

รายงานประจำปี 2563

Annual Report 2020



บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)

Vichitbhan Palmoil Public Company Limited



Vichitbhan Palmoil Public Company Limited

Annual Report 2020

Name

Vichitbhan Palmoil Public Company Limited. (VPO)

Registered Head Office

2044 Chavananand Building Phetburi Extension Road, Bangkok, Huai kwang, Bangkok 10310 Thailand

Telephone 0-2314-4101-5 Facsimile 0-2319-7989, 0-2319-0921

Factory**1. Tha-Sae**

29 Moo 3 Petchkasem Road, Sup-anun, Tha-Sae District, Chumphon 86140

Telephone 077 – 630 – 891 – 3 Facsimile 077 – 630 - 894

2. Thung-Kha

170 Moo 6 Thung-Kha, Mueang Chumphon District, Chumphon 86100

Telephone 077-641-603,077-641-606 Facsimile 077-641-606

Website:

<http://www.vcbpalmoil.com/>

Registered No

0107557000071

Type of Business

Producing and distributing crude palm oil, by-products and electricity produced from the treated waste water disposed from the crude palm oil refinery

Registered Capital

940,000,000 common shares

Registered Paid-up Capital

Baht 940 million

Par Value per Share

Baht 1.00

Share Registrar Thailand Securities Depository Company Limited

Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

Telephone: 0-2009-9000 Facsimile 0-2009-9991

Auditor

Ms. Thitinun Waenkaew Certified Public Accountant Registration (Thailand) No. 9432

of Pricewaterhousecooper ABAS LTD.

“Investors could get more information about us by annual information form (form 56-1)”



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Message from the Managing Director

The outlook for 2020 has been extremely challenging as the global COVID-19 outbreak has unexpectedly affected the world. While these factors do not directly affect the palm oil industry compared to other industries, the closure of cities or country from the epidemic control measures had caused shortage of labor to harvest produce from plantations in major palm oil producing countries such as Indonesia and Malaysia. Palm oil production and stocks had continued to decline and was in the lowest in many years, which helped boost global palm oil prices since the third quarter of the year. Palm oil demand has not shrunk much which it only slowed down for a while.

In Thailand in 2020, the COVID-19 epidemic has reduced foreign tourists and domestic travels due to closure of cities, restaurants, and entertainment venues, which led to recession of the economic, as well as the greatly reduced demand for palm oil for consumption and energy in the form of biodiesel. However, in the second and third quarters, palm oil was exported due to high global palm oil prices, which helped absorb surplus supply within the country. In addition, the supply of palm oil fell in proportion to that of demand, with domestic palm oil production reaching the market at 14.98 million tons, 13.91 percent less than expected at the beginning of the year, consequently causing palm oil stocks to decline and prices continued to rise since the third quarter.

Outlook of the palm oil industry for 2021 is that it is expected for the global palm oil prices to remain high at least until mid of the year due to low output and stocks, and also the new season of palm oil production for Indonesia, Malaysia and Thailand. Experts predict that Malaysia and Indonesia will see a slight increase in output compared to the previous year, which could pressure palm oil prices down in the second half of the year. India is likely to raise tariffs for plant-based oils and promote cultivation of oil crops in the country to reduce its dependence on foreign markets.

In Thailand, the trend of the palm oil industry follows with that for foreign countries. Therefore, due to the high international palm oil prices compared to several years ago which was due to Malaysia's low stock of products, it benefited exports to reduce oversupply in 2021.

However, the new coronavirus outbreak remains a key factor in determining the direction of domestic demand for palm oil, and uncertainty in the supply of palm fruit is another factor that needs to be closely monitored.

Finally, the Company pledges to closely monitor and follow-up on relevant information, including analyzing and assessing prospects of situations that may arise where the Company will strive to adapt to the varying types of events to cope with competitions within the industry. The Company aims to develop businesses for the overall benefit of the cultivators, investors, and shareholders of the Company.

On behalf of the Board of Directors, executives, and employees, we would like to thank our shareholders, customers, cultivators, palm growers, the Company's partners, and the community who have always supported the Company. We are committed to conducting business in accordance with good corporate governance principles in order for the Company to develop steadily and sustainably.



Mr. Krisada Chavananand

Managing Director

Audit Committee Report

The Audit Committee contains the following independent members:

- | | | |
|----|---------------------------|--------------------------|
| 1. | Mr. Bandhoon Supakavanich | Audit Committee Chairman |
| 2. | Mr. Jiraphant Asvatanakul | Audit Committee |
| 3. | Mr. Rachada Singalavanija | Audit Committee |

In the year 2020, the Audit Committee operated according to the scope and responsibilities stated in the regulations of the Stock Exchange of Thailand (SET) and the authority provided by the company's Board of Directors. Periodically, it had a total of 4 meetings that covered the following key points:

1. Review of Financial Statements and Financial Analysis Report the results of the quarterly and annual operations of the Company and its subsidiaries together with the management and auditors of the Company. The Audit Committee has considered that the financial statements are prepared in accordance with the financial reporting standards and reliable. And the disclosure of material information in the financial statements is enough. There is also a formal auditor meeting to discuss independently about the important information for preparing financial statements.
2. Review the results of internal audit every quarter by the internal auditor's recommendation was also considered to support the internal audit activity independently, and the Company has transparent along with ensuring appropriate and effective solutions are available.
3. Meeting with external auditors and internal auditors to obtain useful suggestions for managing the business. The executives have been informed and adjusted accordingly suggestions to make the workers more efficient.
4. To consider related transactions that may has conflicts of interest to the Company including review the disclosure of information accurately and completely in accordance with the guidelines of the Securities and Exchange Commission, the Stock Exchange of Thailand (SET) and other related to ensure that the transaction is reasonable, transparent and disclosed. Moreover, complying with good corporate governance principles and maximize benefits to the Company.
5. Review the suitability, the effectiveness of risk management and internal control systems from the internal audit report to ensure that the Company's operations are effective and achieved goals.
6. Present to the Board of Directors to propose to the Annual General Meeting of Shareholders for the year 2021 to appoint the auditors from PricewaterhouseCoopers ABAS LTD. is the Company's auditor for the year 2021 with auditing fee.

The Auditing Committee concluded that the company's management effectively performed according to corporate governance policies without violating any rules and regulations.



Mr. Bandhoon Supakavanich
Audit Committee Chairman

22 February 2021

Responsibility of the Board of Directors on Corporate Financial Statements

The Board of Directors was responsible for the financial statements of the company and its affiliates, including the financial information publicized in the company's annual report of the year 2020. The financial reports were prepared according to the financial reporting standards of Thailand, using appropriate and consistent accounting practices. The company exercised prudence and best practices to publicize relevant information for the best interest of shareholders and investors, underscoring the company's transparency.

The Board of Directors established a risk management system and maintained appropriate and effective internal control systems to ensure the completeness and correctness of accounting information. The systems were also developed to protect the company's assets and safeguard against corruption and inappropriate business practices.

The Board of Directors appointed an Audit Committee to evaluate the company's accounting practices, financial statement quality, internal control systems, risk management, and information sharing policies. Results and recommendations of the Audit Committee are included in the annual report.

The financial statements of the company and affiliates were evaluated by independent external auditors. The Board of Directors supported the Audit Committee with necessary information and documents to complete the auditing process according to accounting standards. The analysis results of the auditors were included in the annual report.

The Board of Directors believes that the company's internal control systems are of high quality, assuring the credibility of the financial statements of the company and its affiliates for the year ended December 31st 2020. The company adhered to financial reporting regulations and relevant laws.



Mr. Bandhoon Supakavanich

President



Mr. Krisada Chavananand

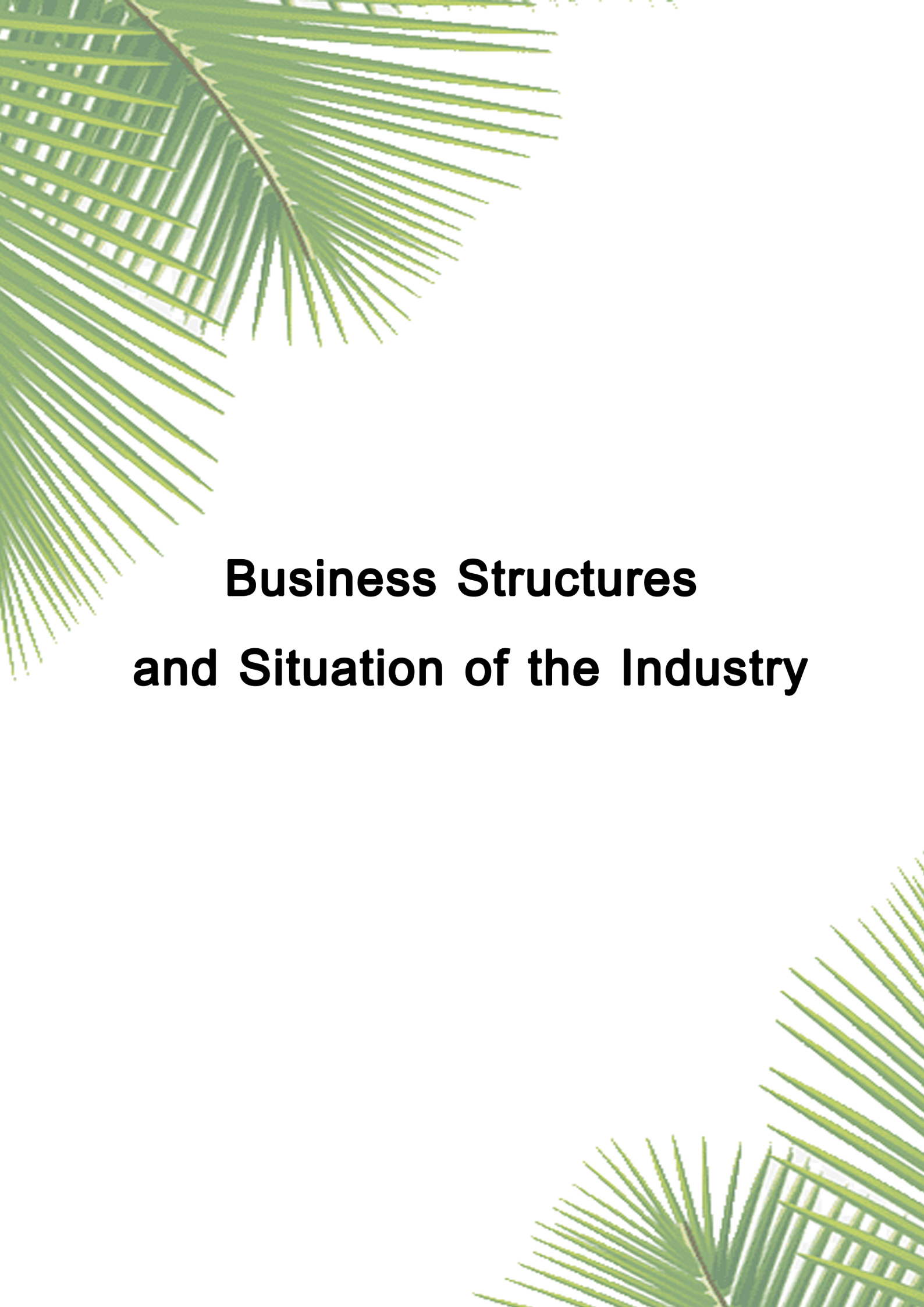
Managing Director

Vision

“We grow. We sustain. Palm Today, Prospect Tomorrow.”

Mission

- 1. To be business leader by professional management and operation.**
- 2. To make the customer satisfaction.**
- 3. To maximize efficiency and productivity.**
- 4. To control production's cost at appropriately.**
- 5. To focus on development in production technology and personal skills.**
- 6. To be friendly with environment and community.**



Business Structures and Situation of the Industry



Business

1. Policy and Business

Performance policy of Company

The Company produces and sells crude palm oil in Chumphon province. It has 2 manufacturing plants with the total capacity of 180 tons of fresh Palms per hour. Additionally, the Group operates alternative energy production by using waste water, and residues from the production of crude palm oil to produce biogas to be used as fuel for electricity production sold to the Provincial Electricity Authority. Currently, the Group operates two main businesses as follows:

1.1 Production and distribution of crude palm oil

Palm oil plantation

Vichitbhan Palmoil Co., Ltd., a subsidiary of Vichitbhan Palmoil Public Co., Ltd. received permission to use the national sanctuary land by the Royal Forest Department in the form of concession in the Rabror and Salui forest areas, the deforested area in Hongcharean sub-district, Thasae district, Chumphon province for palm oil plantations within an area of 19,835 Rai 3 Ngan 75 square Wah with the license expired on February 11th, 2015. Presently, it's still in the process of reinstating the license. In addition, the permission had been granted to use another National Reserve Forest area by the Royal Forest Department for oil palm plantations amounting to 9,334 Rai, 75 squares Wah in Hongcharean sub-district, Thasae district, Chumphon province with the name being Vichitbhan Palm Oil Plc. with the license expired on October 17th, 2015. Presently, it's still in the process of reinstating the license. The Company uses fresh palms as raw material in the production of crude palm oil.

After expired license, Vichitbhan Palmoil Co., Ltd., and subsidiary of Vichitbhan Palmoil Public Co., Ltd. have ceased the collection of palm fruit in the area. Until on June 28, 2016, the Central Administrative Court has ordered the Company and its subsidiaries to maintain and collect the palm fruit by paying a monthly fee to the Royal Forest Department as agreed by the Company.

The company received the letter from the Royal Forest Department on November 1, 2017. The letter is claimed for royalties and forest maintenance fees (from May 24, 2010 to October 17, 2015), totaling Baht 152,878,343.58. Our legal consultants have given an opinion that pursuant to the rent agreement of the parties specified that the company must remunerate for making use on the national reserved forest area by making the annual rental fee as specified in the said agreement. According to the agreement and laws, the company shall not to be obliged to pay any royalties and forest maintenance fees as claim in the Royal Forest Department letter. Therefore, the company has refused to pay damages on November 28, 2017.

On 30 March 2020, the Subsidiary received an appointment to hear the order of the Supreme Administrative Court ruling on the appeal against the order on remedial provisional means dated 14 September 2016 on 30 April 2020. The court had an order to amend Clause 2 of the order of the Administrative Court by having the Subsidiary to pay compensation to the Royal Forest Department during the enforcement of the means to protect the interests of the applicant during the trail as per the notification of the Ministry of Natural Resources and Environment, Re: Determination of the licensee's compensation rates for forest plantations or perennial



plantations payable to the government dated 10 November 2015, which is a governing law during the Administrative Court of First Instance ordered a remedial provisional mean. Regarding compensation of benefits from palm oil and other assets, which is not a dispute in this case, shall be in accordance with the law. If the Subsidiary does not agree to pay compensation or fees as required by law, the methods to protect the interests of the applicant during the trial shall be terminated and dismiss the order of the Administrative Court of First Instance Clause 3 and 4. The remainder shall be in accordance with the order of the Administrative Court of First Instance.

On 27 April 2020, the Company received an appointment to hear the order of the Supreme Administrative Court ruling on the appeal against the order on remedial provisional means dated 14 September 2016 of the 2nd and 3rd defendants. The court had an order to amend Clause 2 of the order of the Administrative Court by having the Company to pay compensation to the Royal Forest Department during the enforcement of the means to protect the interests of the applicant during the trial as per the notification of the Ministry of Natural Resources and Environment, Re: Determination of the licensee's compensation rates for forest plantations or perennial plantations payable to the government dated 10 November 2015, which is a governing law during the Administrative Court of First Instance ordered a remedial provisional mean. Regarding compensation of benefits from palm oil and other assets, which is not a dispute in this case, shall be in accordance with the law. If the Company does not agree to pay compensation or fees as required by law, the methods to protect the interests of the applicant during the trial shall be terminated and dismiss the order of the Administrative Court of First Instance Clause 3 and 4. The remainder shall be in accordance with the order of the Administrative Court of First Instance.

Palm Oil Crushing Mill

As on December 31st, 2020, the Company has 2 crude palm oil extraction plants with the total production capacity of 180 tons of fresh palms per hour. This is deemed that the Company had the largest total capacity of in Chumphon province, a major palm oil source of the country resulting in the Company having earned the trust of farmers and fresh palm trading entrepreneurs because the Company is able to handle large amount of fresh palm. The Company 's palm oil crushing mill used Automation and Monitoring System technology in the production, which has helped increase production efficiency and resulting in good quality crude palm oil produced meeting the standards that is recognized by leading companies both domestic and abroad. It also allows the Company to control crude palm oil Loss in the production resulting in the Company production rate being good.

The Company's products produced from palm oil are crude palm oil, palm Kernel, and by-products such as Palm Kernel Shell. The main income for the Company is from sales of crude palm oil and because the products quality meets international standards, the Company's distribution channels are both local and foreign.



1.2 Production and distribution of electricity

The production and distribution of electricity from biogas

VG Energy Co., Ltd. is a Company producing electrical energy from biogas as per the electricity purchasing contract from very small power producers (VSPP or producers of electric power not over 10 MW.) with the Provincial Electricity Authority. The Company has 2 biogas plants in Chumphon province with the total capacity of 8.4 MW with Thung Kha power plant has the production capacity at 2.8 MW power plant and Thasae power plant at 5.6 MW. The said biofuels are from biogas generated from the wastewater treatment process and decanter cake from the extraction of palm oil then the electric energy is sold to the Provincial Electricity Authority. Besides, adding value to the waste from crude palm oil factory, it also reduces the environmental impact on the communities include reducing odor from waste water. The biogas plant also contributes to reducing greenhouse gas emissions, the cause of global warming. Additionally, the Company was registered as a Clean Development Mechanism (CDM) Project under the United Nations Framework Convention on Climate Change (UNFCCC) in October 2011 and April 2012.

Additionally, the Company is also entitled to the tax benefits from The Board of Investment of Thailand for the production and distribution of electricity from biogas for a period of 8 years from 2011 to 2019 with the corporate income tax exemption and a 5 years period from the year 2020 to 2025 for the 50% income tax deduction.

2. The shareholding structure of the Group

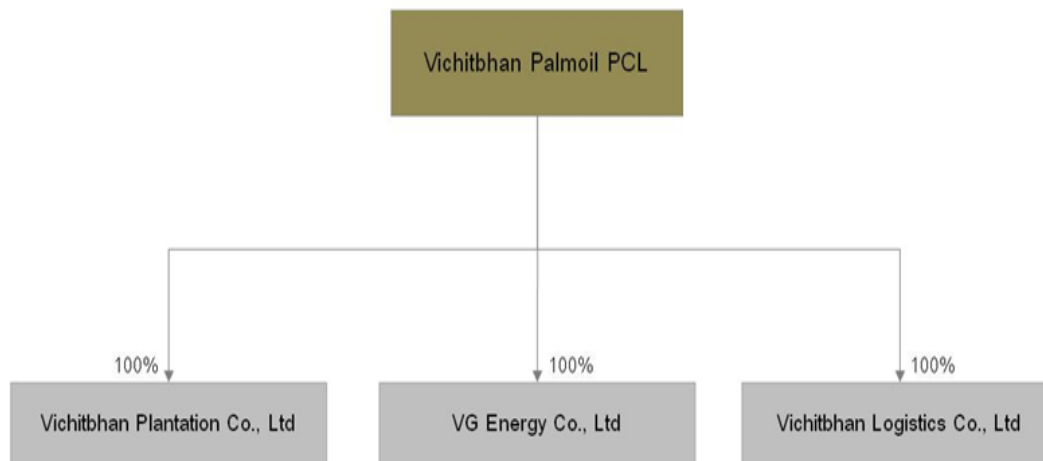
The shareholding structure of the Company and its subsidiaries is as follow:

Company	Nature of Business	Registered Capital	Shareholding
Vichitbhan Palmoil Public Co., Ltd.	crude palm oil and by-product producer and distributor	940 million THB	-
Vichitbhan Plantation Co., Ltd. (VPP)	oil palm plantations operator	42.5 million THB	100.0
VG Energy Co., Ltd. (VGE)	Producer and distributor of electricity generated from waste or residues of crude palm oil factory	470 million THB	100.0
Vichitbhan Logistics Co., Ltd. (VBL)	Transportation operator of crude palm oil and others	8 million THB	100.0



The shareholding structure of the Company Group

As on December 31st, 2020, the shareholding structure of the Company and its subsidiaries is as follows.



3. Relationship with major shareholder group.

-N/A –

4. Business structures

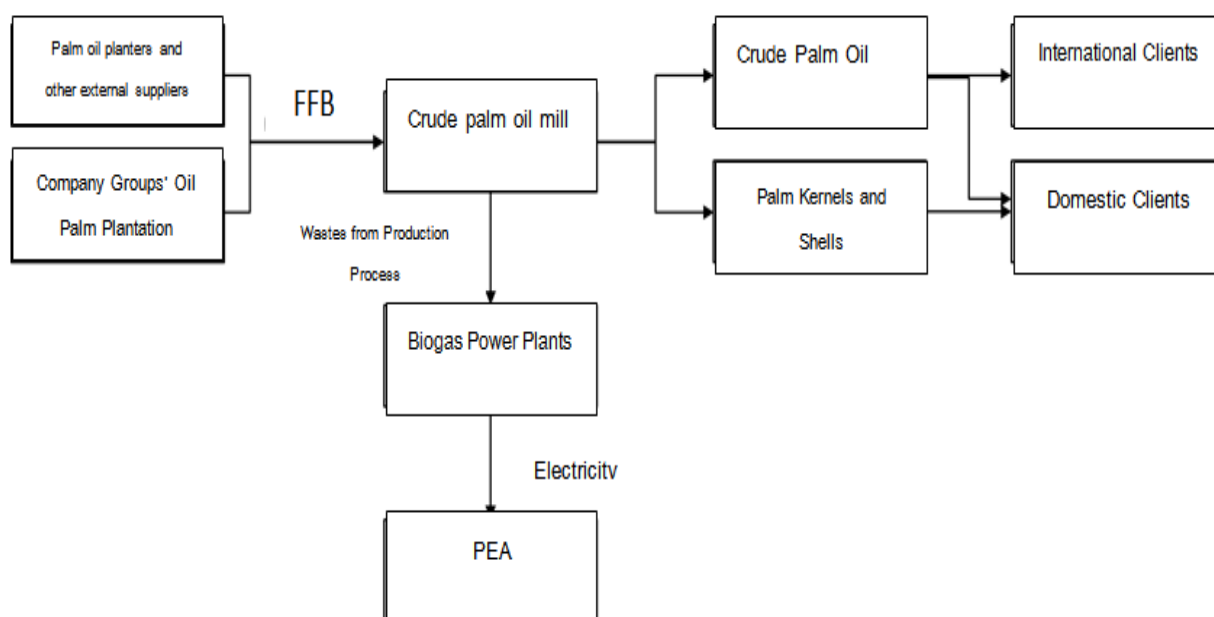
4.1 Income Structure

This table showed income structure of Company group.

Lists	annual financial statement					
	31-Dec.-20		31-Dec.-19		31-Dec.-18	
	Million	%	Million	%	Million	%
Revenue from main products	1,047.16	94.36	1,002.10	92.90	1,202.76	95.07
Revenue from other	62.54	5.64	76.60	7.10	63.33	4.93
Total revenue	1,109.70	100.00	1,078.70	100.00	1,266.09	100.00

Revenue from CPO and KER were approximately 92% – 93% of total revenue.

The Company classified the products manufactured and sold into 2 major categories: (1) product on manufacturing and supplying crude palm oil business including the production and distribution of crude palm oil and by-products from the production of crude palm oil and by-products such as seeds, and palm kernel shells (2) manufacturing and distribution of electricity from wastes or residues from the production of crude palm oil to produce electricity. This can be illustrated by the diagram as follows;



4.2 Production and distribution of crude palm oil and by-products

Currently, the Group There are 2 crude palm oil extraction plants in Tha Sae district Chumphon province and Thung Kha district Chumphon province with a total capacity of 180 FFB tons per hour.

4.2.1 Product Characteristics - Production and distribution of crude palm oil

Products manufacturer and supplier of crude palm oil can be classified into 3 types;

(1) Crude Palm Oil or CPO



The product is extracted from the palm squeeze. This is a reddish-brown liquid and the Company has no control at all production steps. The oil extracted from palm oil production process meets international standards. The standard features of crude palm oil and crude palm oil, the properties of the Company's production may be summarized as follows:

Properties	PORAM Standard ¹	Average value in 2020 from the Company's lab
Free Fatty Acid as PALMATIC	$\leq 5.00\%$	3.06%
Moisture & Impurity (M&I)	$\leq 0.25\%$	0.10%
Deterioration of Bleach ability Index (DOBI)	> 2.30	2.31

Crude palm oil is the raw material of various types. Generally, the use of crude palm oil can be divided into 2 main types of uses for consumption and used as a raw material in the production of renewable energy. The amount of each type in 2020 can be accounted for approximately 46.07% and 53.93% of the palm oil used in the country, respectively. (source: Department of Internal Trade of Thailand). For the Company, the manufactures and distributes crude palm oil to its crude palm oil refineries both domestic and international to be used in the food industry and other industries such as the production of biscuits, Non-dairy creamer, ice cream, shampoo, and cosmetics industries, including manufacturing, industrial Oleo chemicals. These include the production of fatty acids and methyl ester, etc.

(2) Palm Kernel



Production of crude palm from fresh palm fruits the Company will get palm kernel, which the innermost core of the fruit. The kernel is white opaque and very hard, mostly used for extracting oil. Then the palm kernel oil is used as an ingredient in the production of bread, margarine, and fats used in cooking, cosmetics, health supplements, as raw material for oleo chemicals industry and the pulp is used as an ingredient in animal feed.

(3) By-product (Palm Kernel Shell, empty fruit bunches, decanter cake, and palm fiber)



After the crude palm oil, the Company would end up with Palm Kernel Shell, empty fruit bunches, decanter cake, and palm fiber:

¹ Palm Oil Refiners Association of Malaysia - PORAM refers to the quality of crude palm oil in Malaysia.



- Palm Kernel Shell is between the palm fiber attached to the outer shell and palm kernel inside. The brown solid meat is mostly used for fuel.
- Empty Fruit Bunches (EFB) will be used as fertilizer for mushroom and can be use as fuel.
- Decanter Cake is used for animal feed and raw material in the production of biogas.
- Palm fiber is used as fuel to produce electricity and thermal energy to be used in the production of crude palm oil. This reduces having to purchase power from outside.

4.2.2 Sales and Marketing - Production and distribution of crude palm oil

Competitive Strategy

The business of crude palm oil is an agricultural industry. Therefore, the main factors affecting the Company's performance and financial status are amounts of palm fruit that goes into the production process. The major factors affect the quantity of palm fruit are weather and rainfall as an uncontrollable external factor. At present, the production capacity of the crude palm oil extraction plant in the country is 2 time greater than the amount of palm oil produced in the whole country and it is expected that the production capacity will be higher. The competition in raw material procurement is very serious. It may also be entered into a new competitor's industry or an expansion of the existing competitor. Therefore, the Company's strategy focused on internal management to be in line with the industry situation and increase its competitiveness. Focus on the enhance production processes and to control production costs.

Focus on sustainable the material.

The main factor of the extractive crude palm oil business is amounts of fresh palm fruit. The Company purchases the material from both small palm oil growers and large palm oil growing, including external vendors. Consequently, strategy for 2020, focused on doing sustainability of materials by extending the purchasing spots covered plantation, approach more palm oil growers as well in order to comply with the goal of building material stability, quantity. Moreover, the Company focused on quality With a project to buy palm fruit according to quality If farmers sell good quality palm fruit, the price will be higher. Which when farmers saw the importance of cutting quality palm fruit Will reduce the behavior of raw or semi-ripe palm fruit cutting, which can be seen that This project will not only promote the quality of the palm fruit that has entered the Company's production process. It also enhances the quality of the palm industry as well.

The company has also focused on improving the capabilities of the customer relations department by building inclusion in the information system and analytical thinking techniques in order to be able to use information in the Company's information system to formulate a balanced palm purchase strategy in terms of quantity, quality and price. For farmers to the image of the company by listening to the problem and various suggestions from palm farmers To be used as a guideline for improving the development of services to meet the needs of palm sellers

Focus on efficiency development of procedure.

The Company is a leader in manufacturing technology that the efficient production process will affect product quality, establish credibility and have the advantage of distribution. The production process uses

Automation and Monitoring System which can monitor, process, analyze the operation of various production processes and machines quickly and efficiently. It also helps in analysis to correct various defects on time to reduce the loss of production and the impact of production disruptions.

Although the Company has high production technology but the Company still emphasize on people by providing training to staff to understand the process of machinery in the production line to maximize the efficiency of the machine and help reduce accidents in work.

Cost planning and cost control.

In the high competition in this industry, proper cost control and production costs are strategies that the Company emphasized. Due to reduced expenditure or production costs would result in more opportunities to compete for the purchase of palm fruit. The machinery will be fully utilized which result in lower production costs per unit. The Company has introduced an information system to assist in the management and repair planning, enabling effective control of repairs.

Human Resource development

The Company had been committed to developing all organizational to have knowledge and skills in the workplace. In the year 2020, the company has organized a seminar of communicating effectively and efficiently course by focusing on the enhancing human relations and positive attitude at work and managing work conflicts according to company policy, on February 24, 2020.



4.2.3 Distribution and channels

The Company does not have a long-term crude palm oil contract as well as no derivatives policy. Include the policy of hoarding numerous oil for speculation. This is to prevent the risk of fluctuations in the price of crude oil which may arise from many factors that the Company can not control. However, the market is highly competitive and speculative. The Company may need to manage the sales according to market conditions. In some cases, the Company may have inventory higher than normal demand for palm oil and the policy of using biodiesel in the government

Domestic distribution.

The Company distributes crude palm oil and palm kernel directly to refinery, biodiesel producer and kernel oil extraction plant.



International distribution.

The Company exports only crude palm oil products. The Company also regularly considers the proportion of domestic and abroad distribution. The keys factors used in the Company consideration, prices, the demand in the domestic and abroad market.

4.2.4 Customers and Target Customer Groups

There are 2 Company's Target Customer Groups: Domestic and Abroad

1. Domestic costumers

Customers in this Group are crude palm oil refinery that will bring the Company's CPO to be refined, Biodiesel manufacturer which will use CPO through chemical process to produce biodiesel which is a substitute energy fuel of diesel type palm kernel oil extraction plants that will bring the Company's palm kernel to be extracted for oil. The Company can supply many refinery, biodiesel manufacturer and extraction plants in bulk due to the stability in the production of crude palm oil and palm kernel, product quality being acceptable, and punctuality in delivery.

2. International costumers

Although during the year 2018 to 2020, the Company had only a small amount of exports. Since the international palm oil market price was lower than the price of crude palm oil in Thailand. However, the Company has still maintained its export potential, by maintaining the quality of products that meet international standards, entrusted from foreign customers. In the past, Thailand has been able to operators for export which the Company is considered only a few domestic manufacturers that have the ability to compete in the international market. Since the large production capacity and quality management are reasonable.

4.2.5 Raw material procurement - Production and distribution of Crude palm oil

The major raw material in the production, fresh palm fruit were approximately to 82% to 86% of the total costs of sales for the past 3 years and procured from the entire country with the plantation of the Company Group accounted for 15% to 18% per year.

However, for the past year, the license to use the reserved National Forest land from the Royal Forest Department in the concession area in Hongcharean sub-district, Thasae district, Chumphon province area of 19,835 Rai 3 Ngan 75 square Wah and the area of 9,334 Rai, 75 square Wah expired on February 11th, 2015 and on October 17th, 2015 respectively, on 28 June 2016 the Administrative Count permitted the Company and its subsidiaries to collect Palm fruit, and the other part of total fresh palm fruit used in production were the Company's raw palm fruit purchased from other.

(1) Raw palm fruit purchased from outside

The price of fresh palm fruit which purchased from third parties by transferring or paying cash, depending on the volume, market conditions, and the Company's policies. In each year the Company buys fresh palm fruit from the outside; namely:



1. From the Company purchasing points (Ramp) to facilitate small palm growers to be able to sell fresh palm fruit to the Company without having to transport to sell them at the crude palm oil extraction plant. Therefore, the Company has invested to spread out the trading points to the area's farmers to facilitate the purchase. Each nearby trading point is not the buying point for any company trade partner so it does not cause any problem on poaching palm fruit with the Company trade partners.

2. The Company trade partner purchasing points do not have their own crude palm oil extraction plant and trading of fresh palm fruit to the Company. The Company had the policy to promote the quality of palm fruit. If the purchase points of the partner send good quality fruit, the partner will accept a higher price. The partners could buy more fruit from palm growers and promote the project to buy good quality palm fruits to enter into the production process of the Company.

3. Major palm growers that are capable of transporting and have good relationship with the Company will transport the palm directly to the mill.

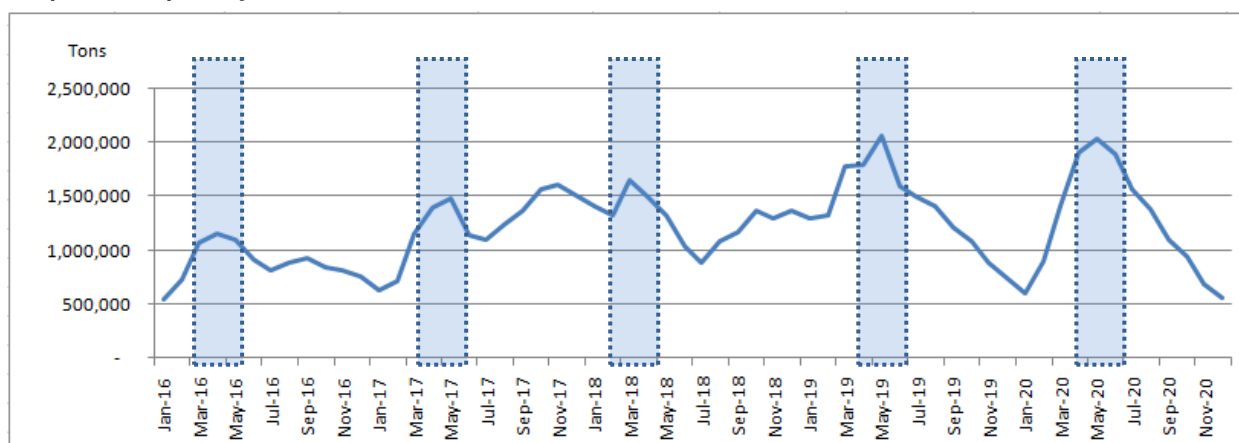
(2) Raw palm fruit from the Company

The Company's local area for cultivating and harvesting was approximate to 6,804 Rai. The Vichitbhan Plantation Co., Ltd. has cultivated and harvesting area of approximately 15,984 Rai, resulting in the Company palm plantations totaling 22,788 Rai. But in 2016 the contracts on the 2 plots of land have gradually expired, but the Administrative Court had temporary protection order that the Company and its subsidiaries can collect the palm fruits in these areas since June 2015. However, the order also decreased cultivating and harvesting area approximately to 7,109 Rai for the Company and 16,256 Rai for subsidiaries. Moreover, there was the old age of palm trees and lack of fertilization before the Administrative Court's order. But compared to the amount of fresh palm oil fruit harvested by the Company before the expiration of the concession, the amount of fresh palm fruit is halved.

4.2.6 Problems with the supply of raw materials

There are many factors in Thailand resulting the cost of cultivation of palm oil being higher than countries that are leader in the palm oil industry in the region; most palm growers have cultivation area is not very large, It is impossible to have a comprehensive management and investment in technology and development to increase productivity per acreage, palm varieties yielded low product, care and harvest were not quality and standard. The harvesting of palm fruit is also dependent on rainfall of the season each year and palm trees age.

In addition, the imbalance of fresh palm fruit to the market with the current plant capacity results in severe competition in the purchase of palm fruit. In 2020, Thailand had a total output of 14.98 million tons, which is lower than in the year 2019 with an output of 16.66 million tons or decreased by 10.08 percent. Chumphon province has a market volume of 2.27 million tons, which is lower than in 2019 with 2.43 million tons or decreased by 6.58 percent but there is an excess of production capacity.

**Graph 1 The quantity of Palm Fruit for 2016 to 2020.**

Reference: Department of Internal Trade, Ministry of Commerce

The Company has a strategy to procure palm fruit. In addition to adding a purchase point of the company by spreading to cover many areas in Chumphon province to reach even more small farmers and still have good quality palm projects to motivate farmers to cut fresh, quality palm fruit and sell to the company. And will get a higher price according to the quality of the palm fruit sold this allows the company to supply more palm fruit in both quantity and quality.

4.2.7 Production - Production and distribution of palm oil

The Company has a total of 2 palm oil crushing mills located in Chumphon province. Thasae crude palm oil extraction plant has the production capacity of 120 tons of fresh palms per hour and Thung Kha mill with a capacity of 60 tons of fresh palms per hour. The total production capacity is 180 tons of fresh palms per hour, as detailed below.

Detailed information on the production of the Group for the year 2018 - 2020

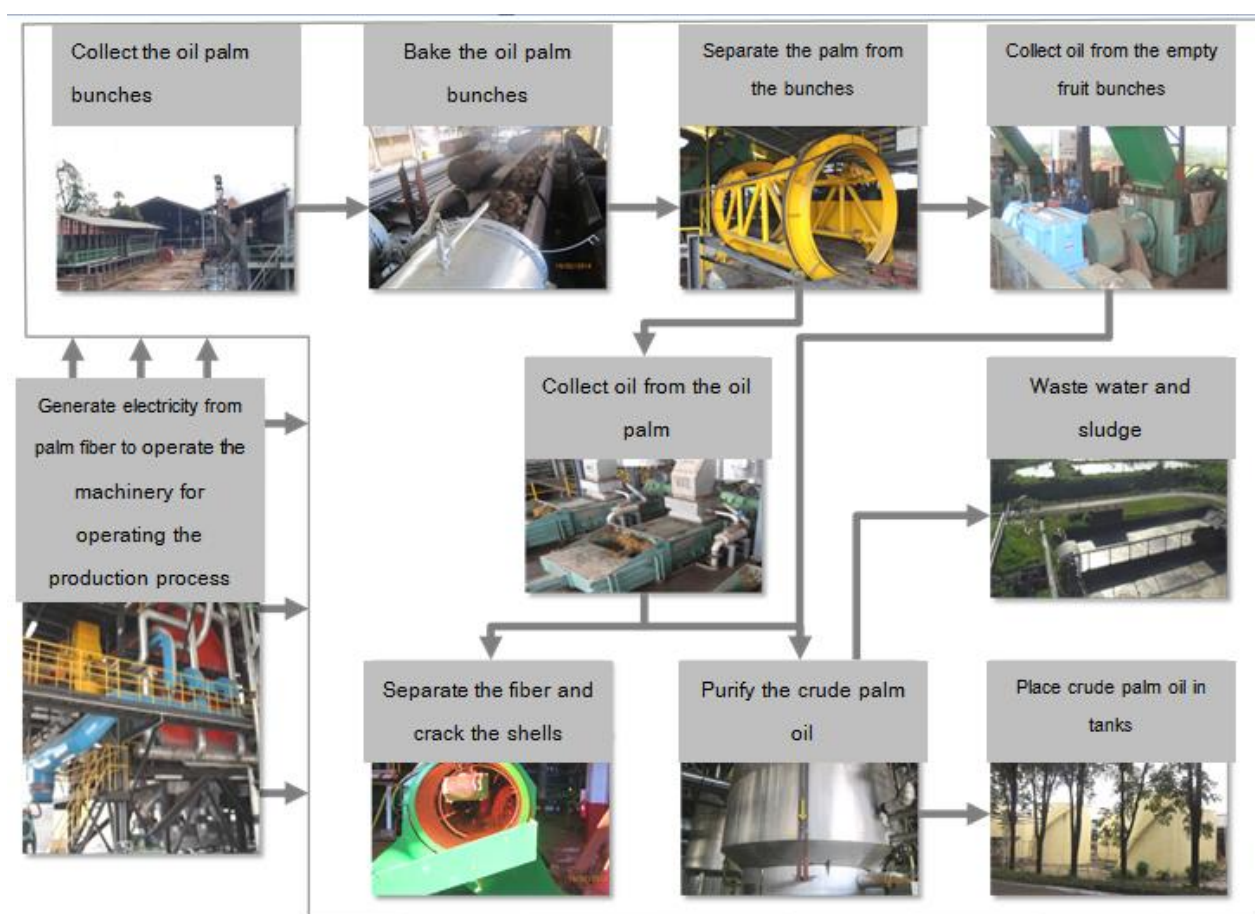
	Year 2020	Year 2019	Year 2018
Production capacity (tons of fresh palms per hour)	180	180	180
The palm put into manufacturing (tons)	180,078	276,596	233,980
crude palm oil produced (tons)	32,082	48,707	41,408
palm kernel produced (tons)	10,595	15,973	13,375

The Company implemented advanced technology with good performance, such as Automation and Monitoring System to be used in the manufacturing process to make the process more efficient and effective. It can also quickly analyze data unlike other palm oil mill that still use the old system controlled by the workers. The monitoring and analysis of the production is difficult and time-consuming resulting in lower productivity and the potential of productivity loss because the situation cannot be remedied immediately.

Manufacturing process has been controlled and managed by the Automation and Monitoring System start from the fruit conveyer to the sterilizer to steam with steam so the fruit is soft and can easily fall out of the core. It is followed by the process of separating the palm fruit from the palm bunches oil to be forwarded to the

screw press. The next process is the oil cleaning process by separating oil from water impurities such as sand, decanter cake pellets, which the Company has an oil separator machine with special technology to reduce the time of separation with oil contamination five times faster than the original duration. This results in a shorter duration, better quality of the CPO, and the Deterioration of Bleachability Index (DOBI) of CPO being better. Then, it will go through the moisture elimination to yield quality CPO and various by-products from the production. While some crude palm oil extraction plant production process is by seed compression results in deteriorated palm oil quality due to the palm oil and palm kernel oil being mixed.

Brief description of crude palm oil production



Reference: Company

The details of each station are as follows:

Figures of production process	Description
  	<p>The fruit bunches reception – is a palm fruit bunches reception process from various sources of factory and taken to the Palm reception area. When the process begins, the fruit bunches will be onto the conveyor belt sending the Palm fruit bunches to be loaded onto the truck waiting to be baked.</p>
  	<p>Palm baking – the transport system moves the loaded truck into a sterile pot, which is controlled by Automation System with sterile casserole baking by steaming palm with steam at a pressure of three atmospheres. The palm fruit bunches ripen and then taken out to be forwarded to the separation process. The Automation System will enhance efficiency and precision in controlling the temperature, pressure, and time resulting in the steaming process being complete and meets the desired formula. In addition to reducing Human Error, it is also a tool to help employees to work more efficiently.</p>
  	<p>Separating the fruit from the bunch - truck loaded with baked palm to Tipper to pour out on to the conveyor belt to the Threshing Machine to separate the fruit from the fruit bunch then the fruit is transported by conveyor to the fruit oil extractor while the empty fruit bunch is transported by conveyor to the fruit bunch oil extractor.</p>
  	<p>Extracting oil from fruit – the fruit is transported to the digester using steam and then into the Screw Press by squeezing oil from palm fruit. In this process, the fiber of palm and palm kernel will be left over. The crude palm oil will flow into the oil cleaning station. The fiber palm and palm kernel will be sent to separate fiber and seed crackers.</p>

Figures of production process	Description
	<p>Cleaning palm oil - crude palm oil will be separated by a sieve to separate sand and impurities from crude palm oil. Then sent to the oil reservoir to be sent to through a sand separator system torque again and to the oil separator machine. The oil floating on the top will be sent to storage tanks for oil separation, purification, and drying by vacuum system. Then the oil is sent to storage tanks waiting to be distributed. The oil in the bottom is returned to the tank for a three-phase separation: oil, water, and fiber then returned to the storage tank to repeat the above steps.</p>
	<p>Separating palm fiber and cracking kernel - the palm fiber, palm kernel from the extractor will be transported into fibers separator using air suction. Fiber is fed as fuel for the Boiler. The palm kernel is dried in silos then sent to grain crackers to separate the palm kernel and Palm Kernel Shell. The small palm kernel that is still mixed with the shell will be separated again by a separator. The specific gravity of palm kaolin will be transported to a separate tank for distribution. The palm kernel will be sent to the drying process and stored in silos to await distribution.</p>
	<p>Extracting oil from palm empty fruit bunch – the empty bunch will be forwarded to the extraction process with the crude palm oil flowing to the tank to extract sand. It then will be sent to be cleansed.</p>
	<p>Power plants - palm fiber from the production process will be transported to be used as a fuel to produce steam that will be converted into electrical energy for propulsion machinery on the production line.</p>



4.2.8 Environmental Impact - CPO production and distribution

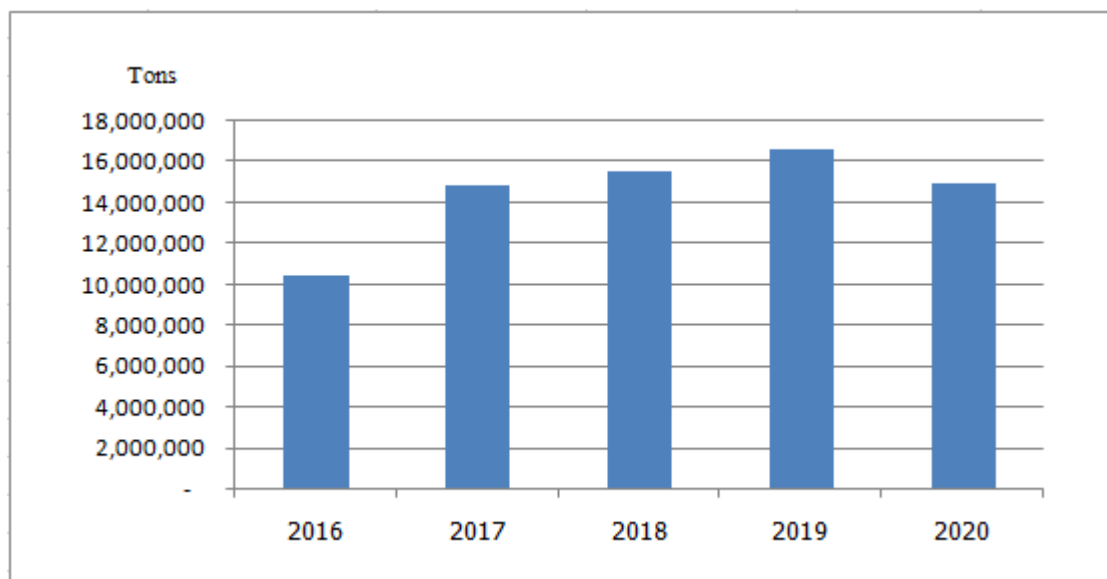
Group's policies and practices in the care and preservation of the environment are clear to ensure that the Company's production process yields minimal environmental impact. The focus is on the ongoing management. This starts from the Company staffs and managements having to be ethical in its operations, the Company is committed to reducing the environmental impact by continuously investing and improving the management of pollution from manufacturing investment in systems such as particulate traps and oxygen analyzer to measure the amount of excess air resulting from the combustion of the boiler in crude palm oil. The Company is also ready to invest in order to fix the environment resulting from the cultivation process and other management systems; water and waste resulting from the manufacturing process. The Company has invested in technology that use waste water and waste from the production of crude palm oil through a fermentation process to produce biogas and used as fuel to produce electricity. The remaining water from the biogas process still possesses benefits to organic palm oil company so it is used for watering the oil palm plantations of the group the Company.

The extraction plant takes into account the usage of crude palm oil residues from the manufacturing process for the maximum benefit and reduction of pollution that may occur, such as boilers powered by turning palm fibers into fuel to produce steam then converted into electrical energy for powering machinery in the production process.

4.3 Market condition of crude palm oil

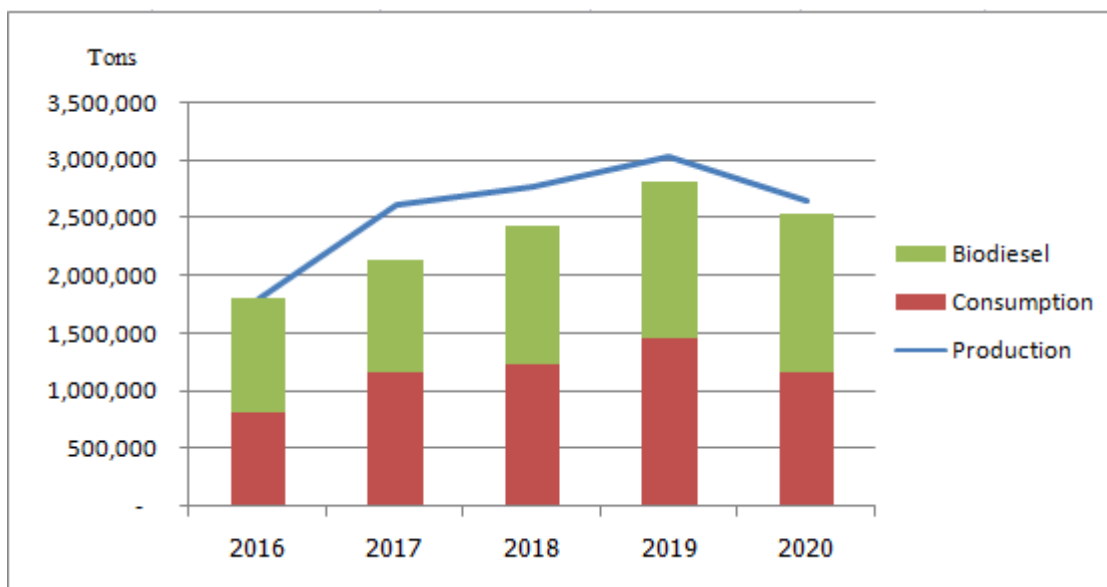
4.3.1 Situation of the Industry

Crude palm oil and palm kernel is agricultural products. The price mechanism is determined by demand and supply. The major factor affecting the supply is the weather which has a direct impact on the amount of palm oil and other vegetable oils in the market. Demand is determined by various industries, including energy, which increases according to the population. In addition, the economic growth of various countries affects the quantity of consumption as well as the tax barrier used by large importing countries such as India and China have a direct impact on the demand for consuming palm oil and vegetable oil as well.

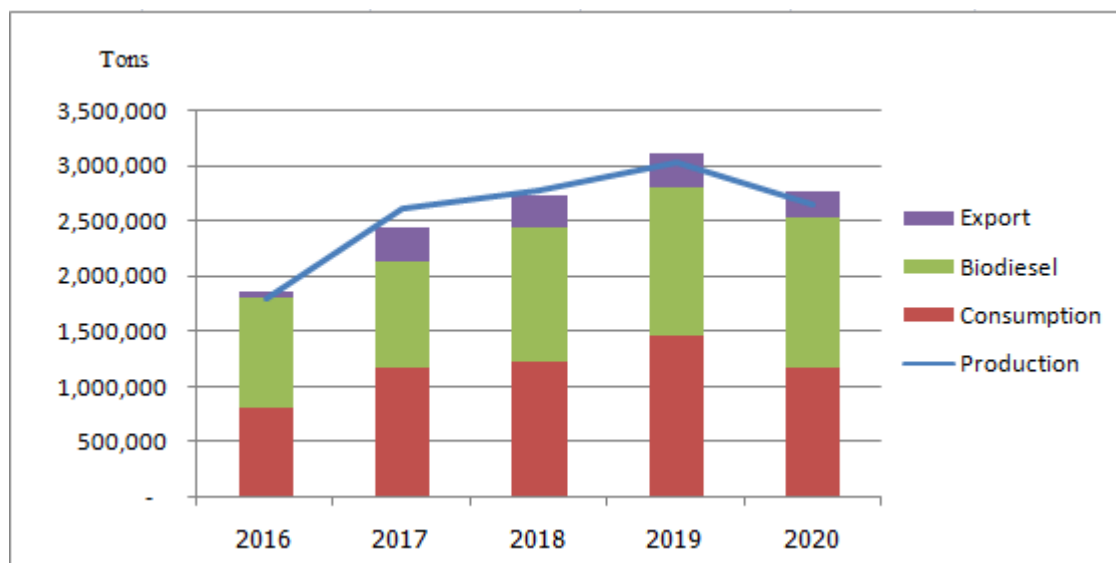
**Graph 2 the amount of palm fruit bunches used in palm oil production in 2016 to 2020**

Reference: Department of Internal Trade, Ministry of Commerce

The amount of produced Crude Palm Oil in Thailand would be in the same direction as the amount of palm fruit used in produce crude palm oil. In the past, the demand for crude palm oil was used in many consumer products.

Graph 3 the volume of crude palm oil compared to crude palm oil demand in the country

Reference: Department of Internal Trade, Ministry of Commerce

**Graph 4 Total crude palm oil production in country compared to domestic demand and export.**

Reference: Department of Internal Trade, Ministry of Commerce

In the past, the crude palm oil quantity and the demand for crude palm oil shown that there was oversupply, requiring exports to balance supply and demand. But with the price mechanism of crude palm oil that makes the domestic price higher than the world market. This is due to various government policies to help absorb excess supply, such as the Crude Palm Oil Purchase Project from the Electricity Generating Authority of Thailand. Causing some periods to not be able to export to compete with the world market

In the year 2020, there was an epidemic situation caused by COVID-19 virus which severely affects the world economy and many industries are affected in vary. The palm oil industry was al so affected but less severe compared to other industries which directly affected. This epidemic caused the contry to shut down in order to control the spread of the disease causing the reduced of traval and transportation. The restuarants and places also closed. Resulting in decreasing in the demand of palm oil, including renewable energy and consumption. On the supply side, it dramatically declined due to shortage of labour for harvest the produce in the palm plantation of the major producing contries such as Indonesia and Malasia. As a result, the producing and palm oil stock have continued to decline causing the price of palm oil in the world market is high which help to support domestic price al well. In 2020, Thailand began to exporting palm oil in the second and third quarters where foreign prices were higher than the domestic price, this helps to absorb excess supply and balancing the domestic price and demand. However, the occurance of COVID-19 virus outbreak is still a factor that needs to be considered in all aspect including the new outbreak and the severity of the situation, the trend of control the disease from vaccination that begun to spread across in many contries. This will determine the domestic and international of the demand and supply of palm oil.

4.3.2 Competition

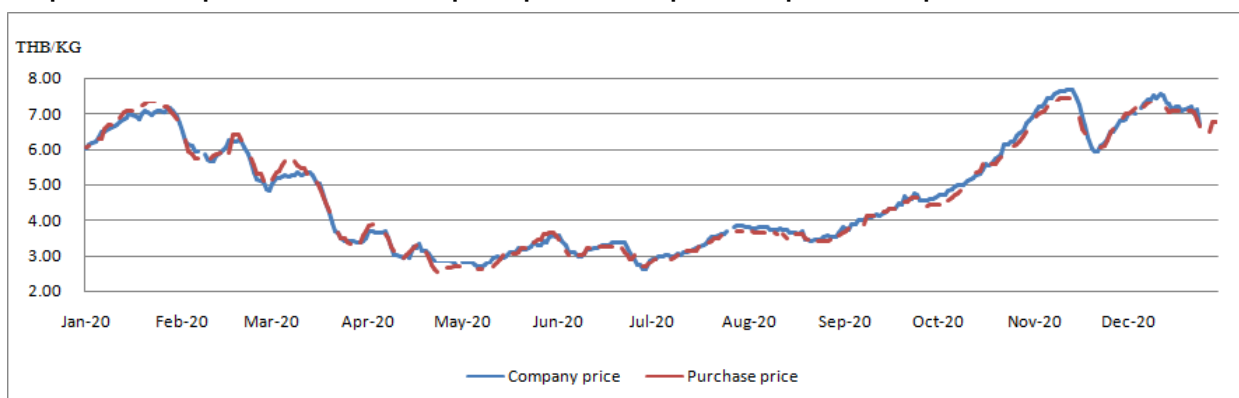
The palm oil industry is directly related to the use of fresh palm fruit. Thus, there are 2 types of competition in the industry; the competition to purchase raw materials from palm growers to be used in crude palm oil mill and the competition for the sale of crude palm oil and palm kernel to customers. The competition for the purchase of raw materials is more violent than the competition in the sale of crude palm oil and palm kernel.



Competition in purchasing fresh palm fruit

The competitors of the Company in purchasing palm fruits are palm oil mills located close to the CPO mill of the Company's. The palm fruit harvested from palm oil tree should be processed within 24 hours in order to get good quality on CPO. The Company has good capability to access the palm growers products with effective administration by using information technology to assist in the management and storage of agricultural and purchase partner, creating a good relationship with large palm growers and the trading points to continuously provide feedstock to the Company including the development of the continuous oil palm cultivation support for small palm growers in the community so that small palm growers can reduce costs and increase productivity. As a result, quality and quantity raw product being fed to the Company, will have to adjust the price of palm fruit in accordance with the rate of extraction of crude palm oil at the production facilities to encourage small palm growers to submit quality fruit into crude palm oil production.

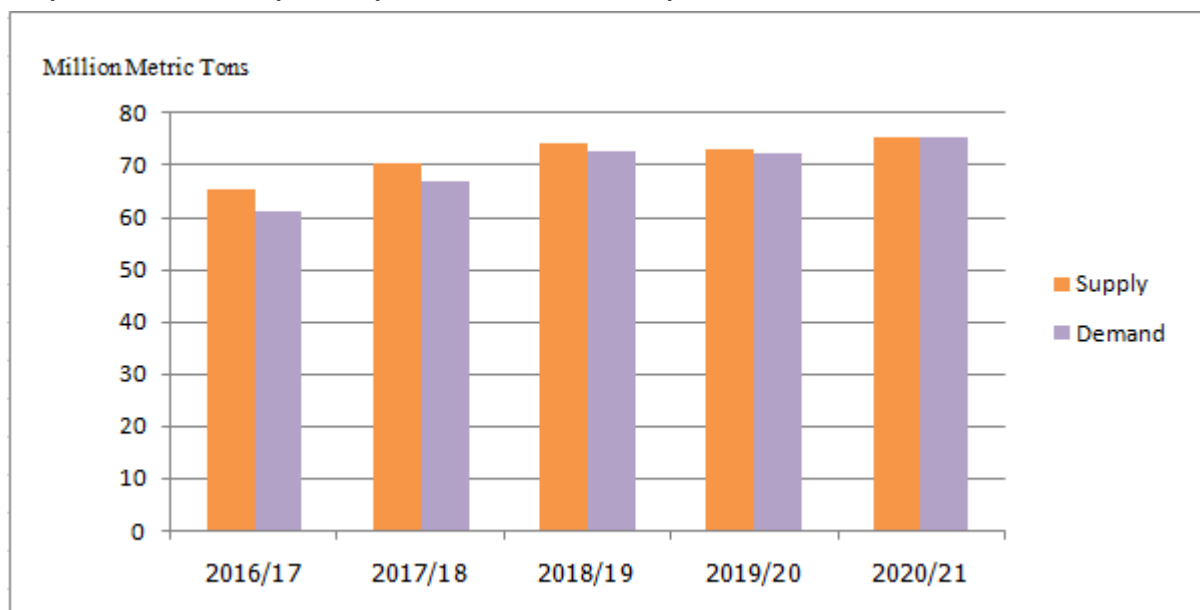
Graph 5 Price of palm fruit of the Group compared to the purchase price of the palm fruit



Reference: Department of Internal Trade, Ministry of Commerce

Demand and supply of palm oil overview

For palm oil production in the world market is likely to continue increasing in every year. The average growth rate is 3.75 but if looking at the annual palm oil yield, there is fluctuation in volume decrease in some year due to the quantity of fresh palm fruit that would launch to the market are depends mainly on the climates. Moreover, there are some other factors such as palm growers's care of fruit, the age of the palm and replacement of planting involved resulting in the supply of palm oil unstable while demand is increasing. And in the year 2020, there was unexpected factor such as the coronavirus epidemic.

**Graph 6 the amount of palm oil produced and the use of palm oil in the world market.**

Reference: Foreign Agricultural Service, US Department of Agriculture as December 2020

Table 1 Production of plant oil in the world vegetable oil market

Types of oil	Production and proportion in 2020	
	Productions (million tons)	Percent
Palm oil	75.45	36.08
Soy oil	60.27	28.82
Rapeseed oil	27.64	13.22
Sunflower oil	19.27	9.21
Kernel palm oil	8.77	4.19
Peanut oil	6.12	2.93
Cotton oil	4.86	2.32
Coconut oil	3.57	1.71
Olive oil	3.20	1.53
Total	209.14	100.00

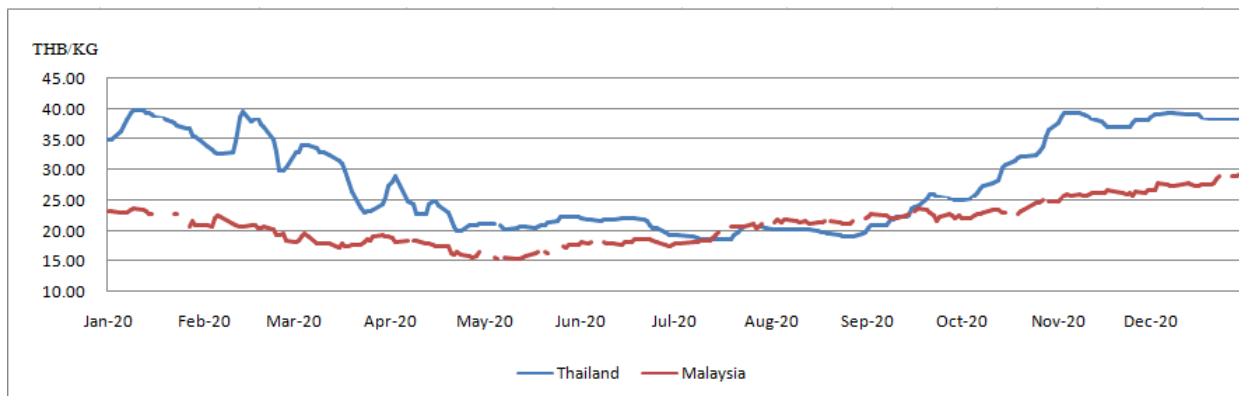
Reference: Foreign Agricultural Service, US Department of Agriculture as December 2020

In normal condition, the price of crude palm oil both in domestic and international will be mainly determined by Malaysia's market price. However, currently in Thailand crude palm oil is still be imported product controlled causing domestic crude palm oil price had different from Malaysia's market price. Especially, form the year 2015 to 2020 with government policy intervention such as the proportion of merging palm oil into biodiesel, the purchase of CPO from the Electricity Generating Authority of Thailand including the competition of extraction plant. The tendency of the selling price of crude palm oil in Thailand and Malaysia still goes in the same



direction. The fluctuation of crude palm oil price depends on many factors, for example, the unstable of palm fruit, economics and the fluctuation of crude oil price in the global market.

Graph 7 Averaged CPO price compared with Thailand and Malaysia in the year 2020



Reference: Department of Internal Trade, Ministry of Commerce

In the beginning of year 2020, Thailand had less fresh palm fruit and the crude palm oil price was high from the year end of 2019 that the weather has drought causing supply dramatically decreased including the resulting of the policy to promote the use of renewable energy or biodiesel that increases the demand of crude palm oil but later the price of crude palm oil dropped from the volume of palm fruit that launched to the market increases with the season. And the government has a policy to buy crude palm oil from the Electricity Generating Authority of Thailand to maintain a balance in the palm oil industry. Until in the second and the third quarter, the spread of COVID-19, the severe causing the labour shortages in Indonesia and Malaysia. The product and the stocks of palm oil has continued to decline since the middle of the year. As a result, the price of palm oil in the world market was higher than the domestic price. Causing Thailand to export palm oil during this period. In the fourth quarter, the volume of fresh palm fruit begun to declined due to the dry weather and the amount of fresh palm fruit were lower than the expectation. The mentioned factor helps to support the domestic crude palm oil price continued increasing.

4.3.3 Domestic market

Palm oil industry is one of the important industries in Thailand. Most of the domestic entrepreneurs will mainly produce for domestic palm oil sales because of demand consumption and energy consumption is 80% - 90% of the total production or approximately 1.7 to 2.0 million tones which the domestic demand was lower than the amount of palm oil produced.

For the domestic market in 2020, the target market of domestic palm oil is the food industry. As for the price of crude palm oil in Thailand in normal conditions, it is mainly based on the price in the Malaysia market including demand and supply in Thailand which the major factor affecting as following

- Price of substitute vegetable oil such as soybean oil
- Consumption demand and amount domestic palm oil produced
- Weather conditions which affect the production and price of the palm fruit that launch to the market
- Other policies such as biodiesel blending policy, export tariff, etc.



4.3.4 International market

U.S. Department Agriculture is a government department of the United State which collects data of global palm oil producing. In 2020 the world exporting of palm oil had amount approximately 51.04 million tons per year. Indonesia is the world's largest producer and exporter of palm oil which has exporter market share around 56.52 percent followed Malaysia which has exporter market share around 33.84 due to both of these mentioned countries has a suitable climate for planting palm, the palm for planting are good varieties result in giving high production and received good support from the government. While most of the palm growers in Thailand is a minor producer and there are not much in the industry, makes the quality of palm and production per Rai lower than the two largest producers, resulting in less remaining quantity from domestic consumption when compared to two main producers.

Table 2 Major palm oil exporting countries

Million Tons					
Contries	2016/17	2017/18	2018/19	2019/20	2020/21
Indonesia	27.63	26.97	28.28	26.90	28.85
Malasia	16.31	16.47	18.36	17.21	17.28
Khulalumper	0.72	0.80	0.83	0.81	0.81
Papua New Guinea	0.66	0.68	0.72	0.57	0.57
Other	3.56	3.73	3.39	3.42	3.54
Total	48.89	48.65	51.58	48.91	51.04

Source: Foreign Agricultural Service, US Department of Agriculture in 2020.

Although Thailand was the third largest crude palm oil producer but compared to Indonesia and Malaysia, we still produce less than them. Thailand was also the 7th domestic consumption of the world, affected to have a few exports. In the year 2020, international price of crude palm oil was lower than domestic price; as mentioned above, causing the export to halt. Because the government tried to support the price of fresh palm fruit to help palm growers.

5. Production and distribution of electricity

5.1 Product characteristics: - Production and distribution of electricity

The Company has established VG Energy Co., Ltd., a subsidiary with the Company holding 100% share, to produce and sell electricity from alternative energy to be distributed to the public sector; the Provincial Electricity Authority as per the policies to support the production of electricity from alternative energy. Currently, the Group's operating 2 power plants producing electricity from biogas with the generating capacity at 8.4 MW in Chumphon Province. The biogas is from the waste water from the extraction process of crude palm oil in the crude palm oil mill, which contains organic compounds decomposed by biological fermentation under oxygen-free conditions in order to obtain methane, biogas that is qualified to be used as fuel in power generation operations.

VG Energy has a power purchase agreement with the Provincial Electricity Authority for the two power projects from biogas and has been selling power commercially in March and May 2011, respectively.

Production and distribution of electric energy from biogas

VG Energy Co., Ltd. is in the business of electricity from biogas production and sale in 2 projects with the total capacity of 8.4 MW. VG Energy Co., Ltd. has entered into 2 power purchase agreement with the Provincial Electricity Authority the subject matter of the power purchase agreement (PPA) between VG Energy Co., Ltd. and Provincial Electricity Authority can be summarized as follows:

Project Name	Biogas power plant project Sapanan subdistrict, Thasae district, Chumphon	Biogas power plant project Thung Kha subdistrict, Muang district, Chumphon
Contract number	VSPP-PEA 092/2551	VSPP-PEA 093/2551
Signing Date	27 November 2008	18 December 2008
Contractual volumes	4.5 MW	2.5 MW
Generating capacity	5.6 MW	2.8 MW
Pressure Level	22,000 Volts	22,000 Volts
Commercial operation date (COD)	10 May 2011	10 March 2011
Power purchase point	29 Moo. 3, Phetkasem Road, Sapanan subdistrict, Thasae district, Chumphon 86140	170 Moo. 6, Phetkasem Road, Thung Kha subdistrict, Muang district, Chumphon 86100
Duration of contract	5 years and continuously for 5 years until the agreement is terminated	

1) Biogas power plant projects, Sapanan sub-district, Tha Sae district, Chumphon province

Biogas power plant project, Sapanan sub-district, Tha Sae district, Chumphon province has generating capacity of 5.6 MW, is located at No. 29 Moo 3 Phetkasem Road, Sapanan sub-district, Tha Sae district, Chumphon province 86140 on the plot of land with area of roughly 43,000 M² meters of land being a plot with lease rights over land for the purpose of producing electricity from biogas for the Company. The project Commercial Operation Date (COD) was May 10th, 2011



2) Biogas Power Plant Project, Thung Kha sub-district, Muang district Chumphon province

Biogas Power Plant in Thung Kha sub-district, Muang district Chumphon province project has the generating capacity at 2.8 MW is located at No. 170 Moo 6 Phetkasem Road, Thung Kha sub-district, Muang

district, Chumpon province 86100 with the area of approximately 47,200 M² meters of land being a plot with lease rights over land for the purpose of producing electricity from biogas for the Company. The project commercial operation date was March 10th, 2011



Details of the biogas power plant projects

Project Name	<ul style="list-style-type: none"> ● Biogas power plant, Sapanan sub-district, Tha Sae district, Chumphon province project ● Biogas Power Plant, Thung Kha sub-district, Muang district Chumphon province project
Project Location	<ul style="list-style-type: none"> ● 29 Moo 3 Phetkasem Road, Sapanan sub-district, Tha Sae district, Chumphon province 86140 deemed by the Company to be on a high ground with no risk of flood and there has never been flooded. ● 170 Moo 6 Phetkasem Road, Thung Kha sub-district, Muang district Chumphon province 86100 deemed by the Company to be on a high ground with no risk of flood and there has never been flooded.
Generating Capacity	<ul style="list-style-type: none"> ● Sapanan Biogas power plant generating capacity is at 5.6 MW. ● Thung Kha Biogas power plant generating capacity is at 2.8 MW.
Project Detail	<p>Biogas power plant producing electric from waste water and residues from processing crude palm oil. The Group's Aims to take advantage of waste in the form of renewable energy by putting the waste through a treatment system to produce biogas to be used as fuel for electricity sold to the Provincial Electricity Authority. Additionally, the program can also help reduce the emission of carbon dioxide and methane into the atmosphere, a major cause of global warming. The materials and technology used in the production process:</p> <ol style="list-style-type: none"> 1. Waste water from palm oil (POME), 2. Treatment type high performance A + CSTR, A + UASB and A + HCSR 3. Biogas Engine 4. Electrical distribution system
Technology	<p>The working principle of the Production system starts with the production of raw materials; waste water and decanter cake from crude palm oil going through closed treatment in the Appropriate Completely Stirred Tank Reactor and Appropriate Upflow Anaerobic Sludge Blower, and Appropriate High concentration Sludge Reactor, respectively. The biogas produced would be going through removal of water and hydrogen sulfide (H₂S) using cleaning bio-Filter before being used as fuel to produce electricity by using Biogas. Engine to produce supplemental electricity to be sent to the transformers and Provincial Electricity Authority distribution system.</p>



For the operation and maintenance of power plants, the Company has entered into a contract with Souer Company Limited to provide Operation and Maintenance(O & M) service for this project area for the biogas engine for a period of 59,999 hours of running after project construction completion with the detailed scope of work; operation, monitoring, and controlling the capabilities to produce the amount of electricity according to the contractual terms and monitoring plan for maintenance of biogas plants to prevent the disruption of production efficiency.

The revenue and volume of the Group for power generation and distribution business can be summarized as follows.

Product Category	For the fiscal year ended					
	31 Dec 2020		31 Dec 2019		31 Dec 2018	
	Income (Million baht)	volume (KWh)	Income (Million baht)	volume (KWh)	Income (Million baht)	volume (KWh)
Total revenue from sales of electricity	33	9,634,200	41	12,181,822	30	8,189,280
Average electricity price	3.38		3.35		3.63	
Basic electricity tariff (Baht per unit)	4.22		4.22		4.22	

5.2 Distribution and Market – Production and Distribution of Electricity

Business of production and distribution Electricity from biogas is less of risk in demand side. Because the demand is continually increment.

The Company is committed to be a leader in the palm oil business. It also takes into account the management of raw materials to maximize benefits and take into account the possible environmental impacts of waste and residues from the production process of crude palm oil. The Company use high technology for high efficiency in electricity production. The Company's power plant projects efficiently generate electricity, distribute constantly and stably.

The government's policy is to support the generation and distribution of electricity from renewable energy by small-scale power producers (VSPP), which will purchase all electricity generated from very small power producers that have electricity agreements with PEA. The power plant of Company is a risk of low power distribution to PEA. And future power plants will not affect the Group's sales volume.

5.3 Raw Material Procurement - Electricity Production and Distribution Business

Due to the power generation of the Group being from the waste from the production of crude palm oil, including waste water from the crude palm oil production to produce bio-gas and Slough from palm oil production as well. The Group has strategy for the raw material procurement from various sources to be used for the production of crude palm oil in the mill for the whole year. Additionally, the group also recognizes the use of raw materials to achieve the maximum benefit and the plant was designed to meet the crude palm oil extraction plant production capacity of the group.



5.4 Production - Electricity Production and distribution business

(1) Production capacity and utilization

The generating capacities of the 2 biogas power plants are as followed.

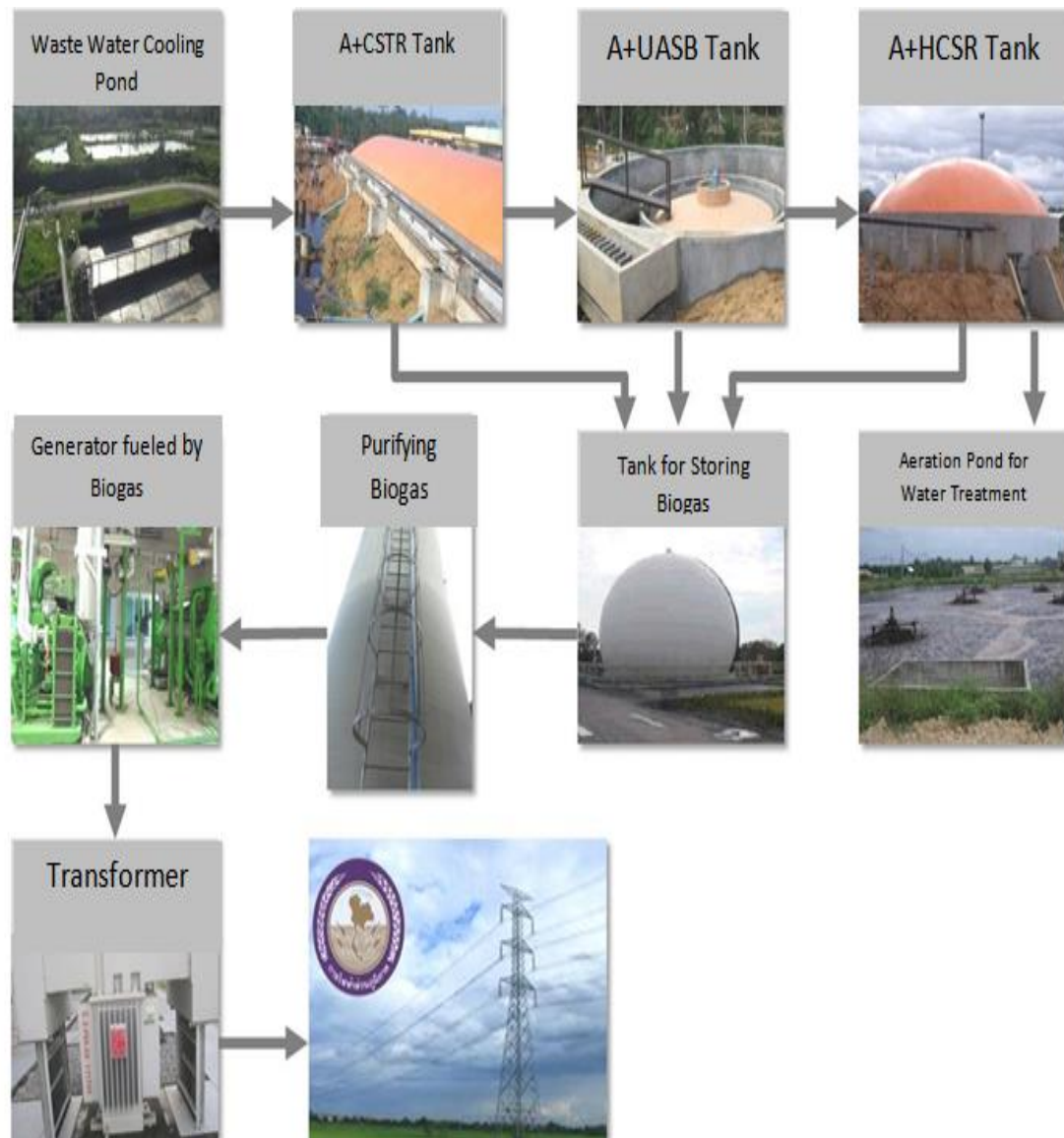
Project name	Production capacity	Commercial operation date (COD)
Biogas power plant project Sapanan subdistrict, Thasae district, Chumphon	5.6 MW	10 May 2011
Biogas power plant project Thung Kha subdistrict, Muang district, Chumphon	2.8 MW	10 March 2011

The installed capacity of the two power plants with a capacity utilization rate of the production is summarized as follows:

Items	Thasae project			Thung Kha project		
	2020	2019	2018	2020	2019	2018
Ability to produce power (kilowatt - hours per year)	49,056,000	49,056,000	49,056,000	24,528,000	24,528,000	24,528,000
The amount of electricity produced. (kilowatt - hours per year)	10,469,105	13,394,501	9,396,427	0.00	0.00	0.00
The rate of capacity utilization (%)	21.34	27.30	19.15	0.00	0.00	0.00

Note: Thung Kha Project had not production. Because the power plant closed due to have no raw materials.




Production of electricity from the waste water from the crude palm oil extraction process






Reference: Company

Details of Production Process

Raw materials for biogas production include waste water and decanter cake extracted from the Group's CPO with the total capacity of 180. Tons of palm fruit per hour.

Figures of production process	Biogas production processes
	<p>Waste water from the crude palm oil extraction process is sent into the Cooling Pond to reduce the temperature and it is the primary waste water management, that is to separate waste water and suspended solids; sand, gravel, etc.</p>
 	<p>Anaerobic Wastewater Treatment process due to water coming in the system being highly concentrated so it needs to be treated by A + CSTR (Appropriate Completely Stirred Tank Reactor), which is responsible for trapping sediment deformation and degradation of organic matter in wastewater and sludge and slurry as organic matter into biogas. The wastewater that has gone through the A + CSTR treatment system will have a low concentration. It then passed into the treatment system, an A + UASB (Appropriate Upflow Anaerobic Sludge Blanket) for treatment of wastewater with left over biodegradable and not very high concentration to end up with the high quality enough to be manipulated by the next treatment system.</p>
 	<p>The process of managing waste and sludge from the plant using The A + HCSR (Appropriate High concentration Sludge Reactor) treatment system, which completely manages water and waste resulting from the crude palm oil production mill. The system will have the sludge from A + CSTR and A + UASB mixed with - decanter cake from crude palm oil extraction mill in order to enhance the biogas degradation. The sludge left over from the treatment plant would have low COD and can be used as fertilizer for the palm garden. The wastewater from the treatment would be sent to be treated in the aeration pond. The waste water that has gone through plant treatment would be to water the factory palm garden.</p>

Figures of production process	Biogas production processes
  	<p>Biogas production will be directed to the elimination and removal of hydrogen sulfide (H₂S) system using a clean biogas Bio-Filter before being used as fuel to produce electricity in the Biogas Engine with biogas being ignited mixed with the air in the cylinder. Thermal energy from the combustion is converted into mechanical energy to spin the generator to produce electricity for the transformer and connected to the Provincial Electricity Authority distribution system further</p>

5.5 Environmental Impact - CPO production and distribution

The Company is aware of about the impact on the environment. The environmental management is implemented to have an international standard for environmental management and to have rules and procedures in the field of the environment care that is appropriate with the law and can be examined using the Initial Environmental Examination: IEE), which is a standard that has a role in controlling the impact on the environment from the operation and must be strictly completed before the start of construction of the power plant. The environmental impact reduction measures must be implemented and the measures to monitor environmental quality along with continuously reporting the implementation to the relevant departments.

The implementation of measures to reduce environmental impact as defined in the IEE report include the physical resources, biodiversity, human Usage, and quality of life. The conditions have to be fulfilled starting with the construction period until the current operation and measures continued to be developed to more effectively reduce the environmental impact with the focus being on the Pollution Prevention policy.

6. Risk Factors

The risk factors listed below are risk factors that the Company deemed that it is significant and it might cause a negative impact on the financial statement, performance, and the Company's stock value and also significantly negative in the return on investment of the ordinary share of the Company. In addition of the listed risk, there may be some risk factors which still unknown at this time or it is the risk that the Company has considered there was not a significant impact on the performance of the Company, but in the future, these mentioned risks might significantly affect to the statement of financial position and the Company's performance.

6.1 The Risk from the business of produced and selling palm oil

6.1.1 The risk of fluctuating crude palm oil prices

Crude palm oil and Kernel is an agricultural product which the price was determined by demand and supply. The important factors that affect demand and supply are climate conditions which directly affect the



amount of crude palm oil and other vegetables oil in the global market. In addition, the economic growth of various countries which consumes vegetable oil and the policy on the import tax rate of the world largest vegetable oil consumer country which is India and China would directly affect to consumer demand of vegetable oil.

In addition, palm oil is currently used as alternative energy. In order to replace the use of fuel or also known as biodiesel makes the price of palm oil as a substitute product is influenced by the movement of crude oil prices in the world market. Therefore, the demand for fuel including factors from alternative fuels such as natural gas prices would inevitably affect the movement of crude palm oil prices as well.

The price of crude palm oil for sale locally and internationally will be based on the trading price at the Malaysian market. But because Thailand currently provides crude palm oil as a control product Therefore, the price of crude palm oil in the country may be different from the price in the Malaysian market at certain times. According to the fluctuations in domestic demand and supply. In general, the world market prices and domestic prices will be at a similar level. Except in some cases, for example, the amount of crude palm oil produced in the country exceeds the demand. Or there is a shortage of palm oil in the country etc

Therefore, if the price of crude palm oil fluctuates according to the decline of the world market price, it will inevitably affect the revenue of the Company. It is expected that the fluctuation of mentioned crude palm oil price will not have a serious effect on the Company because in normal conditions if the price of crude palm oil decreased, the price of raw material which is fresh palm fruit will be decreased resulting in the cost of production also decreased as well.

6.1.2 Risk from Seeking Raw Materials with Appropriate Prices

Factors affecting the quantity of raw materials are as follow:

(1) Changing area of land for plantation due to government policies such as fiscal support for renewable energy crop plantation.

(2) Changing weather conditions such as precipitation and droughts which affect the quantity and quality of oil palm collected from the plantations.

(3) Currently, the palm oil crushing mills has a production capacity of extraction higher than palm output greater two times, making the high competition in purchase of raw materials.

Moreover, a shortage in oil palm supply will lead to intense competition between crude palm oil businesses to acquire the limited raw materials, driving up resource prices and production costs of the Company. This may affect the performance and financial position of the Company.

However, the Company has expanded the purchase points in areas with dense palm plantations in Chumphon and nearby areas, in order to access and increase convenient for palm growers to sell palm to the Company and have plans to expand the purchase points continuously in order to be the main tool for providing increasing quality of palm oil. The Company has a good quality palm project to encourage farmers to cut good quality palm fruits for a better palm oil price. This project will help to promote the overall image stability and sustainability of palm oil industry also be able to compete with other countries. Moreover, the Company has focused on the management of raw material to keep up on the situation such as processing and analyzing



information in every dimension to formulate the material strategy by bringing the information systems to support data in all aspect and has established a customer relationship for public relation, understanding, and listening to the suggestion makes the Company gained trust and a good relationship with partners and palm growers

6.1.3 Risk from changing government policies

From the past, the government has a policy to intervene or announce the price of palm fruit. By advanced pricing for domestic palm oil sales. Including the policy of blending biodiesel into diesel, which will effect the demand for crude palm oil. So, if the government has any policy changes. It may affect the performance and financial status of the Company.

However, the Company has closely followed up the policy of the government in order to be able to adapt to change.

6.1.4 Risk from palm plantation of the Company Concession area and leased area from government agencies

In the year 2020, the Company had 84.71% of total palm oil purchased from outer. Another is 15.29% of the total palm oil from palm oil plantation. The concession expired in October 2015 and February 2015, respectively but it was ordered temporarily by the Central Administrative Court to apply for extension of concession area.

If the Company does not receive temporary protection and / or renewal will make the Company must buy palm fruit from all outsiders for use in production. This will lead to higher production costs.

Has been granted of concession, the Company is going to have cost from replant palm. This will take 3 years to start producing and 7 -8 years before the palm tree grows to full yield. These risks may affect performance and financial status of the Company.

Nevertheless, the Company has established a system and network to buy palm fruit from outside, both from farmers and operators from expanding palm collecting point to cover palm plantation in Chumphon province, including to the application of information systems.

6.1.5 Risks from Depending on Large Clients

The Company received 38.31%, 46.37% and 39.14% of total revenues from selling products to a local crude palm oil refinery that was the biggest customer during the years 2020, 2019 and 2018, respectively. So the Company may risk if losing these large clients may affect the Company's performance and financial position.

The Company is dedicated to control its product quality to be of international standards, establishing competitive prices and implementing effective logistics to satisfy customers' demands. This led to long-term, positive relationships with clients. The commodity nature of crude palm oil also allows it to be swiftly sold to other clients should large clients decide to terminate purchases from the Company. And in the year 2020, the company has joined the government project by being one of the bidders of crude palm oil tender for selling to the Electricity Generating Authority of Thailand



6.1.6 Risks from Substitute Products

Substitute products of palm oil include soybean oil, sunflower oil, coconut oil, olive oil, corn oil, and rice bran oil. If customers shift their preferences to these substitutes, the consumption of the Company's key product will decrease.

However, each vegetable oil often has different properties thus, some industries or products required to use palm oil. In addition, palm oil can also be used in various industries such as animal feed and biodiesel.

6.1.7 Risks from Sale Revenue Volatility between Accounting Years

The revenue from crude palm oil sales may experience volatility due to varying oil palm production from seasonal effects. In usual circumstances, oil palms are usually harvested during March-May, yielding high revenues for the Company during these periods. The varying profit and sales figures in each quarter of the year are natural characteristics of agricultural businesses.

6.1.8 Exchange Rate Risks

In the years 2020, the Company exported by 13.75% of total revenue from crude palm oil. The export price will be the reference price from the world market in US dollars. As a result, the exchange rate fluctuation between Thai Baht and US Dollar may affect the Company's performance and financial status of the Company.

However, the Company has planned the hedging foreign exchange contracts (Forward contracts) to prevent the impact on the Company's profits from the exchange rate fluctuations.

6.2 Risks from Electricity Generation and Distribution Business

6.2.1 Risks of the Electricity Selling Price not reflecting the Actual Costs of the Company

The Company engaged in a PPA contract with the PEA, under the category of VSPPs for renewable energy generation. The electricity selling price based on the contract are set to reflect changes in fuel price, interest rates, exchange rates, etc. These factors, however, may be irrelevant to the sources of the Company's costs, leading to lower profitability and impacting the Company's performance and financial position.

6.2.2 Risks from Material Shortages for Generating Electricity

A raw material for generating electricity is biogas from waste water released from the crude palm oil production process. Shortages in oil palm supplies used to produce crude palm oil will hinder the production process, which in turn reduces the byproducts used as raw materials for generating electricity. This may decrease the Company's revenue from electricity distribution.

The Company is dedicated to improving the stability of its raw material supply, utilizing a sustainable strategic approach to raw material management to maximize the effectiveness of its businesses in all market conditions. The biogas power plants also serve as a sustainable business supporting the crude palm oil production facilities, which require treatment of the waste water released from the production process.



6.3 Other factors

6.3.1 Interest Rate Risk

On 31 December 2020, the Company has total liabilities amount of 447.68 million Baht which is a credit loan from financial institutions of 60.92 million Baht. If interest effective rates rise, it will raise interest burden, and effect to performance and position of the Company as well.

6.3.2 Risks from Production and Transportation Problems

The Company's business performance depends on sustainable production and effective logistics, both during delivering raw materials to the facility and transporting the crude palm oil to the clients and/or port of shipment. This places the Company at risks from production stoppages or unanticipated accidents halting the production and logistics process. Inability to promptly respond to these incidents may affect the performance and financial position of the firm.

Moreover, production and transportation problems may negatively affect the electricity generation business of the Company, since the raw materials for power generation are biogas produced from the crude palm oil production's waste water. Other factors that may hinder the electricity generation business include staff performance, power plant technology, and equipment quality. Inability to maintain power plant effectiveness will hinder the performance of the Company's business.

The Company has 4 policies to prevent production stoppages. The first policy is the use of the Preventive Maintenance System (PM) to inspect and maintain machinery, reducing the risks of breakdown during operations. The second policy is to halt production during palm oil off peak seasons to hold a facility overhaul, preparing necessary machinery and equipment for supporting upcoming peak seasons of harvest. The third policy involves data collection on production stoppages and close inspection to promptly and effectively respond to the situation. Should a facility experience production stoppage, the Company has a second facility to compensate for the lost productivity. This is because the Company has 2 crude palm oil refineries located in different areas. The last policy involves having backup machinery and equipment to prevent production stoppages. The similar technological designs of the two crude palm oil refineries allow identical machinery and equipment to be applied to both facilities.

In terms of logistics, the Company continuously collaborates with numerous contractors, ensuring adequate number of trucks for each product delivery. For palm oil exports, the Company calculates a sufficient or slightly higher number of trucks needed to transport the goods. This is to ensure that the products are punctually transported regardless of spontaneous issues or incidents. The Company established Vichitbhan Logistics Ltd to transport crude palm oil for the Company, supporting sustainable growth.

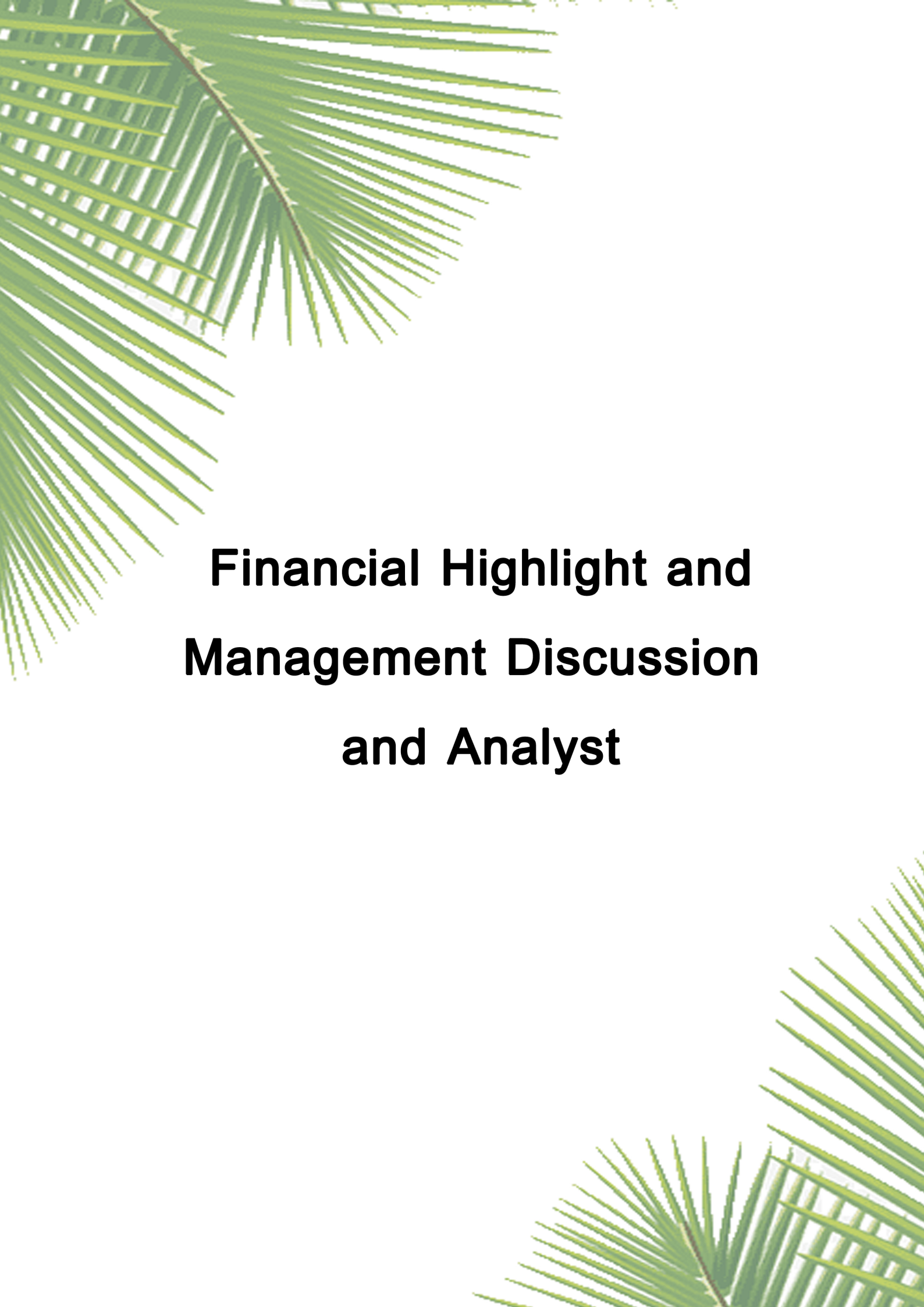
Moreover, the Company utilized the Automation and Monitoring System to control production processes of crude palm oil refineries and biogas power plants with automated computer systems. The system sends signals from designated areas requiring control to the SCADA system, analyzing and presenting results on the monitor for the controller to evaluate and take necessary actions promptly. The system reduces the risk of human error. The Company also has annual facility shutdown plans to overhaul all machineries and equipment, preparing them for long-term, effective performance.



6.3.3 Risks from the Company's Major Shareholders Holding Greater than 50% of Total Shares

On 31 December 2020, the Chavananand group held a total of 710,996,500 shares in the Company, equivalent to 75.64 % of total shares. This grants the Chavananand group the authority to control most of the decisions made in shareholder meetings, including board member appointments and other agendas requiring majority approval. Except legal topics or rule required the authority to make decision approval from 75% of shareholders. This may create a risk for other shareholders who do not have sufficient voting rights to request for inspection and balance of power on topics proposed by the major shareholders.

To ensure transparency and establish a system of checks and balances, the Company organized a management structure consisting of the Board of Directors, the Auditing Committee, and the Executive Committee. Committee members are highly qualified, with each of the three management structure constituents holding clear scope of authority and responsibility. Transaction reports between committees, major shareholders, executives, and personnel with possibilities for conflicts of interest are required. The Company also appointed 3 independent parties to be a part of the Auditing Committee, with the responsibility to inspect, balance decision-making authority, and consider the approval of matters before presenting to shareholders. The Company also requires an internal auditing committee to manage the business' internal control system.



Financial Highlight and Management Discussion and Analyst



Financial Highlight

Capital Information	2020	2019	2018
Registered Capital (Common Share) (Share)	940,000,000.00	940,000,000.00	940,000,000.00
Registered Paid-up Capital (Baht millions)	940.00	940.00	940.00
Par Value per Share (Baht/Share)	1.00	1.00	1.00
Financial Status (Baht millions)			
Total assets	982.84	1,112.43	1,234.57
Total accounts receivable, net	123.65	64.18	46.03
Inventory	34.17	90.18	88.36
Property, plant & equipment, net	805.15	949.56	1,091.49
Total liabilities	447.69	543.17	617.86
Current liabilities	399.43	474.47	461.18
Non-Current liabilities	48.26	68.70	156.68
Total shareholders' equity	535.15	569.26	616.71
Operating Performance (Baht millions)			
Sales	1,109.70	1,078.70	1,266.09
Total revenues	1,115.45	1,086.61	1,273.32
Total expenses	-1,122.79	-1,108.84	1,339.42
Interest expenses	-16.33	-21.71	-21.57
Gross profit margin	95.63	122.12	75.02
Earnings before income Tax	-23.67	-43.94	-87.67
Income tax	-5.67	-3.51	-5.03
Net profit	-29.34	-47.45	-92.70
Cash Flow (Baht millions)			
Net cash flow from operating activity	103.63	84.36	156.94
Net cash flow from investing activity	-0.80	-9.02	-36.78
Net cash flow from financing activity	-101.40	-77.14	-120.79
Net increase (decrease) in cash	1.43	-1.80	-0.63
Beginning cash	-2.73	-0.93	-0.30
Ending Cash Balance	-1.30	-2.73	-0.93
Financial Ratios			
Earnings (Baht/Share)	-0.03	-0.05	-0.10
Book Value (Baht/Share)	0.57	0.61	0.66
Net Profit margin (%)	-2.63	4.37	-7.32
Current ratio (Times)	0.40	0.33	0.29
Return On Assets (ROA) (%)	-2.80	-4.04	-6.82
Return on shareholders' equity (ROE) (%)	-5.31	-8.00	-13.98
Debt to Equity Ratio (Times)	0.84	0.95	1.00



Management Discussion and Analyst

Performance Analysis

Revenue

The total revenues of the year ended December 31, 2020 was THB 1,109.70 million which increased from THB 1,078.70 million or 2.87 percent from the same period last year, the average selling price per unit of crude palm oil and kernel increasing by 46.71 and 40.48 respectively. Although the volume sales of crude palm oil and kernel were decreased by 27.78 and 28.61 respectively resulting in the Company generated more revenue in the year 2020 than last year.

Cost of sales and Gross Profit

Cost of sales for the year ended December 31, 2020 was THB 1,014.07 million which increasing from THB 956.58 million of the same period last year or increasing 6.01 percent according to the increasing in selling price of fresh palm fruit by 58.46 percent.

For the proportion of cost of sales per revenue of this year shown more than the last year. The proportion were 91.38 percent and 88.68 percent respectively according to the increased proportion of cost of sales that higher than the volume sales and the selling price according to the increased in the price of fresh palm fruit. From the mentioned reason, resulting in the Company generated decreasing in gross profit by 21.69 in the year 2020, the gross profit was THB 95.63 million while the gross profit in the year of 2019 was THB 122.12 million.

Selling Expense and Administrative Expense

The Company selling expense for the year 2020 was THB 16.83 million decreased from THB 29.23 million in the same period last year or decreased 42.41 percent according to reduced in distant to customer. In the year 2020, there were product sold to Electricity Generating Authority of Thailand (EGAT) and foreign export which the destination was closer than selling to domestic customer in Surat Thani and Prajuab Kirikhan respectively. Moreover, the volume sales of crude palm oil in the year 2020 decreased by 27.78 percent.

Administrative expense decreased to THB 91.88 million from THB 123.03 million of the same period last year, which decreasing by 25.32 percent from cost control.

Net Profit (loss)

The Company net loss in the year 2020 was THB 29.34 million while in the year 2019 had net loss of THB 47.45 million or decreased 38.18 percent since the ratio of cost per revenue, selling expense and administrative expense decreased from the mentioned above.

**Assets**

Total assets of the Company at the year ended December 31, 2020 was THB 982.84 million decreased from THB 1,112.43 million at the end of year 2019, the decreased amount was THB 129.59 million or 11.65 percent due to the decreased of non-current assets such as land, building, and equipment from depreciation.

Liabilities

At the year ended December 31, 2020, the Company had total liabilities of THB 447.68 million decreased from THB 543.17 million in the end of 2019 or decreased by 17.58 percent. Due to the repayment of the loan to the financial institution

Equity

The Company had THB 535.15 million of equity in the year ended of 2020 which decreased from THB 569.26 million in 2019 or decreased by 5.99 percent, according to the decline in performance in year 2020.

Cash flows of the business

For the year 2020, the Company's net cash flow from operating activities amounted 103.63 million baht. Even though the Company has a loss before income tax of -23.67 million baht and when adding back non-monetary expenses, the Company will have net cash flow acquired before change in assets of 141.52 million baht. In addition, there have been significant assets changes as follows: an increase in trade accounts receivable of 57.69 million baht, decrease in inventories of 54.92 million baht, trade payables and other payables decreased by 5.62 million baht, with cash flow from operating activities used for investment in equipment and repayment of loans from financial institutions as follows:

Net cash flow used for investing activities amounted to 0.80 million baht, used for investment in equipment purchase of 3.52 million baht, and cash received from equipment sales of 3.11 million baht.

Net cash flow used in financing activities amounted 101.40 million baht which were used to repay loans from financial institutions.

As a result, the Company had increased cash at the end of the period as compared to from the beginning of the year, amounting to 1.42 million baht.

Financial Ratio**Liquidity Ratio****■ Current Ratio**

At present, liquidity of the business entity is 0.40 times, an increase from 0.33 times in the year 2020; due to an increase of 2.49% of current assets, from trade and other receivable amounting 59.47 million baht, and long-term liabilities repayment which were due within one year that decreased by 63.23 % due to the repayment of the loan to the financial institution in accordance with the contract.



■ **Quick Ratio**

The Company had an increased current ratio, from 0.14 times in 2019 to 0.31 times in 2020 due to a decrease of 5.37 million baht in trade accounts payable, while trade accounts receivable increased by 59.47 million baht or an increase of 92.65 % from the sale of products due to faster product turnover

■ **Account Receivable Turnover**

The Company has a decrease in the accounts receivable turnover ratio from 19.57 times in 2019 to 11.82 times in 2020 due to the increase in average trade receivables increasing more than the decrease in net sales, at 70.42 % and 2.87 % respectively. Nevertheless, the Company has a debt collection policy and is able to collect debt on schedule.

■ **Inventory Turnover**

The Company had a higher inventory turnover ratio than the previous year, from 12.61 times to 20.75 times due to the decrease in average inventory decreasing more from the previous year than the increase in cost of sales, at 35.60 % and 6.01 % respectively

■ **Accounts Payable Turnover**

The Company has a payable turnover ratio of 60.34 times, while the figure for the previous year was at 46.36 times, which was due to the decreased average trade payable in 2020 of amount 3.83 million baht or 18.58 % from the year 2019 according to the payment term, while the cost of sales for 2020 increased by 6.01 % from 2019.

Profitability Ratio

For the profitability ratio of the Company in 2020, the Company's profitability increased when compared to the year 2019. Operating profit margin increased from -2.06% loss to -0.66% loss, and increased net profit margin from 4.40% loss to 2.64% loss. This can be seen that the Company has a decrease in operating loss and net loss due to the cost control plan for maximum efficiency, resulting in the Company having better performance in 2020 than in 2019.

■ **Return on Equity**

The return on equity of the Company is at -5.31 % while in 2019, the shareholder return is at -8.00 %, which however the return on equity is still at a negative value due to operating results in the consolidated financial statements that were still at a loss. However, in 2020, the Company had a 38.18 % decrease in loss from the previous year, while the average shareholder's equity continued to drop 6.88 %, resulting the return on equity in 2020 better than the previous year. (a lower negative than the previous year)



Efficiency Ratio

■ **Return on Assets**

For the return on assets, it was found that in 2020, asset management was able to generate returns more efficiently than in 2019 at -2.80 % and -4.04 % respectively. This was because in 2020 the Company has a lower loss from the previous year of 38.18 % while the average total assets and average fixed assets decreased 10.73 % and 14.03 % respectively.

Financial Policy Ratio

■ **Debt / Equity Ratio**

The debt-to-equity ratio improved from 0.95 times in 2019 to 0.84 times in 2020 due to decrease in loans from financial institutions, and trade accounts payables and other payables, at 58.59 % and 27.58 % respectively. This shows that in 2020 the Company has a better ratio and can still pay interest as usual.

■ **Interest Coverage Ratio**

Interest coverage ratio increased from 5.05 times in the last year to 7.72 times due to the increase in operating cash flow of the Company by 22.83 %. The Company still has sufficient income to pay interest on the loan continuously and in accordance with the specified conditions.

Factors affecting the operation and financial statement of the Company's in the future.

The palm oil stock of the international palm oil industry decreased continuously in the fourth quarter of the year 2020 due to the less oil palm output and the impact of the COVID-19 outbreak. These factors caused the shortage of labor in the agricultural sector in Indonesia and Malaysia. As a result, the harvest was less than the forecast. According to such factors, palm oil prices have increased continuously.

In Thailand, the oil palm output in the fourth quarter of the year 2020 was less than the adjusted forecast, causing the overview of palm fruit in 2020 to be lower than that of the year 2019 significantly. This resulted in a dramatic decline in the palm oil output and stocks. Although the demand for palm oil in terms of energy and consumption has declined due to the economic recession, the price of domestic palm oil increases because the demand decreases less than the supply and the world palm oil prices increase and reach the highest record over the years.

Regarding the industry trends from experts' viewpoints, it is expected that the international palm oil prices remain high until the mid-year with the low stocks and output. However, in the second half of the year 2021, it is expected that the quantity of palm fruits in the global market will increase, which will cause the pressure on the price of palm oil to possibly drop. In addition, India is likely to increase the import tax on vegetable oil and promote the domestic oil crop plantation to reduce the dependence on the international market.



The oil palm output in Thailand is expected to increase in the second quarter of the year 2021 which is in line with the forecast of the international industry direction. However, the overview of palm oil prices in 2021 is expected to be high due to the low output in the first half of the year.

The palm oil industry is at risk due to the uncertainty of domestic and international palm oil output, caused by climate variations, including the fluctuating demand for oil consumption in terms of renewable energy and consumption arising from several factors mentioned above and the COVID-19 outbreak. As a result, the Company will further closely follow up and monitor these matters.



Management and Corporate Governance



Management and Corporate Governance

1. Shareholding Structure and Management

1.1 Registered and Paid-In Capital

The company has a registered capital of 940,000,000 Baht, with 940,000,000 shares at 1 Baht par value. The paid-in capital is 940,000,000 Baht.

1.2 Restrictions on Transferring Shares

The shares of the company can be transferred without any restrictions. The transfer must not lead to foreigner ownership greater than 49% of the company's total shares.

1.3 Shareholders

List of top 10 major shareholders in the company:

Rank	Shareholders	On 31 December 2020	
		Number of Shares (Shares)	Percentage
1.	MR. KRISADA CHAVANANAND	366,500,000	38.99
2.	MRS. SUPALUCK TIASEVANAKUL	72,000,000	7.66
3.	MS. KACHIT CHAVANANAND	56,000,000	5.96
4.	MR. VITHAYA CHAVANANAND	43,500,000	4.63
5.	MR. VATCHARA CHAVANANAND	40,000,000	4.26
6.	MS.KEM-NGURN CHUTCHAIYUN	24,000,000	2.55
7.	MRS. RATTIYA OEUSOONTHORNWATTANA	24,000,000	2.55
8.	MRS. ANGSA WATTHANANUKIJ	24,000,000	2.55
9.	MR. SUMRUENG MANOONPHON	16,137,700	1.72
10.	CHAVANANAND HOLDING COMPANY LIMITED	16,000,000	1.70

Dividend Payment Policy

The company has a policy of paying no less than 40% of net profit after corporate income tax and legal reserve deductions. Dividend payment also depends on corporate investment plans, liquidity, business plan, as well as binding contractual terms and conditions. The committee may alter the company's dividend payment policy under its own discretion.

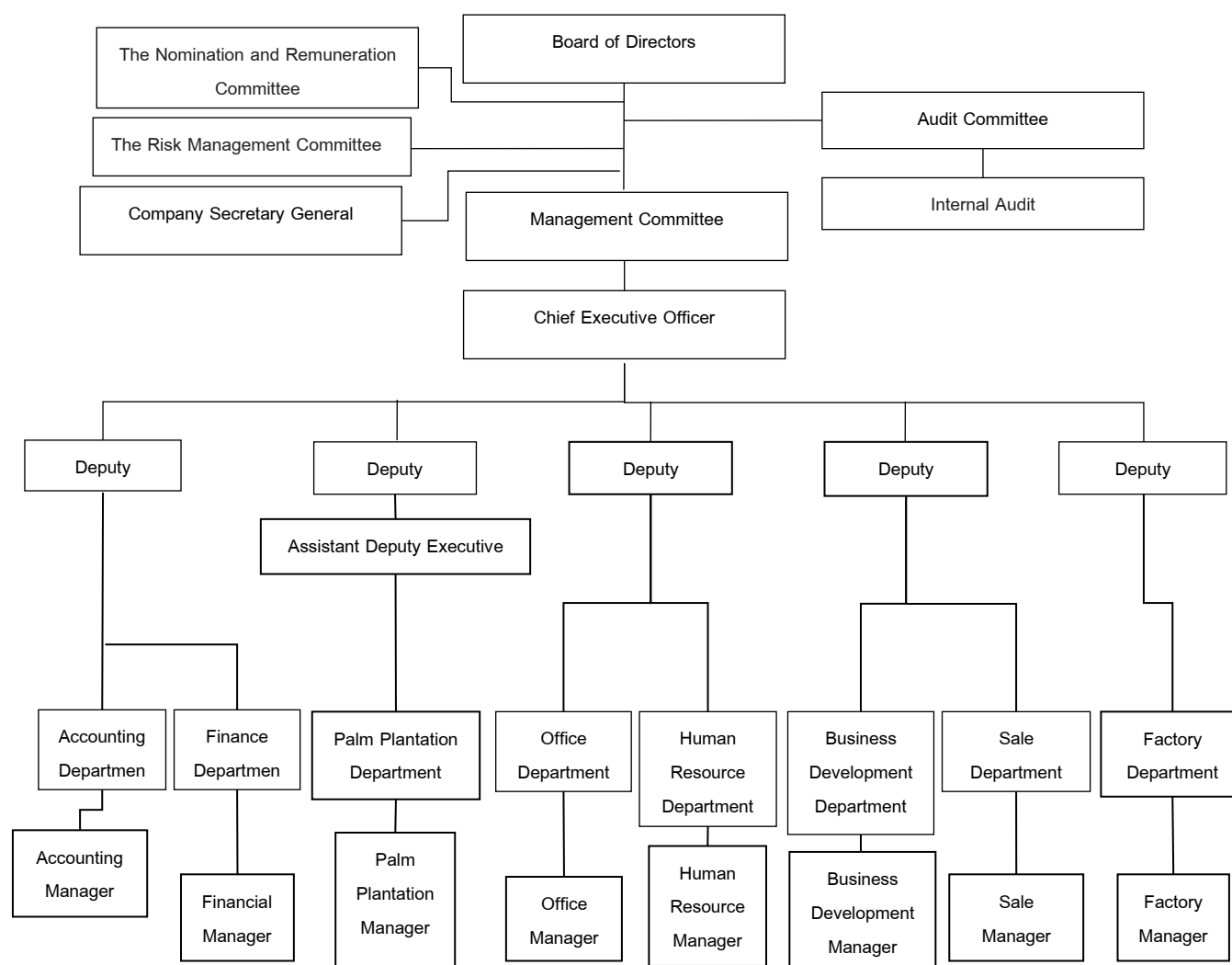
The company may pay dividends based on, but not limited, to the following factors:

- Cash level, liquidity, financial position
- Investment expenditures and planning
- Other restrictions on dividend payments

The committee's decision to issue dividend payment must be approved at the Shareholders' Meeting unless the payment is interim dividends, which the committee is authorized to issue while reporting details at the next Shareholders' Meeting.

2. Management Structure

On 31 December 2020, Management structure of the company Consists of the Board of Directors and 4 sub-committees: the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee And the Executive Committee as follows





Shareholding of the Board of Directors and Management

Name	At Dec 31,2020 (shares)	At Dec 31,2019 (shares)	+ /(-) (shares)
1. Mr. Voravith Chavananand Spouse and Minor Child	3,000,000	3,000,000	-
2. Mr. Vithaya Chavananand Spouse and Minor Child	43,500,000	43,500,000	-
3. Mr. Krisada Chavananand Spouse and Minor Child	366,500,000	366,500,000	-
4. Mrs. SupaluckTiasevanakul Spouse and Minor Child	72,000,000	72,000,000	-
5. Mr. Vatchara Chavananand Single	40,000,000	40,000,000	-
6. Mr. Bandhoon Supakavanich Minor Child	-	-	-
7. Mr. Jiraphant Asvatanakul Spouse, Minor Child and Entity	100,000	100,000	-
8. Mr. Rachada Singalavanija Spouse and Minor Child	-	-	-

2.1 Board of Directors

As of 31 December 2020, the company's Board of Directors consists of the following 8 members:

Name	Position
1. Mr. Bandhoon Supakavanich	President Independent director and Audit Committee Chairman
2. Mr. Voravith Chavananand	Vice President
3. Mr. Vithaya Chavananand	Vice President
4. Mr. Krisada Chavananand	Director
5. Mrs. Supaluck Tiasevanakul	Director
6. Mr. Vatchara Chavananand	Director
7. Mr. Jiraphant Asvatanakul	Audit Committee and Independent director
8. Mr. Rachada Singalavanija	Audit Committee and Independent director

Mrs. Apiradee Arunpitakgul is the Secretary General of the Board of Directors.



Committee Members with the Authority to Enter Corporate Binding Agreements

Mr. Voravith Chavananand (First Vice President), and Mr. Vithaya Chavananand (Second Vice President), Mr. Krisada Chavananand (Chief Executive Officer), Mrs. Supaluck Tiasevanakul (Director), Mr. Vatchara Chavananand (Director). Any two of these members must sign and place the company's stamp to enter the company into binding agreements.

Board of Directors' Meeting

Details of the Board of Directors' meetings of the accounting year ended 31 December 2019 and 31 December 2020 are as follow:

Full Name	Number of Meetings Attended/Total Number of Meetings	
	2019	2020
1. Mr. Voravith Chavananand	3/5	6/6
2. Mr. Vithaya Chavananand	4/5	6/6
3. Mr. Krisada Chavananand	5/5	6/6
4. Mrs. Supaluck Tiasevanakul	5/5	6/6
5. Mr. Vatchara Chavananand	5/5	6/6
6. Mr. Bandhoon Supakavanich	5/5	6/6
7. Mr. Jiraphant Asvatanakul	5/5	6/6
8. Mr. Rachada Singalavanija	5/5	6/6

2.2 Audit Committee

On 31 December 2020 Audit Committee consists of 3 members as follows:

Full Name	Position
1. Mr. Bandhoon Supakavanich	Audit Committee Chairman and Independent director
2. Mr. Jiraphant Asvatanakul	Audit Committee
3. Mr. Rachada Singalavanija	Audit Committee

Mr. Jiraphant Asvatanakul is Audit Committee that has sufficient knowledge and experience to review the reliability of the financial statements.

Audit Committee Meetings

Details of the Audit Committee meetings of the accounting year ended 31 December 2019 and 31 December 2020 are as follow:

Full name	Number of Meetings Attended/Total Number of Meetings	
	2019	2020
1. Mr. Bandhoon Supakavanich	4/4	4/4
2. Mr. Jiraphant Asvatanakul	4/4	4/4
3. Mr. Rachada Singalavanija	4/4	4/4



The Company has prepared meeting schedules for meetings of the Audit Committee, the Board of Directors, the Nomination Committee and the Risk Management Committee for next year in advance. In addition, the Company also allows Independent Directors to request for discussion on any matter in addition to the predetermined meeting schedules.

2.3 Nomination and Remuneration Committee

Nomination and Remuneration Committee was appointed by the Board of Directors in the Board of Directors' meeting at the end of 31 December 2020, the committee has the following 3 members:

Full Name	Position
1. Mr. Bandhoo Supakavanich	The Nomination and Remuneration Chairman
2. Mr. Jiraphant Asvatanakul	Nomination and Remuneration Committee
3. Mr. Peerapong Oeusoonthornwattana	Nomination and Remuneration Committee

Nomination Committee Meetings

Details of the Audit Committee meetings of the accounting year ended 31 December 2019 and 31 December 2020 are as follow:

Full Name	Number of Meetings Attended/Total Number of Meetings	
	2019	2020
1. Mr. Bandhoo Supakavanich	1/1	2/2
2. Mr. Jiraphant Asvatanakul	1/1	2/2
3. Mr. Peerapong Oeusoonthornwattana	1/1	2/2

2.4 Risk Management Committee

Risk Management Committee was appointed by the Board of Directors in the Board of Directors' meeting. At the end of 31 December 2020, the committee has the following 4 members:

Full Name	Position
1. Mr. Krisada Chavananand	Risk Management Chairman
2. Mr. Rachada Singalavanija	Risk Management Committee
3. Mrs. Supaluck Tiasevanakul	Risk Management Committee
4. Mr. Vatchara Chavananand	Risk Management Committee

Details of the Risk Management Committee meetings of the accounting year ended 31 December 2019 and 31 December 2020 are as follow:

Full Name	Number of Meetings Attended/Total Number of Meetings	
	2019	2020
1. Mr. Krisada Chavananand	3/3	4/4
2. Mr. Rachada Singalavanija	3/3	4/4
3. Mrs. Supaluck Tiasevanakul	3/3	4/4
4. Mr. Vatchara Chavananand	3/3	4/4



2.5 Management Committee

As of 31 December 2020, the Management Committee has the following 5 members:

Full Name	Position
1. Mr. Vithaya Chavananand	Committee President
2. Mr. Krisada Chavananand	Committee Member
3. Mr. Vatchara Chavananand	Committee Member
4. Mrs. Supaluck Tiasevanakul	Committee Member
5. Ms. Kem-Ngurn Chutchaiyun	Committee Member

2.6 Corporate Secretary General

The Board of Directors appointed Mrs. Apiradee Arunpitakgul to be the company's secretary since December 3, 2020, general at the Board of Directors' meeting (6/2020) held on 3 December 2020.

Authority, Work Scope, and Responsibility of the Secretary General

- 1.) Provide recommendations for the committee and executives on regulations and legalities that the Board of Directors should be informed.
- 2.) Manage activities of the Board of Directors, organizing Board of Directors meetings and Shareholders' Meetings. Record the minutes of these meetings and collaborate with relevant parties to ensure that the meetings' resolutions are implemented in the business.
- 3.) Prepare and file the following documents:
 - 1) Committee Registration
 - 2) Invitational Letter for the Board of Directors' Meeting, Board of Directors' Meeting Report, Company Annual Report
 - 3) Invitational Letter for the Shareholders' Meeting, Shareholders' Meeting Report
- 4.) Store transaction reports presented by the committee or executives
- 5.) Carry out other practices required by the SEC

2.7 Management

As of 31 December 2020, the Management has the following 5 members:

Full Name	Position
1.Mr. Krisada Chavananand	Chief Executive Officer
2. Mr. Vatchara Chavananand	Deputy Executive Officer of Oil Palm Department
3. Mrs. Supaluck Tiasevanakul	Deputy Executive Officer of Accounting & Finance and Office Department
4. Ms. Kem-Ngurn Chutchaiyun	Assistant Deputy Executive Officer of Oil Palm Department



2.8 Committee and Management Payment Scale

Committee Payments

1) Cash Payments

A summary of the committee compensation (excluding management compensation) for the year ended 31 December 2020 is as follows:

Unit: Baht

Full name	For the Year Ended 31 December 2020		
	Amount of Payment	Amount of Payment	Amount of Payment
1. Mr. Bandhooon Supakavanich	220,000	265,000	485,000
2. Mr. Voravith Chavananand	180,000	100,000	280,000
3. Mr. Vithaya Chavananand	-	-	-
4. Mr. Krisada Chavananand	-	-	-
5. Mrs. Supaluck Tiasevanakul	-	-	-
6. Mr. Vatchara Chavananand	-	-	-
7. Mr. Jiraphant Asvatanakul	180,000	210,000	390,000
8. Mr. Rachada Singalavanija	180,000	240,000	420,000
9. Mr. Peerapong Oeusoonthornwattana	-	30,000	30,000

2) Non-cash Payments

None

Executive Payments

Payments for the company's executives who are also committee members (excluding compensation for being committee members) and non-committee members in terms of bonuses and funds are summarized below:

Unit: Million.Baht

	For the Year Ended 31 December 2020	For the Year Ended 31 December 2019
Quantity (Number of People)	5	5
Payment (Millions of Baht)	6.20	6.20

2.9 Employees

Manpower

The company has manpower in total amount of 407 people at December 31, 2019 and 352 people at December 31, 2020 (Excluding management) as the detail in below table.



Department	Manpower (persons)	
	31 December 2019	31 December 2020
Factory Department	348	295
Business Development	9	9
Office Department	12	12
Finance Department	2	2
Accounting Department	13	12
Oil Palm Plantation Department	23	22
Total	407	352

Employee Compensation

Total employee Compensation (Excluding management) which includes salaries, cost of living allowances, overtime pay, bonuses and other allowances are as follow:

Unit: Million.baht

List	For 2020	For 2019
Employee Compensation	71.85	77.40
Total	71.85	77.40

Employees have not set up the labor union. The Company has policy to treat all employees fairly and legally and the Company also has a good relationship with the staffs.

2.10 Labor dispute

-None-

2.11 Human resource Development Policy

The Company recognizes that the human resources are the most important to the company. So, the Company has the policy to improve employee personal skill in management skill, service skill, technical skill and teamwork for increase efficiency and safety at work. Due to the policy the company frequently has arranged in house training course and register to join the outsource training.

2.12 Provident Fund

The company has set up the provident fund since February 1, 2014

3. Corporate governance

3.1 The Company governance policy

The Company has significantly focused on good corporate governance considered as one of the most sustainable strategies of the company. The company has therefore specified its corporate governance policy, with



principles and practices corresponding to the requirements of good corporate governance for the registered company listed on the Stock Exchange of Thailand in 2012.

3.2 The committee

As 31 December 2020, the Company has a major committee which is Board of Directors and 4 sub-committees, including the Audit Committee, Risk Management Committee, The Nomination and Remuneration Committee and the Management Committee.

Authority, Work Scope, and Responsibility of the Board of Directors

1. Conduct tasks according to legal frameworks, objectives, and regulations of the company. Carry out Shareholders' Meetings with transparency. Protect the company's best interest with prudence.
2. Evaluate and provide recommendations on corporate vision, strategy, policy, objective, and direction presented by the management team.
3. Direct the operations and performance of the management team or other personnel appointed to carry out the relevant tasks, ensuring that their performances correspond to the regulations established by the Board of Directors.
4. Continuously assess the performance of the company, ensuring that it corresponds to corporate strategy and budgeting.
5. Support the establishment of a credible accounting system, financial reporting, and auditing system for the management team. Ensure appropriate and sufficient internal control systems of the company.
6. Evaluate the company's risk management procedures, policies, and implementations.
7. Consider the approval of asset acquisition or sales, investment, or other procedures, ensuring that each process corresponds to all related legalities, regulations, or announcements.
8. Consider the approval of corporate transactions, ensuring that each process corresponds to all related legalities, regulations, or announcements.
9. Prevent conflicts of interest between the company's stakeholders.
10. Evaluate matters with fairness and transparency for the best interest of shareholders and stakeholders. The Board must promptly inform the company if its members have benefits associated with certain matters of transactions at hand. Such members will not have the right to vote on the approval of such matters to avoid issues stemming from conflicts of interest.
11. Establish written policies on good corporate governance, ensuring that the company is fairly responsible to all stakeholders.



12. Seek recommendations from professionals of external organizations when necessary to make effective decisions.
13. Consider the appointment of the president for the management team and committee members of the Audit Committee and the Management Committee, delegating clear scopes of authority to the committees for the purpose of ensuring that internal control systems and management correspond to corporate policies
14. Consider the approval of the company's secretary general to ensure that the committees and the firm adhere to legal frameworks, announcements, conditions, and regulations.
15. Consider modifying the authority scope and responsibility of the Audit Committee, Management Committee, and president of the management team as appropriate.
16. Evaluate the performance of the Board of Directors. The Board of Directors conducts annual self-assessments and considers methods to sustainably improve its performance.

The appointments by the Board of Directors must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to policies mutually agreed at Shareholders' Meeting or established by the Board of Directors.

Board of Directors Term Limits

In every Shareholders' Meeting, one-third of the Board of Directors are expected to leave their positions. If the proportion cannot be divided as one-third, the number of members leaving the Board must be of the proportion closest to one-third. Board members leaving their positions during the first and second years of business commencement will be decided by draws. For the years after the period, Board members holding the longest terms are expected to leave. Board members leaving their positions may be nominated to serve new terms.

Authority, Work Scope, and Responsibility of the Audit Committee

1. Evaluate the accuracy of the company's financial statements (quarter and annual statements), ensuring that the statements disclose sufficient corporate information before presenting to the Board of Directors.
2. Evaluate the appropriateness and effectiveness of the company's internal control and audit systems. Evaluate the independence of the internal auditors, approving the appointment, rotation, or termination of internal control managers or other parties responsible for internal control
3. Inspect the effectiveness of the company's risk assessment and management systems
4. Ensure that the company adheres to regulations of the SET and SEC or other legal bodies related to its business



5. Appoint independent auditors and establish auditing fees, communicating objectives, boundaries, plans, issues, and other relevant information to the auditors. Attend meetings with auditors at least once a year, without the presence of the management team.
6. Evaluate corporate transactions, ensuring that each process corresponds to all related legalities, regulations, or announcements of the SET. Ensure that relevant information on the transactions is accurately disclosed and that the transactions themselves are reasonable and meant for the best interest of the company.
7. Prepare a report on the performance of the Audit Committee to be included in the company's annual report. The report must be signed by the President of the Audit Committee.
8. Evaluate the performance of the Board of Directors, ensuring that their practices are effective and transparent.
9. The company must report the following observations, all of which may affect the company's performance and financial position, to the Board of Directors to implement prompt actions:
 - 1) Transactions leading to conflicts of interest
 - 2) Corruption, abnormalities, or flaws in the internal control system
 - 3) Breach of SEC and SET regulations or company policies
10. Implement other tasks assigned by the Board of Directors

The Audit Committee has the authority to request management, executives, or staffs to provide opinions and attend meetings, providing relevant information and documents to the committee.

The Board of Directors has the authority to fix or amend the qualities and scope of the Audit Committee to correspond to SET and SEC regulations and/or other related legal frameworks.

Audit Committee Term Limits

Audit Committee members have 3-year terms and may be nominated to serve in the committee again. If Audit Committee members leave their positions for reasons other than reaching the term limit, the Board of Directors must appoint qualified individuals to complete the minimum number of members required in the committee. These newly appointed members will serve the remaining terms of the previous members who left their positions.

Authority, Work Scope, and Responsibility of the Nomination and Remuneration Committee

1. Nomination

- 1.1 To determination rules and policies for recruiting for the Board of Directors and the sub committees together with considering the appropriateness of the committee structure and composition to propose to the Board of Directors for approve or propose to The Annual General Meeting of Shareholders to appropriate.
- 1.2 To recruitment, selection and offer the person who are suitable to take the position of Directors instead of the directors who are terminated or resign.



2. Remuneration

2.1 To consider the remuneration of the Board of Directors and Sub-Committees and propose to the Board of Directors for approve or propose to The Annual General Meeting of Shareholders to appropriate.

2.2 To determine the method and criteria for determining compensation for the Board of Directors, both monetary and non-monetary board to propose to the Board of Directors for approve or propose to The Annual General Meeting of Shareholders to appropriate

Nomination and Remuneration Committee Term Limits

Nomination and Remuneration Committee members have 3-year terms and may be nominated to serve in the committee again. If the committee members leave their positions for reasons other than reaching the term limit, the Board of Directors must appoint qualified individuals to complete the minimum number of members required in the committee. These newly appointed members will serve the remaining terms of the previous members who left their positions.

Authority, Work Scope, and Responsibility of the Risk Management Committee

1. To make suggestions and give support to Board of Directors in formulating the risk management policy and defining acceptable risk levels.
2. To define the framework of the Company's risk management in line with risk management policy for submission to Board of Directors for approval, and follow up on its implementation as well as reviewing the effectiveness of the framework.
3. To report a broad view for Board of Directors' consideration of business risks and its management method, and follow upon results to Audit Committee and Board of Directors.
4. To review risk management reports to ensure adequate and suitable risk management to acceptable levels, and ensure continued implementation of risk management.
5. To regularly coordinate with the Audit Committee by sharing knowledge, information about risks and internal control potentially affecting the Company's business.
6. To approve and provide recommendations and advice on critical issues regarding the risk management process and development.
7. To support a Company culture for adequate risk management and internal control.
8. To appoint Board of Directors' representatives and/or working teams and/or additional personnel relating to the risk managements deemed appropriate including defining the scope of duties and responsibilities thereof for the benefits of the operations in accordance to our objective.

Risk Management Committee Term Limits

Risk Management Committee members have 3-year terms and may be nominated to serve in the committee again. If Risk Management Committee members leave their positions for reasons other than reaching the term limit, the Board of Directors must appoint qualified individuals to complete the minimum number of



members required in the committee. These newly appointed members will serve the remaining terms of the previous members who left their positions.

Authority, Work Scope, and Responsibility of the Management Committee

1. Manage and operate the business according the objectives, policies, directions, and plans established by the Board of Directors.
2. Establish corporate vision, strategy, policy, objective, direction, and plan to correspond to economic and competitive landscapes, presenting the information to the Board of Directors for approval.
3. Evaluate the effectiveness of the policies and management of the company, ensuring correspondence to the Board of Directors' approval
4. Establish organizational structure and authority
5. Appoint or hire consultants related to the company's business to maximize effectiveness
6. Consider the approval of general purchases, purchases of raw materials and consider the approval of investments according to authority by the Board of Directors approval.
7. Carry out other tasks appointed by the Board of Directors

The appointments by the Management Committee must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to regular business and trade policies.

Authority, Work Scope, and Responsibility of the Chief Executive Officer

1. Manage and operate the business according the objectives, policies, directions, and plans established by the Board of Directors and/or decisions of the Shareholders' Meeting.
2. Establish corporate vision, strategy, policy, objective, direction, and plan to correspond to economic and competitive landscapes, presenting the information to the Board of Directors for approval.
3. Establish or restructure the company's management to correspond with corporate policies and the industry's competitive dynamics.
4. Authorized to hire, appoint, rotate, establish salaries, and terminate employment of staffs under the ranking of president of the management team. The CEO may appoint a party to undertake these tasks as an authorized representative.
5. Determine standard bonuses, salary raises, compensations, and special bonuses for employees based on the approval of the Board of Directors and/or Management Committee.
6. Authorized to issue, amend, add, and improve regulations of the company's business to correspond with corporate policies.
7. Consider the approval of regular trade transactions such as purchasing products at market value and providing general trade terms under the approval of the Board of Directors.



8. Consider the approval of general purchases, purchases of raw materials and consider the approval of investments according to authority by the Board of Directors approval.
9. Carry out other tasks appointed by the Board of Directors

The appointments by the Chief Executive Officer must not empower any entities or parties to approve agendas that personally affect the approvers or other conflicting entities (based on the announcement of the SET and SEC.) Approvals must only pertain to matters that correspond to regular business and trade policies.

3.3 Appointing Committee Members

1) Appointing Independent Committee Members

Qualifications of Independent Directors

The Board of Directors established the following regulations for appointing independent committee members based on SEC regulations:

1. The individual must not possess more than 1 percent of total shares of the company, affiliates, partners, major shareholders, or decision-makers of the firm. Shares of parties related to the individual must also be taken into account.
2. Not currently a committee member, staff, employee, advisor, decision-maker, or shareholder of the company, affiliates, or partners. Individuals who used to be stakeholders of the company must be absent from their previous positions for at least 2 years from the day requesting for approval from the SEC. These prohibitions do not include independent committee members who used to be civil servants or advisors of government offices holding significant shares in the company.
3. The independent committee member must not be a family member or legally registered as a father, mother, spouse, sibling, child, or the spouse of the child of other committee members, executives, major shareholders, decision-makers, and individuals to be appointed as committee members.
4. The independent committee member must be free of business relationships with the company, affiliates, partners, major shareholders, or decision-makers of the firm that may hinder the individual's independent discretion. The committee member must not be shareholders of decision-makers of other entities related to the business of the company, affiliates, partners, major shareholders, or decision-makers of the company. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member. The committee member must not be involved in receiving or providing financial assistance (giving or taking loans, guaranteeing loans, providing collateral, etc.) to the company that leads to financial obligations with a value of 3% of net tangible assets (or obligations worth 20 million Baht and above), depending on which calculation yields the lower value. Calculations of the financial obligation must be according to regulations of the SEC on transaction value calculations. This involves incorporating financial obligations incurred one year before having business relations with the same individual.



5. The independent committee member must not be an auditor of the company, affiliates, partners, major shareholders, or decision-makers of the firm. The individual must not be shareholders, decision-makers, or partners of auditing companies consisting current auditors of the company, affiliates, partners, major shareholders, or decision-makers of the firm. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member.
6. The independent committee member must not provide professional services, including legal and financial advisor, to the company, affiliates, partners, major shareholders, or decision-makers of the firm that results in generating service revenue above 2 million Baht per year. The individual must also not be shareholders, decision-makers, or partners of such professional service companies. Individuals who used to be in the aforementioned circumstance must have vacated the positions for at least 2 years before being eligible for appointment as a committee member.
7. The independent committee member must not be appointed as a representative of the Board of Directors, major shareholders, or shareholders related to those major shareholders.
8. The independent committee member must not conduct business of the same form as the company and must not engage in business practices that compete with operations of the company and its affiliates. The individual must not be shareholders (or hold no more than 1% of total shares), committee members, employees, staffs, and full-time advisors of businesses that are competitors with the company and its affiliates.
9. The individual must be free from other characteristics that hinder independent judgment of the company and its operations.

2) Appointing Audit Committee Members

The Board of Directors consists of at least 3 members from the Audit Committee. The Board will nominate independent committee members and make appointment decisions at the Board of Directors' meeting or Shareholders' Meeting. The Audit Committee has authority and scope of responsibility according to the regulations announced by the SET.

3) Appointing Risk Management Committee Members

The Board appoints the Risk Management Committee which is composed of at least three Risk management Committee and at least one of committee member must be an independent director.

4) Appointing Nomination and Remuneration Committee Members

The Board of Directors consists of at least 3 people by half of the committee will be selection from nominate of independent committee members and the chairman of the committee must be nominate of independent committee.



5) Appointing Management Committee Members

The company selects Management Committee members based on personal qualifications that correspond to the corporate strategy and plans. The candidates must be competent in knowledge, skills, experience, and dedication. Candidates must possess qualifications listed in Clause 68 of the Royal Decree for Public Company Limited (1935, amended), as well as regulations of the SET and SEC. The appointments must be approved from the Board of Directors or at the Shareholders' Meeting (depending on the case.)

The Board of Directors has considered qualifications of person to be "Independent Director" of the Company so that the Independent Directors can carry out their duties with independence suitable to the nature of business of the Company and in accordance with the regulations prescribed by the SEC and the SET. In addition, the Board of Directors has determined that Independent Directors shall be appointed in the same position successively of not more than 9 years from the date of their first appointment. In case Independent Directors needed to be re-appointed into the position after 9 years, the Board of Directors shall consider the appointment thoroughly again.

Corporate Governance

The Company will send knowledgeable, skillful, and experienced personnel appropriate to the business of its subsidiaries or affiliates to be appointed as directors or executives in proportion to their shareholding in the Company in subsidiaries or affiliates to set policy and control the operations of its subsidiaries or affiliates to make sure that the operation is going in the right direction and to maximize the Group's overall benefits. Additionally, the company representative is responsible for monitoring the operations of its subsidiaries or associates closely and reports the results of operations of its subsidiaries or affiliates to the Board of Directors.

3.4 Inside information and conflicts of interest maintenance

The Company has a policy to protect the directors and executives from illegitimately using inside information to benefit themselves as the follows:

- 1) The Company has established a requirement for the company's data protection by stating that agencies that know the information are prohibited to disclose it to the authorities or unrelated individuals.
- 2) The Company administrators have been informed that the significant and financial information of the company that affect stock prices must not be taken advantage of prior to the public disclosure. The executives are prohibited from trading the Company securities for a period of one month before the financial statements or material is made public.
- 3) When the securities of the companies were listed on the Stock Exchange of Thailand, the Company has determined that the directors and management have a duty to report the company securities holding under



section 59 as required by the Securities and Exchange Commission regarding the preparation and disclosure of shareholding of directors and management including management's spouse and minor children, directly or indirectly such as held by a nominee through private funds, and so on.

- 4) The Company has determined disciplinary action for the exploitation or disclosure of inside information that may cause damage with the penalty appropriate to the case including verbal warning, written warning, probation, as well as dismissal depending on the intention of the act and the seriousness of the offense.

3.5 Auditors' remuneration

In last 3 years the Company pays Auditors' remuneration as the following detail: (unit: baht)

For the fiscal year	Auditors	Remuneration of the Company	Remuneration of the Subsidiary Company	Other fees	Total
31 December 2018	PricewaterhouseCoopers ABAS Ltd	1,660,000	690,000	82,175	2,432,175
31 December 2019	PricewaterhouseCoopers ABAS Ltd	1,726,000	724,000	59,853	2,509,853
31 December 2020	PricewaterhouseCoopers ABAS Ltd	1,726,000	724,000	59,475	2,509,475

Note Other fees are including traveling cost and photocopy

Good Corporate Governance Policy

Vichitbhan Palmoil Public Company Limited has significantly focused on good corporate governance considered as one of the most sustainable strategies of the company. The company has therefore specified its corporate governance policy, with principles and practices corresponding to the requirements of good corporate governance for the registered company listed on the Stock Exchange of Thailand in 2012.

The company's corporate governance policy is divided into 5 sections as follows.

Section 1: Rights of shareholders

The company has always recognized the importance of the shareholders' rights, encouraging all shareholders to appropriately exercise their own rights. Additionally, the basic rights of shareholders vary in selling or transferring shares, possessing a share in the company's profit, obtaining sufficient information, participating in general meetings to vote for the appointment or removal of the Board of Directors, appointing an authorized auditor and other influential matters affecting the company's integrity such as the allocation of dividends, the formulation and amendment of regulations and memorandums of association, the increase or decrease of investment capital and the approval of special transactions.

The company's policy is expected to be implemented in various affairs to support and facilitate the shareholders in exercising their rights effectively and appropriately.



- The company shall send a meeting invitation letter with other related documents to all shareholders at least 7 days or at a certain period of time specified by the law or notification prior to an actual shareholder meeting date. The invitation letter shall specify the date, time, place, regulations of the company related to the shareholder meeting and meeting agendas containing explanations, reasons and comments of the Board of Directors, proxy approved by the Ministry of Commerce and list of the independent Board of Directors where a shareholder shall consent to the appointment of a representative to attend a shareholder meeting on behalf of such shareholder. Additionally, the company will declare significant information about a shareholder meeting in the Stock Exchange of Thailand's website as well as the company's website prior to an actual shareholder meeting date.
- Before a shareholder meeting gets started, the company shall inform the shareholders about the voting principles and the counting of votes in the meeting. When significant information has been declared in accordance with the meeting agendas, the chairman of the meeting is required to appropriately offer a chance for all shareholders to freely express their opinions and feedback. In doing so, directors and executives are required to attend the meeting to respond to the opinions and feedback raised by the shareholders. However, the company will provide an opportunity for the shareholders to raise and submit their inquiries prior to the actual shareholder meeting date.
- In cases where there are several items on a proposed agenda, such as the appointment of the Board of Directors, the company will arrange a consensus vote for each item.
- As a shareholder meeting is finished, the company will record the meeting minutes accurately, specifying the voting procedures, inquiries and solutions and voting results including the agreement, disagreement and abstentions for certain votes. The company will also record the name list of the Board of Directors who are present or absent from the meeting. Meanwhile, the company will report on the voting results in the Stock Exchange of Thailand's website within the voting date or not later than 09:00 hrs. of the following date and shall submit the shareholder meeting report to the Stock Exchange of Thailand within 14 days following the meeting date and shall display such report in the company's website accordingly.

Section 2: Equal treatment of shareholders

Vichitbhan Palmoil Public Company Limited is committed to treating all shareholders fairly and equally, whether they are executives, non-executives or foreigners. The company has set its sights on proceeding with the following implementations:

- The company will prepare a meeting invitation letter in both Thai and English versions to be delivered to all shareholders.
- The company will proceed with the shareholder meeting in accordance with the proposed agenda specified in the meeting invitation letter and shall not consider the addition of any addition to the agenda



unless informed in advance, particularly any important agenda item that requires the shareholders' thorough study before making any decision.

- The company shall provide an opportunity for minor shareholders to nominate a person to be elected as a member of the Board of Directors by submitting a set of required information of the nominated person with written consent to the Chairman of the Board of Directors under the requirements specified by the company.
- The company will encourage the shareholders to use a ballot paper in every vote, where all ballot papers will be collected from a certain shareholder meeting for vote counting. For transparency and accountability, the company is determined to collect and keep ballot papers safely at all times.
- The company always gives importance to the complete disclosure of the company's information in an accurate, complete and timely manner. All shareholders will be fairly and equally exposed to the information provided in the Stock Exchange of Thailand's website as well as the company's website.
- The company has successfully developed a protection policy to hinder the Board of Directors or other executives from wrongful or illegal use of any private information belonging to the company for their own benefits or that of other shareholders.
- The company has also developed a strict policy for any member of the Board of Directors who owns a stake in any agenda in a meeting to refrain from participating in such meeting or having an authority to consider such agenda.

Section 3: Roles and responsibilities of interested person

Vichitbhan Palmoil Public Company Limited has always emphasized the rights of interested people who own stakes in the business including the clients, staff members, partners, shareholders, investors, creditors and community where the company is located as well as other interested people outside the business realm such as competitors and independent auditors. The company will always treat these people fairly and equally, believing that a concrete relationship between the company and all parties involved as stakeholders will help stimulate the company to achieve sustainable growth.

Shareholder

1. The company is set to support and facilitate shareholders to exercise their basic rights effectively and appropriately including the selling and transferring of shares, possessing a share in the company's profit, obtaining sufficient information, participating in general meetings to vote for the appointment or removal of the Board of Directors, appointing an authorized auditor and other influential matters affecting the company's integrity such as the allocation of dividends, the formulation and amendment of regulations and memorandums of association, the increase or decrease of investment capital and the approval of special transactions.



2. The company shall encourage shareholders to exercise their rights in other affairs related to the company's general shareholder meeting such as the right to nominate a person to be appointed as the Board of Directors and the right to express a certain opinion or feedback related to a proposed agenda.

3. The company shall also refrain from any misconduct or exploitation considered as a violation or infringement of others' rights such as the failure to submit an important document to the shareholders prior to the meeting and the unexpected addition or amendment of significant information in any certain agenda without the shareholders' prior notice.

Staff member

1. The company is committed to offering compensation to its staff fairly and equally by referring to the staff member's performance, where the company will apply the most effective performance evaluation to be used with each and every staff member in accordance with the standards specified by the company.

2. The company has shifted its strategic focus to the enforcement of the policy concerning human resource development by launching a training program aimed to provide knowledge for both staff members and executives. Meanwhile, the company has sent selected staff members and executives for training programs on work-related knowledge with outside agencies.

3. The company has always maintained a hygienic environment that can encourage greater working performance while fostering safety of lives and property of staff members and executives of the company as a whole.

4. The company is also committed to protecting the privacy of all staff members and executives, not disclosing personal information, such as salary or medical records of staff members or executives to any third party, unless the company is required to disclose such information in accordance with the relevant laws and regulations.

Client

1. The company has always been expected to build a good relationship and collaboration with its clients for the long-term benefit by relying on faith and loyalty in business.

2. The company puts its main focus on the highest degree of satisfaction and confidence for customers from all levels, offering quality products and services with non-hostile properties in accordance with the requirements, while strictly complying with the terms and conditions required for each customer's needs.

Partner and Creditor

1. The company has remained firm for the emphasis of fairness, equality and honesty in operating its business by complying with the laws and mutual requirements strictly.

2. The company will always maintain its ethical business practices without requesting any benefit considered as illegal and dishonest conduct with any of its business partners.



Competitor

1. The company has focused on a strategic policy to support and encourage free trade competition in a liberated and fair manner
2. The company will treat all business competitors lawfully, while relying on good corporate governance. In addition, the company will never attempt to discredit its business competitors by issuing any false accusation without fact or conducting any unfair practice to tarnish the competition.

Government Organization

1. The company is set to comply with the rules, regulations and other laws corresponding to its business operations.
2. The company has given importance to the transparency and honesty in dealing with business transactions required by any government organization. Strategically, the company always remains firm in combating bribery and corruption that may illegally facilitate or benefit the company.

Environment, Society and Community

1. The company has established a firm policy of operating an environmentally friendly business, with a sharp focus on natural resource conservation while promoting effective energy consumption.
2. The company has also managed to run its business with regard to the quality of lives of those in the society and community by strictly complying with all required laws, rules and regulations.

The company stakeholders are allowed to seek the company's information or file a complaint via the company committee. Such complaints are expected to be filed and sent via postal mail to the company's Office of the Secretary according to the company's address or email vpo.cs@vcbpalmoil.com. In such a case, the complaint will be kept strictly confidential and the committee will proceed with the investigation of such complaint, seek further solutions and report to the committee accordingly.

Section 4: Transparency and Disclosure of Information

Vichitbhan Palmoil Public Company Limited consistently recognizes the importance of the disclosure of information with accuracy, timeliness and transparency in order to provide significant information for the shareholders and interested people equally and reliably. Furthermore, the company will keep its own website updated regularly.

The Company has successfully developed its policy for the complete disclosure of information via information technology to the public such as the company's vision and mission, type of business, list of the committees and executives, financial statements, financial reports, risk and risk management policies, direct and indirect shareholding of the Board of Directors, major shareholders and high-ranking executives, audit fees and other service fees related to the auditor and remunerations for the committees and the Board of Directors.



In addition, the company is keeping the establishment of the investor relations agency in progress aiming to provide the company's information for the shareholders, investors, securities analysts and general public.

Section 5: Responsibilities of the Board of Directors

On December 31, 2020, the company successfully developed its management structure consisting of a major committee and 4 sub-committees, including the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and the Management Committee appointed to monitor and supervise the business aiming for the highest benefit of the company and shareholders in the long run.

Structure of the Board of Directors

The Board of Directors consists of highly skilled and experienced people who are required to work on the consideration of significant affairs related to the company's management. In the meantime, all committee members can feel free to offer comments and cast their votes on a certain agenda, as part of the goal to make the company's business operations and implementations achievable with the highest levels of efficiency and transparency.

On December 31, 2020, the Board of Directors consisting of 8 committee members, where 3 of them are independent committee members, is required to possess at least one-third the total member of the Board of Directors and not less than 3 committee members. Meanwhile, the independent committee members shall possess no prohibition in accordance with the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Roles and Responsibilities of the Board of Directors

The Board of Directors is required to proceed with the consideration and the approval of important matters related to the business operations, including the specification of vision and mission, strategy and financial target, risk and budget management as well as the monitoring and supervision of business operations in accordance with efficiently enforced policies and requirements, the Board of Directors shall exercise their judgment and prudence in making decisions and performing their duties with the required responsibility and honesty aiming for the company's long-term benefit.

Self-Assessment of the Board of Directors

The Board of Directors will provide annual self-assessment to evaluate their performance of the Board of Directors and also individual in the previous year while seeking ways to maximize performance efficiency of the Board of Directors also includes evaluating the performance of the Managing Director

The Company also requires all Directors to evaluate the performance of the Board of Directors and individual Director, with the following assessment topics:

- Structure and qualifications of the BODs;
- Roles, duties and responsibilities of the BODs;



- BODs' Meeting;
- Directors' performance when carrying out their duties;
- Relationship with management;
- Self-development of Directors and executive development;

Moreover, the Board of Directors is required to assess performance of the Managing Director of the Company, with the following assessment topics:

- Leadership;
- Determination of strategies;
- Compliance with strategies;
- Financial planning and performance;
- Relationship with the BODs;
- Relationship with external parties;
- Administration and relationship with employees;
- Succession planning;
- Knowledge of products and services;
- Personal characteristics;
- Area to be improved and developed.

Remuneration of the Board of Directors and executives

Vichitbhan Palmoil Public Company Limited has clearly specified the remuneration to be offered to the Board of Directors and other executives in accordance with the requirements of the Securities and Exchange Commission (SEC). The remuneration shall be approved by the shareholders of the annual general meeting every year. In cases where the Board of Directors is assigned to deal with additional duties or responsibilities, for instance, audit management, the Board of Directors will be offered compensation at an appropriate rate regarding the additional duties or responsibilities consisting of the approval of executive compensation related to the company's performance and the annual performance of each executive.

Meeting of the Board of Directors

The meeting of the Board of Directors always recognizes the importance of monitoring and certification of quarterly performances as well as the report from the Board of Directors and risk management plan that is expected to be submitted to executives for consideration of implementation and to proceed to put it into action aiming for the highest benefit of the company.

A secretary will be provided for each general meeting to work on the preparation of meeting agendas and the delivery of meeting-related documents to the Board of Directors at least 7 days prior to the actual



meeting date, as well as for the recording of meeting minutes provided by suggestions and comments of the subcommittees including the Board of Directors, the Audit Committees Nomination and Remuneration Committee, Risk Management Committee and the Executive Management Committees. Overall, the company has successfully proceeded with the recording of meeting minutes, the delivery of meeting-related documents for the Board of Directors, individually and appropriately, and the collection of meeting agendas that were systematically approved by the Board of Directors, and these can be inspected by relevant parties at all times.

Board and management Training

Details of the training seminar attendance of each board in 2020 are as follows:

Director	Position	Course Name	Training Center	Date and Time
1. Mr. Vithaya Chavananand	Vice President	Board War Room: Personalized Marketing VS. Data Privacy	Thai Institute of Directors Association (IOD)	10 July 2020 11.00 - 12.00 hrs.
		Director Briefing: Finding Creative Solutions to Business Dispute during Pandemic Time	Thai Institute of Directors Association (IOD)	14 July 2020 15.00 – 16.30 hrs.
		Director Briefing: China Economic Outlook: Pathway to Recovery	Thai Institute of Directors Association (IOD)	3 August 2020 15.00 – 16.30 hrs.
		Director Forum: Board's Role in Strategy for Business Sustainability	Thai Institute of Directors Association (IOD)	24 September 2020 14.00 – 15.30 hrs.
		Chairman Forum: Leading Boardroom Through Disruption: What Directors Should Know?	Thai Institute of Directors Association (IOD)	14 October 2020 10.00 – 11.30 hrs.
		Independent Director Forum, Inside CEO	Thai Institute of Directors Association	29 October 2020 14.30 – 16.00 hrs.



		Succession: Essential Guide for Board	(IOD)	
		Proactive Investor Relations	The Stock Exchange of Thailand (SET)	10 November 2020 9.00 – 11.30 hrs.
		Company Secretary Forum: Virtual Board Meeting& the Evolving Role of Corporate Secretary	Thai Institute of Directors Association (IOD)	14 December 2020 14.20 – 16.00 hrs.
2. Mrs. Supaluck Tiasevanakul	Director	HCM Lesson Learn Case Study: CPN	Thai Listed Companies Association	24 July 2020 14.00 – 15.00 hrs.
		Financial reporting course of companies affected by COVID-19	The Stock Exchange of Thailand (SET)	11 – 12 June 2020
		Money management strategy course to revive the organization and create growth in the New Normal era	The Stock Exchange of Thailand (SET)	18 – 20 June 2020
		Accounting for Hedging Tools 2020	NYC Management Co., Ltd.	19 August 2020

4. Corporate Social Responsibility

4.1 Corporate Social Responsibility Policy, these six are below.

1. Good Corporate Governance

Vichitbhan Palmoil is committed to operating its business in a lawful manner, complying with required regulations corresponding to the business operations with transparency, fairness and integrity where important information can be inspected at all times. The company has also focused on benefits and impacts on shareholders, clients, partners, employees and everyone involved in the business.

Meanwhile, the company always recognizes the importance of good corporate governance to be used as a guideline in running the business. The company has specified various policies on good corporate governance consistent with the principle of good corporate governance for listed companies enforced in 2012.



2. Fair Business Operation

The company is pleased to support free trade while avoiding all undesirable actions that may cause a conflict of interest or the violation of intellectual property as well as promoting anti-corruption activity of all types. At the same time, the company will also encourage a sense of social responsibility in all processes starting from the processing of raw materials through to the distribution of finished products to clients.

3. Human Rights and Employee Treatment

The company has always recognized the importance of its employees and fostered a desirable organizational tradition in respect of fair and equal human rights. In addition, the company has successfully arranged the benefit of welfare, safety and sanitation in the workplace while encouraging knowledge-sharing program at all work levels aiming for greater development and professionalism among employees. Meanwhile, the company has strategically specified the rules and regulations of employee treatment corresponding to other requirements, such as labour laws, to ensure that all employees are treated fairly and appropriately.

4. Customer Responsibility

The company has retained its clear focus on developing quality products and services in accordance with or beyond customer expectation under the fairly agreed terms and conditions, providing accurate, credible and unexaggerated information of products and services while always promising not to disclose any confidential client information to any third party or use such information for personal benefit unfairly and unlawfully.

5. Environment and Safety

The company has remained firm in eliminating any environmental impact caused by its business operations. The company has also developed effective management of natural resources aiming for the highest benefit and the lowest waste returning to the environment. In the production process, the company always relies on the use of efficient and powerful machines that ensures no severe impact on the environment, while applying strict rules to control the operations, as part of the goal to generate the highest safety for lives and property involved in the business.

6. Community and Society Development

The company is committed to promoting the distribution of income to the agricultural sector aiming to upgrade the quality of life of palm oil growers as well as build economic integrity for all communities in the country.



4.2 Corruption Prevention Policy

The Company gives importance on the fight against dishonesty and corruption. The Company has announced the guidelines for the implementation of the policy against corruption to ensure that the Company has a policy is to assign responsibility.

Guidelines and requirements for proper operation to prevent corruption in all Company business activities and to make business decisions and operations that may be at risk of fraud, corrupt practice to be carefully considered. The details are as follows.

Guidelines for the Corruption Prevention Policy Implementation

1. It is prohibited for the directors, executives and employees of the Company and subsidiaries to perform, accept, or support all forms of corruption both directly and indirectly. The prohibition covers all related subsidiaries including contractors or subcontractors. The implementation of the policy against corruption also required to be regularly reviewed. The guidelines are reviewed in accordance with policy, compliance with laws and regulations, announcement, rules, and business change.

2. Anti-corruption standard is a part of the business and is the responsibility of the company Board of Directors, management, supervisor, and all employees at all levels, suppliers or subcontractors are involved in commenting on the implementation of anti-corruption to achieve the policy goal.

3. The Company has developed measures to combat fraud and corruption in accordance with applicable laws and moral principles by providing a risk assessment of the relevant activity vulnerable to corruption and corrupt practices. A guide has also been developed for those involved to be implemented.

4. The Company does not engage in or support bribery in any form. All activities are supervised. This includes controlling donations to charity, donations to political parties, and business gifts giving. The company also support activities for transparency and is not intended to convince the public official or private sector to inappropriately conduct any activity.

5. The Company provides an appropriate internal control to regularly prevent employees to improper conduct particularly in the aspects of sales, marketing, and purchasing.

6. The company provides knowledge on anti-corruption and corruption to the Board of Directors, the management, and staff to promote honesty and responsibility in fulfilling their responsibilities including the media expressing the Company determination.

7. The Company provides a mechanism for reporting financial transparency and accuracy.



8. The Company encourages diverse communication channels so that employees and stakeholders can notify suspicious clues by ensuring that the whistleblower is protected without being penalized, unfairly transfer, or bullied in any way. This includes appointing a person to monitor all incoming notifications of clues.

5. Internal controls and risk management

The Board of Directors opinion regarding the internal control of the Company

The Company recognizes the importance of a good internal control system according to the principles of good corporate governance; that is a fair, transparent, and secure system that can be checked. This will lead to the best interests of shareholders, employees, suppliers, communities, and other relevant parties.

The Company has appointed D.I.A. and Associates Co., Ltd. to audit and evaluates the Company internal control systems. D.I.A. and Associates Co., Ltd. has announced the results of monitor and evaluating internal control systems. The Company has taken to monitor and assess to continuously improve the Company's internal control system.

Additionally, the internal control in any of internal control system aspect will be reviewed by the D.I.A. and Associates Co., Ltd., which is planning the audit to cover all segments along with presenting it to the Board of Directors for approval on the audit plan to be monitored and reported to the Audit Committee on a quarterly basis. The Board of Directors is of the opinion that the Company's internal control systems are appropriate and sufficient.

The Company has established sufficient internal controls to monitor the operations of its subsidiaries to protect the assets of the Company and its subsidiaries from being illegitimately used the directors or executives as well as transactions with persons who may have conflicts of interest and related party.

5.1 Transaction Necessity and Appropriateness

Transactions between the company and other entities or individuals that may have conflicts of interest include revenue from asset sales, rental fees, and service fees of office buildings. The committee implemented preliminary inspection on the transactions, with the conclusion that the specific transactions have equitable, reasonable prices and conditions established for the overall benefit of the company.

5.2 Policies or Procedures for Approving Transactions

These policies and procedures were established to ensure that the transactions are transparent and aimed for the overall benefit of the company. The company strictly adheres to legal regulations of the SEC and SET pertaining to such transactions. The Board of Directors, executives, and stakeholders are prohibited from attending the meeting for approval of the transactions. In cases where specific transactions require the Board of Directors authorization, the company will require the Audit Committee to attend the meeting to evaluate and present recommendations on the appropriateness of such transactions. The following policies apply to trade agreement transactions with general conditions and specialized conditions:



Trade Agreement Transactions with General Conditions

The transactions will be evaluated by the Audit Committee before being presented to the Board of Directors, which will then authorize the relevant departments to approve the transactions. The transactions must have a basis of fair trade, where all parties have bargaining power independent of influences from professional positions and authorities (e.g. board members, executives.)

The company will create a summary of all transactions to report to the Audit Committee and Board of Directors in every quarter.

Trade Agreement Transactions with Specialized Conditions

The transactions will be evaluated by the Audit Committee before being presented to the Board of Directors and/or shareholders for further assessment for approval. The practices must correspond to regulations of the SEC and SET.

If the Audit Committee is inexperienced in evaluating a certain type of transaction, the company may request specialized personnel from external sources, such as financial analysts, experts, and independent asset valuers to assess the transaction. The analysis of the Audit Committee and specialized personnel will be used as a factor for the Board of Directors or the shareholders' decision in approving the transaction. This will provide confidence that the transactions will not provide inequitable benefits to companies or particular shareholders, but rather a transparent maximization of every shareholder's wealth. The company will disclose transaction information annually and as a remark for financial statements approved by auditors.

5.3 Prospects and Policies for Future Transactions

The company expects future transactions with companies and/or parties due to the necessity and overall benefit for its business. The prospects of the company's future transactions are summarized below:

1. Regular Business Support Activities: These include office building leases and purchase of fuel oil, with prices and trade conditions according to market mechanisms. The company expects these transactions to be continuous.
2. Transactions related to Assets or Services: These include purchase and sale of assets such as sale of automobiles to Vichitbhan Construction. The company expects these transactions to occur based on necessities.

After selling shares to the public, the company strictly follows regulations of SET and SEC in dealing with all transactions



Board of Directors

Board of Directors

Mr. Bandhoon Supakavanich

Age 72 years old

Percentage of Shareholders -

Position Chairman of the Board of Directors / Chairman of Audit Committee / Chairman of the Nomination and Remuneration and Independent Director

Effective Date 28 August 2013

Degree/Certificate

- Directors Certification Program (DCP) 94/2007
- Audit Committee Program (ACP) 94/2007
- Master of Public Administration, Eastern Kentucky University, USA
- Bachelor of Science in Forestry, Kasetsart University
- Bachelor of Political Science in Politics and Government, Ramkhamhaeng University

Working Experiences

2011 – 2012: Secretary General / The Secretariat of the Prime Minister Government House

2011: Member of the House of Representatives / Pheu Thai Party

2010 – 2011: Commissioner / National Broadcasting and Telecommunication Commission

2008 – 2009: Budget Director / Bureau of the Budget, Office of the Prime Minister

Working Experiences with other listed company

None



Mr. Voravith Chavananand

Age 65 years old

Percentage of Shareholders 0.32%

Position Vice President

Effective Date 21 March 1987

Degree / Certificate

- Director Accreditation Program (DAP) 54/2006
- Bachelor of Accountancy, Bangkok University

Working Experiences

2003 – Present: Managing Director / Vichitbhan Construction Co., Ltd.

1996 – Present: Board of Director / Chavananand Holding Co., Ltd.

1994 – Present: President / C.V.N Development Co., Ltd.

1992 – Present: Vice President / Vichitbhan Real estate Co., Ltd.

1987 – Present: Vice President / Vichitbhan Palm oil Public Co., Ltd.

1985 – Present: Vice President / Vichitbhan Plantation Co., Ltd.

Working Experiences with other listed company

None



Mr. Vithaya Chavananand

Age 63 years old

Percentage of Shareholders 4.63%

Position Vice President

Effective Date 21 March 1987

Degree/Certificate

- Director Accreditation Program (DAP) 52/2006
- Directors Certification Program (DCP) 84/2006
- Audit Committee Program (ACP) 32/2010
- Monitoring Fraud Risk Management (MFM) 4/2010
- Master of Business Administration, Webster University, USA
- Bachelor Degree of Political Science Finance, Chulalongkorn University

Working Experiences

- 2012 – Present: Director / Vichitbhan Logistics Co., Ltd.
- 1996 – Present: Board of Director/ Chavananand Holding Co., Ltd.
- 1994 – 2019: Managing Director / V.C.N. Development Co., Ltd.
- 1992 – Present: Board of Director / Vichitbhan Real Estate Co. Ltd.
- 1987 – Present: Vice President / Vichitbhan Palm oil Public Co., Ltd.
- 1985 – Present: Director / Vichitbhan Plantation Co., Ltd.
- 1979 – 2019: Board of Director / Vichitbhan Construction Co., Ltd.

Working Experiences with other listed company

- 2018 – Present: Independent Director, Audit Committee and Chairman of Nomination & Remuneration Committee / Grand Canal Land Public Company Limited
- 2011 –Present: Director / Seatran Ferry Company Limited
- 2007 – 2020: Nomination & Remuneration Committee / Robinson Department Store PCL
- 2006 – 2020: Director, Independent Director and Audit Committee / Robinson Department Store PCL
- 2010 – 2020: Risk Management Committee / Robinson Department Store PCL



Mr. Krisada Chavananand

Age 60 years old

Percentage of Shareholders 38.99%

Position Director, Managing Director, and President of Risk Management Committee

Effective Date 3 November 1994

Degree / Certificate

- Certificate (Class 56), Certificate of the National Defense College of Thailand
- Master of Science, the Trustees of Columbia University, USA.
- Bachelor of Science in Computer Science, Sam Houston state University, USA.

Working Experiences

- 2018 – Present: Chairman / the Palm Oil Industry Group FTI
- 2015 – Present: Director / Palm Oil Crushing Mill Association
- 2012 – Present: Executive Director / Vichitbhan Logistics Co., Ltd.
- 2011 – Present: Director / Chavananand Holding Co., Ltd.
- 2008 – Present: Director / National Palm Oil Policy Committee
- 2008 – Present: Executive Director / VG Energy Co., Ltd.
- 2002 – Present: Managing Director / Vichitbhan Palmoil Public Co., Ltd.
- 1991 – Present: Deputy Managing Director / Vichitbhan Plantation Co., Ltd.
- 1987 – 2002: Deputy Managing Director/ Vichitbhan Palmoil Public Co., Ltd
- 2016 – 2018: Vice Chairman / the Palm Oil Industry Group FTI
- 2012 – 2016: Chairman of the Subcommittee on Oil Palm and Palm Oil Act
- 2008 - 2015: Chairman / the Palm Oil Industry Group FTI
- 2008 - 2015: Association President / Palm Oil Crushing Mill Association
- 2003 – 2015: Association President / Collaboration of Thai clean Development Mechanism Project
- 1990 – 1993: Dean of the Faculty of Science and Technology / Assumption University
- 1988 – 1990: Lecturer, Assumption University/ Assumption University





Mrs. Supaluck Tiasevanakul

(Name – Maiden Name : Miss Supaluck Chavananand)

Age 58 years old

Percentage of Shareholders 7.66%

Position Director, Risk Management Committee, and Deputy
Managing Director of Accounting, Finance and Office

Effective Date 2 October 1997

Degree/Certificate

- Directors Accreditation Program (DAP) 105/2013
- Master of Business Administration, University of New Haven, USA
- Bachelor of Economics, Chulalongkorn University

Working Experiences

- 2008 – Present: Board of Director / VG Energy Co., Ltd.
- 1998 – Present: Board of Director/ CholPattana Co., Ltd.
- 1988 – Present: Managing Director / Vichitbhan Farm Co., Ltd.
- 1987 – Present: Deputy Managing Director / VichitbhanPalmoil PCL
- 1985 – Present: Deputy Managing Director / Vichitbhan Plantation Co., Ltd.

Working Experiences with other listed company

None



Mr. Vatchara Chavananand

Age 56 years old

Percentage of Shareholders 4.26%

Position Director, Risk Management Committee, Deputy
Managing Director of Palm Plantation

Effective Date 21 March 1987

Degree/Certificate

- Director Accreditation Program (DAP สมาคมส่งเสริมสถาบันกรรมการบริษัทไทย) DAP 54/2006
- High School

Working Experiences

2012 – Present: Board of Director / Vichitbhan Logistics Co., Ltd.

2008 – Present: Board of Director / VG Energy Co., Ltd.

1996 – Present: Board of Director / Chavananand Holding Co., Ltd.

1992 – Present: Managing Director / Vichitbhan Real Estate Co., Ltd.

1987 – Present: Deputy Managing Director / Vichitbhan Palmoil PCL

1985 – Present: Deputy Managing Director / Vichitbhan Plantation Co., Ltd.

Working Experiences with other listed company

None



Mr.Jiraphant Asvatanakul

Age 61 years old

Percentage of Shareholders 0.00022%

Position Audit Committee and Independent Director

Effective Date 9 May 2016



Degree/ Certificate

- Thailand Insurance Super Leadership Program (Class 1) OIC Advanced Insurance Institute
- National Defence College, The Joint State - Private Sector Course Class 26
- Senior Management Program, Capital Market Academy
- Thailand Insurance Leadership Program (Class 1)
- Top Executive Program in Commerce and Trade (Class 8)
- Health Ambassador (Class 1)
- Strategy and Innovation for Business in Asia (Class 2)
- Director Accreditation Program (DAP) 2004, Thai Institute of Directors (IOD)
- Master of Professional Accounting, University of Texas at Austin, U.S.A.
- Bachelor Degree of Economics, Thammasat University

Working Experiences

2019 – Present	Vice President / Thai Chamber of Commerce
2019 – Present	Advisor / Board of Trade of Thai
2001 – Present	Vice President, Chairman of Investment Committee / Road Accident Victims Protection Company Limited
2008 – 2013, 2017 – Present	Director / Thai General Insurance Fund
2016 – Present	President / Thai-Iran Business Council
2015 – Present	Treasurer / Thai-Chinese Business Council
2013 – Present	Director / Thai General Insurance Association
2009 – 2013, 2017 – 2019	President / Thai General Insurance Association



2017 – 2019	Secretary General / Thai Chamber of Commerce and Board of Trade of Thai
2015 – 2017	Board Treasurer / Thai Chamber of Commerce and Board of Trade of Thai
2013 – 2015	Director of Deputy Secretary General / Board of Trade of Thai
2009 – 2019	Director / T.I.I. Co., Ltd. (Thailand -Insurance Institute)
2008 – 2009	President / Asean Insurance Concil

Working Experiences with other listed company

1986 – Present	Chief Executive Officer, & Managing Director / Thaivivat Insurance PCL.
2019 – Present	Nomination and Remuneration Committee / Thai Reinsurance PCL
1993 – Present	Director / Thai Reinsurance PCL
2014 – 2016	Director / Thai Reinsurance PCL

Mr. Rachada Singalavanija

Age 71 years old

Percentage of Shareholders -

Position Audit Committee, Risk Management Committee and
Independent Director

Effective Date 10 August 2016



Degree/ Certificate

- Certificate, Director Accreditation Program 67/2007, Thai Institute of Directors
- Certificate, Civil Service Executive Development Program (Class 29), Office of the Civil Service Commission
- National Defence College Diploma (Class 45)
- Diploma, Senior Executive Program (Class 16), Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand
- Bachelor of Law, Ramkhamhaeng University, Thailand
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University, Thailand
- M.S.E. (Industrial), West Virginia University, U.S.A.

Working Experiences

2009 – Retired: Deputy Permanent Secretary / Ministry of Industry

2006-2009: Director General Department of Industrial Works / Department of Industrial Works

2004-2006: Deputy Permanent Secretary / Ministry of Industry

2003-2004: Chief of Inspector General / Ministry of Industry

2001-2003: Inspector General / Ministry of Industry

1998-2001: Deputy Director-General, Department of Industrial Works / Ministry of Industry

1998: Director Industrial Pollution Management Bureau Technology / Department of Industrial

Working Experiences with other listed company

None



Company Secretary

Mrs. Apiradee Arunpitakgul

Age 46 Years old

Position Accountant and Financial Manager and Company Secretary

Effective Date September 2014

Degree/ Certificate

Bachelor of Accountant Financial, University of the Thai Chamber
of Commerce



Working Experiences

2020 – Present: Company Secretary / Vichitbhan Palmoil PCL

2014 – Present: Accountant and Financial Manager / Vichitbhan Palmoil PCL

2002 – 2014: Deputy Internal Audit Manager / ThaiNamthip Company Limited

1997 – 2002: Chief of Auditor Department / Deloitte Touche Tohmatsu Jaiyos Audit Company
Limited.



Enclose



VICHITBHAN PALMOIL PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2020



Independent Auditor's Report

To the shareholders and the Board of Directors of Vichitbhan Palmoil Public Company Limited

My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Vichitbhan Palmoil Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><i>Impairment of investment in a subsidiary</i></p> <p>Refer to Note 9 'Critical estimates and judgements', and Note 15 'Investment in subsidiaries' to the financial statements.</p> <p>As at 31 December 2020, the Company had investment in subsidiaries (net) of Baht 301 million, which was net from the allowance for impairment in investment of Baht 230 million. Investment in subsidiaries represented 26% of the total assets in the separate financial statements.</p> <p>A subsidiary, VG Energy Company Limited, which operates a power plant, has continuously incurred losses over the past few years. Therefore, management performed an impairment assessment of the investment in this subsidiary.</p> <p>Management assessed the recoverable amount of investment in the subsidiary based on the value in use by considering discounted cash flow projection. From the assessment, management concluded that no additional impairment was required in 2020.</p> <p>I focused on this area, impairment of investment in a subsidiary, because of the significant value of investment in the subsidiary in the separate financial statements. The assessment of the recoverable amount of investment in a subsidiary involved management's subjective judgement on the reasonableness of the key assumptions used in the cash flow projection, such as the estimated palm fruit production and the discount rate.</p>	<p>I understood and evaluated management's valuation approach for assessing the impairment of investment in a subsidiary. I considered the approach to be appropriate in accordance with the Thai Financial Reporting Standards.</p> <p>I evaluated the Group's budgeting procedures upon which the cash flow projection are based, and assessed the principles of management's discounted cash flow models.</p> <p>I assessed the appropriateness of key assumptions used in the discounted cash flow projection, and I assessed management's judgement on:</p> <ul style="list-style-type: none"> the estimated palm fruit production, by comparing the estimate with the historical production trend data, the cultivated area and the production capacity, the discount rate, by comparing the rate with the cost of capital of the subsidiary and checking the rate is similar to others in the industry. <p>I also used my firm's valuation expert to assess the reasonableness of the discount rate applied in the discounted cash flow model, including testing the accuracy of the calculation.</p> <p>Based on the above procedures, I found that the key assumptions used by management in assessing the impairment of the investment in a subsidiary to be reasonable based on available evidence and appropriate in light of the current circumstances.</p>

Key audit matter	How my audit addressed the key audit matter
<p><i>Impairment of property, plant and equipment</i></p> <p>Refer to Note 9 'Critical estimates and judgements' and Note 16 'Property Plant and Equipment' to the financial statements</p> <p>At 31 December 2020, the Group had property plant and equipment (net) of Baht 805 million, which was net from the allowance for impairment of property plant and equipment of Baht 81 million. Property plant and equipment (net) represented 82% of the total assets in the consolidated financial statements.</p> <p>Management considered there to be an indication of impairment of property, plant and equipment in the Group because the Toong-ka factory has been shut down since May 2016 and the Ta-Sae factory's operating yield has been low. Because of this management assessed the recoverable amount of property plant and equipment at the higher of value in use and fair value less cost to sell.</p> <p>Management assessed the recoverable amount based on value in use of property, plant and equipment by considering the discounted cash flow projection. From the assessment, management concluded that no additional impairment was required in 2020.</p> <p>I focused on this area, impairment of property, plant and equipment, because of the significant value of property, plant and equipment in the consolidated financial statements. The assessment of recoverable amount of property, plant and equipment involved management's subjective judgement on the reasonableness of key assumptions used in the cash flow projection, such as the estimated palm fruit production and the discount rate.</p>	<p>I understood and evaluated management's valuation approach for assessing the impairment of property, plant and equipment by using the value in use method. I considered the approach to be appropriate in accordance with the Thai Financial Reporting Standards.</p> <p>I evaluated the budgeting procedures upon which the cash flow projection are based, and assessed the principles of management's discounted cash flow models.</p> <p>I assessed the appropriateness of key assumptions used in the discounted cash flow projection. I assessed management's judgement on:</p> <ul style="list-style-type: none"> the estimated palm fruit production, by comparing the estimate with the historical production trend data, the cultivated area and the production capacity, the discount rate, by comparing the rate with the cost of capital of the subsidiary and checking the rate is similar to others in the industry. <p>I also used my firm's valuation expert to assess the reasonableness of the discount rate applied in the discounted cash flow model, including testing the accuracy of the calculation.</p> <p>Based on the above procedures, I found that the key assumptions used by management in assessing the impairment of property, plant and equipment were reasonable based on the available evidence and appropriate in light of the current circumstances.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.



Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, reading 'Tithinun Vankeo', with a horizontal line underneath.

Tithinun Vankeo
Certified Public Accountant (Thailand) No. 9432
Bangkok
22 February 2021

Vichitbhan Palmoil Public Company Limited
Statement of Financial Position
As at 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Assets					
Current assets					
Cash and cash equivalents	11	789,671	387,236	319,597	376,847
Trade and other receivables	12	123,647,351	64,182,133	131,587,052	70,694,247
Short-term loan to related parties	34.3	-	-	95,049,372	103,337,000
Inventories	14	34,172,253	90,180,358	32,951,768	89,098,443
Total current assets		158,609,275	154,749,727	259,907,789	263,506,537
Non-current assets					
Investments in subsidiaries	15	-	-	301,108,348	301,108,348
Property, plant and equipment	16	805,151,184	949,564,628	594,242,346	683,984,885
Right-of-use assets	17	13,110,712	-	11,857,544	-
Investment property	18	1,150,000	1,150,000	-	-
Deferred palm plantation cost	19	-	-	-	-
Intangible assets	20	1,378,266	1,366,975	347,553	687,991
Deferred tax assets	21	3,007,154	3,233,077	1,037,225	1,133,753
Other non-current assets		431,051	2,366,974	403,711	1,012,223
Total non-current assets		824,228,367	957,681,654	908,996,727	987,927,200
Total assets		982,837,642	1,112,431,381	1,168,904,516	1,251,433,737

Director


Mr. Vithaya Chavanand
Vice President


Mr. Vatchara Chavanand
Director

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichitbhan Palmoil Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	23	348,091,098	362,113,509	346,889,963	360,272,303
Trade and other payables	22	14,112,117	19,487,096	72,866,352	55,125,926
Current portion of lease liabilities	23	2,594,199	-	2,132,779	-
Current portion of liabilities under					
financial lease agreements	23	-	252,943	-	252,943
Current portion of long-term borrowing	23	33,300,000	90,552,000	-	64,152,000
Derivative liability		-	-	-	-
Income tax payable		1,331,075	2,075,150	-	-
Total current liabilities		399,428,489	474,480,698	421,889,094	479,803,172
Non-current liabilities					
Lease liabilities	23	9,950,444	-	9,153,099	-
Liabilities under financial lease agreements	23	-	749,336	-	749,336
Long-term borrowings	23	27,619,513	56,558,619	-	2,239,106
Retention		29,786	845,357	29,786	845,357
Employee benefit obligations	24	9,788,763	9,777,277	6,342,445	5,777,556
Deferred tax liabilities	21	867,961	759,482	-	-
Total non-current liabilities		48,256,467	68,690,071	15,525,330	9,611,355
Total liabilities		447,684,956	543,170,769	437,414,424	489,414,527
Equity					
Share capital					
Authorised share capital	25				
Ordinary shares, 940,000,000 shares					
at par value of Baht 1 each		940,000,000	940,000,000	940,000,000	940,000,000
Issued and fully paid-up share capital					
Ordinary shares, 940,000,000 shares					
at paid-up of Baht 1 each		940,000,000	940,000,000	940,000,000	940,000,000
Share premium	25	227,888,500	227,888,500	227,888,500	227,888,500
Discount from business combination under					
common control		(71,756,742)	(71,756,742)	-	-
Retained earnings (deficit)					
Appropriated - legal reserve	26	25,300,000	25,300,000	25,300,000	25,300,000
Unappropriated (deficit)		(586,279,072)	(552,171,146)	(461,698,408)	(431,169,290)
Equity attributable to owners of the parent		535,152,686	569,260,612	731,490,092	762,019,210
Total equity		535,152,686	569,260,612	731,490,092	762,019,210
Total liabilities and equity		982,837,642	1,112,431,381	1,168,904,516	1,251,433,737

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichitbhan Palmoil Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Revenue from sales		1,109,701,356	1,078,698,862	1,077,793,784	1,035,050,137
Cost of sales		(1,014,071,499)	(956,577,003)	(993,971,968)	(923,161,402)
Gross profit		95,629,857	122,121,859	83,821,816	111,888,735
Other operating income	27	5,745,007	7,906,140	8,649,019	9,663,486
Selling expenses		(16,830,329)	(29,226,763)	(16,200,501)	(28,433,822)
Administrative expenses		(91,884,713)	(123,034,663)	(68,549,963)	(98,837,703)
Finance costs	29	(16,328,044)	(21,708,998)	(13,770,778)	(17,696,251)
Loss before income tax		(23,668,222)	(43,942,425)	(6,050,407)	(23,415,555)
Income tax (expense) income	30	(5,667,336)	(3,511,428)	(884,965)	360,154
Loss for the year		(29,335,558)	(47,453,853)	(6,935,372)	(23,055,401)
Other comprehensive (expense) income:					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations		(5,417,248)	-	(3,942,186)	-
Income tax relating to items that will not be reclassified		1,067,414	-	788,437	-
Other comprehensive income for the year, net of tax		(4,349,834)	-	(3,153,749)	-
Total comprehensive expense for the year		(33,685,392)	(47,453,853)	(10,089,121)	(23,055,401)
Loss attributable to:					
Owners of the parent		(29,335,558)	(47,453,853)	(6,935,372)	(23,055,401)
Non-controlling interests		-	-	-	-
		(29,335,558)	(47,453,853)	(6,935,372)	(23,055,401)
Total comprehensive expense attributable to:					
Owners of the parent		(33,685,392)	(47,453,853)	(10,089,121)	(23,055,401)
Non-controlling interests		-	-	-	-
		(33,685,392)	(47,453,853)	(10,089,121)	(23,055,401)
Loss per share					
Basic loss per share	31	(0.03)	(0.05)	(0.01)	(0.02)


Mr. Vithaya Chavanand
Vice President


Mr. Vatchara Chavanand
Director

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichitbhan Palmoil Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Consolidated financial statements									
Attributable to owners of the parent									
Capital contributed		Retained earnings (deficit)							
Note	Issued and paid-up share capital	Share premium	Premium (discount) from business combination under common control		Appropriated - legal reserve	Unappropriated reserve	Total owners of the parent	Total equity	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2019	940,000,000	227,888,500	(71,756,742)		25,300,000	(504,717,293)	616,714,465	616,714,465	
Changes in equity for year									
Total comprehensive expense for the year	-	-	-	-	-	(47,453,853)	(47,453,853)	(47,453,853)	
Closing balance as at 31 December 2019	940,000,000	227,888,500	(71,756,742)		25,300,000	(552,171,146)	569,260,612	569,260,612	
Balance as at 31 December 2019	940,000,000	227,888,500	(71,756,742)		25,300,000	(552,171,146)	569,260,612	569,260,612	
Adjustments from changes in accounting policy 5	-	-	-		-	(422,534)	(422,534)	(422,534)	
Opening balance as at 1 January 2020 - restated	940,000,000	227,888,500	(71,756,742)		25,300,000	(552,593,680)	568,838,078	568,838,078	
Changes in equity for year									
Total comprehensive expense for the year	-	-	-		-	(33,685,392)	(33,685,392)	(33,685,392)	
Closing balance as at 31 December 2020	940,000,000	227,888,500	(71,756,742)		25,300,000	(586,279,072)	535,152,686	535,152,686	

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Mr. Vithaya Chavanand
Vice President

Mr. Vatchara Chavanand
Director

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichithphan Palmoil Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2020

	Separate financial statements					
	Capital contributed		Retained earnings (deficit)			
	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated	Total equity	
Note	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2019	940,000,000	227,888,500	25,300,000	(408,113,889)	785,074,611	
Changes in equity for year						
Total comprehensive expense for the year	-	-	-	(23,055,401)	(23,055,401)	
Closing balance as at 31 December 2019	940,000,000	227,888,500	25,300,000	(431,169,290)	762,019,210	
Balance as at 31 December 2019	940,000,000	227,888,500	25,300,000	(431,169,290)	762,019,210	
Adjustments from changes in accounting policy	-	-	-	(20,439,997)	(20,439,997)	
Opening balance as at 1 January 2020 - restated	940,000,000	227,888,500	25,300,000	(451,609,287)	741,579,213	
Changes in equity for year						
Total comprehensive expense for the year	-	-	-	(10,089,121)	(10,089,121)	
Closing balance as at 31 December 2020	940,000,000	227,888,500	25,300,000	(461,698,408)	731,490,092	


Mr. Vithaya Chavanand
Vice President



Mr. Vatchara Chavananand
Director

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichitbhan Palmoil Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2020

	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Loss before income tax		(23,668,222)	(43,942,425)	(6,050,407)	(23,415,555)
Adjustments for:					
Depreciation	16	146,083,094	153,260,235	97,566,504	101,894,719
Amortisation of intangible assets	20	384,836	701,304	366,938	689,537
Depreciation of right-of-use assets	17	2,536,943	-	2,380,296	-
Reversal of impairment losses on short-term loan to related parties	34.3	-	-	(1,944,048)	-
Impairment losses on interest receivables	12	-	-	576,158	-
Loss on devaluation value of inventories		1,178,447	-	1,298,819	-
Loss from write-down of obsolete inventory (reversal)		(94,946)	254,976	(102,310)	171,155
Loss on write-off of equipment		-	4,743	-	4,740
Loss on write-off of intangible assets	20	1	-	-	-
Gain on disposal of equipment	27	(2,175,074)	(2,289,973)	(1,187,601)	(923,996)
Loss (gain) from exchange rate		2,785	(26,045)	2,785	(26,045)
Employee benefit obligations	24	1,011,613	2,900,302	684,783	1,652,340
Interest expenses	29	16,328,044	21,708,998	13,770,778	17,696,251
Interest income	27	(65,692)	(90,029)	(3,993,959)	(4,355,545)
Changes in operating assets and liabilities					
Trade and other receivables		(57,690,430)	(16,806,205)	(58,680,587)	(16,251,772)
Inventories		54,924,604	(2,072,014)	54,950,166	(1,606,101)
Other non-current assets		1,935,923	12,012	608,512	12,012
Trade and other payables		(5,615,554)	(2,327,813)	9,025,327	8,185,610
Retention		(815,571)	17,472	(815,571)	17,472
Employee benefit paid	24.1	(6,417,375)	(555,009)	(4,062,080)	(101,700)
Cash generated from operations		127,843,426	110,750,529	104,394,503	83,643,122
Interest paid		(16,709,741)	(21,868,566)	(14,145,632)	(17,824,738)
Interest received		65,692	90,029	117,247	265,273
Income tax paid		(7,729,319)	(4,755,196)	(2,434,387)	(1,013,433)
Withholding tax received		158,799	79,773	158,799	-
Net cash generated from operating activities		103,628,857	84,296,569	88,090,530	65,070,224


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

Vichitbhan Palmoil Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2020

		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Cash payment for short-term loans to related parties	34.3	-	-	(39,963,000)	(50,135,000)
Cash received from repayments of short-term loans to related parties	34.3	-	-	32,755,000	45,452,500
Purchase of equipment		(3,520,929)	(10,747,894)	(1,190,766)	(8,658,333)
Proceeds from disposals of equipment		3,114,990	2,290,000	2,110,720	924,000
Purchase of intangible assets	20	(396,128)	(566,400)	(26,500)	(93,500)
Net cash used in investing activities		(802,067)	(9,024,294)	(6,314,546)	(12,510,333)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions		804,000,000	573,100,000	804,000,000	573,100,000
Repayments of short-term borrowings from financial institutions		(817,000,000)	(560,600,000)	(817,000,000)	(560,600,000)
Repayments of lease liabilities	32	(2,210,838)	(1,420,971)	(2,059,788)	(931,903)
Repayments of long-term borrowings	23	(86,191,106)	(88,152,000)	(66,391,106)	(64,152,000)
Net cash used in financing activities		(101,401,944)	(77,072,971)	(81,450,894)	(52,583,903)
Net increase (decrease) in cash and cash equivalents		1,424,846	(1,800,696)	325,090	(24,012)
Opening balance of cash and cash equivalents		(2,726,273)	(925,577)	(895,456)	(871,444)
Closing balance of cash and cash equivalents		(1,301,427)	(2,726,273)	(570,366)	(895,456)
Cash and cash equivalents					
Cash and cash equivalents	11	789,671	387,236	319,597	376,847
Bank overdrafts	23	(2,091,098)	(3,113,509)	(889,963)	(1,272,303)
		(1,301,427)	(2,726,273)	(570,366)	(895,456)
Non-cash transactions					
Purchases of property, plant and equipment on credit		749,165	469,186	8,747,660	-
Purchases of vehicle under hire purchase agreement on credit		-	375,000	-	375,000
Right-of-use building under lease agreement		2,584,510	-	1,174,695	-

The notes to the consolidated and separate financial statements are an integral part of these financial statements.

1 General information

Vichitbhan Palmoil Public Company Limited ("the Company") is a Public Company Limited which is incorporated and resident in Thailand. The address of the Company's registered office is as follows:

The Company's registered head office is located at 2044, Chavananand Building, Phetburi Extension Road, Bangkok, Huaykwang, Bangkok.

The Company's Thasae factory is located at 29 Moo 3, Sap Anan, Thasae, Chumporn.

The Company's ThungKha factory is located at 170 Moo 6, ThungKha, Mueang, Chumporn.

The Company's is engaged in palm plantation and palm oil extraction.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

These Group consolidated and separate financial statements was authorised for issue by the Board of Directors on 22 February 2021.

2 Financial position

As of 31 December 2020, in consolidated and company financial statements, the Group and the Company has the total current liabilities exceeding total current assets by Baht 241 million and Baht 162 million and loss for the year of Baht 29 million and Baht 7 million, respectively. These resulted in doubt on the entity's ability to continue as a going concern. The Group has long-term borrowings in a total amount of Baht 61 million. The Group received waiver letter from bank dated 18 December 2020 regarding a relieve an enforcement of debts covenants to maintain debts service coverage ratio. The Group has mortgaged the land together with construction and part of machines with net book value higher than long-term borrowing balance as collaterals. To ensure a proper basis of going concern, management has prepared a cash flow forecast and assured that the estimation can be achieved by the extension of ramp to cover the area and reach the farmer as much as possible, resulting more palm fruits. In addition, there is a policy to reduce costs both production and management continuously. It also has a policy to develop and improve production continuously so that every step of production is effective to the maximum effectiveness. Furthermore, the Group has enough borrowing facilities. Accordingly, the Group could continue its operations as a going concern, and to fulfil all its financial obligations now and in the future. The undertaking was provided for a minimum period of twelve months from the financial statement date and there after.

3 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except certain financial assets and liabilities (including derivative instrument).

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 9.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

Mr. Vithaya Chavananand
President

Mr. Vatchara Chavananand
Director

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 and have significant impacts to the Group

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.7 and 6.13.

The Group and the Company have adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

The impact of first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows:

		Consolidated financial statements			
	Notes	As at 31 December 2019 Baht	TAS 32 and TFRS 9 Reclassifications and adjustments Baht	TFRS 16 Reclassifications and adjustments Baht	As at 1 January 2020 Restated Baht
Assets					
Current assets					
Trade and other receivables	A	64,182,133	-	(786,137)	63,395,996
Non-current assets					
Property, plant and equipment	A	949,564,628	-	(1,191,342)	948,373,286
Right-of-use assets	A	-	-	13,063,145	13,063,145
Total assets affected		1,013,746,761	-	11,085,666	1,024,832,427
Current liabilities					
Current portion of lease liabilities	A	-	-	1,959,200	1,959,200
Current portion of lease liabilities under financial lease agreements	A	252,943	-	(252,943)	-
Derivatives liabilities	C	-	422,534	-	422,534
Non-current liabilities					
Lease liabilities	A	-	-	10,128,745	10,128,745
Liabilities under financial lease agreements	A	749,336	-	(749,336)	-
Total liabilities affected		1,002,279	422,534	11,085,666	12,510,479
Equity					
Deficits		(552,171,146)	(422,534)	-	(552,593,680)
Total equity affected		(552,171,146)	(422,534)	-	(552,593,680)



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

The impact of first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows (Cont'd):

		Separate financial statements			
		TAS 32 and FRS 9	TFRS 16		
	As at 31 December 2019 Baht	Reclassifications and adjustments Baht	Reclassifications and adjustments Baht		As at 1 January 2020 Restated Baht
Notes					
Assets					
Current assets					
Trade and other receivables	A, B	70,694,247	(2,577,787)	(786,137)	67,330,323
Short term borrowing to related parties	B	103,337,000	(17,439,676)	-	85,897,324
Non-current assets					
Property, plant and equipment	A	683,984,885	-	(1,191,342)	682,793,543
Right of use assets	A	-	-	13,063,145	13,063,145
Total assets affected		858,016,132	(20,017,463)	11,085,666	849,084,335
Current liabilities					
Current portion of lease liabilities	A	-	-	1,959,200	1,959,200
Current portion of lease liabilities under financial lease agreements	A	252,943	-	(252,943)	-
Derivative liabilities	C	-	422,534	-	422,534
Non-current liabilities					
Lease liabilities	A	-	-	10,128,745	10,128,745
Liabilities under financial lease agreements	A	749,336	-	(749,336)	-
Total liabilities affected		1,002,279	422,534	11,085,666	12,510,479
Equity					
Deficits		(431,169,290)	(20,439,997)	-	(451,609,287)
Total equity affected		(431,169,290)	(20,439,997)	-	(451,609,287)

The adjustments and reclassifications above are summarised below.

- (A) Recognised right of use assets and lease liabilities together with a corresponding adjustment of prepaid rent and accrued rent against right of use assets (Note 5.2)
- (B) Recognised impairments on loans to related parties and interest income from loans to related parties (Note 5.1)
- (C) Recognised derivative liabilities at fair value through retained earnings (Note 5.1)


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Vice President


Mr. Vatchara Chavanand
Director

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

5.1 Financial instruments

The total impact on the Group's and the Company's unappropriated retained earnings as of 1 January 2020 are as follows:

	Notes	Consolidated financial statements Baht	Separate financial statements Baht
Unappropriated retained earnings as of 31 December 2019 (as previously reported)		(552,171,146)	(431,169,290)
Increase in impairments on loans to related party	b	-	(17,439,676)
Increase in impairments on interest income from loans to related party	b	-	(2,577,787)
Fair value adjustments on derivatives	a	(422,534)	(422,534)
Total adjustments to opening unappropriated retained earnings from adoption of TFRS 9		(422,534)	(20,439,997)
Unappropriated retained earnings as of 1 January 2020 after reflecting TFRS 9 adoption (before impact from TFRS 16)		(552,593,680)	(451,609,287)

(a) Recognition of derivative at fair value through profit or loss

As of 1 January 2020, derivative liability was recognised at their fair values of Baht 422,534 in the consolidated and separate financial statements.

The Group and the Company recognised derivative at their fair values with a corresponding adjustment to opening retained earnings of Baht 422,534. During the year 2020, the fair value gains of Baht 422,534 were recognised in the Group's and the Company's finance costs.

(b) Reclassifications of financial instruments on adoption of TFRS 9

On 1 January 2020, the date of initial application, the measurement categories and carrying amounts of financial assets and financial liabilities were as follows.

	Consolidated financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	As at 31 December 2019 Baht	As at 1 January 2020 Baht	Difference Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	387,236	387,236	-
Trade and other receivables	Amortised cost	Amortised cost	56,231,219	56,231,219	-
Non-current financial assets					
Other non-current assets	Amortised cost	Amortised cost	2,098,300	2,098,300	-
Current financial liabilities					
Bank overdrafts and short-term borrowings from financial institutions	Amortised cost	Amortised cost	362,113,509	362,113,509	-
Trade and other payables	Amortised cost	Amortised cost	13,414,985	13,414,985	-
Current portion of long-term loans	Amortised cost	Amortised cost	90,552,000	90,552,000	-
Derivative liabilities	Unrecognised	FVPL	-	422,534	422,534
Non-current financial liabilities					
Long-term loans	Amortised cost	Amortised cost	56,558,619	56,558,619	-
Retention	Amortised cost	Amortised cost	845,357	845,357	-

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Mr. Vatchara Chavananand
Director

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

5.1 Financial instruments (Cont'd)

	Separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	New (TFRS 9)	As at 31 December 2019 Baht	As at 1 January 2020 Baht	Difference Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	376,847	376,847	-
Trade and other receivables	Amortised cost	Amortised cost	67,051,182	64,473,395	(2,577,787)
Short-term loans to related parties	Amortised cost	Amortised cost	103,337,000	85,897,324	(17,439,676)
Non-current financial assets					
Other non-current assets	Amortised cost	Amortised cost	743,550	743,550	-
Current financial liabilities					
Bank overdrafts and short-term borrowings from financial institutions	Amortised cost	Amortised cost	360,272,303	360,272,303	-
Trade and other payables	Amortised cost	Amortised cost	51,526,318	51,526,318	-
Current portion of long-term loans	Amortised cost	Amortised cost	64,152,000	64,152,000	-
Derivative liabilities	Unrecognised	FVPL	-	422,534	422,534
Non-current financial liabilities					
Long-term loans	Amortised cost	Amortised cost	2,239,106	2,239,106	-
Retention	Amortised cost	Amortised cost	845,357	845,357	-

(c) Impairment of financial assets

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables
- loans to related parties

The Group was required to revise its impairment methodology under TFRS 9. The impact of the change in impairment methodology on the Group's and the Company's retained earnings at 1 January 2020 were Baht 20,017,463 million.

While cash and cash equivalents are subject to the new impairment requirement, the identified impact was immaterial.

Trade receivables

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

As of 1 January 2020, the Group and the Company didn't recognise any loss allowance for trade receivables.

Amounts due from related party

The Company has amounts due from related party measured at amortised cost. The 12-month expected credit loss allowance was recognised for those loans without any significant increase in credit risk. The lifetime expected credit loss was recognised for those loans with significant increase in credit risk.

The reconciliations of loss allowance for amounts due from related party for the year ended 31 December 2020 are disclosed in Note 12.

Loans to related party

The Company has loans to related parties measured at amortised cost. The 12-month expected credit loss allowance was recognised for those loans without any significant increase in credit risk. The lifetime expected credit loss was recognised for those loans with significant increase in credit risk.

The reconciliations of loss allowance for loans to related party for the year ended 31 December 2020 are disclosed in Note 34.3.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

5.1 Financial instruments (Cont'd)

(d) Derivatives and hedging activities

Before 1 January 2020 the Group and the Company did not recognise derivative as liabilities in the financial statements. The derivative contracts and related fair values were disclosed in the note.

On 1 January 2020, the Group recognised derivative liability of Baht 422,534, with the corresponding adjustment to retained earnings in the consolidated financial statements and separate financial statements.

5 Impacts from initial application of the new and revised financial reporting standards (Cont'd)

5.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases for leases with lease terms more than 12 months. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3.07%.

Right-of-use assets which are recognised as property and other right-of use assets were measured at the amount equal to the lease liability in which the incremental borrowing rate for the remaining lease terms from the initial application date is applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

	Consolidated and separate financial statements Baht
Operating lease commitments disclosed as at 31 December 2019	11,195,000
<u>Less</u> discounted from using the lessee's incremental borrowing rate of at the date of initial application	(1,585,549)
<u>Add</u> finance lease liabilities recognised as at 31 December 2019	1,002,279
<u>Add</u> adjustments as a result of a different treatment of extension and termination options	1,476,215
Lease liabilities recognised as at 1 January 2020	12,087,945
Current lease liabilities	1,959,200
Non-current lease liabilities	10,128,745

In applying TFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

6 Accounting policies

6.1 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method.

b) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

6.2 Business combination

Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree at their carrying values presented in the highest level of the consolidation. The Group retrospectively adjusted the business combination under common control transactions as if the combination had occurred on the later of the beginning of the preceding comparative period and the date the acquiree has become under common control.

Consideration of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs.

The difference between consideration under business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed of (transferred to retained earnings).

6.3 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.



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Director

6 Accounting policies (Cont'd)

6.4 Cash and cash equivalents

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities

6.5 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business. Most of trade receivables have credit term around 7 – 15 days, so trade receivables are classified as current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

The impairment of trade receivables are disclosed in Note 12

6.6 Inventories

Inventories are stated at the lower of cost or net realisable value.

Costs of goods and supplies are determined by the first-in, first-out (FIFO) method. The cost of raw materials comprises both the purchase price and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

6.7 Financial assets

For the year ended 31 December 2020

a) Classification

From 1 January 2020, the Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.



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Mr. Vatchara Chavananand
Director

6 Accounting policies (Cont'd)

6.7 Financial assets (Cont'd)

For the year ended 31 December 2020 (Cont'd)

c) **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as administrative expense in the statement of profit or loss.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) **Equity instruments**

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as dividend income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss.

Impairment losses (and reversal of impairment losses) on equity investments are reported together with changes in fair value.



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6 Accounting policies (Cont'd)

6.7 Financial assets (Cont'd)

For the year ended 31 December 2020 (Cont'd)

f) Impairment

From 1 January 2020, the Group assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

For other financial assets carried at amortised cost and FVOCI, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

6.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.


Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life or, if it is shorter, the lease term, as follows:

Building and building improvement	10 - 44 years
Machinery	5 - 27 years
Tool equipment and fixture	4 - 20 years
Office equipment	1 - 24 years
Vehicle	4 - 20 years


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Vice President


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Director

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

6 Accounting policies (Cont'd)

6.9 Investment property

Investment property of the Group included land that the Group is held without having objective for future use.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs.

Land is not depreciated.

6.10 Deferred palm plantation cost

Palm plantation cost is recorded by cost method less accumulated amortisation. Amortisation is calculated when palm trees begin to bear fruits which are expected to be in the fourth year by using the straight line method throughout the fruit bearing life of palm trees, which is expected to be for 20 years from the first fruit bearing year. The maintaining cost of palm trees after the first fruit bearing year is recorded as expense in the income statement as soon as it occurred.

6.11 Other intangible assets

Research and development

Research expenditure is recognised as an expense as incurred.

Expenses incurred on development projects are recognised when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line method basis over the period of its expected benefit, not exceeding 5 years.

Electricity production license

Expenses incurred on the process of renewal of electricity production are recognised when it is probable that the license will be success considering its commercial and technological feasibility, and only if the cost can be measured reliably.

Cost of electricity production license is amortised over their useful life 10 years.

Computer software


Acquired computer software licenses are capitalised on the basis of the costs and these costs are amortised over their estimated useful lives 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

6.12 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.


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Director

6 Accounting policies (Cont'd)

6.13 Leases

For the year ended 31 December 2020

Leases - where the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

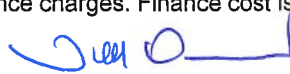
Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of copy machine.

For the year ended 31 December 2019

Leases - where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.


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Director

6 Accounting policies (Cont'd)

6.14 Financial liabilities

For the year ended 31 December 2020

a) **Classification**

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) **Measurement**

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) **Derecognition and modification**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

For the year ended 31 December 2019


Borrowings


Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.


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6 Accounting policies (Cont'd)

6.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised.
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.16 Employee benefits


The Group operate various post-employment benefits schemes. The Group has both defined benefit and defined contribution plans.

Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

Defined contribution plan

The Group pays contributions to a separate fund on a voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

6 Accounting policies (Cont'd)

6.16 Employee benefits (Cont'd)

Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated each three years by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Termination benefits

The Group recognises termination benefits at the earlier of (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for the related restructuring. Benefits due more than 12 months are discounted to their present value.

6.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

6.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

6.19 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.


The Group manufactures and sells crude palm oil. Sales are recognized when control of the products has transferred, being when the products are delivered. Delivery occurs when the products have been shipped to the specific location. The Group has accepted the products in accordance with the sales contract.

Revenues of the Group are recognised when a performance obligation is satisfied at point in time.

6.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

6 Accounting policies (Cont'd)

6.21 Derivatives

Embedded derivative and derivatives that do not qualify for hedge accounting

Embedded derivative that is separately accounted for and derivatives that do not qualify for hedge accounting is initially recognised at fair value. Changes in the fair value are included in other gains(losses).

Fair value of derivatives is classified as a current or non-current following its remaining maturity.

6.22 Segment reporting

Segment information has been prepared based on the internal report of the Group, which disaggregates its business by services or products.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions.

7 Financial risk management

7.1 Financial risk factors

The Group exposes to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Group Treasury Committee. The Group's policy includes areas such as foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for Treasury team globally.

7.1.1 Market risk

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect US Dollars and RM Malaysia. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. The Group manage this risk by entering into forward exchange contracts when it considers appropriate.

Risk

The Group's and the Company's have foreign currency risk at the end of the reporting period, expressed in Baht are as follows:

	Consolidated financial statements			
	As at 31 December 2020		As at 31 December 2019	
	US Dollar Baht	Malaysian Ringgit Baht	US Dollar Baht	Malaysian Ringgit Baht
Trade and other payables	-	468,970	593,232	2,485,981

	Separate financial statements			
	As at 31 December 2020		As at 31 December 2019	
	US Dollar Baht	Malaysian Ringgit Baht	US Dollar Baht	Malaysian Ringgit Baht
Trade and other payables	-	468,970	593,232	1,641,081


Mr. Vithaya Chavanand
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Mr. Vatchara Chavanand
Director

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.1 Market risk (Cont'd)

b) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in Baht.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Consolidated financial statements			
	2020		2019	
	Baht	% of total loans	Baht	% of total loans
Variable rate borrowings	60,919,513	100%	147,110,619	100%

	Separate financial statements			
	2020		2019	
	Baht	% of total loans	Baht	% of total loans
Variable rate borrowings	-	100%	66,391,106	100%

c) Price risk

The Group is exposed to oil price risk from substantial fluctuations in oil prices in the world market.

7.1.2 Credit risk


Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), derivative financial instruments as well as credit exposures to customers, including outstanding receivables.

a) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on tips assessments in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash to mitigate credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.


Mr. Vithaya Chavananand
Vice President


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Director

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.2 Credit risk

b) Impairment of financial assets

The Group and the Company has 2 types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Loan to related parties

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The management didn't set the provision of allowance for trade receivables due to the customer can paid within credit period.

Previous accounting policy for impairment of trade receivables for comparative period

In the year 2019, the Group recognised impairment of trade receivables based on the incurred loss model such as uncollectible which was not taken into account future losses. Therefore, loss allowance and allowance for doubtful accounts are not comparable.

Loan to related party

Loans to related party measured at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Lifetime expected credit losses is recognised for the loans that the credit risk is significant increased.

7.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held cash and deposits at call of Baht 789,671 (2019: Baht 387,236) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors a) rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below); and b) cash and cash equivalents

a) Financing arrangements

The Group has access to the following undrawn credit facilities as at 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Floating rate				
Expiring within one year				
- Bank loans	1,455,920,105	1,363,087,777	1,439,021,240	1,351,288,520
Expiring beyond one year				
- Bank loans	103,000,000	103,000,000	-	-
	1,558,920,105	1,466,087,777	1,439,021,240	1,351,288,520

The Group mortgages lands together with construction, machinery and equipment as collaterals against the above loans as well as the transfer of beneficiary on the insurance to the lenders. These are also guaranteed by the directors of the Company and subsidiaries.


Mr. Vithaya Chavanand
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Mr. Vatchara Chavanand
Director

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.3 Liquidity risk (Cont'd)

b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Maturity of financial liabilities	Consolidated financial statements			
	Within 1 year Baht	2 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2020				
Bank overdrafts and short-term loans from financial institutions	348,091,098	-	-	348,091,098
Trade payables and other payables	9,059,172	-	-	9,059,172
Lease liabilities	2,946,483	7,539,336	3,448,000	13,933,819
Long-term loans from financial institutions	33,300,000	27,619,513	-	60,919,513
Retention	-	29,786	-	29,786
Total financial liabilities that is not derivatives	393,396,753	35,188,635	3,448,000	432,033,388
Total	393,396,753	35,188,635	3,448,000	432,033,388

Maturity of financial liabilities	Consolidated financial statements			
	Within 1 year Baht	2 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2019				
Bank overdrafts and short-term loans from financial institutions	362,113,509	-	-	362,113,509
Trade payables and other payables	13,414,985	-	-	13,414,985
Finance lease liabilities	293,976	806,166	-	1,100,142
Long-term loans from financial institutions	90,552,000	56,558,619	-	147,110,619
Retention	-	845,357	-	845,357
Total financial liabilities that is not derivatives	466,374,470	58,210,142	-	524,584,612
Total	466,374,470	58,210,142	-	524,584,612

Maturity of financial liabilities	Separate financial statements			
	Within 1 year Baht	2 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2020				
Bank overdrafts and short-term loans from financial institutions	346,889,963	-	-	346,889,963
Trade payables and other payables	69,451,763	-	-	69,451,763
Lease liabilities	2,456,883	6,723,336	3,448,000	12,628,219
Retention	-	29,786	-	29,786
Total financial liabilities that is not derivatives	418,798,609	6,753,122	3,448,000	428,999,731
Total	418,798,609	6,753,122	3,448,000	428,999,731

Mr. Vithaya Chavananand
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Director

7 Financial risk management (Cont'd)

7.1 Financial risk factors (Cont'd)

7.1.3 Liquidity risk (Cont'd)

b) Maturity of financial liabilities (Cont'd)

Maturity of financial liabilities	Separate financial statements			Total Baht
	Within 1 year Baht	2 - 5 years Baht	Over 5 years Baht	
As at 31 December 2019				
Bank overdrafts and short-term loans from financial institutions	360,272,303	-	-	360,272,303
Trade payables and other payables	51,526,318	-	-	51,526,318
Finance lease liabilities	293,976	806,166	-	1,100,142
Long-term loans from financial institutions	64,152,000	2,239,106	-	66,391,106
Retention	-	845,357	-	845,357
Total financial liabilities that is not derivatives	476,244,597	3,890,629	-	480,135,226
Total	476,244,597	3,890,629	-	480,135,226

7.2 Capital management

7.2.1 Risk management

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the gearing ratio must be between 0 – 2.5, and
- the Debt Service Coverage ratio must be not less than 1.25



Mr. Vithaya Chavananand
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Mr. Vatchara Chavananand
Director

8 Fair value

The following table shows fair values of financial assets and liabilities.

Consolidated financial statements				
	Fair value through profit or loss (FVPL) Baht	Amortised cost Baht	Total carrying amount Baht	Fair value Baht
31 December 2020				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	789,671	789,671	789,671
Trade and other receivables	-	113,863,608	113,863,608	113,863,608
Other non-current assets	-	176,389	176,389	175,021
	-	114,829,668	114,829,668	114,828,300
<i>Financial liabilities not measured at fair value</i>				
Bank overdrafts and short-term borrowings from financial institutions	-	348,091,098	348,091,098	348,091,098
Trade and other payables	-	9,059,172	9,059,172	9,059,172
Current portion of long-term loans	-	33,300,000	33,300,000	33,300,000
Long-term loans	-	27,619,513	27,619,513	28,082,636
Retention	-	29,786	29,786	29,555
	-	418,099,569	418,099,569	418,562,461
1 January 2020				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	387,236	387,236	387,236
Trade and other receivables	-	58,677,486	58,677,486	58,677,486
Other non-current assets	-	2,098,300	2,098,300	2,025,906
	-	61,163,022	61,163,022	61,090,628
<i>Financial liabilities not measured at fair value</i>				
Bank overdrafts and short-term borrowings from financial institutions	-	362,113,509	362,113,509	362,113,509
Trade and other payables	-	13,414,985	13,414,985	13,414,985
Current portion of long-term loans	-	90,552,000	90,552,000	90,552,000
Long-term loans	-	56,558,619	56,558,619	59,011,952
Retention	-	845,357	845,357	825,754
	-	523,484,470	523,484,470	525,918,200


Mr. Vithaya Chavananand
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Mr. Vatchara Chavananand
Director

8 Fair value (Cont'd)

The following table shows fair values of financial assets and liabilities. (Cont'd)

	Separate financial statements			
	Fair value through profit or loss (FVPL) Thousand Baht	Amortised cost Thousand Baht	Total carrying amount Thousand Baht	Fair value Thousand Baht
31 December 2020				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	319,597	319,597	319,597
Loans to related parties	-	95,049,372	95,049,372	95,049,372
Trade and other receivables	-	126,222,451	126,222,451	126,222,451
Other non-current assets	-	149,050	149,050	147,894
	-	221,740,470	221,740,470	221,739,314
<i>Financial liabilities not measured at fair value</i>				
Bank overdrafts and short-term borrowings from financial institutions	-	346,889,963	346,889,963	346,889,963
Trade and other payables	-	69,451,763	69,451,763	69,451,763
Retention	-	29,786	29,786	29,555
	-	416,371,512	416,371,512	416,371,281
1 January 2020				
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	-	376,847	376,847	376,847
Loans to related parties	-	85,897,324	85,897,324	85,897,324
Trade and other receivables	-	64,473,395	64,473,395	64,473,395
Other non-current assets	-	743,550	743,550	719,166
	-	151,491,116	151,491,116	151,466,732
<i>Financial liabilities not measured at fair value</i>				
Bank overdrafts and short-term borrowings from financial institutions	-	360,272,303	360,272,303	360,272,303
Trade and other payables	-	51,526,318	51,526,318	51,526,318
Current portion of long-term loans	-	64,152,000	64,152,000	64,152,000
Long-term loans	-	2,239,106	2,239,106	2,245,684
Retention	-	845,357	845,357	825,754
	-	479,035,084	479,035,084	479,022,059

Fair values are categorised into hierarchy based on inputs used as follows:

- Level 1 The fair value of financial instruments is based on the current bid price / closing price by reference to the Stock Exchange of Thailand / the Thai Bond Dealing Centre.
- Level 2 The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3 The fair value of financial instruments is not based on observable market data

The measurement of fair value of financial assets and financial liabilities is in accordance with the accounting policies disclosed in Note 6.7 and Note 6.14.



Mr. Vithaya Chavanand
Vice President



Mr. Vatchara Chavanand
Director

9 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of asset

The Group tests whether asset, which comprise investment in subsidiaries and property, plant, and equipment, has suffered any impairment, in accordance with the accounting policy stated in Note 6.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell as appropriate. These calculations require the use of estimates. Disclosures about estimated impairment of investment in subsidiaries and property, plant, and equipment are provided in Note 15 and 16 respectively.

Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow-moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experiences, management's knowledge of the industry and future market trends.

Retirement benefits

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in Note 24.

Determination of lease terms

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Group considers a) the underlying asset condition and/or b) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

Determination of discount rate applied to leases

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.


Mr. Vithaya Chavananand
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Mr. Vatchara Chavananand
Director

10 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions.

The Group is principally engaged in crude palm oil and kernel production. Although, the Group has power plant business but it doesn't solely generate income since it has to use waste water from crude palm oil production. On the other hand, the palm oil plant could not operate without wastewater treatment from power plant. The operations are carried out 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 revenue, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

In 2018, the Company has adjusted the financial information by segments which are classified by information provided to the chief operating decision-maker. The Company classified business segment by considering the significant financial information which related to the material operating result. Additionally, the operating segment in the interim consolidated financial information is clear enough to administrate and make decision.

The Group has 3 major customers which operate in crude palm oil and kernel businesses. The revenue generated from those customers is 63.38% of total revenue in the consolidated statement of comprehensive income for the year ended 31 December 2020 (2019: 70.68%).

Revenues of the Group are recognised when a performance obligation is satisfied at point in time.

11 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cash on hand	84,324	90,855	34,368	20,599
Cash at banks				
Current accounts	512,619	98,180	237,814	310,076
Saving accounts	192,728	198,201	47,415	46,172
	789,671	387,236	319,597	376,847

As at 31 December 2020, deposits held at call with banks carry interest at the rate of 0.13% - 1.10% per annum (2019: 0.13% - 1.00% per annum).



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

12 Trade and other receivables


	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Third parties				
- Trade accounts receivable	113,315,085	55,317,246	111,393,157	52,121,652
- Unbilled revenue	1,233,570	2,446,267	-	-
Total	114,548,655	57,763,513	111,393,157	52,121,652
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS101)	-	-	-	-
Trade accounts receivable, net	114,548,655	57,763,513	111,393,157	52,121,652
Amounts due from related parties	67,597	27,833	17,591,827	14,183,511
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS101)	-	-	(3,153,945)	-
Amounts due from related parties, net (Note 34.2)	67,597	27,833	14,437,882	14,183,511
Prepaid expenses	2,950,147	2,465,516	1,453,822	2,002,250
Advances	98,684	117,995	98,684	104,308
Prepaid corporate income tax	5,508,493	2,947,568	3,927,922	1,652,334
Others	1,969,471	2,355,404	391,412	746,019
Total other receivable	10,526,795	7,886,483	5,871,840	4,504,911
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS101)	(1,495,696)	(1,495,696)	(115,827)	(115,827)
Other receivable, net	9,031,099	6,390,787	5,756,013	4,389,084
Trade and other receivables, net	123,647,351	64,182,133	131,587,052	70,694,247

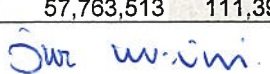
Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The loss allowance for trade receivables was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Third parties				
Unbilled revenue	1,233,570	2,446,267	-	-
Trade accounts receivable				
Current	113,175,713	55,169,543	111,253,785	51,973,949
Overdue less than 3 months	139,372	147,703	139,372	147,703
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	114,548,655	57,763,513	111,393,157	52,121,652
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS101)	-	-	-	-
Trade accounts receivable, net	114,548,655	57,763,513	111,393,157	52,121,652



Mr. Vithaya Chavananand
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Mr. Vatchara Chavananand
Director

12 Trade and other receivables (Cont'd)

The reconciliations of loss allowance for trade receivables for the year ended 31 December are as follow:

	Consolidated financial statements			
	Amounts due from related parties		Other receivable	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
31 December 2019 - calculated under TAS 101	-	-	(1,495,696)	(1,495,696)
Amounts restated through opening retained earnings	-	-	-	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9 (2019: TAS 101)	-	-	(1,495,696)	(1,495,696)
As of 31 December 2020 - calculated under TFRS 9 (2019: TAS 101)	-	-	(1,495,696)	(1,495,696)
	Separate financial statements			
	Amounts due from related parties		Other receivable	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
31 December 2019 - calculated under TAS 101	-	-	(115,827)	(115,827)
Amounts restated through opening retained earnings (Note 5)	(2,577,787)	-	-	-
Opening loss allowance as at 1 January 2020 - calculated under TFRS 9 (2019: TAS 101)	(2,577,787)	-	(115,827)	(115,827)
Increase in loss allowance recognised in profit or loss during the year	(576,158)	-	-	-
As of 31 December 2020 - calculated under TFRS 9 (2019: TAS 101)	(3,153,945)	-	(115,827)	(115,827)


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

13 Financial assets and financial liabilities


As at 31 December 2020, classification of the Group's financial assets and financial liabilities are as follows:

Consolidated financial statements			
FVPL	FVOCI	Amortised	Total
Baht	Baht	cost	Baht
		Baht	
Financial assets			
Cash and cash equivalents	-	789,671	789,671
Trade and other receivables	-	113,863,608	113,863,608
Other non-current assets	-	176,389	176,389

Consolidated financial statements			
	FVPL	Amortised	Total
	Baht	cost	Baht
		Baht	
Financial liabilities			
Bank overdrafts and short-term borrowings from financial institutions	-	348,091,098	348,091,098
Trade and other payables	-	9,059,172	9,059,172
Current portion of long-term borrowing	-	33,300,000	33,300,000
Current portion of lease liabilities	-	2,594,199	2,594,199
Long-term borrowings from financial institutions	-	27,619,513	27,619,513
Lease liabilities	-	9,950,444	9,950,444
Retention	-	29,786	29,786

Separate financial statements			
FVPL	FVOCI	Amortised	Total
Baht	Baht	cost	Baht
		Baht	
Financial assets			
Cash and cash equivalents	-	319,597	319,597
Trade and other receivables	-	126,222,451	126,222,451
Short-term loans to related parties	-	95,049,372	95,049,372
Other non-current assets	-	149,050	149,050

Separate financial statements			
	FVPL	Amortised	Total
	Baht	cost	Baht
		Baht	
Financial liabilities			
Bank overdrafts and short-term borrowings from financial institutions	-	346,889,963	346,889,963
Trade and other payables	-	69,451,763	69,451,763
Current portion of lease liabilities	-	2,132,779	2,132,779
Lease liabilities	-	9,153,099	9,153,099
Retention	-	29,786	29,786


Mr. Vithaya Chavanand
Vice President


Mr. Vatchara Chavanand
Director

14 Inventories


	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Finished good	23,244,322	75,660,053	23,605,372	77,209,627
Spare parts	11,558,285	13,989,154	10,186,147	11,647,144
Supplies	1,903,936	1,981,940	1,520,241	1,405,155
Total	36,706,543	91,631,147	35,311,760	90,261,926
<u>Less</u> Allowance for decline values of inventories and obsolete	(2,534,290)	(1,450,789)	(2,359,992)	(1,163,483)
Inventories	34,172,253	90,180,358	32,951,768	89,098,443

During the years ended 2020 and 2019, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cost of inventories included in cost of sales	896,781,250	834,204,641	896,781,250	834,204,641
Write-down of inventories to net realisable value	1,178,447	-	1,298,819	-

15 Investments in subsidiaries

	Separate financial statements	
	2020 Baht	2019 Baht
Investment in subsidiaries - at cost	531,108,348	531,108,348
<u>Less</u> Allowance for impairment	(230,000,000)	(230,000,000)
Closing net book amount	301,108,348	301,108,348
For the year ended 31 December		
Opening net book amount	301,108,348	301,108,348
Impairment charge	-	-
Closing net book amount	301,108,348	301,108,348


Mr. Vithaya Chavanand
Vice President


Mr. Vatchara Chavanand
Director

15 Investments in subsidiaries (Cont'd)

The details of investments in subsidiaries are as follows:

Subsidiaries	Nature of business	Country of incorporation	% Ownership interest	
			2020	2019
Vichitbhan Plantation Co., Ltd.	Oil palm plantation and distribution its production	Thailand	99.99	99.99
VG Energy Co., Ltd.	Generating and selling electric power	Thailand	99.99	99.99
Vichitbhan Logistics Co., Ltd.	Transportation business	Thailand	99.99	99.99

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

Impairment

A subsidiary, which operates a power plant, has continuously incurred losses over the past years. Therefore, management performed an impairment assessment of the investment in this subsidiary.

The recoverable amount of Cash Generating Unit (CGU) including investment in a subsidiary is based on value in use. These calculations used pre-tax cash flow projections based on financial budgets for 20 years. The cash flows are extrapolated using assumptions including the estimated of palm fruits production by comparing the estimate with the historical production trend data and pre-tax discount rate that reflects risks relating to the same industry using a rate of 9.51% for the separate financial statement. The management concluded that there is no additional impairment in 2020.

The recoverable amount is calculated based on value in use exceed carrying value. In case of an increased discount rate by 0.50%, value in use will be less than carrying value, which results in an increase in loss from impairment Baht 15.85 million. In case of a decreased discount rate by 0.50%, value in use still exceed carrying value, which results in no loss from impairment.



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

Vichitbhan Palmoil Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2020

16 Property, plant and equipment

	Consolidated financial statements								
	Land Baht	Building and building improvement Baht	Machinery Baht	Factory equipment and tool Baht	Office equipment and fixtures Baht	Vehicle Baht	Equipment for sprinkle project Baht	Construction in progress Baht	Total Baht
At 1 January 2019									
Cost	96,588,127	576,727,533	2,038,484,769	54,358,864	65,833,918	134,744,438	16,007,653	16,232,565	2,998,977,867
Less Accumulated depreciation	-	(279,112,772)	(1,324,784,895)	(36,001,562)	(51,872,021)	(118,600,489)	(15,920,285)	-	(1,826,292,024)
Allowance for impairment	-	(17,699,369)	(63,113,642)	-	(384,700)	-	-	-	(81,197,711)
Net book value	96,588,127	279,915,392	650,586,232	18,357,302	13,577,197	16,143,949	87,368	16,232,565	1,091,488,132
For the year ended 31 December 2019									
Opening net book value	96,588,127	279,915,392	650,586,232	18,357,302	13,577,197	16,143,949	87,368	16,232,565	1,091,488,132
Additions	-	-	1,004,687	1,349,210	1,378,978	2,125,219	-	5,483,407	11,341,501
Transfer in (out)	-	2,866,039	14,300,974	179,142	85,386	-	-	(17,431,541)	-
Disposals, net	-	(3)	-	(2)	-	(22)	-	-	(27)
Write-off, net	-	-	-	(2)	(4,741)	-	-	-	(4,743)
Depreciation charge	-	(18,484,358)	(124,167,182)	(3,786,510)	(1,978,072)	(4,812,083)	(32,030)	-	(153,260,235)
Closing net book value	96,588,127	264,297,070	541,724,711	16,099,140	13,058,748	13,457,063	55,338	4,284,431	949,564,628
At 31 December 2019									
Cost	96,588,127	579,380,190	2,053,790,430	55,757,805	66,208,128	123,213,596	16,007,653	4,284,431	2,995,230,360
Less Accumulated depreciation	-	(297,383,751)	(1,448,952,077)	(39,658,665)	(52,764,680)	(109,756,533)	(15,952,315)	-	(1,964,468,021)
Allowance for impairment	-	(17,699,369)	(63,113,642)	-	(384,700)	-	-	-	(81,197,711)
Net book value	96,588,127	264,297,070	541,724,711	16,099,140	13,058,748	13,457,063	55,338	4,284,431	949,564,628



Mr. Vithaya Chavanand
Vice President



Mr. Vatchara Chavanand
Director

Vichitbhan Palmoil Public Company Limited

16 Property, plant and equipment (Cont'd)

	Land	Building and building improvement	Machinery	Factory equipment and tool	Office equipment and fixtures	Vehicle	Equipment for sprinkle project	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2020									
Cost	96,588,127	579,380,190	2,053,790,430	55,757,805	66,208,128	123,213,596	16,007,653	4,284,431	2,995,230,360
Less Accumulated depreciation	-	(297,383,751)	(1,448,952,077)	(39,658,665)	(52,764,680)	(109,756,533)	(15,952,315)	-	(1,964,468,021)
Allowance for impairment	-	(17,699,369)	(63,113,642)	-	(384,700)	-	-	-	(81,197,711)
Net book value	96,588,127	264,297,070	541,724,711	16,099,140	13,058,748	13,457,063	55,338	4,284,431	949,564,628
For the year ended 31 December 2020									
Opening net book value	96,588,127	264,297,070	541,724,711	16,099,140	13,058,748	13,457,063	55,338	4,284,431	949,564,628
Additions	-	-	300,760	684,370	906,537	1,000,000	-	909,241	3,800,908
Reclassification to right-of-use asset, net	-	-	-	-	-	(1,191,342)	-	-	(1,191,342)
Transfer in (out)	-	-	909,241	18,200	-	-	-	(927,441)	-
Disposals, net	-	-	(692,844)	(80,218)	(124,210)	(5)	(42,639)	-	(939,916)
Depreciation charge	-	(18,129,279)	(118,841,669)	(3,643,583)	(1,942,995)	(3,512,880)	(12,688)	-	(146,083,094)
Closing net book value	96,588,127	246,167,791	423,400,199	13,077,909	11,898,080	9,752,836	11	4,266,231	805,151,184
At 31 December 2020									
Cost	96,588,127	579,380,190	2,038,844,498	55,637,093	65,920,372	118,227,556	14,466,944	4,266,231	2,973,331,011
Less Accumulated depreciation	-	(315,513,030)	(1,552,330,657)	(42,559,184)	(53,637,592)	(108,474,720)	(14,466,933)	-	(2,086,982,116)
Allowance for impairment	-	(17,699,369)	(63,113,642)	-	(384,700)	-	-	-	(81,197,711)
Net book value	96,588,127	246,167,791	423,400,199	13,077,909	11,898,080	9,752,836	11	4,266,231	805,151,184

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Mr. Vatchara Chavanamand
Director

Vichitbhan Palmoil Public Company Limited

16 Property, plant and equipment (Cont'd)

	Separate financial statements												
	Land Baht	Building and building improvement Baht	Machinery Baht	Factory equipment and tool		Office equipment and fixtures		Vehicle		Equipment for sprinkle project		Construction in progress Baht	Total Baht
				Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		
At 1 January 2019													
Cost	154,104,029	362,917,716	1,100,543,873	47,063,179	28,461,048	34,994,116	13,983,434	15,690,688				1,757,758,083	
Less Accumulated depreciation	-	(119,717,476)	(758,622,412)	(26,556,679)	(20,361,108)	(30,318,546)	(13,919,649)	-				(969,495,870)	
Allowance for impairment	-	(10,495,432)	(313,642)	-	(369,200)	-	-	-				(11,178,274)	
Net book value	154,104,029	232,704,808	341,607,819	20,506,500	7,730,740	4,675,570	63,785	15,690,688				777,083,939	
For the year ended 31 December 2019													
Opening net book value	154,104,029	232,704,808	341,607,819	20,506,500	7,730,740	4,675,570	63,785	15,690,688				777,083,939	
Additions	-	-	492,200	1,289,686	1,287,116	523,000	-	5,208,407				8,800,409	
Transfer in (out)	-	2,866,039	13,743,007	179,142	85,386	-	-	(16,873,574)				-	
Disposals, net	-	(3)	(1)	-	-	-	-	-				(4)	
Write-off, net	-	-	-	-	(4,740)	-	-	-				(4,740)	
Depreciation charge	-	(14,492,586)	(79,258,798)	(3,590,870)	(2,529,862)	(1,994,987)	(27,616)	-				(101,894,719)	
Closing net book value	154,104,029	221,078,258	276,584,227	18,384,458	6,568,640	3,203,583	36,169	4,025,521				683,984,885	
At 31 December 2019													
Cost	154,104,029	365,601,677	1,112,089,080	48,532,007	28,779,776	35,517,116	13,983,434	4,025,521				1,762,632,640	
Less Accumulated depreciation	-	(134,027,987)	(835,191,211)	(30,147,549)	(21,841,936)	(32,313,533)	(13,947,265)	-				(1,067,469,481)	
Allowance for impairment	-	(10,495,432)	(313,642)	-	(369,200)	-	-	-				(11,178,274)	
Net book value	154,104,029	221,078,258	276,584,227	18,384,458	6,568,640	3,203,583	36,169	4,025,521				683,984,885	

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Mr. Vithaya Chavanand
Vice President

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Mr. Vatchara Chavanand
Director

Vichitbhan Palmoil Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2020

16 Property, plant and equipment (Cont'd)

	Separate financial statements							Total Baht
	Land Baht	Building and building improvement Baht	Machinery Baht	Factory equipment and tool Baht	Office equipment and fixtures Baht	Vehicle Baht	Equipment for sprinkle project Baht	
At 1 January 2020								
Cost	154,104,029	365,601,677	1,112,089,080	48,532,007	28,779,776	35,517,116	13,983,434	1,762,632,640
Less Accumulated depreciation	-	(134,027,987)	(835,191,211)	(30,147,549)	(21,841,936)	(32,313,533)	(13,947,265)	(1,067,469,481)
Allowance for impairment	-	(10,495,432)	(313,642)	-	(369,200)	-	-	(11,178,274)
Net book value	154,104,029	221,078,258	276,584,227	18,384,458	6,568,640	3,203,583	36,169	683,984,885
For the year ended 31 December 2020								
Opening net book value	154,104,029	221,078,258	276,584,227	18,384,458	6,568,640	3,203,583	36,169	683,984,885
Additions	-	-	8,600,000	603,032	735,394	-	-	9,938,426
Reclassification to right-of-use asset, net	-	-	-	-	-	(1,191,342)	-	(1,191,342)
Disposals, net	-	-	(692,844)	(80,212)	(124,212)	(1)	(25,850)	(923,119)
Depreciation charge	-	(14,289,412)	(76,688,874)	(3,446,231)	(2,237,425)	(894,247)	(10,315)	(97,566,504)
Closing net book value	154,104,029	206,788,846	207,802,509	15,461,047	4,942,397	1,117,993	4	594,242,346
At 31 December 2020								
Cost	154,104,029	365,601,677	1,104,533,148	48,626,338	28,351,874	33,651,234	12,751,948	1,751,645,769
Less Accumulated depreciation	-	(148,317,399)	(896,416,997)	(33,165,291)	(23,040,277)	(32,533,241)	(12,751,944)	(1,146,225,149)
Allowance for impairment	-	(10,495,432)	(313,642)	-	(369,200)	-	-	(11,178,274)
Net book value	154,104,029	206,788,846	207,802,509	15,461,047	4,942,397	1,117,993	4	594,242,346



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

16 Property, plant and equipment (Cont'd)

Capital expenditure contracted for at the statement of financial position date, but not recognised in the financial statements is presented as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2020 Baht	2019 Baht	2020 Baht	2019 Baht
Property, plant and equipment	Baht	1,809,673	1,809,673	1,809,673	1,809,673

Depreciation expense of Baht 146,083,094 and Baht 97,566,504 (2019: Baht 153,260,235 and Baht 101,894,719) has been charged in 'cost of goods sold', Baht 132,698,687 and Baht 87,311,309 (2019: Baht 138,350,474 and Baht 89,982,395) in 'selling expense' and Baht 13,384,407 and Baht 10,255,195 (2019: Baht 14,909,761 and Baht 11,912,324) in 'administrative expense' in consolidated and company statements of comprehensive income, respectively.

Impairment

Since a factory has been shut down and another factory's operating yield has been low, management accessed the recoverable amount of property, plant and equipment and right-of-use assets based on value in use.

The recoverable amount of Cash Generating Unit (CGU) including property, plant and equipment and right-of-use assets is calculated based on value in use. These calculations used pre-tax cash flow projections based on financial budgets for 20 years. The cash flows are extrapolated using assumptions including the estimated of palm fruits production by comparing the estimate with the historical production trend data and pre-tax discount rate that reflects risks relating to the same industry using a rate of 10.86% for the consolidated and separate financial statement. The management concluded that there is no additional impairment in 2020.


The recoverable amount is calculated based on value in use exceed carrying value. In case of an increased or decreased discount rate by 0.50 %, value in use still exceed carrying value, which results in no loss from impairment.


From 2020, the Group are presented right-of-use assets as a separate line item in the financial position as a results of changes in accounting policy in note 5.

Leased assets included above, where the Group and the Company is a lease under a lease, comprise vehicles:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Cost - capitalised leases	1,623,000	1,623,000	1,623,000	1,623,000
<u>Less</u> Accumulated depreciation	(728,658)	(410,321)	(728,658)	(410,321)
Net book amount	894,342	1,212,679	894,342	1,212,679

As at 31 December 2020, the Company and subsidiaries have mortgaged the land together with construction and part of machines at the book value of Baht 521,652,001 (2019: Baht 631,578,475). In the Company financial statements, the Company has mortgaged its land together with construction and part of machines at the book value of Baht 304,981,948 (2019: Baht 377,687,894) as collaterals for bank overdraft, short-term and long-term borrowings (Notes 23).


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

17 Right-of-use assets

Right-of-use asset balance are as follows:

	Consolidated financial statements		Separate financial statements	
	31 December 2020 Baht	1 January 2020 Baht	31 December 2020 Baht	1 January 2020 Baht
Ramps	7,218,818	8,649,859	7,218,818	8,649,859
Land	2,723,210	3,221,944	2,723,210	3,221,944
Building	2,297,342	-	1,044,174	-
Vehicles	871,342	1,191,342	871,342	1,191,342
Total	13,110,712	13,063,145	11,857,544	13,063,145

For the year ended 31 December, amounts charged to profit or loss and cash flows relating to leases are as follows:

	Consolidated financial statements				
	Ramps Baht	Lands Baht	Buildings Baht	Vehicles Baht	Total Baht
Balance as at 1 January 2020 (Note 5)	8,649,859	3,221,944	-	1,191,342	13,063,145
Additional	-	-	2,584,510	-	2,584,510
Depreciation charge	(1,431,041)	(498,734)	(287,168)	(320,000)	(2,536,943)
Balance as at 31 December 2020	7,218,818	2,723,210	2,297,342	871,342	13,110,712

	Separate financial statements				
	Ramps Baht	Lands Baht	Buildings Baht	Vehicles Baht	Total Baht
Balance as at 1 January 2020 (Note 5)	8,649,859	3,221,944	-	1,191,342	13,063,145
Additional	-	-	1,174,695	-	1,174,695
Depreciation charge	(1,431,041)	(498,734)	(130,521)	(320,000)	(2,380,296)
Balance as at 31 December 2020	7,218,818	2,723,210	1,044,174	871,342	11,857,544

The expense relating to leases that not included in the measurement of lease liabilities and right-of-use

	Consolidated financial statements	Separate financial statements
For the year ended 31 December	2020 Baht	2020 Baht
Expense relating to leases of low-value assets	229,889	229,889
Total cash outflow for leases	2,749,497	2,586,297



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

18 Investment property

	Consolidated financial statements	
	2020 Baht	2019 Baht
As at 31 December		
Cost - Land	1,150,000	1,150,000
Net book amount	1,150,000	1,150,000
Fair value	2,503,380	2,503,380

The fair value of investment properties are based on the valuation of Department of Land by using the local market sales comparison approach. The fair values are within level 2 of the fair value hierarchy.

19 Deferred palm plantation cost

	Consolidated financial statements		
	Palm Plantation Baht	Palm Seedlings cost Baht	Total Baht
At 31 December 2019			
Cost	200,344,298	23,401	200,367,699
<u>Less</u> Accumulated amortisation	(200,185,464)	-	(200,185,464)
<u>Less</u> Allowance for impairment	(158,834)	(23,401)	(182,235)
Net book value	-	-	-
At 31 December 2020			
Cost	200,344,298	23,401	200,367,699
<u>Less</u> Accumulated amortisation	(200,185,464)	-	(200,185,464)
<u>Less</u> Allowance for impairment	(158,834)	(23,401)	(182,235)
Net book value	-	-	-
	Separate financial statements		
	Palm Plantation Baht	Palm Seedlings cost Baht	Total Baht
At 31 December 2019			
Cost	47,973,024	-	47,973,024
<u>Less</u> Accumulated amortisation	(47,909,659)	-	(47,909,659)
<u>Less</u> Allowance for impairment	(63,365)	-	(63,365)
Net book value	-	-	-
At 31 December 2020			
Cost	47,973,024	-	47,973,024
<u>Less</u> Accumulated amortisation	(47,909,659)	-	(47,909,659)
<u>Less</u> Allowance for impairment	(63,365)	-	(63,365)
Net book value	-	-	-

The deferred palm plantation cost was on the land where permit has been granted for beneficial utilisation or residing in the sanctuary of the Nation Rub-Ror Reserve Forest and Sa-Lui Forest by the director-general of Royal Forest Department (Note 35.1).



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

Vichitbhan Palmoil Public Company Limited
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20 Intangible assets

	Consolidated financial statements					Separate financial statements				
	Computer program		Environmental impact study and project development cost		Cost of research and development in progress		Cost of electricity Production license		Cost of electricity Production license in progress	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2019										
Cost	10,241,399	-	2,805,500	-	8,042,000	-	-	-	21,088,899	10,035,068
Less Accumulated amortisation	(8,739,521)	-	(2,805,499)	-	-	-	-	-	(11,545,020)	(8,751,040)
Allowance for impairment	-	-	-	-	(8,042,000)	-	-	-	(8,042,000)	-
Closing net book value	1,501,878	-	1	-	-	-	-	-	1,501,879	1,284,028
For the year ended 31 December 2019										
Opening net book value	1,501,878	-	1	-	-	-	-	-	1,501,879	1,284,028
Additions	9,600	93,500	-	-	-	-	-	-	566,400	93,500
Transfer in (out)	93,500	(93,500)	-	-	-	-	-	-	-	(93,500)
Amortisation	(701,304)	-	-	-	-	-	-	-	(701,304)	(689,537)
Closing net book value	903,674	-	1	-	-	-	-	-	1,366,975	687,991
At 31 December 2019										
Cost	10,344,499	-	2,805,500	-	8,042,000	-	-	-	21,655,299	10,128,568
Less Accumulated amortisation	(9,440,825)	-	(2,805,499)	-	-	-	-	-	(12,246,324)	(9,440,577)
Allowance for impairment	-	-	-	-	(8,042,000)	-	-	-	(8,042,000)	-
Closing net book value	903,674	-	1	-	-	-	-	-	1,366,975	687,991



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20 Intangible assets (Cont'd)

	Consolidated financial statements					Separate financial statements		
	Computer program	Environmental impact study and project development cost	Cost of research and development in progress	Cost of electricity production license	Cost of electricity production license in progress	Total	Computer program	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
For the year ended 31 December 2020								
Opening net book value	903,674	1	-	-	463,300	1,366,975	687,991	687,991
Additions	26,500	-	-	-	369,628	396,128	26,500	26,500
Transfer in (out)	-	-	-	832,928	(832,928)	-	-	-
Write off, net	-	(1)	-	-	-	(1)	-	-
Amortisation	(372,424)	-	-	(12,412)	-	(384,836)	(366,938)	(366,938)
Closing net book value	557,750	-	-	820,516	-	1,378,266	347,553	347,553
At 31 December 2020								
Cost	10,370,999	-	8,042,000	832,928	-	19,245,927	10,155,068	10,155,068
Less Accumulated amortisation	(9,813,249)	-	-	(12,412)	-	(9,825,660)	(9,807,515)	(9,807,515)
Allowance for impairment	-	-	(8,042,000)	-	-	(8,042,000)	-	-
Closing net book value	557,750	-	-	820,516	-	1,378,266	347,553	347,553



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20 Intangible assets (Cont'd)

Amortisation recognised in profit and loss that are related to intangible assets are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Administrative expense	372,424	701,304	366,938	689,537

21 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	63,303	303,726	-	-
Deferred tax asset to be recovered after more than 12 months	2,943,851	2,929,351	1,037,225	1,133,753
Total	3,007,154	3,233,077	1,037,225	1,133,753
Deferred tax liabilities:				
Deferred tax liability to be recovered within 12 months	-	-	-	-
Deferred tax liability to be recovered after more than 12 months	(867,961)	(759,482)	-	-
Total	(867,961)	(759,482)	-	-
Deferred tax, net	2,139,193	2,473,595	1,037,225	1,133,753

The gross movement in the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
At 1 January	2,473,595	2,067,593	1,133,753	773,599
(Charged) credited to profit or loss (Note 30)	(1,401,816)	406,002	(884,965)	360,154
Charged to other comprehensive income	1,067,414	-	788,437	-
At 31 December	2,139,193	2,473,595	1,037,225	1,133,753



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21 Deferred income tax (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

Consolidated financial statements				
	At 1 January 2020 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2020 Baht
Deferred tax assets				
Allowance for decline values of inventory	233,272	(20,569)	-	212,703
Employee benefit	1,688,243	(1,272,768)	1,067,414	1,482,889
Impairment loss of assets	1,311,562	-	-	1,311,562
Total	3,233,077	(1,293,337)	1,067,414	3,007,154
Consolidated financial statements				
	At 1 January 2019 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2019 Baht
Deferred tax assets				
Allowance for decline values of inventory	199,553	33,719	-	233,272
Employee benefit	1,207,481	480,762	-	1,688,243
Impairment loss of assets	1,311,562	-	-	1,311,562
Total	2,718,596	514,481	-	3,233,077
Consolidated financial statements				
	At 1 January 2020 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2020 Baht
Deferred tax liabilities				
Depreciation	(759,482)	(108,479)	-	(867,961)
Total	(759,482)	(108,479)	-	(867,961)
Consolidated financial statements				
	At 1 January 2019 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2019 Baht
Deferred tax liabilities				
Depreciation	(651,003)	(108,479)	-	(759,482)
Total	(651,003)	(108,479)	-	(759,482)



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21 Deferred income tax (Cont'd)

	Separate financial statements			
	At 1 January 2020 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2020 Baht
Deferred tax assets				
Allowance for decline values of inventory	232,697	(20,462)	-	212,235
Employee benefit	901,056	(864,503)	788,437	824,990
Total	1,133,753	(884,965)	788,437	1,037,225

	Separate financial statements			
	At 1 January 2019 Baht	(Charged) credited to profit or loss Baht	Charged to other comprehensive income Baht	At 31 December 2019 Baht
Deferred tax assets				
Allowance for decline values of inventory	198,466	34,231	-	232,697
Employee benefit	575,133	325,923	-	901,056
Total	773,599	360,154	-	1,133,753

The financial position of deferred tax assets and liabilities is as follows:


	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Deferred tax assets	3,007,154	3,233,077	1,037,225	1,133,753
Deferred tax liabilities	(867,961)	(759,482)	-	-
Deferred tax, net	2,139,193	2,473,595	1,037,225	1,133,753


Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 162,511,146 (2019: Baht 165,462,724) in respect of tax losses Baht 812,555,730 (2019: Baht 827,313,619) to carry forward against future taxable income.

A summary of the tax losses carried forward and the expiry dates are set out below:

Expiry year	Consolidated financial statements Baht	Separate financial statements Baht
2021	107,667,667	106,434,821
2022	101,021,153	99,994,003
2023	488,546,014	177,889,120
2024	55,793,170	17,866,995
2025	59,527,726	17,104,143

The Group have been granted investment promotion certificates. The privileges received include 8 years carry forward of tax loss.


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22 Trade and other payables


	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Trade account payables - third parties	2,363,265	3,649,884	2,363,265	3,649,884
Trade account payables - related parties (Note 34.2)	-	-	54,405,354	41,245,438
Amounts due to related parties (Note 34.2)	635,100	1,044,500	8,875,833	1,071,743
Payable for purchase of supplies	5,311,642	8,251,415	3,659,651	5,559,253
Payable for purchase of assets	749,165	469,186	147,660	-
Accrued expenses	3,729,365	5,111,436	2,702,401	3,068,670
Withholding tax payable	924,747	442,014	578,152	290,211
Other	398,833	518,661	134,036	240,727
Trade and other payables	14,112,117	19,487,096	72,866,352	55,125,926

23 Borrowings

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Current portion				
Bank overdraft	2,091,098	3,113,509	889,963	1,272,303
Short-term loans from financial institutions	346,000,000	359,000,000	346,000,000	359,000,000
Total bank overdraft and short-term loans from financial institutions	348,091,098	362,113,509	346,889,963	360,272,303
Current portion of long-term borrowings				
- Lease liabilities	2,594,199	-	2,132,779	-
- Finance lease liabilities	-	252,943	-	252,943
- Bank borrowings	33,300,000	90,552,000	-	64,152,000
Total current portion of long-term borrowings	35,894,199	90,804,943	2,132,779	64,404,943
Non-current portion of long-term borrowings				
- Lease liabilities	9,950,444	-	9,153,099	-
- Finance lease liabilities	-	749,336	-	749,336
- Bank borrowings	27,619,513	56,558,619	-	2,239,106
Total non-current portion of long-term borrowings	37,569,957	57,307,955	9,153,099	2,988,442
Total borrowings	421,555,254	510,226,407	358,175,841	427,665,688

The borrowings include secured liabilities (lease and bank borrowings) in a total amount of Baht 60,919,513 (2019: Baht 147,110,619). The bank borrowings are secured over a part of the land and buildings of the Group/Company (Note 16). Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.


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23 Borrowings (Cont'd)

The interest rates exposure on the borrowings of the Group and the Company (excluded leases liabilities) are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Borrowings:				
- Fixed rates	346,000,000	359,000,000	346,000,000	359,000,000
- Floating rates	63,010,611	150,224,128	889,963	67,663,409
	409,010,611	509,224,128	346,889,963	426,663,409

The effective interest rates at the statement of financial position date are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 %	2019 %	2020 %	2019 %
- Bank overdrafts	5.15 - 5.84	6.18 - 6.87	5.15 - 5.84	6.18 - 6.87
- Bank borrowings	3.25	3.25 - 4.00	3.25	3.25 - 4.00

Short-term loans carried an interest at the fixed interest rate and assumed to approximate their fair value, as the impact of discounting is not significant.

Long-term borrowings (excluded leases liabilities) equal their carrying amount because interest rate of long-term borrowings is floating rates and assumed to approximate market interest rate.

The movements in bank borrowings (exclude lease liabilities) can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Opening balance	147,110,619	235,262,619	66,391,106	130,543,106
Repayments	(86,191,106)	(88,152,000)	(66,391,106)	(64,152,000)
Closing balance	60,919,513	147,110,619	-	66,391,106

Under the loan agreement, the Group has to comply with loan covenants such as maintaining the debt to equity ratio and debt service coverage ratio.



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23 Borrowings (Cont'd)

Lease liabilities-minimum lease payments (2019 : Finance lease liabilities) are as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Not later than 1 year	2,946,483	293,976	2,456,883	293,976
Later than 1 year but not later than 5 years	7,539,336	806,166	6,723,336	806,166
Later than 5 years	3,448,000	-	3,448,000	-
	13,933,819	1,100,142	12,628,219	1,100,142
<u>Less</u> Future finance charges on leases	(1,389,176)	(97,863)	(1,342,341)	(97,863)
Present value of lease liabilities	12,544,643	1,002,279	11,285,878	1,002,279

The present value of lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Not later than 1 year	2,594,199	252,943	2,132,779	252,943
Later than 1 year but not later than 5 years	6,819,886	749,336	6,022,541	749,336
Later than 5 years	3,130,558	-	3,130,558	-
	12,544,643	1,002,279	11,285,878	1,002,279

24 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Statement of financial position:				
Retirement benefits	9,788,763	9,777,277	6,342,445	5,777,556
Liability in the statement of financial position	9,788,763	9,777,277	6,342,445	5,777,556
Profit or loss charge included in operating profit for:				
Retirement benefits	1,011,613	2,900,302	684,783	1,652,340
	1,011,613	2,900,302	684,783	1,652,340
Remeasurement for:				
Retirement benefits	5,417,248	-	3,942,186	-
	5,417,248	-	3,942,186	-


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24 Employee benefit obligations (Cont'd)

24.1 Retirement benefits

The plans are final salary retirement plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Present value of unfunded obligation	9,788,763	9,777,277	6,342,445	5,777,556
Liability in the statement of financial position	9,788,763	9,777,277	6,342,445	5,777,556

The movement in the defined benefit obligation over the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
At 1 January	9,777,277	7,431,984	5,777,556	4,226,916
Current service cost	782,071	511,004	536,186	314,967
Past service cost	-	2,156,954	-	1,188,033
Interest cost	229,542	232,344	148,597	149,340
	10,788,890	10,332,286	6,462,339	5,879,256
Remeasurements:				
Loss from change in demographic assumptions	2,046,966	-	1,538,654	-
Loss from change in financial assumptions	705,975	-	533,265	-
Experience loss	2,664,307	-	1,870,267	-
	5,417,248	-	3,942,186	-
Payment from plans:				
Benefit paid	(6,417,375)	(555,009)	(4,062,080)	(101,700)
At 31 December	9,788,763	9,777,277	6,342,445	5,777,556

The principal actuarial assumptions used are as follows:


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	Consolidated financial statements		Separate financial statements	
	2020 %	2019 %	2020 %	2019 %
Discount rate				
For monthly employees	1.25 - 1.90	1.82 - 3.09	1.44	2.52
For daily employees	1.36 - 2.16	2.22 - 3.47	1.50	2.68
Future salary increases				
For monthly employees	3.36	2.61	3.36	2.61
For daily employees	1.68	1.73	1.68	1.73
Turnover rate				
For monthly employees	0 - 25	0 - 100	0 - 25	0 - 100
For daily employees	0 - 50	0 - 43	0 - 50	0 - 43

24 Employee benefit obligations (Cont'd)

24.1 Retirement benefits (Cont'd)

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	0.5%	0.5%	Decrease by 3.10%	Decrease by 2.41%	Increase by 3.27%	Increase by 2.53%
Salary growth rate	0.5%	0.5%	Increase by 3.64%	Increase by 3.46%	Decrease by 3.47%	Decrease by 3.31%
Turnover rate	0.5%	0.5%	Decrease by 4.06%	Decrease by 3.86%	Increase by 4.29%	Increase by 4.06%

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	0.5%	0.5%	Decrease by 3.54%	Decrease by 2.84%	Increase by 3.75%	Increase by 3.00%
Salary growth rate	0.5%	0.5%	Increase by 4.10%	Increase by 3.93%	Decrease by 3.90%	Decrease by 3.74%
Turnover rate	0.5%	0.5%	Decrease by 4.56%	Decrease by 4.36%	Increase by 4.84%	Increase by 4.61%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The weighted average duration of the defined benefit obligation is 8 years for monthly employees.

The weighted average duration of the defined benefit obligation is 10 years for daily employees.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement benefit plans other long-term employee benefit, the company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2020					
Retirement benefits	482,132	921,607	5,477,912	6,522,482	13,434,133
Total	482,132	921,607	5,477,912	6,522,482	13,434,133

	Consolidated financial statements				
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2019					
Retirement benefits	3,187,775	481,839	4,762,431	4,702,833	13,134,878
Total	3,187,775	481,839	4,762,431	4,702,833	13,134,878


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24 Employee benefit obligations (Cont'd)

24.1 Retirement benefits (Cont'd)

	Separate financial statements				Total Baht
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	
At 31 December 2020					
Retirement benefits	165,617	779,601	2,629,491	5,613,601	9,188,310
Total	165,617	779,601	2,629,491	5,613,601	9,188,310
	Separate financial statements				Total Baht
	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	
At 31 December 2019					
Retirement benefits	1,669,145	155,979	2,485,421	4,000,203	8,310,748
Total	1,669,145	155,979	2,485,421	4,000,203	8,310,748

25 Share capital

	Authorised		Issued and fully paid-up		
	Number of shares	Ordinary shares Baht	Number of shares	Ordinary shares Baht	Share premium Baht
At 1 January 2019	940,000,000	940,000,000	940,000,000	940,000,000	227,888,500
Deduction of shares	-	-	-	-	-
At 31 December 2019	940,000,000	940,000,000	940,000,000	940,000,000	227,888,500
Issuance of shares	-	-	-	-	-
At 31 December 2020	940,000,000	940,000,000	940,000,000	940,000,000	227,888,500

The total number of authorised ordinary shares is 940,000,000 shares (2019: 940,000,000 shares) with a par value of Baht 1 per share (2019: Baht 1 per share). All issued shares are fully paid.


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26 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
At 1 January	25,300,000	25,300,000	25,300,000	25,300,000
Appropriation during the year	-	-	-	-
At 31 December	25,300,000	25,300,000	25,300,000	25,300,000

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital of the Company. The reserve is non-distributable.


27 Other income

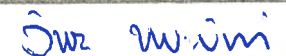
	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Interest income	65,692	90,029	3,993,959	4,355,545
Gain from exchange rate	3,165,889	2,956,748	3,165,889	2,962,587
Insurance claim	148,283	1,921,286	80,137	773,277
Gain on disposal of equipment	2,175,074	2,289,973	1,187,601	923,996
Others	190,070	648,104	221,433	648,081
	5,745,007	7,906,140	8,649,019	9,663,486

28 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Depreciation of property and equipment (Note 16)	146,083,094	153,260,235	97,566,504	101,894,719
Depreciation of right-of-use assets (Note 17)	2,536,943	-	2,380,296	-
Amortisation of intangible assets (Note 20)	384,836	701,304	366,938	689,537
Transportation expense	5,605,069	17,509,115	22,356,781	43,639,278
Repairs and maintenance expenditure	31,675,404	37,227,201	26,071,835	29,807,549
Salary and wages and other employee benefits	101,262,606	116,017,567	80,995,638	94,608,778
Loss from reducing inventory to net realisable value	1,204,403	-	1,196,509	-
Loss from obsolete inventories	-	257,536	-	171,155
Raw material and supplies used	769,866,772	770,824,778	754,030,244	749,874,317
Changes in finished goods decrease	(50,660,534)	(181,971)	(53,604,255)	(169,477)
Outsource wages	19,289,611	28,079,664	-	-

29 Finance costs


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Interest expense:
 Bank borrowings
 Lease liabilities (2019: Finance lease liabilities)

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Bank borrowings	15,936,248	21,640,042	13,391,132	17,639,257
Lease liabilities (2019: Finance lease liabilities)	391,796	68,956	376,646	56,994
	16,328,044	21,708,998	13,770,778	17,696,251

30 Income tax

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Current tax:				
Current tax on profits for the year	4,161,657	3,917,430	-	-
Adjustments in respect of prior year	103,863	-	-	-
Total current tax	4,265,520	3,917,430	-	-
Deferred tax (Note 21)	1,401,816	(406,002)	884,965	(360,154)
Total deferred tax	1,401,816	(406,002)	884,965	(360,154)
Total tax expense	5,667,336	3,511,428	884,965	(360,154)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Loss before tax	(23,668,222)	(43,942,425)	(6,050,407)	(23,415,555)
Tax calculated at a tax rate of 20% (2019: 20%)	(4,733,646)	(8,788,485)	(1,210,082)	(4,683,111)
Tax effect of:				
Expenses not deductible for tax purpose	515,289	544,184	363,896	309,286
Expense that are deductible at a greater amount from actual expenses	(391,681)	(354,231)	-	-
Tax losses for which no deferred income tax asset was recognised	10,026,823	11,614,700	1,542,107	4,029,466
Deferred tax expense relating to the origination and reversal of temporary differences	189,044	(15,880)	189,044	(15,795)
Unrealised gains (losses) from intercompany transaction	(42,356)	511,140	-	-
Adjustment in respect of prior year	103,863	-	-	-
Tax charge	5,667,336	3,511,428	884,965	(360,154)

The weighted average applicable tax rate was 23.94% and 14.63% (2019: 7.99% and 1.54%) for consolidated and company financial statements, respectively. The increase in tax rate results from the increase in business operations affected to the decrease in operating loss.

31 Loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss attributable to ordinary shareholders of the Company (Baht)	(29,335,558)	(47,453,853)	(6,935,372)	(23,055,401)
Weighted average number of ordinary shares outstanding (Shares)	940,000,000	940,000,000	940,000,000	940,000,000
Basic loss per share (Baht per share)	(0.03)	(0.05)	(0.01)	(0.02)

There is no potential dilutive ordinary share in issue during the year.


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

32 Change in liabilities arising from financing activities

	Liabilities from financing activities					
	Consolidated financial statements			Separate financial statements		
	Lease Baht	Short term borrowing Baht	Long term borrowing Baht	Lease Baht	Short term borrowing Baht	Long term borrowing Baht
Liabilities at 1 January 2019	2,048,250	346,500,000	235,262,619	1,559,182	346,500,000	130,543,106
Cash flows						
- principle	(1,420,971)	12,500,000	(88,152,000)	(931,903)	12,500,000	(64,152,000)
- interest	(68,956)	-	-	(56,994)	-	-
Acquisition - leases	375,000	-	-	375,000	-	-
Amortisation of prepaid interest expense	68,956	-	-	56,994	-	-
Liabilities at 31 December 2019	1,002,279	359,000,000	147,110,619	1,002,279	359,000,000	66,391,106
Adjustments from changes in accounting policies (Note 5)	11,085,666	-	-	11,085,666	-	-
Liabilities at 1 January 2020	12,087,945	359,000,000	147,110,619	12,087,945	359,000,000	66,391,106
Cash flows						
- principle	(2,210,838)	(13,000,000)	(86,191,106)	(2,059,788)	(13,000,000)	(66,391,106)
- interest	(308,770)	-	-	(296,620)	-	-
Acquisitions - leases	2,584,510	-	-	1,174,695	-	-
Amortisation of prepaid interest expense	391,796	-	-	379,646	-	-
Liabilities at 31 December 2020	12,544,643	346,000,000	60,919,513	11,285,878	346,000,000	-


33 Derivative instruments

Interest rate swap

		2020			
Type	Objective	Notional Baht	Fair value		Net Baht
			Assets Baht	Liabilities Baht	
Interest rate swap	Manage interest rate risk	-	-	-	-
		2019			
Type	Objective	Notional Baht	Fair value		Net Baht
			Assets Baht	Liabilities Baht	
Interest rate swap	Manage interest rate risk	64,080,000	-	(422,534)	(422,534)

Fair value is within in level 2 of the fair value hierarchy.

Fair value of interest rate swap agreement is measured by valuation method which is discounted cash flow using market parameters.


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

34 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The Group is controlled by Family Chavanand which owns 76.28% of the Company's shares.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The significant investments in subsidiaries, are set out in Note 15.

Other related companies are companies belonging to directors and directors' family of the Company and is therefore related parties.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

Company's name	Relationship	Related by
Vichitbhan Plantation Co., Ltd.	Subsidiary	Direct shareholding
VG Energy Co., Ltd.	Subsidiary	Direct shareholding
Vichitbhan Logistics Co., Ltd.	Subsidiary	Direct shareholding
Vichitbhan Construction Co., Ltd.	Related company	Common directors
Chavananand Holding Co., Ltd.	Related company	Common directors and direct and indirect shareholding
Chokananchumporn Co., Ltd.	Related company	Related person



Mr. Vithaya Chavananand
Vice President



Mr. Vatchara Chavananand
Director

34 Related party transactions (Cont'd)

34.1) Transactions with related parties

The following significant transactions were carried out with related parties:

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Sales of goods and service				
Sales of goods				
Subsidiaries	-	-	609,162	763,690
	-	-	609,162	763,690
Interest income				
Subsidiaries	-	-	3,953,100	4,317,973
	-	-	3,953,100	4,317,973
Sales of services				
Subsidiaries	-	-	45,319	41,749
Related parties	39,765	27,833	39,765	27,833
	39,765	27,833	85,084	69,582
Sale of assets				
Subsidiary	-	-	-	924,744
	-	-	-	924,744
Purchase of goods and service				
Purchase of palm fruits				
Subsidiary	-	-	64,228,912	66,717,242
Rental and service for office building				
Related party	2,859,283	3,106,963	1,284,566	1,419,926
Transportation expense				
Subsidiary	-	-	16,681,285	25,847,194
Purchasing supplies				
Related party	9,165,680	17,816,220	3,403,480	6,842,870
Purchasing machines				
Subsidiary	-	-	8,600,000	-

As at 31 December 2020, the Group entered into lease and service agreements relating to the rental of offices with related company. The term is 3 years started on 1 September 2020 till 31 August 2023 with the yearly rental fee of Baht 2.99 million.

As at 31 December 2020, a subsidiary company entered into a right of superficies agreement with the Company where the Company granted the right of superficies for the land on which the biogas power projects are located for the period of 30 years without any fee charged commencing from April 2009 and July 2009 and the contractual periods can be extended for another 10 years. The subsidiary company agrees to purchase the Decanter Cake from the Company to produce electricity.


Mr. Vithaya Chavananand
Vice President


Mr. Vatchara Chavananand
Director

34 Related party transactions (Cont'd)

34.2) Outstanding balances arising from sales and purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Other receivable - net				
Subsidiaries - Non - trade	-	-	2,033,260	2,541,420
- accrued interest income	-	-	12,337,025	11,614,258
Related parties	67,597	27,833	67,597	27,833
	67,597	27,833	14,437,882	14,183,511
Trade account payables				
Subsidiaries	-	-	54,405,354	41,245,438
Other payables				
Subsidiaries	-	-	8,623,833	673,513
Related parties	635,100	1,044,500	252,000	398,230
	635,100	1,044,500	8,875,833	1,071,743


34.3) Short-term loans to related parties

	Separate financial statements	
	2020 Baht	2019 Baht
Short-term loans to Subsidiaries		
Book amount	110,545,000	103,337,000
Less Lifetime expected credit losses of asset	(15,495,628)	-
Net book amount	95,049,372	103,337,000

Expected credit losses for the year

The reconciliations of loss allowance for financial assets at amortised cost for the year ended 31 December 2020 are as follows:

	Separate financial statements Thousand Baht
As at 31 December 2019, as per TAS 101	-
Amount restated through opening retained earnings	(17,439,676)
Opening loss allowance as at 1 January 2020	(17,439,676)
- calculated under TFRS 9	1,944,048
Reversal of lifetime expected credit losses of asset	(15,495,628)
As at 31 December 2020	(15,495,628)


Mr. Vithaya Chavananand
Vice President


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Director

34 Related party transactions (Cont'd)

34.3) Short-term loans to related parties (Cont'd)

The movements of short-term loans to related parties are shown below.

	Separate financial statements Baht
For the year ended 31 December 2020	
Subsidiaries:	
Opening balance as at 1 January 2020	103,337,000
<u>Less</u> Lifetime expected credit losses of asset	(17,439,676)
Opening balance as at 1 January 2020 - restated	85,897,324
Loans advanced during the year	39,963,000
Loans repayments received during the year	(32,755,000)
Reversal of lifetime expected credit losses of asset	1,944,048
Closing balance	95,049,372

Loan to subsidiaries are unsecured and carry interest at rate 3.47% per annum (2019: 4.00% per annum). Such loans are in the form of promissory notes and are due at call.

Loans are current portion. The fair value is equal to the book value since the effect of the discount rate is insignificant.

34.4) Key management compensation

	Consolidated financial statements		Separate financial statements	
	2020 Baht	2019 Baht	2020 Baht	2019 Baht
Short-term employee benefits	10,840,608	10,840,608	6,204,480	6,204,480
Retirement benefits	384,394	174,370	218,845	86,772
	11,225,002	11,014,978	6,423,325	6,291,252



Mr. Vithaya Chavanand
Vice President



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Director

35 Commitments and contingencies

35.1) Commitments for the beneficial utilisation or residing in the sanctuary

The Company and one of its subsidiary have been permitted for the beneficial utilisation or residing in the sanctuary of the National Rub - Ror Reserve Forest and Sa - Lui Forest, Chumphon Province, by the director-general of Royal Forest Department with the objective to plant palm trees on temporary basis. The beneficial utilisation of the Company and its subsidiary were expired on 17 October 2015 and 11 February 2015, respectively.

On 20 March 2014, the Company and the its subsidiary submitted to Royal Forest Department, Ministry of Natural Resources and Environment, an application for palm oil plantation in the area of national forest, which was the same area previously approved by the relevant government agency, located in Chumphon province for the beneficial utilisation of the public land.

The Company and its subsidiary have filed the petition to Nakhon Si Thammarat Administrative Court in order to expedite the case on 18 January 2016 and 26 January 2016, respectively. Nakhon Si Thammarat Administrative Court has submitted this case to Federal Administrative Court, and the Court appointed the Company and its subsidiary to examine on 10 May 2016. The required procedures for the aforesaid examination depend on relevant protocols and policy of the government.

On 17 June 2016, the Administrative Court permitted the Company and its subsidiary to collect palm fruit with paying a fee to Royal Forest Department.

On 30 April 2020 and 22 May 2020, the Supreme Administrative Court had an order to amend Clause 2 of the order of the Administrative Court on compensation, which a subsidiary (Complainant) and the Company respectively, pay to the Royal Forest Department from a fee at a specific rate to the compensation rate according to the notification of the Ministry of Natural Resources and Environment, Re: Determination of the licensee's compensation rates for forest plantations or perennial plantations payable to the government dated 10 November 2015, which is a governing law during the Administrative Court of First Instance ordered a remedial provisional mean. Regarding compensation of benefits from palm oil and other assets, which is not a dispute in this case, shall be in accordance with the law. If the Company and subsidiary do not agree to pay compensation or fees as required by law, the methods to protect the interests of the Company and subsidiary during the trial shall be terminated.

35.2) Capital commitments

The Group and the Company have outstanding commitment under the construction agreements and machine purchase agreements as follows:


Currencies	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	Contractual amount Million baht	Outstanding contractual amount Million baht	Contractual amount Million baht	Outstanding contractual amount Million baht	Contractual amount Million baht	Outstanding contractual amount Million baht	Contractual amount Million baht	Outstanding contractual amount Million baht
Baht	3.62	1.81	3.62	1.81	3.62	1.81	3.62	1.81

35.3) Bank guarantee

As at 31 December 2020, the Group and the Company had outstanding bank guarantee issued on behalf of the Company for the usage of electricity amounted Baht 3.69 million and Baht 1.09 million, respectively (2019: Baht 3.73 million and Baht 1.13 million, respectively).

As at 31 December 2020, there is no outstanding bank guarantee issued on behalf of the Company for the contract to sell crude palm oil to Electricity Generating Authority of Thailand (2019: Baht 3.48 million and Baht 3.48 million, respectively).


Mr. Vithaya Chavananand
Vice President


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Director

35 Commitments and contingencies (Cont'd)

35.4) Non-cancellable operating leases - where a Group is the lessee

As at 31 December 2019, the Group leases land and ramps under non-cancellable operating lease agreement expiring within 5 to 30 years, and the majority of the leases are renewable at the end of the lease period at market rate.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated and Separate financial statements	
	2020 Baht	2019 Baht
Within 1 year	-	1,490,000
Later than 1 year but not later than 5 years	-	5,990,000
Later than 5 years	-	3,965,000
Total	-	11,445,000

36 Investment promotion privileges

The Group have been granted investment promotion certificates under the Promotion of Investment Act B.E. 2520. The privileges so received include exemption or allowance from customs duties on machinery as approved by the Board of Investment and exemption from income tax for the profit for the year generated from the promoted business activities for a period of 8 years from the first day revenues are earned from the promoted business activities with the detail as follows:

Certificate No.	Date	Promoted activity types	Commencing date of revenues generated	Expire date
1404(2)/0./2557 (Original 1459(2)/2548)	31 March 2014 (Original dated 30 May 2005)	Production of crude palm oil and dried palm kernel in category 1.12: Production of oil and fat from vegetables or animals	8 January 2007	7 January 2015
2115(2)/2551	27 November 2008	Production of crude palm oil and dried palm kernel in category 1.12: Production of oil and fat from vegetables or animals	24 April 2011	23 April 2019
1662(1)/2552	28 July 2009	Generating electricity from biogas	25 April 2011	24 April 2019
1474(1)/2552	24 March 2009	Generating electricity from biogas	17 June 2011	16 June 2019
1405(2)/0./2557 (Original 1679(2)/2549)	31 March 2014 (Original dated 12 July 2006)	Production of organic fertilizer in category 1.3: Production of organic fertilizer	11 December 2013	10 December 2021

A subsidiary has transferred the rights and investment promotion privileges certificate No. 1459(2)/2548 dated 30 May 2005 to the Company as per certificate No. 1404(2)/012557 dated 31 March 2014, and transferred the certificate No. 1679(2)/0./2549 dated 12 July 2006 to the Company as per certificate No. 1405(2)/0./2557 dated 31 March 2014.



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Vice President



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Director

36 Investment promotion privileges (Cont'd)

Profits for the years ended 31 December 2020 and 2019 are classified into promoted business and non-promoted business as follows:

A summary of sales from BOI promoted and non-promoted activities for the year is set out below:

Consolidated financial statements			
2020			
	Promoted activities Baht	Non-promoted activities Baht	Total Baht
Sales	-	1,079,681,464	1,079,681,464
Sales of by product	-	30,019,892	30,019,892
Total revenues	-	1,109,701,356	1,109,701,356
Consolidated financial statements			
2019			
	Promoted activities Baht	Non-promoted activities Baht	Total Baht
Sales	252,900,780	789,885,700	1,042,786,480
Sales of by product	10,616,872	25,295,510	35,912,382
Total revenues	263,517,652	815,181,210	1,078,698,862
Separate financial statements			
2020			
	Promoted activities Baht	Non-promoted activities Baht	Total Baht
Sales	-	1,047,164,730	1,047,164,730
Sales of by product	-	30,629,054	30,629,054
Total revenues	-	1,077,793,784	1,077,793,784
Separate financial statements			
2019			
	Promoted activities Baht	Non-promoted activities Baht	Total Baht
Sales	252,900,780	745,473,285	998,374,065
Sales of by product	10,616,872	26,059,200	36,676,072
Total revenues	263,517,652	771,532,485	1,035,050,137



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บริษัท วิจิตรภัณฑ์ปาล์มออยล์ จำกัด (มหาชน)
Vichitbhan Palmoil Public Company Limited

