee since 2002. In 2020, internal audit team leader is Mr. Apinan Sripramoch (CPA# 5092) has been evaluation internal control compliance with COSO Integrated Framework was carried out by receiving internal audit reports directly from internal auditors. The Company has a reasonably good internal control system. The internal auditor has made recommendations to improve the amendments that the management will follow up on in accordance with the recommendations of the internal auditor.

**9.2 Related Transaction**

Related parties, relationship, pricing policy and related transaction for the year 2020 are disclosed in the notes to the financial statements No. 6.

**Part 3**  
**Financial Statement**

**FOOD AND DRINKS PUBLIC COMPANY LIMITED**  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
1 JANUARY 2020 TO 31 DECEMBER 2020



บริษัท บัญชีกิจ จำกัด  
BUNCHIKIJ CO.,LTD.  
Certified Public Accountants

## Independent Auditor's Report

To the Shareholders and the Board of Directors of Food and Drinks Public Company Limited

### *Opinion*

I have audited the accompanying financial statements in which the equity method is applied and the separate financial statements of Food and Drinks Public Company Limited ( the Company) which comprise the statements of financial position of the financial statements in which the equity method is applied and the separate financial statements as at 31 December 2020, and the related statements of comprehensive income, changes in equity and cash flows of the financial statements in which the equity method is applied and the separate financial statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In my opinion, the accompanying financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Food and Drinks Public Company Limited as at 31 December 2020, and its 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 in which the Equity Method is applied and the Separate Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements in which the equity method is applied and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Key audit matters*

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

Key audit matter	How the matter was addressed
<p><b>Inventories</b></p> <p>The estimation of the net realisable value of inventory, as disclosed in Notes 5 and 9 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the products' life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventories.</p>	<p>The key audit procedures include :</p> <ul style="list-style-type: none"> <li>• Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.</li> <li>• Comparing the inventory holding periods and inventory movements in order to identify product lines with indicators of lower inventory turnover than normal level.</li> <li>• Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.</li> <li>• Comparing historical data of actual losses on sales and write-off of inventory during the years with the provision for diminution in value of inventory recorded at the preceding year-end.</li> </ul>



Key audit matter	How the matter was addressed
<p><b>Deferred tax</b></p> <p>The Company has disclosed its accounting policy and details relating to deferred tax in Notes 4.19 and 27 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Company’s taxable profit will be sufficient to allow utilization of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgment with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.</p>	<p>The key audit procedures include :</p> <ul style="list-style-type: none"> <li>• Making enquiry of responsible executives, gaining an understanding of and testing the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition.</li> <li>• Assessing the estimates of future taxable profit as follows;                             <ul style="list-style-type: none"> <li>- Checking the required information and key economic assumptions used in the projections.</li> <li>- Comparing the past projections with actual taxable profits to assess the exercise of management judgment in estimating taxable profits.</li> <li>- Testing the calculation of future taxable profit based on the above information and assumptions.</li> </ul> </li> <li>• Reviewing the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised.</li> </ul>

**Emphasis of matter**

I draw attention to Note 1 to the financial statements, the Coronavirus disease 2019 pandemic may bring uncertainties and have an impact on the environment in which the Company operates. In addition, I also draw attention to Notes 2.3 and 3 to the financial statements, the Company has adopted Thai Financial Reporting Standards and Interpretations relating to financial instruments and Thai Financial Reporting Standard No 16 : Leases, which are effective in the current period. My opinion is not modified in respect of these matters.

*Other information*

Management is responsible for the other information included in the Company's annual report, but does not include the financial statements in which the equity method is applied and the separate financial statements and my auditor's report thereon. The Company's annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements in which the equity method is applied and the separate financial statements does not cover the other information as referred to above and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and the separate financial statements, my responsibility is to read the other information as referred to above when it becomes available and, in doing so, consider whether such the other information is materially inconsistent with the audited financial statements in which the equity method is applied and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Company's annual report, if I conclude that there is any material misstatement in that other information, I am required to communicate the matter to the management and those charged with governance to correct such information.

*Responsibilities of management and those charged with governance for the financial statements in which the equity method is applied and the separate financial statements*

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

In preparing the financial statements in which the equity method is applied and the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's responsibilities for the audit of the financial statements in which the equity method is applied and the separate financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements in which the equity method is applied and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and the separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investment of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit the financial statements in which the equity method. 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 in which the equity method is applied and the separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*The engagement partner responsible for the audit resulting in this independent auditor's report*



(Mr. Thanakorn Fakfaipol)

Certified Public Accountant No. 4879

**Bunchikij Co., Ltd.**

Bangkok

25 February 2021

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## Food and Drinks Public Company Limited

## Statements of financial position

As at 31 December 2020

Unit : Baht

Assets	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<b>Current assets</b>					
Cash and cash equivalents	7	12,841,099	1,299,114	12,841,099	1,299,114
Trade and other current receivables	8	55,114,585	66,277,164	55,114,585	66,277,164
Inventories	9	96,893,374	111,783,177	96,893,374	111,783,177
Other current financial assets	10	1,107,295	1,000,000	1,107,295	1,000,000
Other current assets	11	12,993,706	18,956,853	12,993,706	18,956,853
<b>Total current assets</b>		<b>178,950,059</b>	<b>199,316,308</b>	<b>178,950,059</b>	<b>199,316,308</b>
<b>Non-current assets</b>					
Other non-current financial assets	10	901,330	901,330	901,330	901,330
Investment in associate	12	96,467,321	101,980,327	68,202,710	68,202,710
Investment property	13	96,958,242	97,889,859	96,958,242	97,889,859
Property, plant and equipment	14	1,075,433,517	1,089,191,941	1,075,433,517	1,089,191,941
Cost of rubber plantation	15	31,180,043	28,455,400	31,180,043	28,455,400
Right-of-use assets	16	4,558,033	-	4,558,033	-
Intangible assets	17	573,185	955,587	573,185	955,587
Other non-current assets		1,470,844	1,358,809	1,470,844	1,358,809
<b>Total non-current assets</b>		<b>1,307,542,515</b>	<b>1,320,733,253</b>	<b>1,279,277,904</b>	<b>1,286,955,636</b>
<b>Total assets</b>		<b>1,486,492,574</b>	<b>1,520,049,561</b>	<b>1,458,227,963</b>	<b>1,486,271,944</b>

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

## Food and Drinks Public Company Limited

## Statements of financial position

As at 31 December 2020

Unit : Baht

Liabilities and equity	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<i>Current liabilities</i>					
Bank overdrafts and short-term loans					
from financial institutions	18	60,000,000	136,766,091	60,000,000	136,766,091
Trade and other current payables	19	74,354,398	73,064,522	74,354,398	73,064,522
Current portion of long-term loan					
from financial institution	20	9,411,765	7,843,137	9,411,765	7,843,137
Current portion of lease liabilities	21	1,586,989	128,278	1,586,989	128,278
Other current financial liabilities		-	19,664	-	19,664
Other current liabilities		1,295,014	1,232,898	1,295,014	1,232,898
<b>Total current liabilities</b>		<b>146,648,166</b>	<b>219,054,590</b>	<b>146,648,166</b>	<b>219,054,590</b>
<i>Non-current liabilities</i>					
Long-term loan from financial institution	20	43,529,412	32,156,863	43,529,412	32,156,863
lease liabilities	21	2,022,427	282,980	2,022,427	282,980
Deferred tax liabilities	27	178,179,404	177,411,947	178,179,404	177,411,947
Non current provisions for employee benefits	22	40,104,386	37,443,140	40,104,386	37,443,140
Other non-current liabilities		784,150	784,150	784,150	784,150
<b>Total non-current liabilities</b>		<b>264,619,779</b>	<b>248,079,080</b>	<b>264,619,779</b>	<b>248,079,080</b>
<b>Total liabilities</b>		<b>411,267,945</b>	<b>467,133,670</b>	<b>411,267,945</b>	<b>467,133,670</b>

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

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## Food and Drinks Public Company Limited

## Statements of financial position

As at 31 December 2020

Unit : Baht

Liabilities and equity	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<b>Equity</b>					
Share capital	23				
Authorised share capital					
17,624,308 ordinary shares of Baht 10 each		176,243,080	176,243,080	176,243,080	176,243,080
Issued and paid-up share capital					
17,624,308 ordinary shares of Baht 10 each		176,243,080	176,243,080	176,243,080	176,243,080
Share premium	23	125,668,080	125,668,080	125,668,080	125,668,080
Retained earnings (deficit)					
Appropriated					
Legal reserve	24	15,431,000	15,431,000	15,431,000	15,431,000
Unappropriated (deficit)		(64,438,631)	(86,747,369)	(92,703,242)	(120,524,986)
Other components of equity	24	822,321,100	822,321,100	822,321,100	822,321,100
<b>Total equity</b>		<b>1,075,224,629</b>	<b>1,052,915,891</b>	<b>1,046,960,018</b>	<b>1,019,138,274</b>
<b>Total liabilities and equity</b>		<b>1,486,492,574</b>	<b>1,520,049,561</b>	<b>1,458,227,963</b>	<b>1,486,271,944</b>

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

## Food and Drinks Public Company Limited

## Statements of Comprehensive Income

For the year ended 31 December 2020

Unit : Baht

	Note	Financial statements		Separate financial statements	
		in which equity method is applied		2020	2019
		2020	2019	2020	2019
<b>Revenues</b>					
Revenues from sales		694,623,152	732,348,508	694,623,152	732,348,508
Dividend income from associate	12	-	-	13,640,542	13,640,542
Other income		20,577,831	23,205,121	20,577,831	23,205,121
<b>Total revenues</b>		<b>715,200,983</b>	<b>755,553,629</b>	<b>728,841,525</b>	<b>769,194,171</b>
<b>Expenses</b>					
Costs of sales of goods	9	595,599,785	650,881,736	595,599,785	650,881,736
Distribution costs		38,865,542	47,763,178	38,865,542	47,763,178
Administrative expenses		57,787,950	46,213,437	57,787,950	46,213,437
<b>Total expenses</b>		<b>692,253,277</b>	<b>744,858,351</b>	<b>692,253,277</b>	<b>744,858,351</b>
<b>Profit from operating activities</b>		<b>22,947,706</b>	<b>10,695,278</b>	<b>36,588,248</b>	<b>24,335,820</b>
Finance costs		(5,493,370)	(9,210,897)	(5,493,370)	(9,210,897)
Share of profit of associate accounted for using equity method	12	8,086,568	8,212,617	-	-
<b>Profit before income tax expense (income)</b>		<b>25,540,904</b>	<b>9,696,998</b>	<b>31,094,878</b>	<b>15,124,923</b>
Income tax expense	27	1,268,593	8,231,876	1,268,593	8,231,876
<b>Profit for the years</b>		<b>24,272,311</b>	<b>1,465,122</b>	<b>29,826,285</b>	<b>6,893,047</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value adjustment for land	14	-	599,400,000	-	599,400,000
Loss on rcmasurement of defind benefit plans	22	(2,414,731)	(2,563,530)	(2,414,731)	(2,563,530)
Share of other comprehensive income of associate accounted for using equity method		51,209	5,116	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	27	472,704	(119,368,317)	482,946	(119,367,294)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(1,890,818)</b>	<b>477,473,269</b>	<b>(1,931,785)</b>	<b>477,469,176</b>
<b>Other comprehensive income (expense) for the years, net of income tax</b>		<b>(1,890,818)</b>	<b>477,473,269</b>	<b>(1,931,785)</b>	<b>477,469,176</b>
<b>Total comprehensive income (expense) for the years</b>		<b>22,381,493</b>	<b>478,938,391</b>	<b>27,894,500</b>	<b>484,362,223</b>
<b>Earnings per share (Baht)</b>					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		1.38	0.08	1.69	0.39

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



Food and Drinks Public Company Limited

Statement of Changes in Shareholders' Equity (Financial statements in which the equity method is applied)

For the year ended 31 December 2020

	Note	Issued and paid - up share capital	Share premium	Retained earnings (deficits)		Unappropriated surplus on land	Total equity	Unit : Baht
				Other components of shareholders' equity				
				Legal reserve	Revaluation			
<b>Balance as at 1 January 2019</b>		176,243,080	125,668,080	15,431,000	(86,165,760)	342,801,100	573,977,500	
Total comprehensive income for the year		-	-	-	1,465,122	-	1,465,122	
Profit for the year		-	-	-	1,465,122	-	1,465,122	
Other comprehensive income		-	-	-	-	-	-	
Gain on revaluation of lands	14	-	-	-	-	479,520,000	479,520,000	
Loss on remeasurements of benefit plans		-	-	-	(2,050,824)	-	(2,050,824)	
Share of other comprehensive income of associate accounted for using equity method		-	-	-	4,093	-	4,093	
<b>Balance as at 31 December 2019</b>		176,243,080	125,668,080	15,431,000	(86,747,369)	822,321,100	1,052,915,891	
<b>Balance as at 1 January 2020 - as previously reported</b>		176,243,080	125,668,080	15,431,000	(86,747,369)	822,321,100	1,052,915,891	
Impact of changes in accounting policies	3	-	-	-	(72,756)	-	(72,756)	
<b>Balance as at 1 January 2020 - as restated</b>		176,243,080	125,668,080	15,431,000	(86,820,125)	822,321,100	1,052,843,135	
Total comprehensive income for the year		-	-	-	24,272,311	-	24,272,311	
Profit for the year		-	-	-	24,272,311	-	24,272,311	
Other comprehensive income		-	-	-	-	-	-	
Loss on remeasurements of benefit plans		-	-	-	(1,931,785)	-	(1,931,785)	
Share of other comprehensive income of associate accounted for using equity method		-	-	-	40,968	-	40,968	
<b>Balance as at 31 December 2020</b>		176,243,080	125,668,080	15,431,000	(64,438,631)	822,321,100	1,075,224,629	

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

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## Food and Drinks Public Company Limited

## Statement of Changes in Shareholders' Equity (Separate financial statements)

For the year ended 31 December 2020

	Note	Unit : Baht					
		Issued and paid - up share capital	Share premium	Retained earnings (deficits)		Total equity	
				Legal reserve	Unappropriated		Other components of shareholders' equity
				Revaluation surplus on land			
<b>Balance as at 1 January 2019</b>		176,243,080	125,668,080	15,431,000	(125,367,209)	342,801,100	534,776,051
Total comprehensive income for the year		-	-	-	6,893,047	-	6,893,047
Profit for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Gain on revaluation of lands	14	-	-	-	-	479,520,000	479,520,000
Loss on remeasurements of benefit plans		-	-	-	(2,050,824)	-	(2,050,824)
<b>Balance as at 31 December 2019</b>		176,243,080	125,668,080	15,431,000	(120,524,986)	822,321,100	1,019,138,274
<b>Balance as at 1 January 2020 - as previously reported</b>		176,243,080	125,668,080	15,431,000	(120,524,986)	822,321,100	1,019,138,274
Impact of changes in accounting policies	3	-	-	-	(72,756)	-	(72,756)
<b>Balance as at 1 January 2020 - as restated</b>		176,243,080	125,668,080	15,431,000	(120,597,742)	822,321,100	1,019,065,518
Total comprehensive income for the year		-	-	-	29,826,285	-	29,826,285
Profit for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Loss on remeasurements of benefit plans		-	-	-	(1,931,785)	-	(1,931,785)
<b>Balance as at 31 December 2020</b>		176,243,080	125,668,080	15,431,000	(92,703,242)	822,321,100	1,046,960,018

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

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## Food and Drinks Public Company Limited

## Statements of Cash Flows

For the year ended 31 December 2020

Unit : Baht

	Note	Financial statements			
		in which equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<i>Cash flows from operating activities</i>					
Profit before tax		25,540,904	9,696,998	31,094,878	15,124,923
<i>Adjustments to reconcile profit before tax to cash receipts (payments)</i>					
Depreciation and amortisation		24,546,926	24,607,359	24,546,926	24,607,359
Reversal of impairment loss	8	(72,105)	(1,328,393)	(72,105)	(1,328,393)
Reversal of loss on inventories revaluation	9	(3,750,482)	(196,421)	(3,750,482)	(196,421)
Gain on disposal of property, plant and equipment		(816,934)	(1,463,740)	(816,934)	(1,463,740)
Share of profit of associate accounted for using equity method	12	(8,086,568)	(8,212,617)	-	-
Dividend income from associate	12	-	-	(13,640,542)	(13,640,542)
Long-term employee benefits expenses	22	2,619,195	8,008,285	2,619,195	8,008,285
Unrealised (gain) loss on foreign exchange		100,082	45,796	100,082	45,796
Unrealised (gain) loss on fair value of derivatives		(107,294)	19,665	(107,294)	19,665
Interest income		(24,210)	(64,426)	(24,210)	(64,426)
Interest expenses		5,493,370	9,210,897	5,493,370	9,210,897
		45,442,884	40,323,403	45,442,884	40,323,403
<i>Changes in operating assets and liabilities</i>					
Trade and other current receivables		10,384,623	29,700,425	10,384,623	29,700,425
Inventories		18,640,284	(2,739,681)	18,640,284	(2,739,681)
Other current assets		6,139,152	20,452,906	6,139,152	20,452,906
Other non-current assets		(112,035)	693,936	(112,035)	693,936
Trade and other current payables		(834,459)	(14,644,560)	(834,459)	(14,644,560)
Other current liabilities		62,116	137,811	62,116	137,811
Employee benefits obligations	22	(2,372,681)	(901,707)	(2,372,681)	(901,707)
Net cash generated from operating		77,349,884	73,022,533	77,349,884	73,022,533
Interest paid		(5,649,183)	(9,208,265)	(5,649,183)	(9,208,265)
Cash received from withholding tax refunded		406,956	232,266	406,956	232,266
Income tax paid		(582,961)	(551,214)	(582,961)	(551,214)
<b>Net cash provided by operating activities</b>		<b>71,524,696</b>	<b>63,495,320</b>	<b>71,524,696</b>	<b>63,495,320</b>

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

## Food and Drinks Public Company Limited

## Statements of Cash Flows

For the year ended 31 December 2020

Unit : Baht

	Financial statements				
	in which equity method is applied		Separate financial statements		
	Note	2020	2019	2020	2019
<b>Cash flows from investing activities</b>					
Dividend income from associate	12	13,640,542	13,640,542	13,640,542	13,640,542
Proceeds from sale of property, plant and equipment		869,253	2,499,252	869,253	2,499,252
Acquisition of property, plant and equipment		(6,231,594)	(71,009,168)	(6,231,594)	(71,009,168)
Acquisition of intangible assets		(715,498)	-	(715,498)	-
Increase in cost of rubber plantation	15	(2,724,644)	(1,164,682)	(2,724,644)	(1,164,682)
Interest received		25,048	227,499	25,048	227,499
<b>Net cash provided by (used in) investing activities</b>		<b>4,863,107</b>	<b>(55,806,557)</b>	<b>4,863,107</b>	<b>(55,806,557)</b>
<b>Cash flows from financing activities</b>					
Decrease in bank overdrafts and					
short-term loans from financial institutions		(76,766,090)	(63,860,058)	(76,766,090)	(63,860,058)
Repayment of long-term loans		(7,058,824)	(900,000)	(7,058,824)	(900,000)
Proceeds from long-term loans		20,000,000	40,000,000	20,000,000	40,000,000
Repayment of lease liabilities		(1,020,904)	(141,348)	(1,020,904)	(141,348)
<b>Net cash used in financing activities</b>		<b>(64,845,818)</b>	<b>(24,901,406)</b>	<b>(64,845,818)</b>	<b>(24,901,406)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>11,541,985</b>	<b>(17,212,643)</b>	<b>11,541,985</b>	<b>(17,212,643)</b>
Cash and cash equivalents at beginning of years		1,299,114	18,511,757	1,299,114	18,511,757
<b>Cash and cash equivalents at ending of years</b>		<b>12,841,099</b>	<b>1,299,114</b>	<b>12,841,099</b>	<b>1,299,114</b>

**Supplemental cash flows information:**

## Non-cash items

## Transfer of land, buildings and building improvement to

Investment properties	-	98,345,973	-	98,345,973
Increase in equipment from other payables	2,158,930	-	2,158,930	-
Increase in right-of-use-assets from lease liability	2,050,813	-	2,050,813	-
Increase in equipment from lease liability	2,928,000		2,928,000	
Transfer of investment properties to				
property, plant and equipment	59,436	-	59,436	-
Transfer of equipment to right-of-use assets	633,330	-	633,330	-

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

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****Contents of the notes to financial statements**

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**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****1 General information**

Food and Drinks Public Company Limited, the “Company”, has been incorporated in Thailand and has its registered head office at 695/1 Moo 1 Banbung - Bankai Road, Klongkaew, Banbung, Chonburi. There are 3 branches as follows:

Branch 1 : Regent House Building 15 floor 183, Ratchadamri Rd., Lumpini, Bangkok.

Branch 2 : The address is 695/3 Moo 1 Banbung - Bankai Road, Klongkaew, Banbung, Chonburi.

Branch 3 : The address is 695/7 Moo 1 Klongkaew, Banbung, Chonburi.

The Company was registered with the Stock Exchange of Thailand on 3 August 1994

The principal businesses of the Company are engaged in the manufacture and distribution of foods products, beverages, frozen foods and products from rubber trees. Production from rubber trees - currently in the process of planting rubber trees.

***Coronavirus disease 2019 pandemic***

The Coronavirus disease 2019 pandemic is impacting most business and industries, resulting in an economic slowdown. This situation may bring uncertainties and has an impact on the environment of the Company’s operation. The Company’s management continuously monitored the ongoing development and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

**2 Basis of preparation of the financial statement**

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

2.2 The financial statements are prepared and presented from the statutory financial statement that are in Thai language and Thai currency. The English version has been prepared from Thai financial statement. All financial information presented in Thai Baht has been rounded to the nearest thousand in the notes to the financial statements unless otherwise stated.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

## 2.3 New and Revised Thai Financial Reporting Standards

*The Financial Reporting Standards that have been effective in this accounting period.*

The Federation of Accounting Professions has promulgated several new and revised Thai Financial Reporting Standards, Thai Accounting Standards, Thai Financial Reporting Standard Interpretations, which will be effective for accounting periods beginning on or after 1 January 2020. The new standards which involve changes to key principles, which are summarized as below:

**Thai Financial reporting standards and Interpretations reporting to financial instruments comprise:****Thai Accounting Standard**

TAS 32	Financial Instruments : Presentation
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**Thai Financial Reporting Standards**

TFRS 7	Financial Instruments : Disclosures
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TFRS 9	Financial Instruments
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**Thai Financial Reporting Standard Interpretations**

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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These TFRSs related to financial instruments has requirement to the classification of financial instruments and their measurement at the fair value through profit or loss (FVPL) and at the fair value through comprehensive income (FVOCI) and amortized cost, which will be depended on the characteristics of the contractual cash flow and the entity's business model, impairment of financial instruments for the expected credit loss, and hedge accounting. These include requirement regarding the presentation and disclosure of financial instruments.

The adoption of these TFRSs have the effect on the Company's financial statements as disclosed in Note 3 to the financial statements.

**Thai Financial Reporting Standards No. 16 : Leases**

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases except for short-term-leases and leases of low value assets.

Accounting by lessors is substantially unchanged to lease accounting. Lessors will continue to classify leases as either operating or finance leases.

The adoption of this TFRS have the effect on the Company's financial statements as disclosed in Note 3 to the financial statements.

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

*The Financial Reporting Standards that have not yet been effective in the current accounting period.*

In January 2021, The Federation of Accounting Professions announced to apply TFRS 16 Lease (revise 2020), which 2 addition relief measures as follows:

1. Decrease in lease expense because of the COVID-19 situation, lessee may choose to not evaluate that situation to be change in lease contract. The Company recognized decrease lease expense likewise “do not change in lease contract”, which are effective for fiscal periods beginning on or after 1 June 2020.
2. Change in lease contract because of reference interest rate reform are effective for fiscal periods beginning on or after 1 January 2022.

The Company has not adopted the above standards before the effective date. The management of the Company are in the process of assessing the impact on the financial statements in the year that the above standards are applied.

### 3 Changes in accounting policies

From 1 January 2020, the Company has adopted TFRSs related to financial instruments and TFRS 16. The initial effect of the changes in accounting policies on the beginning balance as at 1 January 2020 are as follows:

Unit : Thousand Baht

Statement of financial position	Financial statements in which the equity method is applied			Separate financial statements		
	31		1	31		1
	December		January	December		January
	2019	Effect	2020	2019	Effect	2020
<i>Assets</i>						
Current investment	1,000	(1,000)	-	1,000	(1,000)	-
Trade and other current receivables	66,277	(91)	66,186	66,277	(91)	66,186
Other current financial assets	-	1,000	1,000	-	1,000	1,000
Bank deposits used as collateral	901	(901)	-	901	(901)	-
Other non-current financial assets	-	901	901	-	901	901
Property, plant and equipment	1,089,192	(633)	1,088,559	1,089,192	(633)	1,088,559
Right-of-use assets	-	2,684	2,684	-	2,684	2,684
<b>Total assets</b>	<b>1,157,370</b>	<b>1,960</b>	<b>1,159,330</b>	<b>1,157,370</b>	<b>1,960</b>	<b>1,159,330</b>



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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Unit : Thousand Baht

Statement of financial position	Financial statements in which the equity method is applied			Separate financial statements		
	31		1	31		1
	December		January	December		January
	2019	Effect	2020	2019	Effect	2020
<b>Liabilities</b>						
Other current financial liabilities	-	19	19	-	19	19
Other current liabilities	1,252	(19)	1,233	1,252	(19)	1,233
Lease liabilities	411	2,051	2,462	411	2,051	2,462
Deferred tax liabilities	177,412	(18)	177,394	177,412	(18)	177,394
<b>Total liabilities</b>	<b>179,075</b>	<b>2,033</b>	<b>181,108</b>	<b>179,075</b>	<b>2,033</b>	<b>181,108</b>
<b>Equity</b>						
Unappropriated (deficit)	(86,747)	(73)	(86,820)	(120,524)	(73)	(120,597)
<b>Total equity</b>	<b>(86,747)</b>	<b>(73)</b>	<b>(86,820)</b>	<b>(120,524)</b>	<b>(73)</b>	<b>(120,597)</b>

The details of effect on equity as at 1 January 2020 are as follows:

	Unit : Thousand Baht	
	Financial statements in which the equity method is applied	Separate financial statements
At 31 December 2019 - as previously reported	(86,747)	(120,524)
Adoption of TFRS - Financial instruments standards		
- Loss from impairment of financial assets	(91)	(91)
- Related tax	18	18
<b>At 1 January 2020 - restated</b>	<b>(86,820)</b>	<b>(120,597)</b>

### 3.1 Thai Financial Reporting Standards related to financial instruments

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Unit : Thousand Baht

**Financial statements in which the equity method is applied and separate financial statements**

Classification under previous standards at 31 December 2019	Classification under TFRS 9 at 1 January 2020		
	Carrying amounts	Fair value through profit or loss	Amortised cost - net
<b>Financial assets</b>			
Cash and cash equivalents	1,299	-	1,299
Trade and other current receivables	66,277	-	66,186
Other financial assets			
- Fixed deposit	1,000	-	1,000
- Bank deposits used as collateral	901	-	901
<b>Total other financial assets</b>	<b>1,901</b>	<b>-</b>	<b>1,901</b>
<b>Total</b>	<b>69,477</b>	<b>-</b>	<b>69,386</b>
<b>Financial liabilities</b>			
Bank overdrafts and short-term borrowings			
from financial institutions	136,766	-	136,766
Trade and other current payables	73,065	-	73,065
Long-term loans from financial institutions	40,000	-	40,000
Other financial liabilities			
- Forward exchange contracts	19	19	-
<b>Total</b>	<b>249,850</b>	<b>19</b>	<b>249,831</b>

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

Unit : Thousand Baht

**Financial statements in which the equity method is applied and separate financial statements**

<b>Allowance for impairment losses at 31 December 2019</b>		
- Allowance for doubtful debts - trade and other current receivables		-
		-
<i>Additional impairment loss recognised at 1 January 2020 on:</i>		
- Trade and other current receivables		91
<b>Allowance for impairment losses at 1 January 2020</b>		<b>91</b>

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

## 3.2 Thai Financial Reporting Standards No 16: Leases

The Company recognised lease liabilities previously classified as operating leases on the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

Unit : Thousand Baht

<b>Financial statements in which the equity method is applied and separate financial statements</b>	
Operating lease commitments at 31 December 2019	10,736
<i>Less:</i> Short-term leases and leases of low-value assets	(8,595)
<i>Less:</i> Deferred interest expenses	(90)
Increase in lease liabilities due to TFRS 16 initial adoption	2,051
Liabilities under finance lease agreements as at 31 December 2019	411
<b>Lease liabilities at 1 January 2020</b>	<b>2,462</b>
Incremental borrowing rate (% per annum)	4

The adjustments of right-of-use assets due to TFRS 16 initial adoption as at 1 January 2020 are as follows:

Unit : Thousand Baht

<b>Financial statements in which the equity method is applied and separate financial statements</b>	
Property, plant and equipment	633
Lease liabilities	2,051
<b>Right-of-use assets at 1 January 2020</b>	<b>2,684</b>

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****4 Significant accounting policies****4.1 Foreign currencies transactions**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

Foreign exchange differences are generally recognised in profit or loss.

**4.2 Financial instruments***Recognition and initial measurement*

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

*Classification and subsequent measurement**Financial assets - classification*

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

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

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

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

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

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

*Financial assets – business model assessment*

An assessment of the objective of a business model in which a financial asset is held is considered as follows:

- the stated policies and objectives for the financial assets and the operation of those policies in practice.;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Company's claim to cash flows from specified assets.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020***Financial assets – subsequent measurement and gains and losses*

- Financial assets at FVTPL                      These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
  
- Financial assets at  
amortised cost                                      These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
  
- Debt investments at FVOCI                      These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
  
- Equity investments at  
FVOCI    These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities – classification, subsequent measurement and gains and losses*

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

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020***Derecognition**Financial assets*

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

*Financial liabilities*

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

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

*Offsetting*

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

*Derivatives*

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

**4.3 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.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****4.4 Trade and other accounts receivable**

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

A receivable are measured at value less allowance for expected credit loss (2019: allowance for doubtful accounts) which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**4.5 Inventories**

Finished goods are valued at the lower of cost (using average method) and net realizable value. The cost includes all production costs and attributable factory overheads.

Raw materials and packaging and supplies are valued at the lower of average cost and net realizable value and are charged to production costs whenever consumed.

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

An allowance is made for all deteriorated, changed, obsolete and slow-moving inventories.

**4.6 Investments**

Investment in as associate in the separate financial statements of the Company is accounted for using the cost method. Investment in associate in the financial statements in which the equity method is applied is accounted for using the equity method.

**4.7 Investment properties**

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

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	3 years
Building improvement	5 years



**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

No depreciation is provided on land or assets under construction.

**4.8 Property, plant and equipment**

Land is stated at revalued amount.

Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets.

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair values. Revaluations are 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 the carrying amount of land is increased as a result of a revaluation of the Company's land, the increase is credited directly to the other comprehensive income and the cumulative increase is recognized equity under the heading of "Revaluation surplus on land". However, a revaluation increase is recognized as income to the extent that it reserves a revaluation decrease in respect of the same asset previously recognized as an expense.

When the carrying amount of land is decreased as a result of a revaluation of the Company's land, the decrease is recognized in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same asset.

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

Buildings	20 years
Building improvement	5-20 years
Machinery and equipment	3-10 years
Furniture, fixtures and office equipment	3-10 years
Motor vehicles	5-10 years

Depreciation is included in determining income

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognized 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 the profit or loss when the asset is derecognized.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****4.9 Cost of rubber plantation**

Cost of rubber plantation is stated at cost less accumulated amortization and allowance for impairment losses (if any). The cost consists of costs and expenses which are directly related to rubber tree seeding and plantation activities before the production period.

Amortization is calculated based on cost of plantation of rubber trees that are ready for tapping on a straight-line basis over the estimated productive life of rubber trees, 20 years.

Amortization is included in determining income.

No amortization is provided on cost of plantation of rubber trees that are not ready for tapping.

**4.10 Intangible assets**

Intangible assets acquired are recognized at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortization and allowance for impairment losses (if any).

Intangible assets with finite lives are amortized 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 amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss.

A summary of the intangible asset with finite useful lives is as follows.

Computer software	5 years
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**4.11 Impairment of assets*****Non-financial assets financial assets***

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible asset whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

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

***Financial assets***

The Company recognises allowances for expected credit losses (ECLs) on financial assets.

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

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

**4.12 Leases*****Adoption from 1 January 2020***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

***As a lessee***

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

the Company is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

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

*As a lessor*

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

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

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

*Adoption before 1 January 2020**As a lessee*

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

Leases of buildings and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

*As a lessor*

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

**4.13 Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**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**Defined benefit plans*

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

**4.15 Provisions**

Provisions are recognized when the Company 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.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply 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 Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level 1 Use of quoted market prices in an 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 Company determine 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.

**4.17 Revenue recognition***Sales of goods*

Revenue from sale of goods is recognised at point in time when the goods are delivered and control of goods is transferred to the customer based on the value after deducting estimates of goods return and discount.

*Rental income*

Rental income is recognised using the straight-line method over the period of lease.

*Interest income*

Interest income is recognised in profit and loss by using the effective interest method.

*Dividend income*

Dividend income is recognised when the right to receive the dividend is established.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****4.18 Expenses**

Expense are recognized in the statement of income on an accrual basis.

**4.19 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 Company recognize deferred tax liabilities for all taxable temporary differences while they recognize 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 Company review and reduce 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 Company record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**4.20 Earnings per share**

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

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****5 Significant accounting judgements and estimates**

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

*Information about judgements*

- |                            |  |
|----------------------------|--|
| Leases                     | <ul style="list-style-type: none"> <li>– Whether an arrangement contains a lease.</li> <li>– Whether the Company is reasonably certain to exercise extension options;</li> <li>– Whether the Company exercise termination options;</li> <li>– Whether the Company has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.</li> </ul> |
| Revenue recognition        | <ul style="list-style-type: none"> <li>– Whether performance obligations in a bundled sale of products and services are capable of being distinct;</li> <li>– Whether revenue from sales of products is recognised over time or at a point in time.</li> </ul>   |
| Inventory                  | <ul style="list-style-type: none"> <li>– Take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period.</li> <li>– Expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.</li> </ul>   |
| Equity-accounted investees | <ul style="list-style-type: none"> <li>– Whether the Company has significant influence over an investee.</li> </ul>  |

*Information about estimates*

- |                               |  |
|-------------------------------|--|
| Leases                        | <ul style="list-style-type: none"> <li>– Determining the incremental borrowing rate to measure lease liabilities.</li> </ul>   |
| Inventory                     | <ul style="list-style-type: none"> <li>– estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period.</li> <li>– estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.</li> </ul> |
| Property, plant and equipment | <ul style="list-style-type: none"> <li>– make estimates of the useful lives and residual values of the plant and equipment land at revalued amount involves certain assumptions and estimates.</li> </ul>  |



**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

Impairment of assets	–	Impairment test of asset: key assumptions underlying recoverable amounts.
Employee benefits	–	Measurement of defined benefit obligations: key actuarial assumptions.
Provisions and contingent liabilities	–	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
Income tax	–	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
Financial instruments	–	Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.
	–	Determining the fair value of financial instruments on the basis of significant unobservable inputs.

**6 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with key management and other related parties were as follows:

<b>Name of entities / person</b>	<b>Country of incorporation/ nationality</b>	<b>relationships</b>	<b>Nature of relationships</b>
Key management personnel	Thai	Related person	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Hon Chuan FD Packaging Company Limited	Thailand	Associate	Common shareholders and directors
Kawasho Foods Corporation	Japan	Other related company	Common shareholders and directors
Chiang Sean Food Products Company Limited	Thailand	Other related company	Common shareholders and directors

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

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

<b>Transaction</b>	<b>Pricing policy</b>
Sales of goods	Cost plus margin
Purchase of raw materials	Market price
Purchase of packaging and supplies	Market price
Rental income and other service charges	Contract price

The related party transactions for each of periods ended 31 December consisted of :

	Unit : Thousand Baht	
	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
<i>For the years ended 31 December</i>	2020	2019
<b>Associate</b>		
Rental income and other service charges	3,863	3,619
Purchase of packaging and supplies	5,711	10,244
<b>Other related company</b>		
Sales of goods	29,077	23,637
Purchase of raw materials	1,628	844
<b>Key management personnel</b>		
Short-term employee benefits	16,996	16,913
Post-employment benefits	372	357
Total key management personnel benefits	17,368	17,270

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

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

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<b>Trade receivable (See Note 8)</b>		
Other related company	1,744	1,678
<b>Total</b>	<b>1,744</b>	<b>1,678</b>
<b>Other current receivable (See Note 8)</b>		
Associate	333	313
<b>Total</b>	<b>333</b>	<b>313</b>
<b>Trade payables (See Note 19)</b>		
Associate	1,577	3,044
Other related company	381	-
<b>Total</b>	<b>1,958</b>	<b>3,044</b>

## 7 Cash and cash equivalents

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Cash	40	60
Cash at banks - current accounts	(922)	(528)
Cash at banks - savings accounts	13,723	1,767
<b>Total</b>	<b>12,841</b>	<b>1,299</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 8 Trade and other receivables

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<b>Trade receivables</b>		
related party	1,745	1,678
Other parties	52,178	60,638
<b>Total</b>	<b>53,923</b>	<b>62,316</b>
<i>Less</i> allowance for doubtful accounts	(19)	-
<b>Net</b>	<b>53,904</b>	<b>62,316</b>
<b>Other current receivables</b>		
Other current receivable - related party	333	313
Other current receivable - other parties	589	3,387
Advance payments	-	58
Accrued interest income	6	7
Prepaid expenses	283	196
<b>Total</b>	<b>1,211</b>	<b>3,961</b>
<b>Total trade and other current receivables</b>	<b>55,115</b>	<b>66,277</b>

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Reversal of doubtful accounts	(72)	(1,328)
Bad debts	-	(7,133)
<b>Total</b>	<b>(72)</b>	<b>(8,461)</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Aging analyses for trade accounts receivable are as follows:

	Unit : Thousand Baht	
	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<b>Related party</b>		
Aged on the basis of due dates		
Within credit terms	-	-
Overdue:		
Less than 3 months	1,745	1,678
3-6 months	-	-
Over 12 months	-	-
	1,745	1,678
<i>Less allowance for doubtful accounts</i>	(1)	-
	<b>1,744</b>	<b>1,678</b>
<b>Other parties</b>		
Aged on the basis of due dates		
Within credit terms	46,290	52,907
Overdue:		
Less than 3 months	5,887	6,992
3-6 months	-	-
6-12 months	-	1
Over 12 months	1	738
	52,178	60,638
<i>Less allowance for doubtful accounts</i>	(18)	-
	<b>52,160</b>	<b>60,638</b>
<b>Total trade receivables - net</b>	<b>53,904</b>	<b>62,316</b>

The normal credit terms granted by the Company ranges from 7 days to 60 days.

## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 9 Inventories

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Finished goods	26,103	43,593
Raw materials	47,019	48,720
Packaging and supplies	42,990	46,865
Goods in transit	1,606	-
<b>Total</b>	<b>117,718</b>	<b>139,178</b>
Less allowance for diminution in value of inventories	(20,825)	(27,395)
<b>Net</b>	<b>96,893</b>	<b>111,783</b>
<i>Inventories recognised as an expense in 'cost of sales of goods':</i>		
Cost	602,170	655,633
Write-off inventories	(2,820)	(4,555)
Reversal of loss on inventories revaluation	(3,750)	(196)
<b>Net</b>	<b>595,600</b>	<b>650,882</b>

## 10 Other financial assets

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<b>Other current financial assets</b>		
Fixed deposit	1,000	1,000
Forward contracts to sell foreign currencies	107	-
<b>Total</b>	<b>1,107</b>	<b>1,000</b>
<b>Other non-current financial assets</b>		
Bank deposits used as collateral	901	901
<b>Total</b>	<b>901</b>	<b>901</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 11 Other current assets

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Refundable purchase tax	7,710	13,425
Tax coupons	614	725
Advance payment	3,321	2,853
Withholding income tax	1,134	958
Others	215	996
<b>Total</b>	<b>12,994</b>	<b>18,957</b>

## 12 Investment in associate

Unit : Thousand Baht

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
At 1 January	101,980	107,404	68,203	68,203
Share of profit from investment in associate	8,087	8,213	-	-
Share of comprehensive income (loss)				
from investment in associate	41	4	-	-
Dividend income	(13,641)	(13,641)	-	-
<b>At 31 December</b>	<b>96,467</b>	<b>101,980</b>	<b>68,203</b>	<b>68,203</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

Investment in associate as at 31 December 2020 and 2019 and dividend income for each years are as follows:

As at 31 December 2020

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	96,467	13,641

As at 31 December 2019

Unit : Thousand Baht

Company	Nature of business	Country of incorporation	Paid-up share capital	Investment Ownership (%)	Valuation		Dividend income
					Cost method	Equity method	
Hon Chuan FD Packaging Company Limited	Manufacture of plastic bottles and label	Thailand	194,865	35	68,203	101,980	13,641

Summary of financial information of the associate

Unit : Thousand Baht

	Hon Chuan FD Packaging Company Limited	
	2020	2019
Revenues	299,341	343,042
Profit for the years from continuing operations	22,881	23,338
Other comprehensive income (loss)	117	12
Current assets	195,076	201,579
Non-current assets	114,896	120,562
Current liabilities	28,479	27,638
Non-current liabilities	6,013	3,048
<b>Net assets</b>	<b>275,480</b>	<b>291,455</b>
Shareholding percentage (%)	35	35
Share of net assets	96,418	102,009
Elimination entries	49	(29)
<b>Carrying amounts of associate based on equity method</b>	<b>96,467</b>	<b>101,980</b>



## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 13 Investment properties

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements			
	Land	Buildings	Building improvement	Total
<i>Cost</i>				
As at 1 January 2019	-	-	-	-
Increase - Transfer (See Note 14)	93,949	117	4,280	98,346
<b>As at 31 December 2019</b>	<b>93,949</b>	<b>117</b>	<b>4,280</b>	<b>98,346</b>
Transfer to Property, plant and equipment	-	-	(59)	(59)
<b>As at 31 December 2020</b>	<b>93,949</b>	<b>117</b>	<b>4,221</b>	<b>98,287</b>
<i>Accumulated depreciation</i>				
As at 1 January 2019	-	-	-	-
Depreciation charge for the year	-	19	437	456
<b>As at 31 December 2019</b>	<b>-</b>	<b>19</b>	<b>437</b>	<b>456</b>
Depreciation charge for the year	-	38	846	884
Transfer to Property, plant and equipment	-	-	(12)	(12)
<b>As at 31 December 2020</b>	<b>-</b>	<b>57</b>	<b>1,271</b>	<b>1,328</b>
<b>As at 31 December 2019</b>	<b>93,949</b>	<b>98</b>	<b>3,843</b>	<b>97,890</b>
<b>As at 31 December 2020</b>	<b>93,949</b>	<b>60</b>	<b>2,950</b>	<b>96,959</b>

The carrying amount of investment properties as at 31 December 2020 was amounting of Baht 94.82 million have been mortgaged and pledged as collateral against credit facilities received from financial institution on described in note 18 to the financial statement

The fair values of the above investment properties of the Company amounting to Baht 108.96 million, were determined under market approach and income approach, based on valuations performed by an accredited independent valuer in 2019. The key assumptions used in estimating the fair value included yield rate, rental rate and occupancy rate. The disclosed fair values are based on the use of Level 3 inputs.

For the year ended 31 December 2020 investment properties contributed rental income which recognised in profit and loss of Baht 10.80 million. (2019: Baht 9.54 million)

**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**14 Property, plant and equipment**

Unit : Thousand Baht

**Financial statements in which the equity method is applied and separate financial statements**

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction			Total
							Construction in progress	Machin in Transit		
<i>Cost / Revalued amount:</i>										
As at 1 January 2019	447,600	1,64,729	1,72,605	463,614	14,822	11,161	-	1,393	-	1,275,924
Additions	599,400	-	54,663	15,204	2,139	-	-	-	-	671,406
Transfer	(93,949)	(33,342)	(15,125)	-	-	-	-	(1,393)	-	(143,809)
Disposals	-	-	(120)	(11,327)	(2,609)	(217)	-	-	-	(14,273)
<b>As at 31 December 2019</b>	<b>953,051</b>	<b>131,387</b>	<b>212,023</b>	<b>467,491</b>	<b>14,352</b>	<b>10,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,789,248</b>
Additions	-	-	2,477	2,339	627	440	18	-	2,488	8,389
Transfer	-	-	120	2,507	-	(874)	(18)	-	(2,488)	(753)
Disposals	-	-	-	(777)	(167)	(2,592)	-	-	-	(3,536)
<b>As at 31 December 2020</b>	<b>953,051</b>	<b>131,387</b>	<b>214,620</b>	<b>471,560</b>	<b>14,812</b>	<b>7,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,793,348</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

	Financial statements in which the equity method is applied and separate financial statements										Unit : Thousand Baht
	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Machin in Transit	Total	
<i>Accumulated depreciation</i>											
As at 1 January 2019	-	135,526	154,260	402,624	12,996	9,011	-	-	-	-	714,417
Depreciation charge	-	4,494	5,048	12,154	688	122	-	-	-	-	22,506
Transfer	-	(33,245)	(11,222)	(343)	(1,549)	-	-	-	-	-	(46,359)
Disposals	-	-	(68)	(10,709)	(351)	(216)	-	-	-	-	(11,344)
<b>As at 31 December 2019</b>	<b>-</b>	<b>106,775</b>	<b>148,018</b>	<b>403,726</b>	<b>11,784</b>	<b>8,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,220</b>
Depreciation charge	-	4,468	5,216	10,943	849	35	-	-	-	-	21,511
Transfer	-	-	73	-	-	(241)	-	-	-	-	(168)
Disposals	-	-	-	(771)	(121)	(2,593)	-	-	-	-	(3,485)
<b>As at 31 December 2020</b>	<b>-</b>	<b>111,243</b>	<b>153,307</b>	<b>413,898</b>	<b>12,512</b>	<b>6,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>697,078</b>
<i>Allowance for impairment</i>											
As at 31 December 2019	-	-	1,937	18,847	53	-	-	-	-	-	20,837
As at 31 December 2020	-	-	1,937	18,847	53	-	-	-	-	-	20,837

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**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Unit : Thousand Baht

		Financial statements in which the equity method is applied and separate financial statements									
		Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Machin in Transit	Total
<i>Net book value</i>											
<b>As at 31 December 2019</b>											
Owned assets	953,051	24,612	62,068	44,918	2,515	1,394	-	-	-	-	1,088,558
Assets under finance leases	-	-	-	-	-	633	-	-	-	-	633
	<b>953,051</b>	<b>24,612</b>	<b>62,068</b>	<b>44,918</b>	<b>2,515</b>	<b>2,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,089,191</b>
<b>As at 31 December 2020</b>											
Owned assets	953,051	20,144	59,376	38,815	2,247	1,800	-	-	-	-	1,075,433

During the 2019, the Company had adjusted to increase the fair value of land in the amount of Baht 599,40 million. As a result, the revaluation surplus on land in other comprehensive income has increased in the amount of Baht 479,52 million (net of tax Baht 119,88 million). The fair value has been appraised by an independent professional valuer using the market approach. Subsequently, it's certain land, building and building improvement, were transferred to investment properties with the carrying amount of Baht 98,29 million because they were no longer used by the company and they were leased to other parties.

The gross carrying amount of any fully depreciated buildings and equipment that were still in use as at 31 December 2020 was amounted to Baht 462.34 million (2019 : Baht 483.67 million)

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

Certain plots of its land with constructions thereon and certain machinery, with book values as at 31 December 2020 amounting to approximately Baht 970.65 million (2019 : Baht 974.42 million), have been mortgaged and pledged as collateral against credit facilities received from financial institutions as described in Note 18 and 20 to the financial statements.

The Company arranged for an independent professional valuer to appraise the value of its land in 2019 by using the market approach.

Key assumptions used in the valuation are summarised below:

Price per rai (Baht)	1,600,000 – 3,500,000
Result to fair value where as an increase in assumption value	Increase in fair value

The fair value measurement for land has been categorized on a level 3 inputs

## 15 Cost of rubber plantation

Unit : Thousand Baht

**Financial statements in which the  
equity method is applied  
and separate  
financial statements**

	2020	2019
As at 1 January	28,455	27,291
Additions	2,725	1,164
<b>As at 31 December</b>	<b>31,180</b>	<b>28,455</b>

As of 31 December 2020, The Company was in the process of planting rubber trees and the Company's rubber trees have not yet produced latex.

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**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**16 Right-of-use assets**

Changes in right-of-use assets for the year ended 31 December 2020 is as follows:

	Unit : Thousand Baht <b>Financial statements in which the equity method is applied and separate financial statements</b>
Net book value as at 1 January 2020	-
The adjustments of right-of-use assets due to Thai Financial Reporting Standard No.16 initial adoption (Note 3)	2,684
Net book value as at 1 January 2020 – after adjustment	2,684
Increase	2,928
Depreciation for the year	(1,054)
<b>Net book value as at 31 December 2020</b>	<b>4,558</b>

Net book value of right-of-use assets by class of underlying asset as at 31 December 2020 are as follows:

	Unit : Thousand Baht <b>Financial statements in which the equity method is applied and separate financial statements</b>
Building	1,139
Vehicle	3,419
<b>Total</b>	<b>4,558</b>

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**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020**

Income and expense relating to leases recognised in profit or loss for the years ended 31 December 2020 and 2019 are as follows:

	Unit : Thousand Baht	
	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2020	2019
Lease income	(10,801)	(9,544)
Depreciation of right-of-use assets:		
- Buildings	911	-
- Vehicles	143	-
Interest on lease liabilities	72	-
Expenses relating to leases of low-value assets	600	-
Lease expense	-	951

The Company, as a lessor, has entered into two land and building spaces lease agreements which were classified as operating leases. These lease agreements are effective for 3 years and will expire on various dates until December 2022.

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 17 Intangible assets

	Unit : Thousand Baht
	<b>Financial statements in which the equity method is applied and separate financial statements</b>
<i>Computer software</i>	
<i>Cost</i>	
As at 1 January 2019	9,576
Additions	-
<b>As at 31 December 2019</b>	<b>9,576</b>
Additions	715
<b>As at 31 December 2020</b>	<b>10,291</b>
<i>Amortisation</i>	
As at 1 January 2019	6,975
Amortisation charge for year	1,645
<b>As at 31 December 2019</b>	<b>8,620</b>
Amortisation charge for year	1,098
<b>As at 31 December 2020</b>	<b>9,718</b>
<b>Net book value</b>	
<b>As at 31 December 2019</b>	<b>956</b>
<b>As at 31 December 2020</b>	<b>573</b>



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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 18 Bank overdrafts and short-term loans from financial institutions

Unit : Thousand Baht

	Interest rate (% per annum)	Financial statements in which the equity method is applied and separate financial statements	
		2020	2019
Bank overdrafts	MOR	-	766
Promissory notes	2.49 – 3.30	60,000	136,000
	And the rates based on BIBOR + 1.75%		
<b>Total</b>		<b>60,000</b>	<b>136,766</b>

Banks overdrafts and short-term loans from financial institutions are secured by certain plots of land with constructions, thereon, certain machinery and Investment properties as described in Note 13 and 14 to the financial statements.

## 19 Trade and other current payables

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<b>Trade payables</b>		
Associate	1,577	3,044
Related parties	375	-
Other parties	38,769	46,946
<b>Total</b>	<b>40,721</b>	<b>49,990</b>
<b>Other current payables</b>		
Other payables - Other parties	10,184	8,496
Accrued expenses	23,434	14,549
Advance received	15	30
<b>Total</b>	<b>33,633</b>	<b>23,075</b>
<b>Total trade and other current payables</b>	<b>74,354</b>	<b>73,065</b>

## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

**20 Long-term loan from financial institution**

Unit : Thousand Baht

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2020	2019
Long-term loan from financial institution	52,941	40,000
<i>Less</i> Current portion	(9,412)	(7,843)
<b>Long-term loan from financial institution, net of current portion</b>	<b>43,529</b>	<b>32,157</b>

On 7 April 2020, the Company entered into an agreement with a commercial bank in the amount of Baht 20 million according to the measures of soft loan with low-interest for entrepreneurs affected by the spread of the 2019 coronavirus outbreak (COVID-19). The loan bears interest at a rate 2.00% per annum and shall be repaid in monthly installments, commencing in April 2022.

On 10 May 2019, the Company entered into an agreement with a local financial institution to obtain a long-term facility of Baht 40 million. The loan bears interest at a rate based on BIBOR 6 month + 2.25% per annum and shall be repaid in quarterly installments, commencing in May 2020.

Long-term loan is collateralised by certain plots of its land with constructions thereon and certain machinery as described in Note 14.

**21 Lease liabilities**

Lease liabilities as at 31 December are summarized as follows:

Unit : Thousand Baht

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2020	2019
Lease liabilities	3,737	435
<i>Less</i> Deferred interest expenses	(128)	(24)
<b>Total</b>	<b>3,609</b>	<b>411</b>
<i>Less</i> Portion due within one year	(1,587)	(128)
<b>Lease liabilities - net of current portion</b>	<b>2,022</b>	<b>283</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Lease commitments as at 31 December is detailed as follows:

	Unit : Thousand Baht	
	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
<i>Within one year</i>		
Future minimum lease payments	1,662	141
Less Deferred interest	(75)	(13)
Present value of minimum lease payments	1,587	128
<i>After one year but within five years</i>		
Future minimum lease payments	2,075	294
Less Deferred interest	(53)	(11)
Present value of minimum lease payments	2,022	283

**22 Non-current provisions for employee benefits**

Employee benefit obligations are as follows:

	Unit : Thousand Baht	
	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Present value of unfunded obligations	40,104	37,443

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Movements in the present value of the defined benefit obligations

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Defined benefit obligations at 1 January	37,443	27,773
Actuarial loss	2,414	2,564
Current service costs	2,208	7,359
Interest on obligation	411	649
Benefit paid	(2,372)	(902)
<b>Defined benefit obligations at 31 December</b>	<b>40,104</b>	<b>37,443</b>
<b>Items recognised in profit or loss</b>		
Current service costs	2,208	7,359
Interest on obligation	411	649
<b>Total</b>	<b>2,619</b>	<b>8,008</b>
<b>Items recognised the statement of comprehensive income</b>		
Actuarial loss	2,414	2,564
<b>Total</b>	<b>2,414</b>	<b>2,564</b>

Items relating to long-term employee benefit expenses are include in profit and loss accounts as follows:

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Cost of sale	1,679	4,388
Selling and administrative expenses	940	3,620
<b>Total</b>	<b>2,619</b>	<b>8,008</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

Unit : Thousand Baht

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2020	2019
<i>For the years ended 31 December</i>		
Demographic assumptions	(2)	-
Financial assumptions	1,844	-
Experience adjustment	572	2,564
<b>Total</b>	<b>2,414</b>	<b>2,564</b>

*Actuarial assumptions*

Principal actuarial assumptions at the end of the reporting period

	<b>Financial statements in which the equity method is applied and separate financial statement</b>	
	2020	2019
	(%)	
Discount rate*	1.44	2.55
Salary increase rate	4.0	4.0
Employee turnover rate**	3.34 – 40.11	3.34 – 40.11
Mortality rate***	105.0	105.0

\* Market yield from government's bond for legal severance payments plan

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table Of 2017

## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

*Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	Unit : Thousand Baht	
	<b>Financial statements in which the equity method is applied and separate financial statement</b>	
	2020	2019
	<i>Increase (decrease)</i>	
Discount rate		
1% increase	(1,678)	(1,487)
1% decrease	1,880	1,652
Salary increase rate		
1% increase	2,175	1,892
1% decrease	(1,937)	(1,732)
Employee turnover rate		
20% increase	(1,722)	(1,489)
20% decrease	1,983	1,683

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

***Change to severance payment under new Labor Protection Act.***

On 13 December 2018, the National Legislative Assembly passed a final resolution to approve the draft of new amendment to the Labor Protection Act. Such draft was announced as the amendment to the Labor Protection Act (No.7) B.E. 2562 in the Royal Thai Government Gazette on 5 April 2019.

The aforementioned Act has stipulated that employee who is terminated for an uninterrupted service period of 20 years or more is entitled to receive severance payment for not less than 400 days of the wage at the most recent date of employment. The former maximum severance payment is based on 300 days.

The Company has recorded the effects of such change will result in an increase in the balance of employee benefit obligations in the statement of financial position in which the equity method is applied and the separate statement of financial position as at 31 December 2019 of Baht 8.40 million and a decrease in the total comprehensive income in the statement comprehensive income in which the equity method is applied for the year ended of Baht 6.95 million (net of tax). (the Company's separate comprehensive income for the year ended : Baht 6.72 million).

## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

## 23 Share Capital

	Financial statements in which the equity method is applied				
	2020		2019		
	Par Value (in Baht)	Number of share (thousand shares)	Amount baht (Thousand Baht)	Number of share (thousand shares)	Amount baht (Thousand Baht)
<b>Authorized Share Capital</b>					
At 1 January					
- ordinary shares	10	17,624	176,243	17,624	176,243
<b>At 31 December</b>					
- ordinary shares		<b>17,624</b>	<b>176,243</b>	<b>17,624</b>	<b>176,243</b>
<b>Issued and paid - up</b>					
At 1 January					
- ordinary shares	10	17,624	176,243	17,624	176,243
<b>At 31 December</b>					
- ordinary shares		<b>17,624</b>	<b>176,243</b>	<b>17,624</b>	<b>176,243</b>

**Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

**Food and Drinks Public Company Limited****Notes to the financial statements****For the year ended 31 December 2020****24 Statutory reserve and Other components of equity****Statutory reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

**Other components of equity***Revaluation surplus on land*

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

**25 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.

Currently, the Company is principally engaged in the manufacture of food and beverage. Its operation is carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area. Export sales during the year ended 31 December 2020 represented approximately 66 percent (2019: 60 percent) of total sales.



## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

**26 Expenses by nature**

The statements of income include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various financial reporting standards were as follows:

Unit : Thousand Baht

	Financial statements in which the equity method is applied and separate financial statements	
	2020	2019
Changes in inventories of finished goods and work in process	12,366	(8,332)
Raw materials and consumables used	363,029	410,349
Employee benefit expenses	163,025	153,116
Depreciation and amortisation	24,547	24,607
Advertising and promotion expenses	588	815
Lease and service	3,493	4,676

**27 Income tax***Income tax recognised in profit or loss*

Unit : Thousand Baht

	Financial statements in which equity method is applied		Separate financial statements	
	2020	2019	2020	2019
<b>Current tax expense</b>				
Current year	-	-	-	-
<b>Deferred tax expense</b>				
Relating to origination and reversal of temporary differences	1,269	8,232	1,269	8,232
<b>Income tax expenses</b>	<b>1,269</b>	<b>8,232</b>	<b>1,269</b>	<b>8,232</b>

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

*Income tax recognised the statements of other comprehensive income*

Unit : Thousand Baht

	Financial statements		Separate	
	in which equity		financial statements	
	method is applied			
	2020	2019	2020	2019
Changes in revaluation of land	-	(119,880)	-	(119,880)
Actuarial loss	483	513	483	513
Share of profit from investment in associate	(10)	(1)	-	-
<b>Total</b>	<b>473</b>	<b>(119,368)</b>	<b>483</b>	<b>(119,367)</b>

## Reconciliation of effective tax rate

Unit : Thousand Baht

	Financial statements in which equity method is applied			
	2020		2019	
	Rate	(in thousand Baht)	Rate	(in thousand Baht)
Profit before income tax expense		25,541		9,697
Income tax using the Thai corporation tax rate	20	5,108	20	1,939
Effects of:				
Share of profit (loss) from investment in associate		(1,617)		(1,643)
Items treated as revenues		(957)		(496)
Items not treated as expenses		258		2,426
Loss carry forward		2,792		2,226
Income tax for the year		-		-
Movement in Temporary differences		1,269		8,232
Expenses Income tax		1,269		8,232

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## Food and Drinks Public Company Limited

## Notes to the financial statements

For the year ended 31 December 2020

Unit : Thousand Baht

	Separate financial statements			
	2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		31,095		15,125
Income tax using the Thai corporation tax rate	20	6,219	20	3,025
Effects of:				
Items treated as revenues		(3,685)		(3,225)
Items not treated as expenses		258		2,426
Loss carry forward		2,792		2,226
Income tax for the year		-		-
Movement in Temporary differences		1,269		8,232
Expenses Income tax		<b>1,269</b>		<b>8,232</b>

Deferred tax assets and liability are as follows :

Unit : Thousand Baht

	Financial statements in which equity method is applied		Separate financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for impairment loss on trade and other current receivables	4	-	4	-
Allowance for diminution in value of inventories	4,165	5,479	4,165	5,479
Allowance for impairment loss on assets	603	809	603	809
Provision for long-term employee benefits	7,538	7,489	7,538	7,489
Unused tax loss	14,602	14,391	14,602	14,391
Lease liabilities	695	-	695	-
Total	27,607	28,168	27,607	28,168
<b>Deferred tax liability</b>				
Revaluation surplus on land	205,580	205,580	205,580	205,580
Right-of-use assets	206	-	206	-
<b>Total</b>	205,786	205,580	205,786	205,580
<b>Deferred tax liabilities - net</b>	<b>178,179</b>	<b>177,412</b>	<b>178,179</b>	<b>177,412</b>

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

As at 31 December 2019, the Company has unused tax losses totaling Baht 103 million, on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses, on which deferred tax assets have been recognized to Baht 73 million (2019: Baht 71 million) will expire by 2023.

**28 Earnings per share**

The calculation of basic earnings per share for each of the year ended 31 December 2020 and 2019 is based on the profit for each year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during each year as follows:

Unit : Thousand Baht/ thousand shares

	Financial statement in which equity method is applied		Separate financial statements	
	2020	2019	2020	2019
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>24,272</b>	<b>1,465</b>	<b>29,826</b>	<b>6,893</b>
<b>Number of ordinary shares outstanding</b>	<b>17,624</b>	<b>17,624</b>	<b>17,624</b>	<b>17,624</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>1.38</b>	<b>0.08</b>	<b>1.69</b>	<b>0.39</b>

**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**29 Financial instruments***29.1 Carrying amounts and fair values*

As at 31 December 2020, the fair value of other financial assets and liabilities, do not differ significantly from amount recorded in the statement of financial position.

The fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value through profit or loss.

Unit : Thousand Baht

**Financial statements in which the equity method  
is applied and separate financial statements**

	Fair value			
	Level 1	Level 2	Level 3	Total
<b>31 December 2020</b>				
Forward exchange contracts	-	107	-	107
<b>31 December 2019</b>				
Forward exchange contracts	-	(19)	-	(19)

During the current period, there were no transfers within the fair value hierarchy

*Valuation techniques*

Level 2 fair value for forward exchange contract, is determined by using observable forward exchange rates at the end of the reporting periods and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

*29.2 Financial risk management policies*

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The information about the exposure to credit risk and ECLs for trade accounts receivables and contract assets are as follows:

	Unit : Thousand Baht	
	<b>Financial statements in which the equity method is applied and separate financial statement</b>	
	Trade accounts receivables	Allowance for expected credit loss
<i>As at 31 December 2020</i>		
Within credit terms	46,290	12
Overdue:		
1-30 days	7,606	6
31-60 days	25	1
61-90 days	2	-
More than 90 days	-	-
<b>Total</b>	<b>53,923</b>	<b>19</b>
Less allowance for expected credit loss	(19)	
<b>Net</b>	<b>53,904</b>	

**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Movement of allowance for expected credit loss of trade accounts receivables and contract assets are as follows:

	Unit : Thousand Baht
	<b>Financial statements in which the equity method is applied and separate financial statement</b>
At 1 January 2020 – restated	91
Addition	-
Reversal	(72)
Write-off	-
<b>At 31 December 2020</b>	<b>19</b>

*Cash and cash equivalent and derivatives*

The Company's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions with a minimum credit rating.

*Liquidity risk*

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

As at 31 December 2020, the remaining contractual maturities of financial liabilities, which the amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements, are as follows:

	Unit : Thousand Baht				
	<b>Financial statements in which the equity method is applied and separate financial statement</b>				
	Maturity period				
	Carrying amount	1 year or less	More than 1 year but less than 5 years	More than 5 years	Total
<i>As at 31 December 2020</i>					
<b>Financial liabilities</b>					
Bank overdrafts	-	-	-	-	-
Trade and other current payables	74,354	74,354	-	-	74,354
Loans from financial institutions	52,941	9,412	43,529	-	52,941
Lease liabilities	3,609	1,662	2,075	-	3,737
Forward exchange contracts	-	-	-	-	-
	<b>130,904</b>	<b>85,428</b>	<b>45,604</b>	<b>-</b>	<b>131,032</b>

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

As at 31 December 2019, significant financial assets and liabilities classified by type of interest rates 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

	Financial statements in which the equity method is applied and separate financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	After 1 year but within 5 years	After 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	1,239	60	1,299	0.125-0.63
Current investment	1,000	-	-	-	-	1,000	0.700
Trade and other receivables	-	-	-	-	66,277	66,277	
Bank deposits used as collateral	-	-	-	901	-	901	0.125
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions							
	136,000	-	-	766	-	136,766	3.46-4.53
Trade and other payables	-	-	-	-	73,065	73,065	-
Finance lease liabilities	128	283	-	-	-	411	3.7041
Long-term loan from financial institution							
	7,843	32,157	-	-	-	40,000	BIBOR+2.25

*Market risk*

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.



## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

*Foreign currency risk*

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

Foreign currency risk relating to financial assets and liabilities denominated in foreign currencies and forward exchange contracts with maturities of less than one year as follows:

	Financial statements in which the equity method is applied and separate financial statements			
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	<i>(Thousand)</i>		<i>(Baht per 1 foreign currency unit)</i>	
			Exchange rates	
<b>Financial assets</b>				
US dollar	628	537	29.8674	29.9767
<b>Financial liabilities</b>				
US dollar	48	20	30.2068	30.3313
EUR	46	-	37.2578	-
<b>Forward exchange contracts</b>				
US dollar	737	-	30.0371	-

Sensitivity analysis of strengthening (weakening) of the foreign currencies with a movement of 10% at reporting date are as follows :

Unit : Thousand Baht

<i>As at 31 December 2020</i>	Financial statements in which the equity method is applied and separate financial statements				
	Movement (%)	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
US dollar	10	1,731	(1,731)	-	-
Euro	10	(171)	171	-	-

## Food and Drinks Public Company Limited

## Notes to the financial statements

## For the year ended 31 December 2020

*Interest rate risk*

The Company's exposure to interest rate risk relates primarily to its cash at banks, current investment, restricted bank deposit, bank overdrafts and short-term loans, long-term loan and liabilities lease. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

29.3 *Capital management*

The primary objective of the Company'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 2020, according to the statement of financial position in which equity method is applied, the Company's debt-to-equity ratio was 0.38:1 (2019: 0.44:1) and according to the separate financial statements, the Company's debt-to-equity ratio was 0.39:1 (2019:0.45:1).

30 **Commitments with non-related parties**

Unit : Thousand Baht

	<b>Financial statements in which the equity method is applied and separate financial statements</b>	
	2020	2019
<i>Non-cancellable operating lease commitments</i>		
Within one year	-	6,051
After one year but within five years	-	4,685
<b>Total</b>	<b>-</b>	<b>10,736</b>
<i>Other commitments</i>		
Bank guarantees	33,151	36,204
Forward exchange contracts	22,242	11,798
<b>Total</b>	<b>55,393</b>	<b>48,002</b>

**Food and Drinks Public Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

***Operating lease Commitments***

As at 31 December 2019, the Company has entered into several lease agreements in respect of the lease of office space and equipment and service agreements. The terms of the agreements are between 1 and 3 years.

***Bank guarantees***

As at 31 December 2020, there were outstanding bank guarantees issued by banks on behalf of the Company in respect of certain performance commitment as required in the normal course of business, including letters of guarantee for electricity.

***Forward exchange contract***

As at 31 December 2020, the Company entered into forward exchange contracts to sell totalling Baht 22.24 million (USD 0.73 million) These contracts are due from 12 May 2021 - 6 July 2021.

***Unused credit facilities***

As at 31 December 2020, the Company had unused overdrafts and short-term loans facilities from financial institutions totalling Baht 187 million. (2019: Baht 143 million)

**31 Reclassification of accounts**

Certain accounts in the 2019 financial statements have been reclassified to conform with the presentation in the 2020 financial statements as follows

	Unit : Thousand Baht		
	2019		
	Before reclass	Reclass	After reclass
<b><i>Statements of Comprehensive Income</i></b>			
Revenues from sales	754,723	(22,374)	732,349
Costs of sales of goods	651,338	(456)	650,882
Distribution costs	70,137	(22,374)	47,763
Administrative expenses	45,757	456	46,213

**32 Approval of financial statements**

These financial statements have been authorised for issue by the Company's Board of Directors on 25 February 2021.

## Part 4

### Certification of Information and Data Accuracy for Submitting

Having carefully verified the information and data shown in this annual registration statement / annual report, Food and Drinks Public Company Limited certifies that they are completely accurate, factual, and not misleading or lacking in essential detail. In addition:

(1) The financial statements and data summarized in annual registration statement / annual report show essentially accurate information and data about its financial standing, performance, and cash flow of Bangchak and its subsidiaries.

(2) It has put in place a good information and data disclosure system to ensure that it discloses essential details about itself and its subsidiaries completely and accurately, while ensuring due compliance.

(3) It has put in place a good internal control system and ensured due compliance with such system. Food and Drinks Public Company Limited has provided internal control system assessment details as of December 31st, 2020, to the external auditor and the Audit Committee, including defects and key changes in the internal control system together with wrongdoing potentially affecting the preparation of the financial reports for itself and its subsidiaries.

As evidence that all documents are identical to those certified by Food and Drinks Public Company Limited, The Company has assigned Miss Pornnaphat Phattaravorphan to put her initials on every page of the documents. Therefore, if her initials are missing on any given page, Food and Drinks Public Company Limited will disown such data.

	Name	Position	Signature
1.	Miss Huai Hui Lee .....	Chief Operating Officer .....	.....
2.	Mrs. Chintana Asdornmithee .....	Executive Director .....	.....

	Authorized person	Position	Signature
	Miss Pornnaphat Phattaravorphan .....	Company Secretary .....	.....

## Attachment 1

## Independent Director

Name - Surname Position	Age	Educational Qualifications	Shareholding in The Company (%)	Family relationship between directors and executives	Period	Position	Organization name/ company/business type
Mr. Phirasilp Subhapholsiri Chairman Independent Director	68	Yokohama National University DAP 40/2005	-	-	2009 – Present 2013 – Present 2010 – Present 2009 – Present 1989 – Present	Chairman Independent Director Chairman Chairman Chairman	Food and Drinks PCL. Tipco Asphalt PCL. Kaizen Consulting Co., Ltd. Thai-Nichi Ventures Co., Ltd. Supana Co., Ltd.
Ms. Chaovana Vivatpanachati Independent Director Chairman Audit Committee Certified Public Accountant	60	- Certified Public Accountant approved by SEC - Master of Management University of Wollongong, Australia - Master of Accounting Chulalongkorn University - Certificate in Accounting Audit Thammasart University DAP, DCP 58/2003, ACP - ASEAN CPA	-	-	2002 – Present      2002 – Present   1994 – Present	Independent Director/ Chairman Audit Committee     Director  Managing Director	1. Food and Drinks PCL. 2. S.C.I. Electric Manufacturing PCL. 3. Jasmine Telecom System PCL. 4. Rambootri Co., Ltd.  1. Moore Stephens DIA Sevi Ltd. 2. 75 CPE Co.,Ltd.  Pitisevi Co., Ltd.

Name - Surname Position	Age	Educational Qualifications	Shareholding in The Company (%)	Family relationship between directors and executives	Period	Position	Organization name/ company/business type
Mr. Sumet Chey-O-Nanund Independent Director Audit Committee	78	Bachelor of Business Administration Major Accounting Thammasart University DAP 2/2003	-	-	2002 – Present  1996 – Present	Independent Director/ Audit Committee  Freelance	Food and Drinks PCL.
Mr. Sansern Nilrat Independent Director Audit Committee	66	Master of Business Administration Thammasart University DCP 4/2000, 5/2007 ACP 21/2008	-	-	2009 – Present  2014 – Present  2012 – 2014	Independent Director/ Audit Committee Qualified Advisors  Head of Proprietary Trading	Food and Drinks PCL.  Federation of Thai Capital Market Organizations CIMB Securities Co., Ltd.

Executive Directors

<b>Name - Surname Position</b>	<b>Age</b>	<b>Educational Qualifications</b>	<b>Shareholding in The Company (%)</b>	<b>Family relationship between directors and executives</b>	<b>Period</b>	<b>Position</b>	<b>Organization name/ company/business type</b>
Mr. Kasem Deemaitree Managing Director/ Authorized Director	86	B.S. Agricultural Chemistry Chung-Hsin University Taiwan	18.74	Father of Mr. Huai Hsin Lee, Ms. Huai Hui Lee	1986 – Present	Chief Executive Officer	Food and Drinks PCL.
Mrs. Chintana Asdornmithee Executive Director/ Authorized Director	82	High School St. Joseph Convent DAP	4.6	-	1986 – Present 1990 – Present 1995 – Present	Executive Director Deputy Managing Director Deputy Managing Director	Food and Drinks PCL. Lampang Food Products Co., Ltd. Chiang Sean Food Products Co., Ltd.
Ms. Huai Hui Lee Chief Operating Officer/ Authorized Director	57	Master of Business Administration George Washington University DCP 19/2002	11.52	Daughter of Mr. Kasem Deemaitree Older Sister of Mr. Huai Hsin Lee	2013 – Present	Chief Operating Officer / Marketing Director	Food and Drinks PCL.
Mr. Huai Hsin Lee Executive Director/ Authorized Director	53	Bachelor of Engineering University of Maryland	9.89	Son of Mr. Kasem Deemaitree Brother of Ms. Huai Hui Lee	2013 – Present	Executive Director / Engineering & Information Technology	Food and Drinks PCL.

## Directors

Name - Surname Position	Age	Educational Qualifications	Shareholding in The Company (%)	Family relationship between directors and executives	Period	Position	Organization name/ company/business type
Mr. Aditep Nontratip Director/ Authorized Director	56	Ph.D. Food Science Tokyo University of Fisheries Master of Business Administration Chulalongkorn University DAP 80/2009	-	-	2009 – Present 1979 – Present	Director Director	Food and Drinks PCL. Kawasho Foods (Thailand) Co., Ltd.
Mr. Udom Karoonkomsakul Director	86	High School DAP	2.7	-	1986 – Present 2009 – Present	Director Chairman	Food and Drinks PCL. Sahamitre Fish Meal Co., Ltd.
Mr. Chun-Nam Wong Director	74	High School Diploma Hong Kong	-	-	1994 – Present Present	Director Investor	Food and Drinks PCL.



Management (Non Director)

<b>Name - Surname Position</b>	<b>Age</b>	<b>Educational Qualifications</b>	<b>Shareholding in The Company (%)</b>	<b>Family relationship between directors and executives</b>	<b>Period</b>	<b>Position</b>	<b>Organization name/ company/business type</b>
Mr. Nakhon Mahakhun, Ph.D. General Manager - Factory	72	Ph.D. Food Science Texas A&M University	-	-	2013 – Present	General Manager - Factory	Food and Drinks PCL.
Mr. Theerapat Soopanit Chief Financial Officer	59	Master of Business Administration Kasetsart University	-	-	2002 – Present	Chief Financial Officer	Food and Drinks PCL.
Mr. Piyapark Muangkaew Deputy Chief Operating Officer	51	Master of Accounting Chulalongkorn University BBA - Major Accounting Thammasart University	-	-	2019 – Present	Deputy Chief Operating Officer	Food and Drinks PCL.
Mr. Suchat Thipmontien Factory Manager	54	Agriculture industry Maejo University	-	-	1990 – Present	Factory Manager	Food and Drinks PCL.

Company Secretary

Name - Surname Position	Age	Educational Qualifications	Shareholding in The Company (%)	Family relationship between directors and executives	Period	Position	Organization name/ company/business type
Miss. Pornnaphat Phattaravorphan Company Secretary	29	Bachelor of Business Administration University of the Thai Chamber of Commerce Company Secretary Program Class 112/2020	-	-	2020 – Present	Company Secretary	Food and Drinks PCL.

## Attachment 2

List of executive directors who serve as directors in associated company.

Director Name	Position	Associated Company
Mr. Kasem Deemaitree	Director	Hon Chuan FD Packaging Co., Ltd.
Mrs. Chintana Asdornnithee	Director	Hon Chuan FD Packaging Co., Ltd.

Relationship with key management and other related parties were as follows:

Name of entities / person	Country of incorporation/ nationality	Relationships	Nature of relationships
Key management personnel	Thai	Related person	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of The Company.
Hon Chuan FD Packaging Company Limited	Thailand	Associate	Common shareholders and directors.
Kawasho Foods Corporation	Japan	Other related company	Common shareholders and directors.
Chiang Sean Food Products Co., Ltd.	Thailand	Other related company	Common shareholders and directors.

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

Transaction	Pricing Policy
Sales of goods	Cost plus margin
Purchase of raw material	Market price
Purchase of packaging and supplies	Market price
Rental income and other service charges	Contract price

**Attachment 3**

Details of internal audit supervisor and supervisor of The Company

The Board of Directors approved to hire Auditor Office of DIA Audit Company Limited to be our Internal Auditor as suggested by the Audit Committee since 2002. In 2020, internal audit team leader is Mr. Apinan Sripamoch (CPA# 5092) has been evaluation internal control compliance with COSO Integrated Framework.

## Attachment 4

Assets used in the business and details about the appraisal list

Unit : Thousand Baht

## Financial statements in which the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Machin in Transit	Total
<b>Cost / Revalued amount:</b>										
As at 1 January 2019	447,600	164,729	172,605	463,614	14,822	11,161	-	1,393	-	1,275,924
Additions	599,400	-	54,663	15,204	2,139	-	-	-	-	671,406
Transfer	(93,949)	(33,342)	(15,125)	-	-	-	-	(1,393)	-	(143,809)
Disposals	-	-	(120)	(11,327)	(2,609)	(217)	-	-	-	(14,273)
<b>As at 31 December 2019</b>	<b>953,051</b>	<b>131,387</b>	<b>212,023</b>	<b>467,491</b>	<b>14,352</b>	<b>10,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,789,248</b>
Additions	-	-	2,477	2,339	627	440	18	-	2,488	8,389
Transfer	-	-	120	2,507	-	(874)	(18)	-	(2,488)	(753)
Disposals	-	-	-	(777)	(167)	(2,592)	-	-	-	(3,536)
<b>As at 31 December 2020</b>	<b>953,051</b>	<b>131,387</b>	<b>214,620</b>	<b>471,560</b>	<b>14,812</b>	<b>7,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,793,348</b>

Unit : Thousand Baht

## Financial statements in which the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Machin in Transit	Total
<b>Accumulated depreciation</b>										
As at 1 January 2019	-	135,526	154,260	402,624	12,996	9,011	-	-	-	714,417
Depreciation charge	-	4,494	5,048	12,154	688	122	-	-	-	22,506
Transfer	-	(33,245)	(11,222)	(343)	(1,549)	-	-	-	-	(46,359)
Disposals	-	-	(68)	(10,709)	(351)	(216)	-	-	-	(11,344)
<b>As at 31 December 2019</b>	-	<b>106,775</b>	<b>148,018</b>	<b>403,726</b>	<b>11,784</b>	<b>8,917</b>	-	-	-	<b>679,220</b>
Depreciation charge	-	4,468	5,216	10,943	849	35	-	-	-	21,511
Transfer	-	-	73	-	-	(241)	-	-	-	(168)
Disposals	-	-	-	(771)	(121)	(2,593)	-	-	-	(3,485)
<b>As at 31 December 2020</b>	-	<b>111,243</b>	<b>153,307</b>	<b>413,898</b>	<b>12,512</b>	<b>6,118</b>	-	-	-	<b>697,078</b>
<b>Allowance for impairment</b>										
As at 31 December 2019	-	-	1,937	18,847	53	-	-	-	-	20,837
As at 31 December 2020	-	-	1,937	18,847	53	-	-	-	-	20,837

Unit : Thousand Baht

## Financial statements in which the equity method is applied and separate financial statements

	Land	Buildings	Building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Construction in progress	Machinery in Transit	Total
<i>Net book value</i>										
<b>As at 31 December 2019</b>										
Owned assets	953,051	24,612	62,068	44,918	2,515	1,394	-	-	-	1,088,558
Assets under finance leases	-	-	-	-	-	633	-	-	-	633
	<b>953,051</b>	<b>24,612</b>	<b>62,068</b>	<b>44,918</b>	<b>2,515</b>	<b>2,027</b>	-	-	-	<b>1,089,191</b>
<b>As at 31 December 2020</b>										
Owned assets	<b>953,051</b>	<b>20,144</b>	<b>59,376</b>	<b>38,815</b>	<b>2,247</b>	<b>1,800</b>	-	-	-	<b>1,075,433</b>

During the 2019, the Company had adjusted to increase the fair value of land in the amount of Baht 599.40 million. As a result, the revaluation surplus on land in other comprehensive income has increased in the amount of Baht 479.52 million (net of tax Baht 119.88 million). The fair value has been appraised by an independent professional valuer using the market approach. Subsequently, it's certain land, building and building improvement. were transferred to investment properties with the carrying amount of Baht 98.29 million.

Certain plots of its land with constructions thereon and certain machinery, with book values as at 31 December 2020 amounting to approximately Baht 970.65 million (2019 : Baht 974.42 million), have been mortgaged and pledged as collateral against credit facilities received from financial institutions.

The Company arranged for an independent professional valuer to appraise the value of its land in 2019 by using the market approach.

Key assumptions used in the valuation are summarised below:

Price per rai (Baht)	1,600,000 – 3,500,000
Result to fair value where as an increase in assumption value	Increase in fair value



## Attachment 5



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email: info@foodanddrinks.co.th

### Charter of the Board of Directors

The Board of Directors is legally responsible for supervising the company's operations and is responsible for all stakeholders including customers, shareholders, employees, partners, trade creditors, competitors, Environment, Society and Communities

The Board of Directors and management are working together. The Chief Executive Officer and Chief Operating Officer are responsible for the day-to-day operations of the Company in relation to planning, execution, decision making and operations. The Board of Directors comments on the action plan and proposes a strategy and monitors the company's operations and performance.

The Company has prepared the Charter of the Board of Directors in accordance with the securities regulatory regulations and guidelines. And the Stock Exchange of Thailand (SEC) as follows:

#### 1. Objectives

The Board of Directors, as a representative of shareholders, is responsible for supervising the management of the Company's work in accordance with the law. The Company's objectives and regulations are defined by establishing vision, mission, strategy to create value for the business as well as generate return on investment. Under the expertise and code of conduct for the best interests of stakeholders.

#### 2. Composition and appointment

2.1 The Board of Directors consists of at least 5 directors, consisting of at least one-third of the total number of independent directors, but not less than 3 directors, and at least half of the total number of directors must be residing in the Kingdom.

2.2 The Board of Directors selects one of the directors as chairman of the Board of Directors.

2.3 Appointment of directors in accordance with the Company's articles of association and the requirements of the relevant laws. This must be transparent and clear.

2.3.1 In case the director completes the term of resignation from the position of Director The Shareholders' Meeting shall consider the appointment of directors by resolution of the appointment of directors. A majority of shareholders' votes must be obtained at the meeting and voted on. If there's the same number of votes, The chairman of the meeting shall have another vote as a decisive voice.

2.4 The board structure consists of qualified persons with knowledge of various professional skills. Have experience and expertise that is useful for business operations without limiting gender, ethnicity, religion, age or professional skills.

### 3. Features

3.1 Directors must be knowledgeable persons. The ability and experience to conduct business is honest, ethical and has sufficient time to fully devote to the director's duties.

3.2 Directors can serve as directors in up to 3 listed companies on the Stock Exchange of Thailand.

3.3 Have qualifications and are not prohibited by law on public limited companies and other relevant laws, and must not have characteristics that indicate a lack of suitability to be trusted to manage the business. The Public is the shareholder in accordance with the notification of the Securities Commission.

3.4 Independent directors must be qualified to be independent of management's control. Major shareholders must have no interest or interest in management decisions and can take care of the interests of shareholders. All

incomes are equal and do not cause conflicts of interest.

### 4. Duties of the Board of Directors

4.1 Manage the business in the best interest of the shareholders (Fiduciary Duty) by virtue of 4 important practices as follows:

4.2.1 Duty of Care

4.2.2 Duty of Loyalty

4.2.3 Compliance with regulations, regulations and resolutions of the Shareholders' Meeting (Duty of Obedience)

4.2.4 Disclosure of information to shareholders correctly Duty of Disclosure

4.2 Formulate a vision, mission, so that executives and employees aim in the same direction and consider. Review and approve the company's vision and mission every year.

4.3 Define core business policies financial policy, capital raising policy, capital management and risk management policy for management to implement.

4.4 Have the power to designate and amend the names of directors who have the power to sign and bind the Company.

4.5 Supervise the business in accordance with or better than the set goals and formulate solutions in the event of obstacles in achieving that goal.

4.6 Prepare general reporting and financial statements to shareholders and stakeholders correctly. Complete, transparent and compliant with the law.

4.7 Be informed of important audit reports and formulate improvements in case of material defects.

4.8 Appropriate risk policy and risk management policy Regular monitoring and assessment of risk management by disclosing the adequacy of risk management in the annual report.

**5. Duties of the Chairman of the Board of Directors**

- 5.1 Call a meeting of the Board of Directors by acting as chairman of the Board of Directors' meeting. In case of a decisive diagnosis of the meeting. If the votes are the same, you're going let the president vote one more tone as a decisive vote.
- 5.2 Set an agenda to lead and conduct meetings according to the agenda. Allocate sufficient time and encourage all directors to participate in discussions, exercise discretion and express their opinions independently.
- 5.3 Build good relationships between the Board of Directors and management.
- 5.4 Make clear the scope of responsibilities between the Board of Directors and the Management.
- 5.5 Representing and building a reputation for the organization
- 5.6 Represent shareholders in leading the annual general meeting.
- 5.7 Participate in the creation of an effective strategic planning movement in a practical way.
- 5.8 It is responsible for the pursuit of qualified directors to join the Board of Directors and develop the board of directors.
- 5.9 Supervising the Board of Directors the Company also evaluates the performance of the work. Communicate to pass on expectations to the Board of Directors.
- 5.10 Create succession planning movements and evaluations of the performance of chief executive officers.

**6. Term of Office**

- 6.1 The Board of Directors holds the position for 3 years at a time, which must be retired at all times of the annual general meeting of shareholders, and at the maturity of the term may be considered by the shareholders to be the next directors. I'll be back
- 6.2 For the term of office of a sub-committee, the term of director shall be in accordance with the term of directorship.

**7. Meetings**

- 7.1 At the Board of Directors' meeting, at least half of the directors attended the meeting. All are therefore considered quorums.
- 7.2 At least 6 meetings are scheduled per year and additional special sessions may be scheduled as needed.
- 7.3 The Chairman of the Board of Directors will approve and set the agenda.
- 7.4 Delivery of invitation letter with agenda and supporting documents to the Directors At least 7 days in advance, unless urgent, documents may be received at a later date, but before a reasonable meeting.
- 7.5 Any directors who have a stake in the matter shall inform the stakeholders and prohibit them from attending the meeting. Consider that.
- 7.6 The Chairman of the Board of Directors acts as chairman of the meeting, responsible for overseeing the allocation of time but agenda sufficiently. For directors to discuss important issues

**8. Reporting**

Directors are required to report their performance to shareholders in the company's annual information form (Form 56-1 One Report) with at least the details as required by law. Regulations or regulations relating to

**9. Evaluation**

The Board of Directors conducts self-assessments on the performance of both faculty and individual committees annually. To review the performance, problems and obstacles of the past year in order to make the work of the Board and management more efficient.

This Charter was approved by the Board of Directors at the Meeting No. 1/2021 on January 15, 2021 and will be effective from January 15, 2021 onwards.

(Mr.Phirasilp Subhapholsiri)

Chairman, Independent Director



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### Charter of the Audit Committee

Board of Directors of Food & Drink Public Company Limited To recognize and recognize the importance of good corporate governance and social responsibility, and stakeholders have set up an audit committee to be an independent organization to support and operate on behalf of the Board of Directors. To review the financial information offered to shareholders and related parties. Review the internal control system and communication with the Company's auditors.

The Audit Committee of Food & Drink Public Company Limited has jointly considered the preparation of this charter with the approval of the Board of Directors so that the Audit Committee can perform its duties as assigned by the Board of Directors. The Audit Committee is qualified. The following roles and tasks are performed:

#### 1. Features and elements

1.1 The Audit Committee consists of at least 3 independent directors who have not served a executives with qualifications as specified by the Stock Exchange of Thailand and appointed by the Board of Directors.

At least 1 audit committee member has sufficient knowledge or experience in accounting or finance to review the credibility of financial statements and continuously improve knowledge in accounting or finance. To assess the impact on the reliability of financial statements.

1.2 The Audit Committee has a term of office of 3 years at a time or ends by resignation or by removal from the Board of Directors or by retiring as a director.

1.3 In the event that the position of Audit Committee is vacant due to reasons other than the issuance of the term, the Board of Directors shall appoint a fully qualified person as the Audit Committee to fill the number of audit committees specified in this Charter.

#### 2. Scope and duties

2.1 Review the Charter of the Audit Committee at least once a year and consider amendments to issues deemed necessary and appropriate.

2.2 Review financial and accounting reports Internal control system, internal audit system and risk management system linked to risks associated with corruption and corruption to ensure that the Company's operations are concise, appropriate and efficient, in accordance with generally and adequately certified accounting standards.

2.3 To consider the selection, appointment and remuneration of the Company's auditors.

2.4 Review the Company's compliance with the Securities and Exchange Act. Set requirements or laws relating to the Company's business

2.5 Consider connected transactions or transactions that may have conflicts of interest to be accurate and complete in accordance with set laws and regulations, as well as disclose the information on such transactions correctly. This is to ensure that the transaction is reasonable and in the best interests of the Company.

2.6 Supervise the performance of internal audit bodies by considering the approval of the Charter, independence, as well as the scope and audit plan of the internal audit unit.

2.7 Coordinate understanding between the Audit Committee, management, internal audit office and auditor in the same way, as well as consider the scope of audit and audit plan of internal auditors and auditors of the Company to be related and available to each other.

2.8 The Audit Committee can seek advice from an independent external advisor if necessary by the Company issuing expenses.

2.9 Report on the performance of the Audit Committee to the Board of Directors

2.10 Prepare the audit committee's report, disclosed in the Company's annual report, which must be signed by the Chairman of the Audit Committee.

2.11 Perform other tasks as assigned by the Board of Directors and monitor the performance evaluations deemed important by the Audit Committee.

2.12 Review the company's internal procedures regarding whistleblowing and complaints.

### 3. Responsibility

The Audit Committee is responsible for the Board of Directors directly in accordance with the duties and responsibilities assigned to it, and the Board of Directors remains responsible for the company's operations. To third parties.

4. Authority of the Audit Committee

4.1 In relation to management, you can also use the <a0 The Audit Committee has the power to invite management, managers, heads of agencies or employees of the relevant companies to attend the meeting. Clarification, comment or delivery of relevant documents as necessary.

4.2 In other respects, the Audit Committee has the authority to investigate those involved and related matters within the scope of the powers and duties of the Audit Committee and has the authority to hire or bring specialized experts to consult and provide opinions as deemed appropriate by the Audit Committee and the Board of Directors as proposed by the Audit Committee.

5. Meetings and Meetings

5.1 The Audit Committee regularly has regular meetings at least 4 times a year, which may invite management, management, Employees of the relevant company or the auditor attended the meeting to give their opinions. Submit documents or information as deemed relevant or necessary.

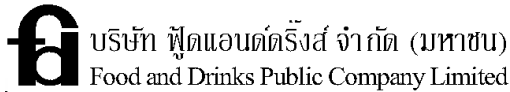
5.2 At every audit committee meeting Chairman of the Audit Committee presided over the meeting. If the Chairman of the Audit Committee does not attend the meeting, the Chairman of the Audit Committee shall assign one of the audit committees to preside over the meeting, or the Audit Committee member who attends the meeting shall elect one of the audit committees to preside over the meeting. The quorum must consist of at least two-thirds of the total number of audit committee members available in the position. At that time, it will be considered a quorum.

5.3 What are the stakeholder audit committees in regards to which matters are considered? Do not participate in voting on the subject. The Audit Committee voted with one vote per person and used the majority vote as a criterion. The Secretary of the Audit Committee does not have the right to vote. In the event of an equal vote The Chairman of the Audit Committee has one more vote to be decisive.

This Charter was approved by the Board of Directors at the Meeting No. 2/2021 on February 25, 2021 and will be effective from February 25, 2021 onwards.

(Mr.Phirasilp Subhapholsiri)

Chairman, Independent Director



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### Charter of the Nomination and Remuneration Committee

#### 1. Objective

The Nomination and Remuneration Committee is responsible for determining criteria and procedures for recruiting qualified persons to be appointed as directors and top management of the company as well as the selection of the company's directors. To perform duties as a sub-committee, including considering the form and criteria of remuneration and conducting the selection of persons in accordance with the established recruitment process to propose to the Board of Directors or to the shareholders' meeting for consideration and approval as required by law.

#### 2. Composition, Designation and Features

##### 2.1 Composition and designation

- 2.1.1 Composed of the company's directors not less than 3 people, most of them must be independent directors.
- 2.1.2 Board of Directors consider and appoint the company's directors To act as a member of the Nomination and Remuneration Committee The Nomination and Remuneration Committee who retires by rotation may be re-appointed by the Board of Directors.
- 2.1.3 The Nomination and Remuneration Committee will select a committee member who is an independent director to be the chairman of the Nomination and Remuneration Committee.
- 2.1.4 The company consider proposing to employees of the company act secretary. The Nomination and Remuneration Committee shall appoint and give approval.

##### 2.2 Features

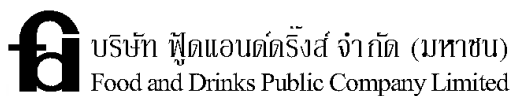
- 2.2.1 Not being an executive chairman
- 2.2.2 Be able to devote sufficient time to perform their duties. To accomplish the performance of the Nomination and Remuneration Committee in accordance with the objectives

#### 3. Tenure And the vacation of office

##### 3.1 Tenure

- 3.1.1 The Nomination and Remuneration Committee has a working term according to the term of being a director of the company.





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3.1.2 When there is a cause for the Nomination and Remuneration Committee to vacate the position and resulting in incomplete numbers of the Nomination and Remuneration Committee. The Board of Directors will appoint a new member of the Nomination and Remuneration Committee to complete the number at a minimum.

3 months from the date when the number of directors is incomplete In order for the Nomination and Remuneration Committee to reach the number specified by the Board of Directors. A person who can serve as a member of the Nomination and Remuneration Committee may hold office for only the remaining term of the Nomination and Remuneration Committee, whom he has replaced.

### 3.2 Vacation of the position

3.2.1 Members of the Nomination and Remuneration Committee shall vacate their positions immediately upon

- dead
- resign
- Retirement from being a director of the company
- Board of Directors Has a resolution to vacate office
- Lack of qualifications as a member of the Nomination and Remuneration Committee

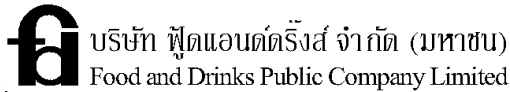
3.2.2 Resignation of the Nomination and Remuneration Committee To submit a resignation letter to the Chairman of the Board of Directors

## 4. Duties and responsibilities

### 4.1 Recruitment practices

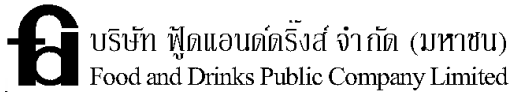
4.1.1 Consider the composition and qualifications of the Board of Directors as a whole and individually that are suitable for the size, type and complexity of the Company's business. Both in education, knowledge, expertise, skills, experience and competence in specific areas related to the Company's business. Independence according to the criteria set by the company.

4.1.2 Consider the qualifications of the top management that are suitable for the business management of the company. To achieve the vision set By covering both education, experience, knowledge and expertise and adopt important and relevant business environment factors such as economic and industrial conditions and trends as well as business competition conditions for consideration.



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- 4.1.3 Establish procedures and criteria for recruiting individuals. To be consistent with the structure and qualifications as specified in 4.1.1 and 4.1.2. By adhering to the principles of good corporate governance.
  - 4.1.4 Supervise the company Provide an orientation And provide documents that are beneficial to the performance of duties to the newly appointed directors.
  - 4.1.5 Selection of the Company's directors Who have appropriate qualifications as a member of the sub-committees to propose to the meeting of the board of directors Consider an appointment when there is a vacancy.
  - 4.2 Compensation practice
    - 4.2.1 Review and propose the pattern as well as the remuneration criteria to suit the duties and responsibilities of the directors. By linking the compensation with the overall performance of the company. To be able to motivate and retain capable, quality and potential directors. It is considered for approval before proposing to the Annual General Meeting of Shareholders for approval.
    - 4.2.2 Annual performance evaluation And consider adjusting the compensation rate that is suitable for the chief executive of the company To propose to the Board of Directors for approval.
    - 4.2.3 Annual performance evaluation And to consider the policy to adjust the appropriate remuneration for the Company's employees as a whole.
  - 4.3 Regularly review the Charter of the Nomination and Remuneration Committee.
- 5. Meeting**
- 5.1 Number of meetings
    - 5.1.1 The Nomination and Remuneration Committee must meet at least once a year and may hold additional meetings as the Chairman of the Board deems appropriate.
    - 5.1.2 The Chairman of the Nomination and Remuneration Committee may call a meeting of the Board of Directors. Can be a special case If requested by the Nomination and Remuneration Committee or the Chairman of the Board of Directors, when there is an agenda that needs to be discussed together.



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## 5.2 Attendance

- 5.2.1 Meetings of the Nomination and Remuneration Committee must be presence of not less than one-half of the total number of members of the Nomination and Remuneration Committee is required to form a quorum. And the Chairman of the Nomination and Remuneration Committee shall be the chairman of the meeting.
- 5.2.2 In the event that the Chairman of the Nomination and Remuneration Committee is not present at the meeting or unable to perform duties the members of the Nomination and Remuneration Committee who attended the meeting were to elect. One of the directors was the chairman of the meeting.
- 5.2.3 The Secretary of the Nomination and Remuneration Committee must attend every meeting. And in case of necessity, the secretary Unable to attend the meeting, the company may assign a person to attend the meeting instead.

## 5.3 Voting

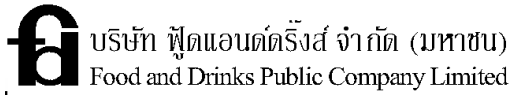
- 5.3.1 Resolution of the meeting shall be taken by a majority of the members of the Nomination and Remuneration Committee. Who attend the meeting and vote In this regard, one member of the Nomination and Remuneration Committee has a vote. If the votes are equal The chairman of the meeting shall have one more vote as a casting vote.
- 5.3.2 The Nomination and Remuneration Committee who has interests in the matter to be considered must abstain to vote on that matter.

## 5.4 Minutes of the meeting

The secretary of the Nomination and Remuneration Committee or the person entrusted shall record the minutes of the meeting.

## 6. Reporting of the Nomination and Remuneration Committee

- 6.1 The Nomination and Remuneration Committee shall report the results of the Nomination and Compensation, the meeting results or any other report that the Board of Directors should know in the next Board Meeting.
- 6.2 The Chairman of the Nomination and Remuneration Committee shall report to the shareholders in the annual report. And the annual information form To perform duties related to recruiting and remuneration.



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#### 7. Evaluation

The Nominating and Compensation Committee conducts performance assessments annually by self-assessment. And report the results of the assessment together with problems and obstacles that cause the performance to fail to achieve the objectives. Of the establishment of the Nomination and Remuneration Committee for the Board of Directors to know

#### 8. Directors' remuneration

The Nomination and Remuneration Committee will receive remuneration suitable for the duties and responsibilities as approved by the shareholders' meeting.

This Charter was approved by the Board of Directors at the Meeting No. 2/2020 on February 27, 2020 and will be effective from February 27, 2020 onwards.

(Mr.Phirasilp Subhapholsiri)  
Chairman, Independent Director

## เอกสารแนบ 6



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### Report of the Audit Committee

The Audit Committee of Food and Drinks Public Co., Ltd. was appointed by the Board of Directors of the company, and has the term of 3 years. The Audit Committee is comprised of 3 independent directors. They are Miss Chaovana Vivatpanachati served as Chairman of the Committee, Mr. Sumet Chey-O-Nanand and Mr. Sansern Nilrat served as members of the committee. The Committee has performed its duty and responsibilities according to the requirement set by Stock Exchange of Thailand, and report to the Board of Directors of the company.

The Audit Committee has performed the duty of review the appropriateness of the financial statement reports, review the internal control and internal audit, select the Company's auditors and propose to the Board of Directors, and other duties appointed by the Board of Directors. This is according to the requirement of Stock Exchange of Thailand to the audit committee.

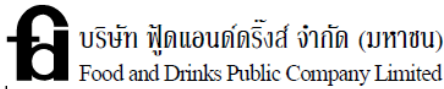
In 2020, the Audit Committee has hold 6 meetings, and considered the following matters:

1. The Audit Committee has reviewed the quarterly and year-end 2020 financial statements to ensure the accuracy, completeness and reliability according to the generally accepted accounting standards, and that sufficient information is disclosed to report to the Board of Directors for approval. In 2020, the Audit committee has hold 1 meeting with the auditor without the presence of the management.
2. The Audit Committee has ensured that the Company hired an outside Internal Auditor, DIA Audit Co., Ltd. to determine the sufficient internal control in the company. In 2020, the evaluation internal control compliance with COSO Integrated Framework . The report sent by the internal auditor to the Audit Committee stated that the Company has enough Internal Control. However, there are suggestions for improvements. The management will follow up on the matters consequently and ensure that corrections are made on time.
3. Review to ensure that the Company abides by all rules and regulations, and other regulations and laws related to the Company's business
4. Prepare the Audit Committee Charter and review of the charter.
5. Select and propose the Company's auditors and consider Mr. Pornchai Kittipanya-Ngam, Auditor license no. 2778 or Mrs. Suwane Kittipanya-Ngam, Auditor license no. 2899 or Mr. Thanakorn Fakfaipol, Auditor license no. 4879 from Bunchikij Co., Ltd. as the auditors of the company for the year 2021 and set the audit fee. Then, the Audit Committee will present to the Board of Directors to present to the Shareholders for approval.
6. Review the related transactions or any other possible conflicts of interests in compliance with the rules set by Stock Exchange of Thailand to ensure that the Company will receive the utmost benefits.
7. Coordinate understandings among Audit Committee, Management, Internal Audits and Auditors.
8. Prepare an Audit Committee's Report.
9. Abide by any other rules and regulations or tasks assigned by the Board of Directors in the scope responsible by the Audit Committee.

In summary, the Audit Committee has considered that the Management of the Company has performed with the intention to comply with the good management system and according to the good governance expected.



Ms. Chaovana Vivatpanachati  
Chairman, Audit Committee  
23 February 2021



บริษัท ฟู้ดแอนด์ดริงส์ จำกัด (มหาชน)  
Food and Drinks Public Company Limited

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

Dear Shareholders

Food and Drinks Public Company Limited realizes the importance of recruiting people to take up positions that play a role in the development of the company due to the fact that directors, senior executives, as well as those who recommend important policies to the company and the determination of compensation of the Company. The Board of Directors has appointed a Nomination and Remuneration Committee consisting of independent directors. Acting in recruiting, selecting and presenting people with knowledge and abilities as well as having suitable qualifications in performing their duties as directors and senior management It also proposes a return policy, compensation guidelines, other benefits for committees, sub-committees, as well as high-level executives in accordance with the duties and responsibilities of the Board of Directors for consideration in accordance with the performance of the Board of Directors. The company and the competitive environment in the market to motivate and retain quality directors and executives of company for the sustainable development of the company.

In 2020, the Nomination and Remuneration Committee held 2 meetings to consider various matters and present the meeting with opinions. To be proposed to the Board of Directors for continued consideration. With important matters summarized as follows

1. Nominate, select and nominate persons to serve as directors of the Company, to replace the directors who resigned by rotation

The Nomination and Remuneration Committee has presented a guideline for recruiting and propose a person to serve as a director in place of the director who resigned by rotation to propose to the Board of Directors meeting. Consider and approve before proposing to the shareholders' meeting for approval in the next order.

2. Determine the remuneration for directors and various sub-committees.

The Nominating and Compensation Committee has considered the remuneration for the Board and the Subcommittee by carefully scrutinizing the suitability and comparing with the industry in the same manner. And able to create incentives for retention of the executive directors with the required qualifications. And have more responsibility the sub-committees will receive additional compensation according to the increased amount of duties and responsibilities as appropriate.

The Nomination and Remuneration Committee continuously reports the results of the meeting to the Board of Directors. Independent as well as express their opinions honestly for the best interests of the Company's shareholders and all stakeholders. It is also committed to operating with equality principles. Fair and transparent to comply with the principles of good corporate governance as specified by the Stock Exchange of Thailand and continue to be recognized internationally.

(Mr. Sansern Nilrat)

Chairman of the Nomination and Remuneration Committee