

United Palm Oil Industry Public Company Limited



Annual Report 2020

QUALITY + CORPORATE SOCIAL RESPONSIBILITY



Topics	Page
1. Financial Highlights (Consolidated Financial Statements).....	1 - 2
2. Message from the Chairman and the Managing Director	3 - 4
3. Report of the Audit and Corporate Governance Committee.....	5
4. Report of the Board of Directors' Responsibilities for Financial Statements	6
5. Report on the Implementation of Principles of Good Corporate Governance	7 - 29
6. General Information	30 - 33
6.1 Company Profile.....	30
6.2 Companies in which the Company has Investment Holding of more than 10%.....	32
6.3 Other References.....	33
7. Nature of Business.....	34
7.1 Revenue Structure.....	34
7.2 News Highlights of Previous Year.....	35 - 36
8. Risk Factors.....	37 - 38
9. Industry Overview and Competitiveness.....	39 - 46
10. Management Discussion and Analysis.....	47 - 55
10.1 Operations Overview	47
10.2 Sustainability and Community	48 - 51
10.3 Financial Overview	52 - 54
10.4 Factors which might affect financial performance in the future.....	55
10.5 Remuneration of Statutory Auditor.....	55
11. Shareholders and Management.....	56 - 67
11.1 Shareholders.....	56
11.2 Board of Directors and Management Committee.....	57 - 66
11.3 Dividend Payout Policy.....	67
12. Common Interested Persons and Connected Transactions.....	68 - 69
12.1 Connected transactions with common interested persons, necessity and reasons for connected transactions.....	68
12.2 Measures or criteria to approve connected transactions.....	69
12.3 Connected Transactions in the Future.....	69
13. Other Factors Affecting Investment Decisions.....	70
13.1 Legal Conflicts.....	70
13.2 Obligations on Future Share Issuance.....	<i>None</i>
14. Report and Consolidated Financial Statements	<i>Enc.</i>

Investors may study more information on the Company from the Annual Registration Statement (FORM 56-1) published on www.sec.or.th or www.upoic.co.th

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

(Unit : Million Baht)

	2018	2019	2020
Total Assets	1,361	1,340	1,485
Total Liabilities	311	321	350
Shareholders' Equity	1,050	1,019	1,135
Sales	628	546	924
Total Revenues	683	564	987
Gross Profit	59	103	167
Net Profit (Loss)	14	(4)	125

FINANCIAL RATIOS

(Unit : %)

	2018	2019	2020
Net Profit (Loss) Margin	2.05	(0.71)	12.66
Return (Loss) on Equity (Average)	1.33	(0.39)	11.61
Return (Loss) on Total Assets (Average)	1.03	(0.30)	8.85

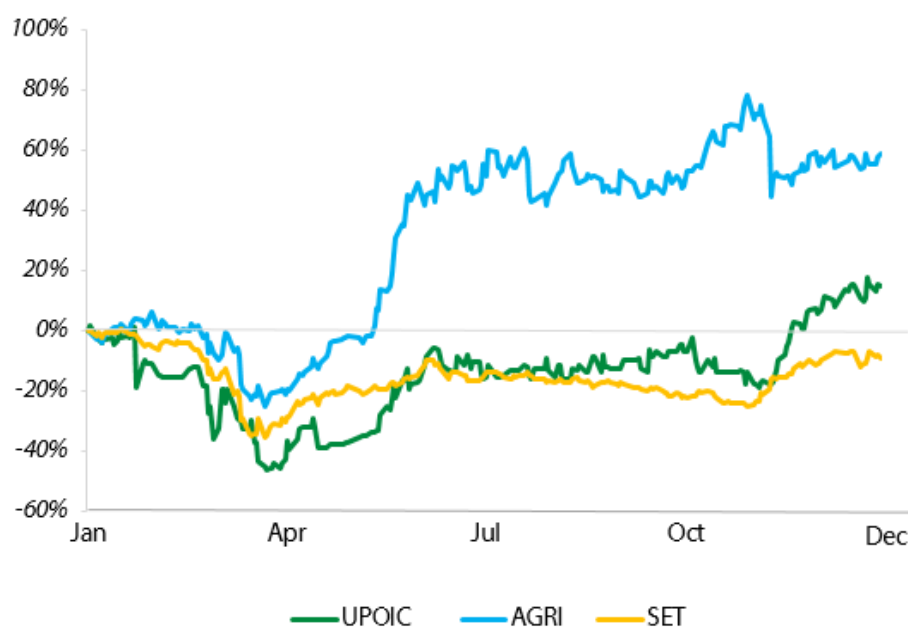
PER SHARE DATA

(Unit : Baht)

	2018	2019	2020
Earnings (Loss) per Share	0.04	(0.01)	0.39
Dividend Paid per Share	0.10	0.08	0.025
Dividend per Share (operational year)	0.08	0.025	0.20 ⁽¹⁾
Book Value per Share	3.24	3.15	3.50

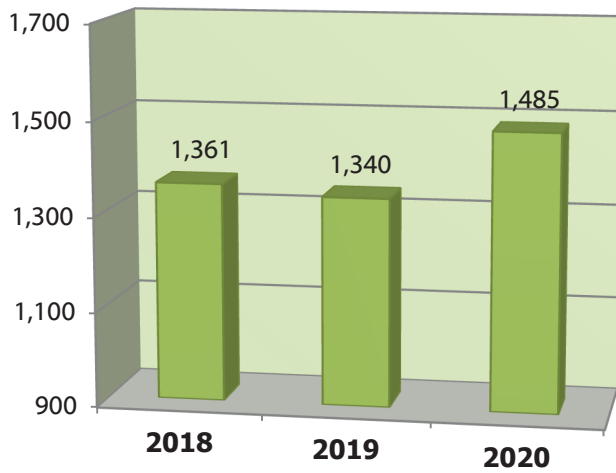
Note : ⁽¹⁾ According to the resolution of BOD meeting on 24 February 2021, to be proposed to AGM no. 44

2020 STOCK PRICE PERFORMANCE

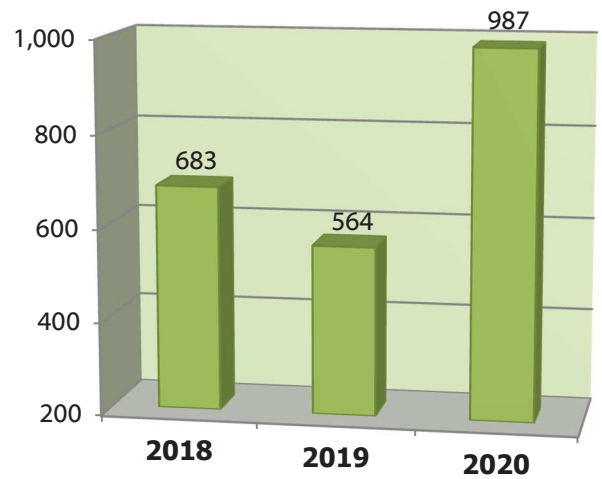


FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

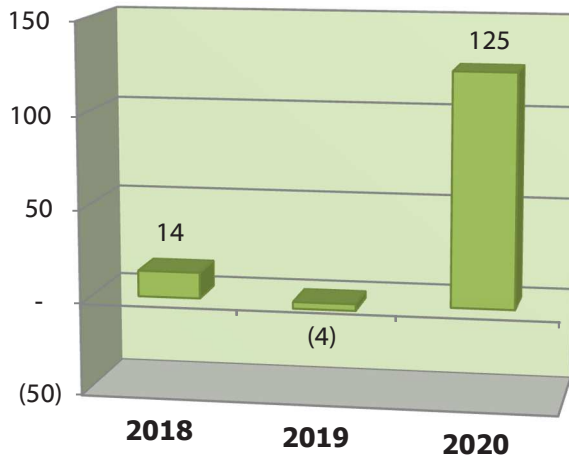
TOTAL ASSETS
(Million Baht)



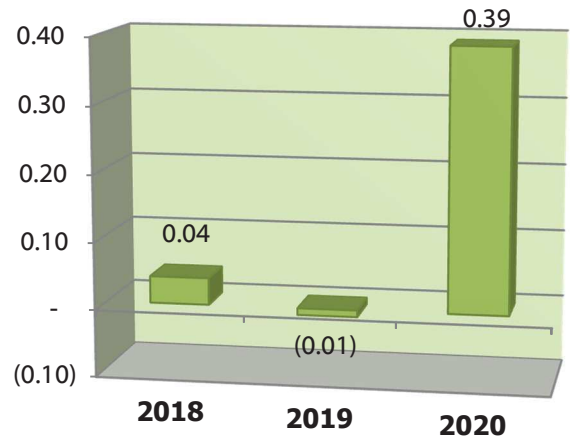
TOTAL REVENUES
(Million Baht)



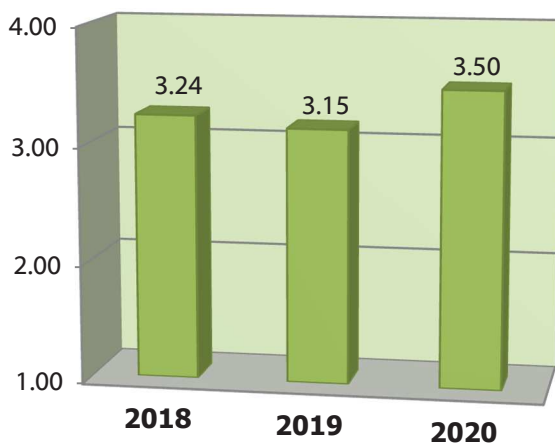
NET PROFIT
(Million Baht)



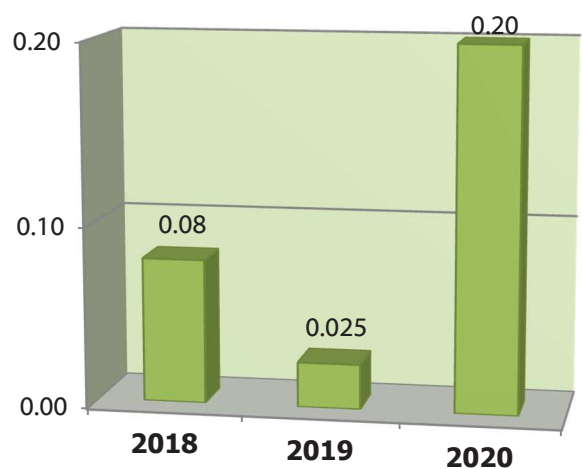
EARNINGS PER SHARE
(Baht)



BOOK VALUE PER SHARE
(Baht)



DIVIDEND PER SHARE
(Baht)



2020 Overview



The overall situation of oil palm and palm oil industry in 2020 was very volatile. At the beginning of the year, FFB output decreased remarkably with CPO stock nationwide at the end of February being only at 178,672 MT. (net of the volume purchased by EGAT). As a result, CPO price escalated to as high as 40 Baht/Kg. The peak production season in March coincided with the worsened situation caused by the pandemic COVID-19. Demand for palm oil shrunk rapidly, the excess supply putting CPO price under pressure. Slumping petroleum prices exacerbated the situation. CPO price headed down to the lowest level at 17-18 Baht/Kg. in July with CPO stock nationwide as high as 564,735 MT. The government responded by introducing measures in particular designating biodiesel B10 as the primary diesel and absorbing surplus CPO to generate electricity for several times, most recently using 37,550 MT in August. In the last quarter, the lockdown situation due to COVID-19 began to ease and purchasing power returned to the market. Higher demand and lower output drove prices of various vegetable oils in global, palm oil in particular, CPO price in the Kingdom moving upward in tandem. The 2020 average price was at 28.05 Baht/Kg., 53.87% increasing from 2019 (2019 : 18.23 Baht/Kg.)



Due to the higher average CPO price in 2020 and CPO production increasing year on year by 18.4% when compared with previous year, combining with effective production cost, your Company's operating performance had improved from 2019. To continuously strengthen the operating performance, your Company has established the Corporate Strategic Direction and enhanced Good Corporate Governance with sustainable growth by seeking to expand the plantation area as well as improve yield per rai productivity of own plantation and planting alternative crop apart from oil palm.

Company's Performance

Overall, your Company's financial performance on consolidated basis turned positive with a net profit at 125.1 million Baht (2019 : net loss at 3.6 million Baht) mainly due to the average selling price per unit of CPO and CPKO increasing by 40.8% and 29.1%, respectively. Furthermore, sales volume of CPO and CPKO also increased, by 18.8% and 8.7% respectively, from the previous year. Therefore, sales revenue of the Company rose by 69.3% to 923.8 million Baht (2019: 545.8 million Baht) while the total volume of FFB throughput increased by 35.6%.

As mentioned in Annual Report 2019, in July 2018, the Provincial Chief Public Prosecutor of Krabi filed a lawsuit against the Company, alleging that the Company utilised land of 4,376 rai in land reform area and requesting the court to give and eviction order to the Company. On 2 August 2019, the Court dismissed the case and gave the Company an order for the handover of the land. On 4 December 2019, the Company appealed the judgement of the Court of First Instance. Later on 28 April 2020, the Appeals Court dismissed the case. The case is therefore closed. Investors may study more information on other land issues and litigations from "**News Highlights of Previous Year**" and "**Risk Factors**".

Investment

In 2020 your Company upgraded its conventional horizontal palm oil sterilizer system to an automatic vertical sterilizer system to improve the production efficiency and reduce cost. The operation of vertical sterilizer, which cost 60 million Baht, started test run at the end of December 2020. Your Company still put effort into improving the productivity, harvesting, upkeeping palm trees, controlling transportation cost, and managing maintenance programme. Your Company had earlier planned to start replanting of 1,434 rai in 2020. However, since the Company enjoyed high yield per rai, the replanting programme of 1,291 rai has been postponed.

Sustainability and Community

Your Company is committed to operate under good corporate governance along with RSPO standard by adhering to responsibility on impacts arising from Company's business operation on the environment and the local community. The business is operated on the principles of ethical manner, transparency, accountability, respect for human rights, compliance with legal requirements, taking into account the interests of stakeholders including the commitment to develop corporate social responsibility continuously and sustainably. Accordingly, your Company actively supports and helps local communities.

Human Resources and Corporate Culture

Your Company considers human resource as major asset for the success and long-term growth. It is committed to retain quality employees with awareness on the professional ethic and reduce staff turnover.

2020 was a challenging year to operate the business amidst the Covid-19 pandemic. The crisis gave your Company the opportunity to conduct various activities including to create new jobs and strengthen career path. Employees feel confident of safeguarding their jobs even as many businesses reduce the number of employee, and/or salary and welfares. The emphasis placed by your Company taking care of its people is one of long-lasting corporate cultures and considered to build morale in work and lead to quality work.

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

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



Mr. Thira Wipuchanin
The Chairman



Ms. Anchalee Suebchantasiri
Vice-Chairman and Managing Director

REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Audit and Corporate Governance Committee comprised three independent directors as follows:-

Mr. Thira Wipuchanin Chairman of the Audit and Corporate Governance Committee
Mr. Sangiam Santad Member of the Audit and Corporate Governance Committee
Mr. Wasin Patchakapati Member of the Audit and Corporate Governance Committee

In 2020, the Audit and Corporate Governance Committee has fulfilled and executed its duties and responsibilities in compliance with the Stock Exchange of Thailand's regulations and other activities assigned by the Board. The Committee held four meetings within the year, with substantive agenda as follows:

1. Approval of quarterly financial statements and review of annual financial statements including the disclosures of information in Notes to Financial Statements, submitted to the Board of Directors. The financial statements were in accordance with generally accepted accounting principles. The disclosures of information in Notes to Financial Statements were found to be adequate and accurate;
2. Examination of the reports and recommendations of internal audit regarding the internal control and risk management as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2020, the Company was found to have exercised an appropriate and effective internal control and risk management system, with transparent governance and no material management failures;
3. Consultative meetings with the management, external and internal auditors in order to make suggestions and practical guidelines for management. The management has subsequently adopted these suggestions to improve the Company's working efficiency;
In addition, in 2020 the AC had one meeting with the external auditors without the management attending. The information disclosed by the management to the auditors was found to be adequate without any deficiencies;
4. Consultative meetings with the management and external auditors regarding the implementation of new Thai Accounting Standard and the readiness of the Company;
5. Proposal to the Board of Directors to consider the 2020 annual audit plan and renewal of the appointment of Dr. Virach and Associates to be outsourced internal auditor for a further one-year term, to 31 December 2020, including appropriate remuneration;
6. Consideration of the principles of Good Governance for Listed Companies, which Thai Institute of Directors (IOD) and the Stock Exchange of Thailand (SET) updated and improved to meet the standards of ASEAN CG Scorecard;
7. Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit and Corporate Governance Committee;
8. Proposal to the Board of Directors for approval at the 2021 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2021 including appropriate remuneration;
9. Consideration of "Board Self-Assessment" Form, a part of the Corporate Government Self-Assessment, as an instrument to internally practice for good corporate governance principles.

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



Mr. Thira Wipuchanin
Chairman of the Audit and Corporate Governance Committee
24 February 2021

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

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

The Audit and Corporate Governance Committee considered the operational performance of the Company during the year 2020 and provided the opinion that the Board of Directors and the Management made a great effort to achieve the Company's objectives without any relevant statutes and regulations having been contravened, and attach importance to the effective internal control system and to the adequacy of the risk management. Information system has also been prepared to support the good corporate governance principles. In sum, the overall internal control system of the Company has been at satisfactory level which can assure the credibility of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2020.

The opinion of the Audit and Corporate Governance Committee with regard to these matters is set out in the Report of the Audit and Corporate Governance Committee in this Annual Report and the Annual Registration Statement (Form 56-1).



Mr. Thira Wipuchanin
The Chairman



Ms. Anchalee Suebchantasiri
Vice-Chairman and Managing Director

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

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

8 Principles of the Corporate Governance Code

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

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

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

1. Structure of the Board

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

2. Duties and Responsibilities of the Board

1. To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company;
2. To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders;
3. To set a Corporate Governance Code and encourage every employee in the organisation to implement the Code, assessment of Code implementation and reviewing the Code at least once a year;
4. To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly;
5. To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same;
6. To appoint sub-committees, assignment of roles, duties and responsibilities of each sub-committee;
7. To have clear communication regarding the roles, duties and responsibilities of the Board, Audit and Corporate Governance Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, Management and employees;
8. To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual report, annual registration statement (Form 56-1) as well as disclosure of information to meet the requirement of law and relevant government authorities;

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

9. To set guideline for reviewing the suitability of transaction with potential conflict of interest;
10. To arrange at least one board meeting in every quarter, and convene the shareholders' meeting at least once a year;
11. At a meeting of the Board of Directors, there must be present not less than one half of the total number of directors to form a quorum;

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

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

3. Scope of Authority of the Board of Directors

1. Each director shall have one vote and decisions of the meeting shall be by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have an additional casting vote. In case of a vacancy on the Board of Directors otherwise than by rotation, the resolution of the Board of Directors must be passed by a vote of not less than three-fourths of the number of subsisting directors.
2. Director who has a personal interest in any matter who shall have no right to vote on such matters.
3. Two directors shall be authorised to jointly sign together with the Company's seal affixed. However, the Board of Directors may specify names of the directors authorised to sign and bind the Company together with the Company's seal affixed.
4. The Board of Directors may appoint other persons to carry out the Company's business under the Board of Directors' supervision or may confer upon such other persons such powers as they think fit and for such time as they think expedient and any revoke, withdraw, alter or vary any such powers.
5. The Board of Directors may pay interim dividends to the shareholders from time to time when the Board of Directors finds the Company has sufficient profit and a report thereof shall be made to the shareholders' meeting at the next meeting.
6. Although various transactions are under the authority of the Board of Directors, there are the following cases stated in the Articles of Association to be conducted at the shareholders' meeting.
 - (1) Reviewing the report of the Board of Directors covering the work done during the preceding year as proposed to the meeting by the Board of Directors;
 - (2) Considering and approving the statements of financial position and statements of comprehensive income of the preceding fiscal year;
 - (3) Considering the appropriation of profits, reviewing directors' remuneration and the appropriation of a reserved fund;
 - (4) Election of new directors in place of those who must retire on the expiration of their terms;
 - (5) Appointment of the auditor and fixing his remuneration;
 - (6) The sales or transfer of the whole or substantial part of the business of the Company to other persons;
 - (7) The purchase or acceptance of transfer of business of other companies or private companies to the Company;
 - (8) The making, amendment or termination of contracts relating to the leasing out of the whole or substantial part of the businesses of the Company, the assignment to any other persons to manage the businesses of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing;
 - (9) The amendment of Memorandum or Articles of Association;
 - (10) The increase or decrease in the Company's capital or the issuance of debentures;
 - (11) The amalgamation or dissolution of the Company;
 - (12) Other businesses.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

4. The Chairman of the Board

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

1. In calling a board meeting, the Chairman or assigned delegate shall serve a written notice calling for such meeting to members of the Board not less than 7 days prior to the date of the meeting so that the directors may have adequate time to study, review, and make proper decisions. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed;
2. Jointly with the Managing Director, defines the agenda of each meeting;
3. To ensure the efficiency of each meeting by allocating enough time for the executives to present information, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarising the meeting's resolutions;
4. To play a key role in encouraging the Board of Directors' conformance to corporate governance principles, including identifying themselves, refraining from voting, and leaving the meeting in case of having conflicts of interest in any agenda;
5. To inform the Board of Directors all significant matters;
6. To encourage the Board of Directors to attend shareholders' meeting and preside over such meeting to ensure the meeting efficiency and address shareholders' queries;
7. To encourage the Board of Directors to perform their duties under the scope of authority given by laws, and the corporate governance.

5. The Managing Director

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

6. Company Secretary

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

1. To prepare and keep the following documents:-
 - a register of directors;
 - a notice calling the Board and shareholders' meetings;
 - a minute of meeting of the Board of Directors and meeting of shareholders;
 - an annual report of the Company.
2. To follow-up and ensure implementation of the resolutions of the Board and shareholders' meetings;
3. To keep a report on interest filed by a director or an executive and submit a copy of report to the Chairman of the Board and the Chairman of Audit and Corporate Governance Committee within 7 business days from the date on which the Company has received such report;
4. To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, the Board of Directors, and the executives comply to all the laws and regulations;
5. To ensure the disclosure of information according to the regulations of the SET, the SEC and other relevant laws;
6. To liaise with relevant regulatory bodies;
7. To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

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

7. Qualification of Independent Directors

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

- a) holding shares not exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling persons, including the shares held by related persons of the independent director;
- b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, associate, joint venture, subsidiary in the same level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company;
- c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiary;
- d) not having a business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the value of three percent (3%) or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- e) neither being nor having been an auditor of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;
- f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;
- g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
- h) not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, neither being nor having been a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 0.5% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary;
- i) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

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

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

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

8. Director's Term of Office

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

9. Directors Concurrently Being Directors of Other Companies

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for Chairman and directors to be directors of listed companies as follows:-

- Chairman: only 3 companies
- Director: not more than 5 companies.

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

10. Executives Holding Directorship in Other Companies

Executives may hold directorship or executive positions in subsidiary, affiliate, joint venture or other related companies in the same group. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

Principle 2 Define Objectives that Promote Sustainable Value Creation

The Board defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, corporate culture, and code of business conduct, including encouraging the communication among personnel at every level to move forward the Company in the same direction. Furthermore, the Board of Directors monitors and ensures that the Company's strategies are put into practice. At least once a year, the Board of Directors follow up on the management performance and requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are being accomplished.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

1. Vision

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

2. Mission

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

3. Code of Business Conduct

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

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

Principle 3 Strengthen Board Effectiveness

1. Procedure for Director Nomination

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

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

2. Criteria

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

3. Sub-committees

3.1 Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee shall comprise at least 3 independent directors. The members of the Audit and Corporate Governance Committee must be appointed by the Board of Directors with at least 1 committee member possessing sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

of the financial statements. The members of the Audit and Corporate Governance Committee must be directors of the Company who are qualified as "independent directors" pursuant to the definition announced by the Company and in accordance with the stipulations of the Capital Market Commission and the regulations of the Stock Exchange of Thailand. The Chairman of the Audit and Corporate Governance Committee can be the same person as the Chairman of the Board. The term of office shall be 1 year to be ended at the Annual General Meeting of Shareholders (AGM). A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee.

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

Duties and Responsibilities of the Audit and Corporate Governance Committee

1. To review the credibility and sufficiency of the financial reporting;
2. To approve the disclosure of quarterly financial statements to the SET;
3. To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing;
4. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
5. To consider, select, propose the appointment of, and terminate an independent person to work as the external auditors including the audit fee. The Audit and Corporate Governance Committee shall hold at least one meeting with the auditor without the management's presence at the meeting;
6. To consider all connected transactions or the conflict-of-interests transactions disclosures in compliance with the laws and regulations of the SET, to ensure that the transaction is justified and for the best benefit of the Company;
7. To report the operating results of the internal audit to the Board of Directors on quarterly basis, which including the Audit and Corporate Governance Committee's opinion on the internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
8. To report the activities of the Audit and Corporate Governance Committee in the Company's annual report, which must be signed by the Chairman of the Audit and Corporate Governance Committee. The following information should be included in the report:-
 - (8.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible
 - (8.2) Comments on the adequacy of the Company's internal control systems
 - (8.3) Comments on compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws
 - (8.4) Comments on whether the Company's auditor is suitable
 - (8.5) Comments on the transaction with potential conflicts of interest
 - (8.6) The number of Audit and Corporate Governance Committee's meetings and meeting attendance of each member
 - (8.7) General comments or observation from the performing of duties according to the Charter
 - (8.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board
9. To ensure that the management has a mechanism to receive complaints and supervise the proper handling of complaint receipt;
10. To propose the Good Corporate Governance Guidelines to the Board of Directors;
11. To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices;
12. To consider, review, and revise the Good Corporate Governance Policy consistently;
13. To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate;
14. To ensure that the Chairman and the members of Audit and Corporate Governance Committee shall attend the shareholders' annual general meeting in order to classify

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- issues associated with the Audit and Corporate Governance Committee or appointment of the external auditors;
15. To assess its own performance (Self-Assessment) and report the findings to the Board of Directors for acknowledgment as a whole and on individual basis;
 16. To regularly review the Charter of Audit and Corporate Governance Committee;
 17. To take care of any other matters assigned by the Board of Directors;
 18. There shall be at least 4 meetings of the Audit and Corporate Governance Committee per year. At a meeting, at least half the number of the members of the Audit and Corporate Governance Committee must be present to constitute a quorum;
 19. The Audit and Corporate Governance Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

In 2020, the Audit and Corporate Governance Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Thira Wipuchanin	Chairman of the Audit and Corporate Governance Committee	2020-2021	4/4
(2) Mr. Sangiam Santad	Independent Director	2020-2021	4/4
(3) Mr. Wasin Patchakapati	Independent Director	2020-2021	4/4

3.2 Remuneration Committee

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

Duties and Responsibilities of the Remuneration Committee

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

In 2020, the Remuneration Committee held 2 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Mr. Sangiam Santad	Chairman of the Remuneration Committee	2020-2021	2/2
(2) Mr. Thira Wipuchanin	Independent Director	2020-2021	2/2
(3) Mr. Wasin Patchakapati	Independent Director	2020-2021	2/2
(4) Mr. Whang Shang Ying	Director	2020-2021	1/2

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

3.3 Nomination Committee

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

Duties and Responsibilities of the Nomination Committee

1. To consider and review the current structure of the Board of Directors whether it fits the Company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time;
2. To define nomination process and criteria in accordance with the composition and qualifications stated in 1;
3. To assess director independence qualification in accordance with the SEC regulations;
4. To select, assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors;
5. To allow minority shareholders to nominate a director candidate to the Nomination Committee; a time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting;
6. To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain relevant appointment information including supporting reasons and willingness of the nominated candidates;
7. To consider the characteristics of the nominees for the Board members by following guidelines in selecting director candidates:-
 - (7.1) General characteristics of individual director
 - integrity and accountability
 - informed judgment
 - prudence and maturity i.e. able to engage in constructive debates and give independent opinions
 - principled and professional
 - other characteristics as the Nomination Committee deems appropriate
 - (7.2) Competencies in the following areas to ensure the Board's overall suitability
 - accounting and finance
 - organisation and human resource management
 - risk management
 - crisis management
 - legal and compliances
 - industry knowledge
 - international marketing
 - strategic planning
 - other competencies as the Nomination Committee deems appropriate
8. To consider and review Board members development programme in order to ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements, the annual budget of which should be set at an appropriate amount;
9. To supervise and ensure that the Company arranges orientation programmes and provide welcoming package that is beneficial to the newly appointed director(s) to perform the roles and responsibilities;
10. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
11. To regularly review the Charter of Nomination Committee;
12. To be responsible for establishing a succession plan the Company's Managing Director and propose to the Board of Directors;
13. To be responsible for recruiting suitable executive candidates, providing training programme and retaining the executives;
14. To take care of any matters assigned by the Board of Directors;
15. Meetings of the Nomination Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Nomination Committee, at least half the

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

number of the members of the Nomination Committee who should be independent director, must be present to constitute a quorum.

In 2020, the Nomination Committee held 3 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Mr. Sangiam Santad	Chairman of the Nomination Committee	2020-2021	3/3
(2) Mr. Thira Wipuchanin	Independent Director	2020-2021	3/3
(3) Mr. Wasin Patchakapati	Independent Director	2020-2021	3/3
(4) Mr. Whang Shang Ying	Director	2020-2021	1/3

3.4 Risk Management Committee

The Board of Directors, on 27 February 2017, approved to formalise the Risk Management Committee (RMC) with the below duties and responsibilities. The Risk Management Committee shall comprise a minimum of 2 members who are appointed by the Board from senior management. The term of office shall be 1 year to be ended at the AGM. A Board Meeting will be held after the conclusion of each AGM to appoint each sub-committee. Nevertheless, a retiring member is eligible for re-appointment. The Committee reports directly to the Board through Audit and Corporate Governance Committee review.

Duties and Responsibilities of the Risk Management Committee

- To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- To ensure that an appropriate policy and plan for a system of risk management is developed by the management, approved by the Board and distributed throughout the Company;
- To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
- To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;
- To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
- To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
- To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
- To provide an independent and objective oversight and view of the information on corporate accountability and specifically associated risk, also proposing to the Audit and Corporate Governance Committee and then to the Board on all categories of identified risks facing the Company.
- To review the strategy, policy and risk tolerance and appetite recommended by the management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

12. To review the management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken;
13. To address key risk areas and key performance indicators (KPI) of the Company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
14. To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function.

In 2020, the Risk Management Committee held 4 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Ms. Anchalee Suebchantasiri	Managing Director	2020-2021	2/2
(2) Ms. Piyathida Sukchan	Executive Director	2020-2021	4/4
(3) Mr. Ampol Simarojana	Non - Executive Director	2020-2021	4/4

On 6 August 2020, the Board of Directors approved the appointment of Ms. Anchalee Suebchantasiri, Managing Director, to be a member of the Risk Management Committee.

4. Board of Directors' Meeting

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

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

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

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

In 2020, the Board of Directors held 5 meetings. The attendance of each member is as follows:-

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Mr. Thira Wipuchanin	Independent Director and Chairman of Board of Directors	2020-2021	5/5
(2) Mr. Sangiam Santad	Independent Director	2020-2021	5/5
(3) Mr. Wasin Patchakapati	Independent Director	2020-2021	5/5
(4) Mr. Whang Shang Ying	Director	2020-2021	3/5
(5) Ms. Anchalee Suebchantasiri	Managing Director	2020-2021	5/5
(6) Ms. Piyathida Sukchan	Executive Director	2020-2021	5/5
(7) Mr. Ampol Simarojana	Non - Executive Director	2020-2021	5/5

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director. In 2020, there was one meeting of non-executive Directors which were not attended by Executive Directors, in relation to, new accounting standards that would affect the Company including the collaboration of the management team working with the external auditor, and other general matters.

5. Board Self Assessment

The Company shall have the Board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done once each year in February. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

5.1 Self Assessment of the Board of Directors as a whole

Principles

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

Categories of the assessment	Scores (%)
1. Board structure and qualifications	92.58
2. Roles, duties and responsibilities of the Board	90.71
3. The Board Meeting	93.65
4. Duties of directors	91.33
5. Relationship with management	96.43
6. Director's self improvement and management training	89.29
Average Scores	91.96

In 2020, overall evaluation results of the six categories indicated **"Very Good"**.

5.2 Self Assessment of Sub-Committees as a whole

Principles

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

Categories of the assessment	Scores (%)
1. Board structure and qualifications	91.33
2. Sub-Committees meeting conducted under the determined conditions	94.64
3. Audit Committee	92.86
4. Nomination Committee	89.29
5. Remuneration Committee	92.86
6. Corporate Governance Committee (under Audit Committee)	86.43
7. Risk Management Committee	83.57
Average Scores	90.28

In 2020, overall evaluation results of the seven categories indicated **"Very Good"**.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

5.3 Self Assessment of the Board of Directors and Sub-Committees (individual basis)

Principles

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

Categories of the assessment	Scores (%)
1. Board structure and qualifications	89.29
2. The Board Meeting	93.75
3. Roles, duties and responsibilities of the Board	92.86
Average Scores	92.53

In 2020, overall evaluation results of the three categories indicated **“Very Good”**.

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

In sum, the score result of the Board Self-Assessment in 2020 was 91.46%. (2019 : 92.56%)

5.4 Assessment of Managing Director

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

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

Principle 4 Ensure Effective CEO and People Management

1. Remuneration of Directors and Executives

1.1 Remuneration of Directors

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

Remuneration of the Board of Directors and Sub-Committees	2019		2020	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	7	4,369,200	7	4,369,200
Audit and Corporate Governance Committee	3	1,900,800	3	1,900,800
Remuneration Committee	4	-	4	-
Nomination Committee	4	-	4	-

Besides monetary remuneration, overseas directors attending the meeting shall be reimbursed for air-tickets, food and accommodation. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

1.2 Remuneration of Executives

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

In 2020 Executive Directors, Managing Director and Executives jointly defined Key Performance Indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Remuneration	2019		2020	
	No. of Persons	Baht	No. of Persons	Baht
Executives	6	12,312,349	9	14,498,780

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

Some directors concurrently holding positions as directors and executives of subsidiary companies and the joint venture will not receive remuneration from those companies.

2. Board and Management Training

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

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

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

In 2020, director who attended the major training sessions was as follows:

No.	Director	Position	Training Session	Objectives
1	Ms. Piyathida Sukchan	Executive Director	Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors (IOD)	The program touches upon responsibilities of company secretaries and other pivotal functions to help them carry out their board supporting roles successfully, including the introduction of corporate governance framework along with key issues which may occur in their works.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

3. Succession Plan

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

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

Principle 5 Nurture Innovation and Responsible Business

1. Nurture Innovation

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

2. Role of Stakeholders

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

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

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

- ISO 9001 : 2015 is the Quality Management System (QMS) which governs the design, production development, installation and service in order to assure the quality. This system ensures all processes have been controlled and inspected by documentation indicating working procedure. Therefore, it is confident that all employees recognise their roles, responsibilities and working process.
- ISO 45001 is the standard for occupational health and safety management systems in workplace which protect employees from accidents and occupational diseases. This system is the method to control and reduce hazard and risks from working that affect health, life and properties.
- ISO 14001 is the environment management system which is most recognised by worldwide organisations. This standard has objective for enhancing the awareness of the importance for environmental management together with business development focusing on preventing pollution and protecting environment. These lead to reduce environmental impact and production costs.
- Roundtable on Sustainable Palm Oil (RSPO) is the standard for the sustainable palm oil production taking into recognition of the impacts on stakeholders especially the forest as being the source of water. This standard applies throughout the supply chain from upstream to producers.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Company conducts its activities with the concern of safety, health and environment. Management and employees at all levels have committed to carry out their functions with responsibility. In 2020, there were 8 accidents. However, there was no any death in workplace.

On 26 August 2020, a fire broke out in a crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The Company started to bring machines into operation again on 16 November 2020.

3. Human Resources Development Policy

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

In 2020, the average training hours of employees was 4.85 hours / person and there were a total of 14 training courses provided to employees including the training on environmental management. The training courses included the issue of Roundtable of Sustainable Palm Oil (RSPO) and environmental management by focusing on the maximum benefit of resource usage. Furthermore, the Company applies various media used in public relations, providing knowledge and understanding about energy savings and environmental friendly, which are communicated directly and through the training in following major courses:-

- **Environmental Management Course for ISO 14001 and Roundtable of Sustainable Palm Oil (RSPO)** is to provide the knowledge about environmental management and RSPO to meet the standard. All new employees are required to learn the environmental management and RSPO. In 2020, there were 2 employees attending these courses.
- **Occupational Safety Course** is to provide the knowledge about practice and compliance with rules and regulations including the law related to the safety standard. In 2020, there were 6 employees attending this course.

In addition, the Company arranges training courses about **Code of Business Conduct** and **Anti-Corruption Policy** for employees on monthly basis. In 2020, there were 13 employees attending this course.

4. Anti-Corruption Policy

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

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

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

In each year, the risk management committee evaluates the potential risk of corruption and reports the concerns to the Audit and Corporate Governance Committee and the Board.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

5. Practice towards oversight and control for safeguarding and monitoring the corruption risk

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

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

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

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

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

6. Guidelines for monitoring and evaluating the actions to prevent the involvement in Corruption

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

1. The Company's internal audit unit is assigned to conduct auditing according to the annual audit plan which is approved by the Audit and Corporate Governance Committee, and report any significant issues including provide recommendations to the Audit and Corporate Governance Committee.
2. Relevant business unit is required to regularly monitor and evaluate the corruption risk to ensure the effective implementation of the anti-corruption policy including follow up, review, and improve the policy from time to time. The risk evaluation result must be reported to the Risk Management Committee, the Audit and Corporate Governance Committee and the Board of Directors respectively in a timely and consistent manner.
3. In fact-finding process, if the information from the investigation or complaints have shown an explicit evidence which may have a significant impact on the financial position and the operating performance of the Company including the violation of law or code of business conduct, or any suspicious issues in the financial report or internal control system, the Audit and Corporate Governance Committee shall report the concerns to the Board of Directors for further improvement and correction.

Principle 6 Strengthen Effective Risk Management and Internal Control

1. Risk Management

The Board of Directors realised the importance of the Risk Management. Therefore, in 2017, the Board approved to formalise the Risk Management Committee comprising senior managements. Duties and responsibilities of the Risk Management Committee were presented in Principle 3 item 3.4. The Management then has to evaluate the risk in every unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk to the Board of Directors.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

2. Controlling System and Internal Audit

In order to have an independent internal auditing which can be fully functioning, the Audit and Corporate Governance Committee arranged for the Company to hire an outside firm which is an audit firm in the list approved by the SEC to do the auditing, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls).

The Audit and Corporate Governance Committee has appointed Dr. Virach & Associates Office to be the Company's outsourced internal auditor. The service contract is subject to the renewal on yearly basis. The internal auditor shall report directly to the Audit and Corporate Governance Committee every quarter.

3. Conflict of Interests

3.1 Prevention of use of inside information

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

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

"Executives" means directors, managers or first 4 management officers ranking immediately below the Managing Director. This shall include management level of accounting or finance officers or equivalence who have the duty to prepare and file report of shareholding in his own name, spouse and minor child to the SEC.
- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling UPOIC's shares in the period of one month prior to the Company's financial statements being announced and at least one day after the date of the financial statements being disclosed.
- Directors and executives shall report to the Board of Directors or the delegated person about their transaction (buy and sell) of the Company's shares at least 1 day before the transaction date and notify SEC within 3 business days after transaction date as specified by the Securities and Exchange Act.
- Directors, executives, managers and employees shall be prohibited from using inside information that may materially affect the UPOIC share price, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell UPOIC shares. The Company shall take action against violation of the rule which shall be punishable by law.
- In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by one or more penalties as follows:-
 - cut wages or compensation or other benefits
 - layoff, dismiss, or discharge from the post of director, executive, manager and employee as it would be deemed intentionally causing damage to the Company. In case the violator is a director, the matter shall be submitted to the shareholders' meeting to consider the penalty.
 - report the violation to the SET and/or the SEC
 - report to the police to take action according to the law
 - take other measures according to the resolution of the Board or the shareholders' meetings.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

3.2 Approval of transaction containing conflict of interest

Directors, executives, or other persons, who enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by the Notifications of the SEC and the SET which are in force on the date of such transaction, shall strictly follow the Notifications. The Company has set the criteria to approve the transaction as follows:-

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

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

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

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

- (4) The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

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

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

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 1 million Baht or more, or 0.03% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time when there is a change of the transaction, such change must be reported within 7 business days from the date of change.
- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit and Corporate Governance Committee within 7 business days from the date of receipt of such report.
- Directors and Executives who have interest in any meeting agenda item which is under consideration shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual report and Form 56-1.

3.4 Mechanism for stakeholders to do whistle blowing or make complaints

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

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

By post: Mr. Thira Wipuchanin
Chairman of the Audit and Corporate Governance Committee
United Palm Oil Industry Plc.
64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260

By email: acthira@hotmail.co.th

2. **Protection of informer's identity :** A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.
3. **Action after receiving concerns or complaints :** The Audit and Corporate Governance Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.
4. **Measure of redress and damage compensation :** If the Board determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

Principle 7 Ensure Disclosure and Financial Integrity

1. Disclosure and Transparency

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

- Disclosure of the following in Thai and English and update of the information in the Company's website
 - Principles of Good Corporate Governance
 - Policy and Practice toward stakeholders including environment policy; anti-corruption policy; quality, safety, and occupational health policy etc.
 - Code of Business Conduct
 - Nature of Business
 - Business Structure
 - Shareholder Structure
 - Structure of the Board of Directors
 - Vision/Mission
 - Articles of Association
 - Annual Report
 - Form 56-1 (Thai version)
 - Financial Statements
 - Meeting notices and meeting documents
 - Minutes of the Shareholders' Meetings
 - News published by the Company
- Periodically submit accurate, complete, and timely information to the SET and the SEC such as Financial Statements, Form 56-1, Annual Report
- News on important changes which may have material impact on the share price according to the regulations of the SET
- The Board of Directors assumes the responsibility for the accuracy, completeness and timely manner of the Company's financial reporting and information disclosure in

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

accordance with relevant guidelines including rules and generally accepted accounting standards with appropriate accounting policies which are applied and consistently conformed. The report shall be audited by an external auditor and reviewed by the Audit and Corporate Governance Committee to ensure that sufficient disclosure is made and it can reflect the Company's financial status and operating performance.

- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, security analysts and relevant government sectors. Information can be requested from Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: upoic.secretary@upoic.co.th or through the Company's website.

2. Financial Liquidity and Solvency

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

The Company emphasises its trustworthiness and therefore, strictly conforms with conditions and agreements made with creditors in order to create reliability. The Company always pays all interest and principle accurately, timely, and completely. Also, the Company shall not use loans proceeds in the way that is contrary to its objectives nor conceal any information that may be harmful to creditors.

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

Principle 8 Ensure Engagement and Communication with Shareholders

1. Right of Shareholders

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

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

proposed to the meeting with reasonable details by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the Board of Directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.

- At a shareholders' meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the Board of Directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is the policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda, the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.
- The Company shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.
- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meeting has been established and posted on its website.
- The Company shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- The Company shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the Board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of votes, and VDO has been recorded during the meeting until the meeting finishes.
- The Company shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- The Company shall post a draft minutes of the shareholders' meeting on the Company's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.
- The Company participates in SET Opportunity Day, arranged by the Stock Exchange of Thailand. The objective of the event is to provide an opportunity for listed companies to carry out investor relations activities and to clarify information about the business and operations to security analysts, investors and the media who attending the event. The Company always joins the activity at least once a year with approximately 20-30 participants attended the meeting (excluding audience participation through online channel).

2. Equitable Treatment of Shareholders

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- The Company shall provide a proxy form B, in which a shareholder can give comments on his votes, enclosed in the meeting notices stating clearly the required documents and

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

procedure for appointment of proxy to attend the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.

- The Company establishes the policy for prevention of utilising insider information, and informs the same to employees, executives, and directors (details in Principle 6 item 3.1).
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis (details in Principle 6 item 3.2).

The Implementation of Corporate Governance Code for Listed Companies

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

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

Principles not exercised	Reasons for not exercising
The Board of Directors to determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment	Every Director has knowledge, capability, experience and an understanding in the business operation, with independence in expressing opinions deemed beneficial for the Company. The experience of Directors from long-term tenure will support them to understand the Company's operation which has the particular nature of business.
To determine a minimum quorum of at least 2/3 when the Board making the decision	According to the Company's AOA, at the Board Meeting, there must be presented not less than one half of the total number of Directors to form a quorum which is legitimacy and compliance with international principle. With such principle, it is able to conduct meeting orderly, transparency and efficiency.
At least one member of Audit Committee should be educated or have experience in Accounting e.g. Certified Public Accountant (CPA), Continuing professional development (CPD).	Even though no member of Audit and Corporate Governance Committee is educated or has experience in Accounting in particular, most of the members have experience in finance and fiscal management, which is adequate for the current business scope of the Company while still ensuring efficiency of the audit and corporate governance functions.
The Board members not comprise independent directors more than 50%	The Board of Directors comprises 7 members, 3 of whom are independent directors (representing less than 50% but more than one-third of the total number of Directors), and the Chairman of the Board is an independent director. Such composition is considered to reflect the appropriate balance of power. In addition, independent directors are able to work effectively with all directors with independence in expressing their opinions.

Company Profile

Name of Company	:	United Palm Oil Industry Public Company Limited
No. of Registration	:	0107536000404 (formerly Bor Mor Jor 114)
Website	:	www.upoic.co.th
Nature of Business	:	A plantation company that produces crude palm oil (CPO) and crude palm kernel oil (CPKO)
Registered Share Capital	:	324,050,000 Baht
Outstanding common shares	:	324,050,000 shares
Par value	:	1 Baht
Corporate Headquarters	:	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 Tel 02-744 1046 Fax 02-361 8989
Krabi Office and Crushing Mill	:	98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81 130 Tel 075-666 075 Fax 075-666 072
Oil Palm plantation	:	Oil palm planted area of the Company and subsidiaries comprised 2 parts as follows:-

1. Own Planted Area

Classified by the areas that have document of rights i.e. title deeds, Nor Sor 3 kor, Nor Sor 3, and Sor Kor 1, with total area of 13,477.81 rai, comprises of the following areas;

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

2. Subsidiaries Planted Area

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

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

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

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

Vision & Mission

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

Mission :

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

GENERAL INFORMATION

Companies in which the Company has investment holding of more than 10%

- 1 Name of Company : Phansrivivat Company Limited**
- Office : 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5
Huayyoong Sub-District, Nuaklong District, Krabi 81 130
Tel 075-666 075
Fax 075-666 072
- Nature of Business : 99.99% shareholder in Phansri Company Limited^① and Prachakvivat Company Limited^②, which own the concession of oil palm plantation
- Registered Share Capital : 27,400 shares (par value of 10,000 Baht per share)
Shareholding (common shares) : 27,394 shares or 99.98%
- Remarks :**
- ① Phansri Company Limited**
- Office : 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5
Huayyoong Sub-District, Nuaklong District, Krabi 81 130
Tel 075-666 075
Fax 075-666 072
- Estate Location : Chaiburi Sub-District, Chaiburi District, Surat Thani
Granted area : 6,515 rai
(under permission granted to gather forest product in the National Reserved Forest)
Exploit Period : from 15 May 2020 to 14 May 2021
Registered Share Capital : 500 shares (par value of 10,000 Baht per share)
- ② Prachakvivat Company Limited**
- Office : 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5
Huayyoong Sub-District, Nuaklong District, Krabi 81 130
Tel 075-666 075
Fax 075-666 072
- Estate Location : Khiansa and Kamvaree Sub-District, Khiansa District, Surat Thani
- Lease of State Property from the Treasury Department : classified into 2 parts:-
- Part 1 : 4,294.34 rai is the lease for a period of 30 years from 9 July 2014 to 8 July 2044
Part 2 : 4,294.34 rai; the Treasury Department will allocate to poor people who own no land at the rate of 10 rai/person. Pending such allocation, the Treasury Department granted the subsidiary to exploit the land and pay the determined rental fee.
- Registered Share Capital : 5,000 shares (par value of 1,000 Baht per share)
- 2 Name of Company : Siam Elite Palm Company Limited**
- Corporate Headquarters : 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
Tel 02-744 1046
Fax 02-361 8989
- Krabi Office : 98 Moo 6, Nuaklong-Khao Phanom Road, Km. 9.5
Huayyoong Sub-District, Nuaklong District, Krabi 81 130
Tel 075-666 075
Fax 075-666 072
- Nature of Business : Oil palm seed propagation
Registered Share Capital : 5,000,000 shares (par value of 10 Baht per share)
Shareholding (common shares) : 2,500,000 shares or 50.00%

Other references

1. Registrar

Name : Thailand Securities Depository Co., Ltd.
Address : 93 The Stock Exchange of Thailand Building,
Ratchadapisek Road, Khwaeng Din Daeng, Khet Din Daeng,
Bangkok 10400
Tel 02-009 9000
Fax 02-009 9991

2. Auditor

Name : Ms. Vilailak Laohasrisakul
Certified Public Accountant No. 6140
Address : EY Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road,
Klong Toey, Bangkok 10110
Tel 02-264 0777
Fax 02-264 0789

No. of years being the Company's Auditor : 3
Relations or interests with the Company / : None
the Company's subsidiaries /
the management / major shareholders /
or any relevant persons of the aforementioned

Investor Relations

Name : Ms. Anchalee Suebchantasiri
Managing Director
e-mail : anchales@lamsoon.co.th
Tel 02-744 1046
Fax 02-361 8989

Name : Ms. Piyathida Sukchan
Executive Director
e-mail : piyatida@lamsoon.co.th
Tel 02-744 1046
Fax 02-361 8989

NATURE OF BUSINESS

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

UPOIC and its subsidiaries have their own oil palm planted area with the documents of rights for 13,477.81 rai. Other areas belong to State Property comprising lease area and permission to gather forest product with the total area of 15,103.69, located in Krabi and Surat Thani.

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

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

In 2020, CPO sales contributed about 79.76% of its total revenue. The Company produced CPO equal to less than 5% of the total CPO produced in the Kingdom. The Company's crushing mill is one of 99 CPO crushing mills (operational) nationwide.

Revenue structure

Product/Services	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
CPO	488	77.71	442	80.95	737	79.76
CPKO	88	14.01	68	12.45	96	10.39
Others	52	8.28	36	6.60	91	9.85
Total Sales	628	100.00	546	100.00	924	100.00

Note : All sales are carried out by UPOIC itself.

News Highlights of Previous Year

1. Board of Directors : The Appointment of a New Company Secretary

On 12 November 2020, the Board of Directors approved the appointment of Mrs. Sutida Boonjaroen, to be a new Company Secretary, replacing Mr. Vorapat Panichapan with effect from 12 November 2020.

2. Board of Directors : The Appointment of a member of Risk Management Committee

On 6 August 2020, the Board of Directors approved the appointment of Ms. Anchalee Suebchantasiri, Managing Director, to be a member of the Risk Management Committee.

3. Audit Committee : The Appointment of Audit and Corporate Governance Committee

To comply with the principle of Corporate Governance, on 20 February 2020 the Board approved to change the scope of duty and responsibility of Audit Committee by assigning Audit Committee to cover the functions of corporate governance, and change the name from "Audit Committee" to "Audit and Corporate Governance Committee". The extended functions of corporate governance are as follows:-

- To propose the Good Corporate Governance Guidelines to the Board of Directors;
- To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices;
- To consider, review, and revise the Good Corporate Governance Policy consistently;
- To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate

4. Litigation : The Appeals Court ordered the dismissal of the case

In July 2018, Krabi prosecutor filed a lawsuit against the Company, alleging that the Company utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9, 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The content has been disclosed in the Notes to interim financial statements for the three-month and six-month periods ended 30 June 2018 onwards.

On 2 August 2019, Krabi Provincial Court ordered the dismissal of the case but the Company was ordered by the Court to return the land. On 4 December 2020, the Company appealed the judgement of the Court of First Instance. Later on 28 April 2020, the Appeals Court dismissed the case. The Case is therefore closed as presented in Note 32.

5. Litigation : Krabi Noi Estate, Muang District

On 6 July 2020, the Company was served with a summons in a criminal action involving alleged trespass. The Krabi Provincial Agricultural Land Reform Office had made an allegation against the Company. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the Company. On 20 August 2020, the Company turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the Company submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.

6. Order of Krabi Provincial Agricultural Land Reform Office

6.1 The Land With Title No. 602

On 9 March 2020, the Agricultural Land Reform Office (ALRO) issued a notice designating land plots under title No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nuaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws. On 13 April 2020, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 14 May 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days. On 28 October 2020, the Company appealed the order of the ALRO in Krabi. The case is currently under the consideration.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2020 are to decrease by 5 million Baht.

6.2 The Land With Title No. 603

On 21 July 2020, the ALRO issued a notice designating land plots under title deed No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nuaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other laws. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots. On 30 October 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days. On 24 November 2020, the Company appealed the order of the ALRO in Krabi. The case is currently under the consideration.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2020 are to decrease by 14 million Baht.

7. Operations : Fire Incident

On 26 August 2020, a fire broke out in a crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The Company started to bring machines into operation again on 16 November 2020. The Company had insurance to cover damaged assets and business interruption.

8. Amendment of the Articles of Association : The Article Number 20

To be in line with the announcement of the Emergency Decree re: Electronic Meetings B.E. 2563 (2020) which was published in the Government Gazette with the effect from 19 April 2020 onwards, the Annual General Meeting of Shareholders No. 43 on 24 April 2020 resolved to approve the amendment of the Article 20 of the Company's Articles of Association as follows:

From

"Article 20: In convening a meeting of board of directors, the chairman or the person assigned by him shall send out a notice of meeting to the directors not less than seven days in advance of the date of the meeting, except in the case of urgency for the purpose of maintaining rights or interests of the company, the notice of meeting may be served by other means and an earlier date may be fixed for the meeting.

If two directors or more request a meeting of board of directors, the chairman shall appoint a date for the meeting within fourteen days from the date of receipt of such request."

Amend to

"Article 20: In convening a meeting of board of directors, the chairman or the person assigned by him shall send out a notice of meeting to the directors not less than seven days in advance of the date of the meeting, except in the case of urgency for the purpose of maintaining rights or interests of the company, the notice of meeting may be served by other means and an earlier date may be fixed for the meeting.

If two directors or more request a meeting of board of directors, the chairman shall appoint a date for the meeting within fourteen days from the date of receipt of such request.

The company may send out a notice for the Board of Directors' meeting including its related documents by an electronic mail.

The company may convene a meeting of board of directors via electronic media according to the conditions, procedures and methods prescribed by law."

1. More than 50% of Oil Palm Planted Areas Belong to State Owned Land

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

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

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

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

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

2. Part of Oil Palm Planted Areas Announced under the Land of Agricultural Land Reform Office (ALRO)

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

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

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

In another case, after the Company surrendered the land with title No. 601, having approximate area of 973 rai, located at Krabi Noi Sub District, Muang District, Krabi Province to Krabi Provincial Agricultural Land Reform Office, later on 9 March 2020 and 21 July 2020, the Agricultural Land Reform Office (ALRO) issued a notice designating land plots under title No. 602, covering a total area of 683 rai, and No. 603, covering a total area of 3,617 rai, respectively, located in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nuaklong District, Krabi, as a prospective area for land reform which is not incorporated in a land reform program. The Company is currently under the appeal process. However, in the event that the Company is required to surrender the two pieces of land, the Company has to buy oil palm fruits from outgrowers to compensate for the shortfall in palm fruits, which will subsequently lead to a higher cost of raw materials for the Company. Furthermore, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2020 are to decrease by 19 million Baht.

3. Palm Oil Price Volatility and Intervention from the Government

Being a commodity, the price of CPO is highly volatile. In some periods, there is a shortage while in other years there is an oversupply. The monthly average price of CPO in 2020 ranged between 19.34 – 38.76 Baht/Kg (2019 : 14.76 – 29.75 Baht/Kg). The average price in 2020 was 28.05 Baht/Kg, increasing by 53.87% from 2019, compared with the average price in global market at 20.86 Baht/Kg. The high volatility of local price during the year is exacerbated by inadequate inventory management. Besides, the peak season of palm crop delivers abundant output leading to accumulated CPO stock balance which normally push the prices of FFB and CPO down sharply. Such circumstance may lead to price intervention introduced by the Government, which can be seen in July of previous year when FFB and CPO daily prices had been shrunk to below 2.50 and 18 Baht/Kg, respectively.

4. Climate

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

5. Excess Capacity of CPO Crushing Mills

At present, there are approximately 130 CPO crushing mills (of which only 99 mills are still in operation), most of which are located in Surat Thani, Krabi, Chumporn provinces, giving rise to a combined Fresh Fruit Bunch (FFB) processing capacity of 30 – 35 million MT per year. Therefore, there is a mismatch between such overall high processing capacity and FFB output in 2020 at 15 million MT from 5.5 million rai of mature growing area. Utilisation of milling capacity is around 50% leading to competition in the buying of FFB and high prices, irrespective of quality.

6. Selling of CPO to Major Customer

In 2019 and 2020, the Company sold 79% and 82% respectively of its products to one major customer, namely Lam Soon (Thailand) Plc. (LST). While this constitutes a risk of over reliance on a single major customer, the Company has had continued good relations with LST, who is moreover also the Company's major shareholder. LST is a separate public listed company with strong financial background and has enjoyed a good reputation in the palm oil industry. For these reasons, the Company considers that the risk of losing LST as its customer or that it will encounter financial difficulty is remote. In any case, the Company can sell its products to other customers, whether for use as edible oil or as a source of alternative energy.

7. Major Shareholder Holds More Than 50% of Paid-Up Capital

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

Nevertheless, the business transactions with majority shareholder, selling CPO to LST in particular, have been reviewed by the external auditor to ensure that the prices shall be the same as the transaction with the third party. In addition, the said transactions as well as the transactions corresponding to the rules and regulations of the SET regarding related transactions are also mentioned and declared in item 7 of the Notes to financial statements.

INDUSTRY OVERVIEW AND COMPETITIVENESS

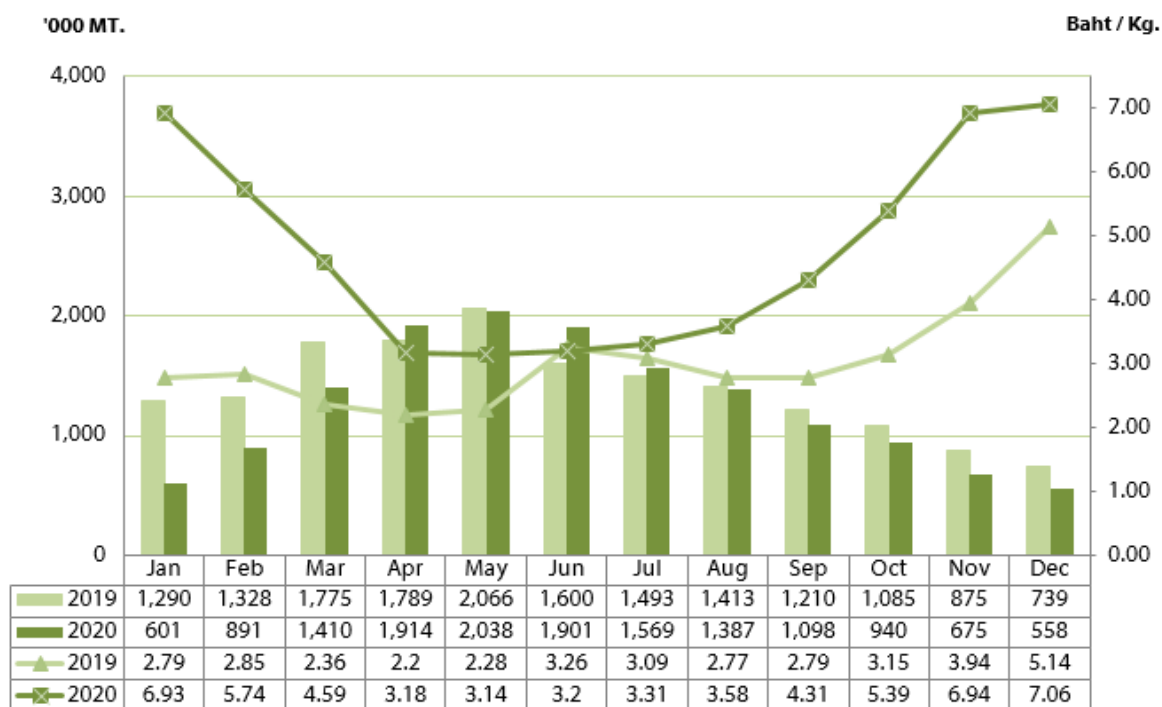
Among all vegetable oils, palm oil is the most commonly consumed. It also has the lowest production cost. Thailand is the third largest palm oil producer, accounting for less than 4% of global production, far behind Indonesia and Malaysia. Indonesia and Malaysia currently have oil palm harvesting areas of around 85 and 35 million rai respectively; Thailand has around 5.7 million rai, about 90% of which is located in southern provinces due to the weather suitability.

(a) Fresh Fruit Bunch (FFB)

In the past, excess supply of palm oil pressed down the price to maintain at low level, supported by 1) favourable climate enhancing yield, 2) significant expansion of harvested area to meet the government's target of yearly expansion of 10 million rai by 2029, 3) an influx of maturing oil palms (over 8 years) planted earlier producing high yields. Since late 2016 through 2019, FFB output in the Kingdom has improved significantly due to continual rain.

In 2020, however, FFB output declined to less than that in 2019 due to the dry weather and lower yield attributable to farmers reducing fertiliser applications. Monthly FFB output ranged from its peak of 2.04 million MT in May and to its lowest at around 0.5 million MT in December. The annual average FFB price in 2020 was at 4.78 Baht/Kg (2019 : 3.05 Baht/Kg), with the highest monthly average at 7.06 Baht/Kg in December and lowest at 3.14 Baht/Kg in May.

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



Source : Department of Internal Trade

The number of CPO crushing mills has increased from 91 in 2013 to about 130 mills at present (of which only 99 mills are still in operation), giving rise to a current total milling capacity of about 30 -35 million MT of FFB per year. This is significantly higher than the FFB output recorded in 2020 at about 15 million MT; capacity utilisation rate of crushing mills was about 50%. Because of the significant imbalance between demand and supply, there is price volatility and FFB quality is compromised, ultimately hindering the development of the palm oil industry in Thailand.

(b) Crude Palm Oil (CPO)

Supply

2020 was characterised by extreme volatility in the palm oil industry. Total CPO production in the Kingdom in 2020 was 2,651,598 MT (2019 : 3,033,473 MT). At the beginning of the year, as FFB output decreased dramatically, CPO stock nationwide dropped to as low as 178,672 MT. at the end of February (net of the volume purchased by EGAT), while CPO price escalated to of 40 Baht/Kg.

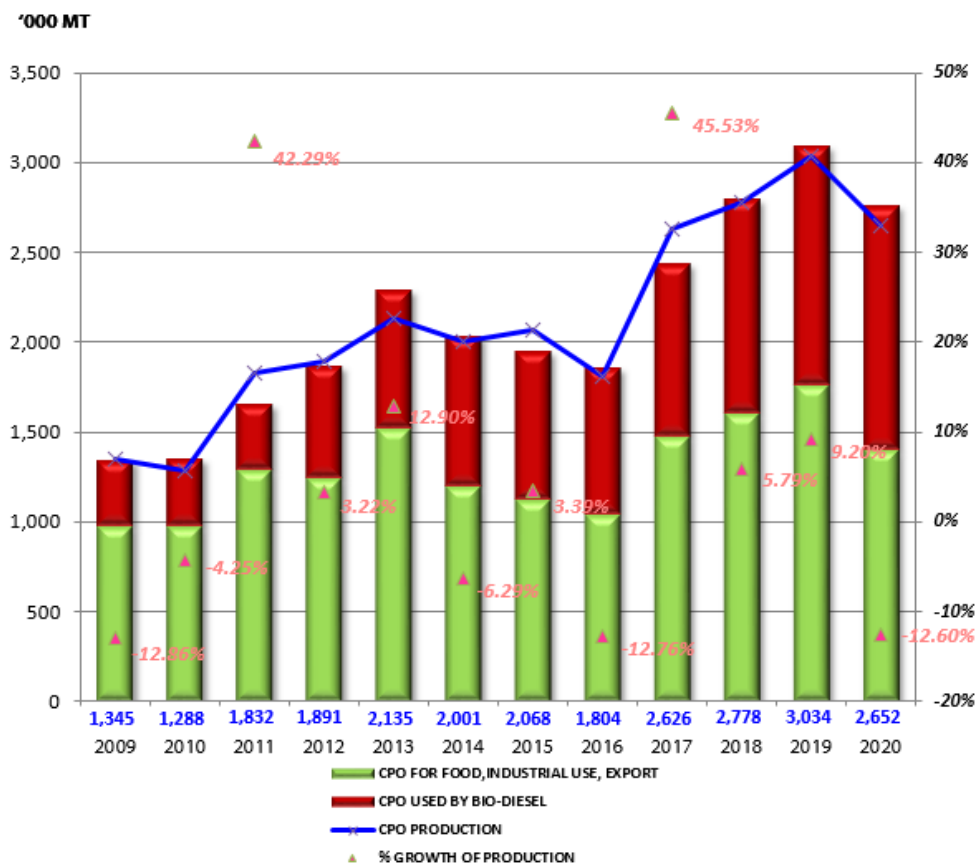
The downstream processing capacity of palm oil in Thailand is as follows:-

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

2. *Margarine and Shortening* : It is estimated that the capacity utilisation of the industry is lower than 50%. There are about 4-5 major players in this business, with the Company ranked no.1 in the retail bakery channel.

Demand

Figure 2 : CPO Production in Thailand



Source : Department of Internal Trade

INDUSTRY OVERVIEW AND COMPETITIVENESS

CPO demand in the Kingdom was shared between :-

(MT)	2019	2020	% Change
Consumption	1,462,953	1,164,985	-20.37
Biodiesel	1,337,160	1,363,651	1.98

From February 2020 onwards, several countries introduced full lockdown measures to limit the serious COVID-19 pandemic, adversely impacting global commercial activities. Airline industry, food and beverage, and agro-business in particular were critically affected. The energy sector was similarly disrupted. The future contract of West Texas petroleum (WTI) in April, delivered in May, reached first-ever negative point in history, reflecting the severely diminished demand and petroleum stock surplus. Reduced demand in F&B combined with lower Biodiesel production in response to rock bottom petroleum price in turn caused oil palm price to collapse from 3,000 RM/MT in early 2020 to below 2,000 RM/MT in early May.

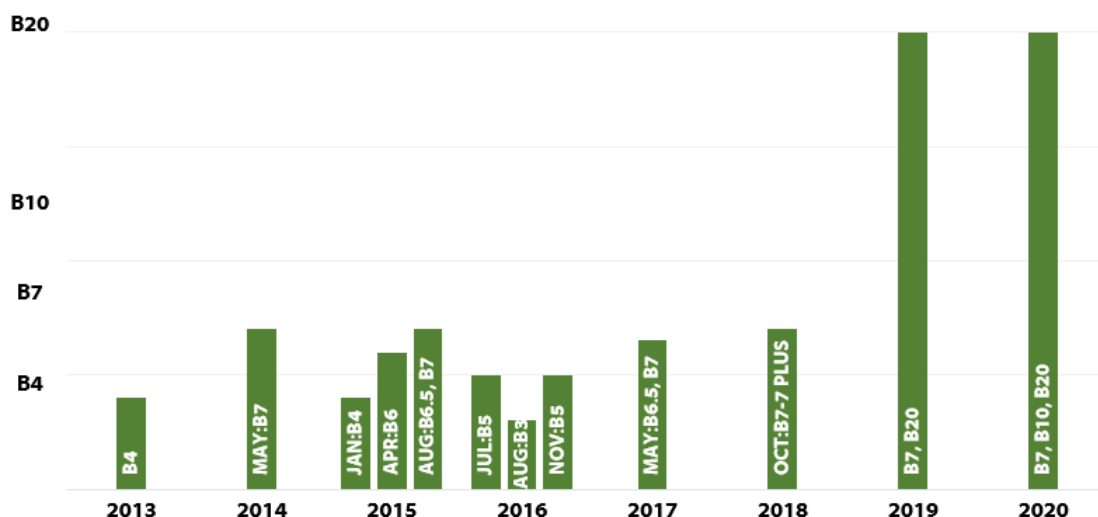
Demand for palm oil in the Kingdom shrank rapidly, exacerbated by peak season coming in March. Under pressure of excess supply and slumping petroleum prices, CPO price fell to the lowest level at 17-18 Baht/Kg. in July with CPO stock nationwide as high as 564,735 MT. The government continued to introduce measures to support the price of oil palm, as well as reduce petroleum imports. These included:-

1. The use of CPO to generate electricity : The Electricity Generating Authority of Thailand (EGAT) was designated to purchase CPO in the event of excess supply. From end of 2018 until August 2020, 360,000 MT of CPO was absorbed from the system.

2. Blending CPO in biodiesel : In the past 7 years, the Government (c/o the Ministry of Energy) adjusted the palm oil blending in biodiesel from time to time to optimise Palm Oil stock level to balance pricing between palm oil consumption and biodiesel usage. In 2020,

- The Ministry of Energy announced the availability across the country for biodiesel B10 as the primary diesel from 1 January 2020 onwards, replacing B7. The retail price of B10 is set lower than B7 by 3 Baht per litre. Nevertheless, out of 10 million diesel-powered automobiles in total, 5 - 6 million automobiles or accounting for 50% might have some limitation on using B10, even though the quality and specification of B100 biodiesel is improved.
- The Ministry of Energy directed all petrol service stations nationwide to sell B10 from 1 March 2020 onwards.
- Promoting B20 and B7 as alternative biodiesel (retaining) including the use of B100 among farmers and agricultural institutions in the agriculture sector.
- The government estimates that such measures will absorb about 2 million MT of CPO from the system annually.

Figure 3 : Summary of Mandate for Biodiesel (2013 – 2020)



INDUSTRY OVERVIEW AND COMPETITIVENESS

Indonesia implemented B30 mandate until December 2020. Malaysia implemented B20 mandate in Sarawak on 1 September 2020, with Sabah and Peninsular Malaysia following in January and June 2021 respectively. The Biodiesel policy of these two largest palm oil producing countries are intended to reduce the world CPO stock and push up the price. However, since the last quarter of 2019, the price spread between palm oil and petroleum price widened to over 400 USD/MT., the highest level since April 2016. To mitigate such high CPO premium, the Indonesian government has had to subsidise the B30 to sustain demand for Biodiesel.

3. Support exports to reduce excess supply : In October 2020, the government introduced a budget up to 600 million Baht to subsidise the expenses of exporting palm oil up to 300,000 MT at the rate of 2.00 Baht/Kg. However, since the local CPO price was much higher than global price, no CPO was exported under the scheme; however some CPKO export benefited from the project because local CPKO price was close to the world market.

As the lockdown situation due to COVID-19 began to ease in the last quarter, the world prices of various vegetable oils, palm oil in particular, increased on the back of higher demand and lower FFB output.

(c) CPO price and stock

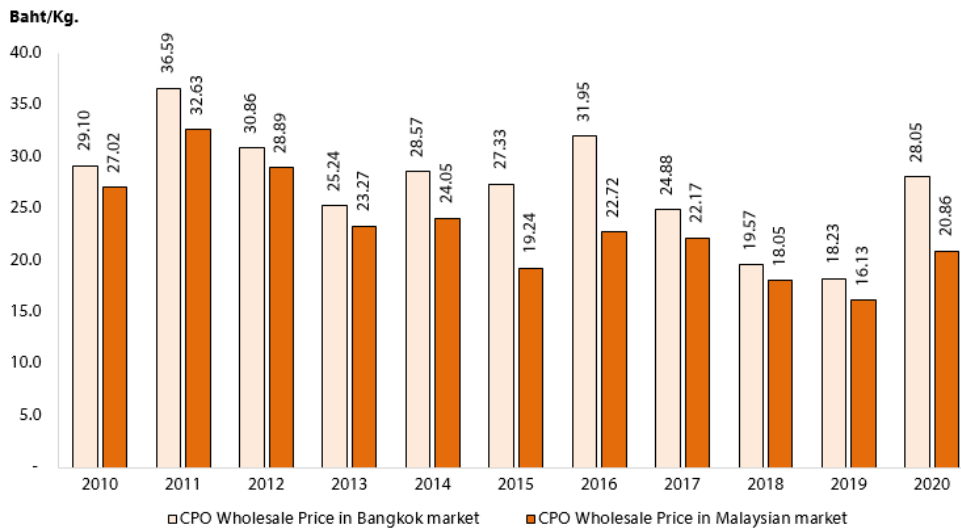
Monthly CPO price in the Kingdom in 2020 varied between 19.34 – 38.76 Baht/Kg (2019 : 14.76 – 29.75 Baht/Kg). The annual average CPO price was 28.05 Baht/Kg., a 53.87% increase from 2019 (2019 : 18.23 Baht/Kg). CPO price in the Kingdom had reached its lowest in July and highest in December. The average price gap from the global market was at 7.19 Baht/Kg (2019 : 2.10 Baht/Kg).

During the Q3 of 2020, when the local price of CPO was close to that of Malaysia, palm oil crushing mills exported CPO mainly to India. In September alone, the total export volume was higher than 70,000 MT. The total export of CPO equivalent in 2020 was around 236,251 MT, decreasing by 20% (2019 : 296,297 MT.).

After world palm oil price reached its lowest in May, all types of vegetable oil started to recover due to reviving measure by several countries to mitigate economic downturn. Palm oil price as well, surged strongly in the last quarter. The CPO price at Bursa Malaysia Derivatives : 3rd month rose to the highest ever in more than 8 years on 31 December 2020 at 3,602 RM/MT. when demanding resumed from significant consumers i.e. India, China, and the EU. At the year-end, Malaysia recorded palm oil stock at 1,264,881 MT (2019 : 2 million MT). CPO price in world market reached its peak at 3,900 RM/MT. on 31 December 2020, the highest level for more than 8 years.

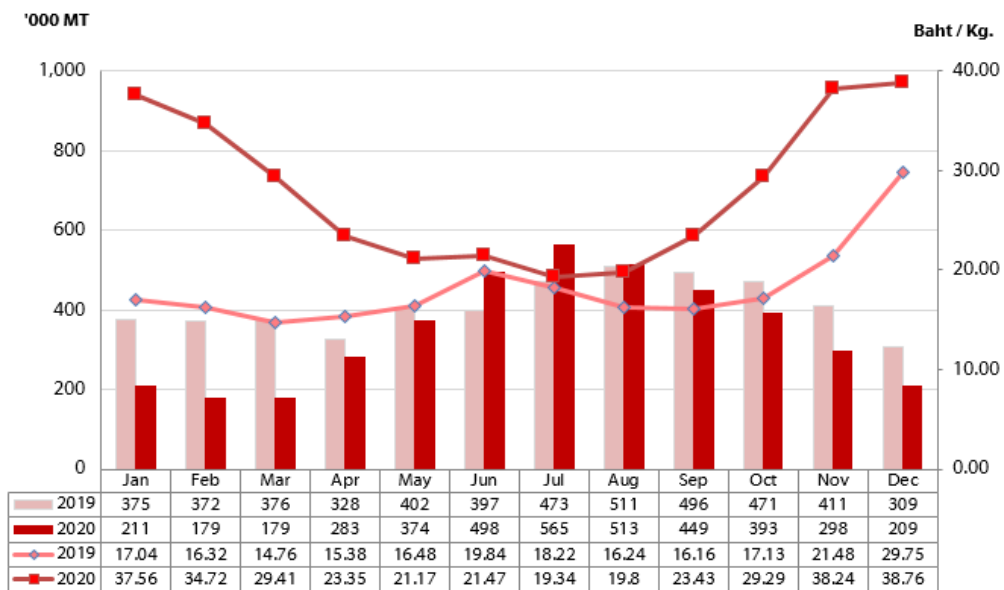
There was also a fluctuation of CPO stock in Thailand. The annual lowest level was in February at 178,672 MT (volume net of the amount from Electricity Generating Authority of Thailand). But the quantity had been increasing since the start of the high crop season in March which, combined with the decreasing consumer demand caused by the COVID-19 outbreak, resulted in the highest stock in July at 564,735 MT. Later the stock shrank rapidly again owing to several measures from the government to balance palm oil stock, CPO demand in Thailand increasing with the dramatic decrease of FFB output in the last quarter. The CPO stock decreased to 209,328 MT. at the year-end (2019 : 309,181 MT.). Monthly CPO price in the Kingdom rose to its highest level of the year, 38.76 Baht/Kg. in December, the gap from global price widening to as high as 13 – 14 Baht/Kg.

Figure 4 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market



Source : Department of Internal Trade

Figure 5 : CPO Stock Equivalent and Monthly CPO Price Movement



Source : Department of Internal Trade

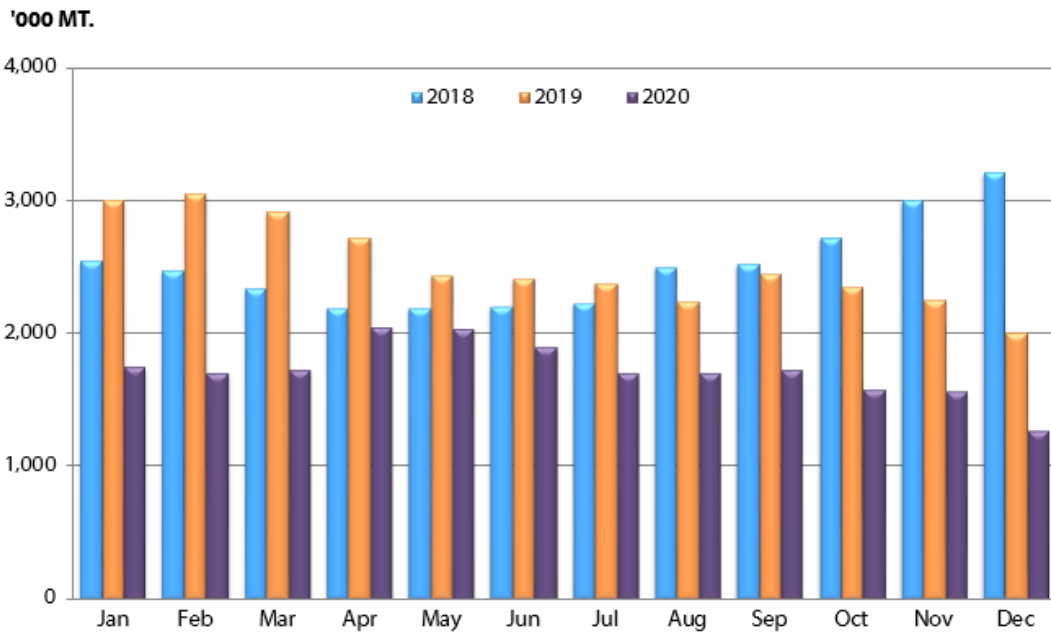
Remark : CPO Stock Equivalent in 2019 was after deducting the volume bought by EGAT.

Figure 6 : Malaysian Palm oil Monthly Price



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

Figure 7 : Malaysia Palm Oil Stock



Source : Malaysian Palm Oil Board

INDUSTRY OVERVIEW AND COMPETITIVENESS

Figure 8 : 2020 Highlights by Quarter

	Production ('000 MT)		Price (Baht/Kg)		Highlights
	FFB	CPO	FFB (OER 18%)	CPO	
Q1	2,901 (4,392)	484 (795)	5.75 (2.67)	33.90 (16.04)	Nationwide CPO stock dropped to only 178,672 MT (net of the volume purchased by EGAT) at the end of February while CPO price climbed to a peak of 40 Baht/Kg.
Q2	5,854 (5,455)	988 (967)	3.17 (2.58)	22.00 (17.23)	The COVID-19 pandemic and the subsequent global lockdown caused the demand from the F&B sectors, as well as from the energy sector to contract. Petroleum price dropped dramatically to the record low, leading to reduced demand for biodiesel and putting pressure on palm oil price, which continued to decline.
Q3	4,054 (4,116)	779 (766)	3.73 (2.88)	20.86 (16.87)	EGAT absorbed 37,550 MT of CPO for use as fuel to generate electricity. At the same time, CPO price in global market began to recover as demand rebounded. Global price was higher than local leading to an increase of CPO export since July, reaching a year high of 70,534 MT. in September.
Q4	2,173 (2,699)	400 (506)	6.46 (4.08)	35.43 (22.79)	As demand for commodity returned, mainly from China and India, higher prices were achieved. At the same time, global stock of palm oil decreased. In December, monthly average CPO price in the Kingdom was as high as 38.76 Baht/Kg. owing to low stock level as well (209,328 MT).
Full year	14,982 (16,662)	2,652 (3,034)	4.78 (3.05)	28.05 (18.23)	

() refers to same period (quarter or year, as the case may be) in the preceding year

Source: Figures from Department of Internal Trade

Price Outlook for 2021

The contracting supply of sunflower and rapeseed production due to droughts in the Black Sea region and La Nina phenomenon likely to cause some disruptions to soybean production in South America would sustain the elevated vegetable oil prices well into the first quarter of 2021. At the same time, assuming demand recovers from the easing of lockdown measures, it is foreseen the global palm oil stocks will continue to deplete until higher production resumes in the second half of 2021.

China and India, the world's two biggest palm oil consumers, are likely to continue importing edible oils to recover the short position of stocks. Palm oil price is accordingly expected to gain further during the first quarter of 2021. Overall, the global palm oil outlook in 2021 looks favourable compared with the average prices of 2019 and 2020. The full implementation of the B30 mandate in Indonesia and the B20 mandate in Malaysia is crucial to sustain the consumption and absorb the additional palm oil supply.

For Thailand, in terms of demand, the local edible consumption in 2021 is estimated at 1 million MT, and the usage from biodiesel will be at 2 - 2.2 million MT., after the Ministry of Energy designated biodiesel B10 as the primary diesel of the Kingdom as of 1 January 2020. Almost all production output of 2021 then would be consumed locally, and exports may occur in small promotion periodically when seasonal production coming. The main export market continues to be India.

The EU announced Renewable Energy Directive (RED II) setting the EU-wide overall target of 32% for renewable energy in 2030, and the binding target of minimum 14% for renewables in transport in 2030. In addition crop-based biofuels will be capped at member states' 2020 levels, with a maximum of 7%. Moreover, biofuels produced from crops for which a significant expansion of the production area into land with high carbon stock is observed, shall decrease gradually to zero by 2030, implying the implementation of "zero palm oil" from transport fuel by 2030. The objective for reforming the energy market and reducing energy consumption is to meet the environmental conservation goal. At the same time, rising concerns over the health consequences of palm oil consumption, particularly in reference to the high content of saturated fat and high proportion of carcinogenic chemicals in palm oil relative to other vegetable oils, are encouraging consumers to seek "Palm Oil Free" food products in EU. The EU had set new food safety standards on 3-MCPDE and GE, contaminants found in refined oil products, affecting palm oil demand in food sector.

However palm oil exports from Thailand to EU remain limited. Nevertheless, Thailand should shift its palm oil production to be more sustainable and introduce production traceability. In addition to the RED II regulation and the growing environmentally conscious market, industry still faces the perception that palm oil containing large amounts of saturated fat and carcinogens compared with other vegetable oils.

Overall, both local and global CPO prices during the first quarter of 2021 are expected to further increase particularly if lockdown released by many countries, bringing back the economic activity. However, given concerns about the second or third wave of the outbreak, the extent and speed of the recovery is difficult to predict.

Operations Overview

1) Productivity Improvements

In January 2020, UPOIC invested 60 million Baht to replace its horizontal sterilizer with a vertical sterilizer with a semi-automatic control system in order to increase efficiency and reduce production cost. The project was completed in December 2020.



2) Awards and Standard Certifications



In July 2020, UPOIC was granted the upgraded Certificate of Roundtable on Sustainable Palm Oil (RSPO) from Mass Balance (MB) to Identify Preserved (IP) level, which is a higher sustainable standard.

Sustainability and Community

United Palm Oil Industry Public Company Limited conducts its business with the awareness of social and environmental responsibility to enhance the sustainable growth of the organisation as well as the society. Hence, the Vision and Mission below have been established in accordance with the normal operation.

Vision

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

Mission

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

The Company has a policy to focus on producing sustainable palm oil under RSPO (Roundtable on Sustainable Palm Oil) scheme. The Company's crushing mill and plantations have been certified the Identify Preserved (IP). The Company can also generate electricity power from biogas and biomass, and have been registered for the Clean Development Mechanism (CDM) Project. Furthermore, the Company respects the rights of the various groups of stakeholders, not only internal groups such as the employees but also other stakeholders such as shareholders, creditors, customers, trading partners, competitors, communities and society. The Company shall give fair treatment to all parties including employees, customers, trading partners, or any personnel regardless of nationality, race, religion, language, age, gender, and marital status or others. However, since the expectations of stakeholders might vary, the Company shall consider their legal rights thoroughly and carefully to ensure that such rights are protected and treated equitably. In respect of each group of stakeholders, the Company is resolved to follow the practices toward stakeholders which have been set up in the policy.

The Company determines the guideline of 8 CSR principles as follows:-

1. Conducting business on fair basis

The Company treats the business partners on the basis of equalities and fair competition, and honors the terms of all trading agreements entered into with its business partners. In addition, the Company's procurement policy and procedures are designed to ensure efficient appropriation, effectiveness, transparency and justification.

2. Anti-corruption

The Company has a policy to sustain and encourage employees adhere to ethics and be good citizen of the society as well as encourage the business partners to conduct business transparently. The practices therefore are established in the policy to enhance the importance of anti-corruption and bribery.

3. Respect of human rights

The Company has a policy to treat all stakeholders with justification and therefore shall adhere to laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin color, religious belief, disability, financial status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

4. Treat employees on fair basis

The Company recognises its employees as a critical factor of its success; therefore, knowledge and skill development together with continuous training for employees are fully supported without discrimination, and provided as career development benefits including appropriate return and welfare. The Company also respects the international human rights principles and values the importance of the wellness and occupational health and safety, working environment and the support of corporate culture and team work.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Responsibility to customers

The Company aims to create client satisfaction and confidence by focusing on improving the quality of its products pursuant to the standard from the quality management systems such as:-

- ISO 9001 for the quality assurance and conformity,
- ISO 45001 for occupational health and safety management systems,
- ISO 14001 to help organisation improve and develop the environment continuously,
- Roundtable on Sustainable Palm Oil (RSPO) for promoting the sustainable palm oil production in aspects of economic, social, communities, environment, and legal conformity of various stakeholders from upstream to downstream.

In addition, the Company practices fair marketing and contract. It also keeps confidential all customer information and transactions. Customers' complaints are addressed by an ombudsman office to ensure customers' confidence and maximize customer satisfaction.

6. Care for the environment

It is the Company's policy to conduct its business with full consideration of the environment. It will abide by laws and regulations pertaining to the environment. Accordingly, the Company always care for:-

- encourage its employees to be fully conscious of their responsibility toward the environment;
- fully participate with the local communities in environmental activities, and to exchange knowledge and experience with other agencies to promote good environment and regularly modify its operation to improve the environment.;
- prevent any adverse impact to the environment, review and evaluate its operations regularly to check the progress and ensure that the Company has fully observed the environmental policies and standards.

7. Sustainability and Community projects

In 2020, the Company contributed a total of 0.28 million Baht (2019 : 0.27 million Baht) to projects related to communities and society.

QUARTER 1



National Children's Day Donation 2020


In January 2020, UPOIC donated funds to support National Children's Day 2020 for Thap Prik Sub-district Administrative Organisation.





Material Support for Road Development and Repairs

In February 2020, UPOIC supplied crushed stones to help repair both sides of the deteriorating roads in Khiensa District, Surat Thani. The support was provided to the community of Plai Klong Village Moo 4, Khiansa Sub-district with better roads for convenience and public safety

MANAGEMENT DISCUSSION AND ANALYSIS

	<p>Allocated Empty Fruit Bunch to Community in Ban Plai Klong Village</p> <p>In March 2020, UPOIC donated 42 MT. of empty fruit bunch to oil palm farmers at Ban Plai Klong, Chaiburi District to be used for growing backyard garden in sufficient economy project.</p>
<p style="text-align: center;">QUARTER 2</p> 	<p>Community Career Development Project</p> <p>On 25 June 2020, UPOIC supported with a gift of 10,000 Nile Tilapia to villagers at Village Moo 1, Huay Yoong Sub-district, Nua Khlong District, Krabi Province, to promote fish farming in earth pond and to help them earn more income.</p>
<p style="text-align: center;">QUARTER 3</p>  	<p>Release of Aquatic Species to Celebrate King Birthday Anniversary</p> <p>In July 2020, to honor His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun on the celebration of the 68th birthday anniversary, UPOIC released aquatic species at Huay Nam Ron Pond, Village Moo 1, Huay Yoong Sub-district, Nua Khlong District, Krabi Province.</p> <p>Donation to Baan Huay Yoong Tok</p> <p>In July 2020, UPOIC donated 5 folding tables and 150 chairs to Baan Huay Yoong Tok Community, Village Moo 1, Huay Yoong Sub-district, Nua Khlong District, Krabi Province, which to be used for public activities and monthly meeting of the villagers at the multi-purpose pavilion.</p>

<p style="text-align: center;">QUARTER 4</p>  	<p>Tractor with driver for Dam Building in Community</p> <p>In October 2020, UPOIC supported with a tractor and driver to build a dam at Aran Kamwaree Temple for use in the community's Loi Krathong activity.</p>
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8. Innovations arising from Sustainability and Community projects

At present, the Company can produce electricity power from biogas and biomass generated by waste water and milling waste from production process. Such project becomes a source of knowledge for students, learners, and nearby community in respect of waste elimination.

Furthermore, the Company has collaborated to develop oil palm planting material which is high yielding (around 4 – 5 MT/rai/year fresh fruit bunch for normal condition), drought tolerance, and slow vertical growth. As a result, the harvesting period can be extended to more than 30 years thereby contributing to efficient use of land and high return on investment that sustains the environment.

Financial Overview

Financial performance analysis and explanation

1. Review of operations

Estate operations

In 2020, the total volume of own crop was lower than 2019 by 3.6%; FFB from own estates decreased by 7.9% but FFB from concession land increased by 3.2%. Moreover, upkeep cost increased as a result of additional fertilising for better productivity. There was a one time payment of early retirement in 2020, which is in accordance with your Company's policy to restructure estate employees so that future employee costs are in line with harvest season. Therefore, the cost of own crops increased by 8.6%.

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

Location and Land Area	Expiry Date	Remark
1) Khiansa estate 1.1 4,294 rai	8 July 2044	<ul style="list-style-type: none"> The Treasury Department had entered into the lease agreement with the Company's subsidiary for 30 years and is valid from 9 July 2014 to 8 July 2044.
1.2 4,294 rai	when the land allocation to poor people is completed	<ul style="list-style-type: none"> The Treasury Department granted the subsidiary the right to exploit the land and pay the determined rental fee until the land allocation is completed.
2) Chaiburi estate 6,515 rai	14 May 2021	<ul style="list-style-type: none"> The subsidiary's request to the Forest Department to grant a permit to exploit an area is now under consideration. In the meantime, the subsidiary was given permission to gather forest product in the National Reserved Forest in return for the payment of official royalty fee at the rate of 10% of market price of oil palm and forest maintenance fee at a double rate of official royalty fee. Such permission was granted for a period of one year and is subject to yearly renewal.

Mill operations

The Company adjusted its policy for FFB purchase by considering purchase volume to entering the mill especially during high FFB season. As a result, FFB purchased from out-grower increased by 69.5% while the output of FFB crops from own estates was maintained at close to the year 2019. As a consequence, the total volume of FFB processed increased by 35.6%. The proportion of FFB from outside source and own estate in 2020 were 67.1% and 32.9% of the total volume of FFB (2019: 53.7% and 46.3%).

In 2020 there was a shortage in supply. At the same time the government introduced measures to stimulate the use of CPO such as using CPO to generate electricity, promoting the use of biodiesel and export incentives. As a result, FFB price rose year on year. The cost of own crops and purchased crops increased by 8.6% and 57.3% respectively. In addition, the Company adjusted its policy for FFB purchase. The average cost of FFB processed hence rose 41.4%. However, an increase in FFB volume processed contributed to a 22.6% decrease in mill cost. Moreover, there was loss from change in fair value of inventory recognised in cost of sales effected to cost increased. The average selling price of CPO increased by 40.8% and cost increased by 30.0%. Hence, gross profit increased by Baht 64.9 million or 63.4%.

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

- Electricity produced by biomass power plant of the Company received the BOI Certificate no. 1043(2)/2548, dated 29 November 2007 for electricity produced by biomass power plant at 1.2 Megawatt, the Company is exempt from corporate income tax on the operation for 8 years starting from the first date of realising income since 21 August 2015.
- Oil palm seed propagation of joint venture (Siam Elite Palm Co.,Ltd) received the BOI Certificate no. 1262(2)/2550, dated 13 March 2007 for the project of oil palm seed propagation provided exemption of corporate income tax on the operation for 8 years starting from the first date of realising income since 20 February 2014.

Revenues: Sales and other income

Total sales of the Company and its subsidiaries for the year 2020 increased by Baht 378.0 million or 69.3% year on year. This was because of

- (a) increase in average selling price per unit of CPO and CPKO by 40.8% and 29.1% respectively, due to the tight supply, and
- (b) higher sales volume of CPO and CPKO which increased by 18.8% and 8.7%, respectively.

During the 4th quarter of October – December, the Company's sales revenue increased due to the increasing demand for palm oil after the COVID-19 situation began to resolve.

Other income for the year 2020 increased by Baht 27.0 million or 157.0% from the year 2019. It comprised proceeds from insurance compensation from fire accident at Bath 18.7 million recorded in December 2020, gain on land and truck disposal resulting from organisation restructuring and, increase in by product (shell) sales.

Expenses: Cost of sales and Expenses

- Cost of sales in the year 2020 was Baht 756.5 million, or Baht 313.1 million or 70.6% higher than the year 2019 due to average FFB cost having increased by 41.4%.
- Despite the increase in sales volume, selling expenses was close to the year 2019. This was due to
 - a) decrease of transportation expenses as change to use B10 instead of diesel and
 - b) increase of percentage of customers' own pick-up the product.
- Administrative expenses decreased by Baht 19.7 million mainly attributable to return of 973 rai of land and palm trees to Agricultural Land Reform Office (ALRO), and lower legal fee and Krabi Noi land expenses being incurred compared to 2019.
- Gain from change in fair value of biological assets Baht 18.7 million (2019: Loss Baht 26.9 million)

Profit: Consolidated Profits

From the reasons mentioned above, in 2020 the Company and its subsidiaries enjoyed a higher gross profit of Baht 64.9 million or 63.4% as well as an increase in other income, while administrative expenses were reduced. Furthermore, the Company recorded gain from change in fair value of biological assets from adopting TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant including realising a decreased share loss from investment in Joint Venture. As a consequence, the Company and its subsidiaries recorded an increase in net profit after tax of Baht 128.7 million (2019: net loss after tax of Baht 3.6 million).

Return on Shareholders' Equity

Return on shareholders' equity increased from -0.3% in 2019 to 11.6% in 2020 as the profit increased.

Dividend payout ratio

In 2020, UPOIC paid dividend out of profit for 2019 at the rate of 0.025 Baht per share in May 2020 (2019 : 0.08 Baht per share).

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

Book value (weighted average number of ordinary shares)

As at 31 December 2020, the book value per share of the Company and its subsidiaries was 3.50 Baht (weighted average number of shares at 324.05 million shares), or an increase of 11% from 3.15 Baht in 2019 (weighted average number of shares at 324.05 million shares) as the result of increase of profit.

2. Financial position

Assets

The Company and its subsidiaries had total assets of Baht 1,485 million, an increase of Baht 145 million or 11% when compared with 2019. Return on assets increased to 8.9% (2019: -0.3%). The major factors are as follows:-

- Inventory increased by Baht 40 million as a result of the increase of average cost per unit.
- Property, Plant and Equipment increased by Baht 46 million mainly from new vertical sterilizer to enhance productivity.
- Right of use increased by Baht 36 million from adoption of new accounting standard (IFRS 16) regarding long term land lease contract with Treasury Department.

3. Source of Fund

The structure of capital

Under the consolidated financial statements as at 31 December 2020, source of fund comprised Baht 1,135 million from shareholders' equity and Baht 350 million from liabilities, in the ratio of 76%: 24% respectively. Loans from financial institutions amounted to Baht 245 million or 70% of total liabilities, all of which was the short-term loan. The ratio of debt to equity was 0.31 times at the end of 2020 (unchanged from 2019) due to the increase of total shareholder's equity in 2020 and at the same time, the liabilities increased in a similar proportion.

Shareholders' equity

The Company and its subsidiaries recorded net profit in 2020 of Baht 125 million. In 2020, the Company paid dividend amounting to Baht 8 million for the fiscal year 2019. As such, the shareholders' equity of the Company and its subsidiaries increased from 2019 by Baht 116 million.

Liabilities

The Company and its subsidiaries' liabilities of Baht 350 million comprised current liabilities at Baht 286 million and non-current liabilities at Baht 64 million, an increase of Baht 29 million from 2019 or 9%. Right of use liabilities increased by Baht 43 million from adoption of new accounting standard (TFRS 16) regarding long term land lease contract with Treasury Department and income tax payable increased by Baht 19 million. While the Company repayment of short term loan from financial institutions Baht 30 million.

Financial liquidity

At the end of 2020, the Company and its subsidiaries recorded cash and cash equivalents at Baht 40 million, compared to Baht 21 million at the same period of 2019. The major reasons for the increase of Baht 19 million are as follows:-

- Net cash flows from operating activities amounted to Baht 129 million, a year on year increase of Baht 79 million. This was derived from the operating profit result as mentioned above, an increase in inventory, trade accounts receivable and other current assets.
- Net cash flows used in investing activities amounted to Baht 72 million, an increase of Baht 41 million when compared with Baht 31 million used in 2019. Such investments comprised the purchase of a new vertical steriliser to enhance productivity.
- Net cash flows used in financial activities amounted to Baht 38 million compared to Baht 21 million in the previous year. This came from repayment of short term loan from financial institutions and dividend payment.

Financial ratios

- The current ratio was 1.1 times, an increase of 0.3 times from 2019 due to an increase of inventory.
- The quick ratio was 0.3 times, an increase of 0.1 times from 2019 due to an increase of cash and cash equivalents.
- The ratio of cash flows from operating activities to current liabilities was 0.45 times, an increase of 0.28 times from 2019 due to an increase of cash flows from operating activities as stated above.
- Debt collection period was 14 days (2019: 14 days).
- Payment period was 10 days (2019: 18 days). The reduction of 8 days came mainly from spare parts accounts payable decreasing year on year as a result of factory having shut down for annual maintenance in 2019.

4. Capital expenditure

- In 2020, the Company invested in new machine to enhance productivity and new wheel loader to replace the old ones.
- For future investments, the Company has been exploring advanced technology equipment to replace the old ones, modification of machinery to improve working efficiency.

Factors which might affect financial performance in the future

Because the major raw material of the Company comes from agricultural product, its future financial performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, the quantity of Fresh Fruit Bunch (FFB) harvested in Thailand in each season, and the volatility of palm oil price. Furthermore, the Government continues its policy to support farmers during peak season of FFB, hence creating market distortion. Moreover, there are 99 CPO crushing mills in operation with total capacity utilisation below 50%, leading to intense competition in buying FFB, irrespective of quality, resulting in higher cost of sales.

Another crucial factor is the legal tenure of the plantation area, 50.9% of which is State Property. Subsidiaries can obtain the lease for only 14.5% of the total plantation area while other areas are still undergoing process. In case that the government does not extend the lease, the Company would have less plantation area and be compelled to buy a higher proportion of FFB from outside sources, resulting in higher cost of sales.

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

Please refer to **RISK FACTORS** and **INDUSTRY OVERVIEW AND COMPETITIVENESS** as explained earlier.

Remuneration of statutory auditor

1) Audit Fee

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

Audit Fee (Baht)	2020	2021
for the Company	1,030,000	1,030,000
for joint venture (Siam Elite Palm)	315,000	315,000
for three subsidiaries	140,000	140,000
Total	1,485,000	1,485,000

2) Non-Audit Fee

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

Fee for verifying BOI project (Baht)	2020	2021
for the Company	-0-	-0-
for joint venture (Siam Elite Palm)	100,000*	100,000
Total	100,000	100,000

Note : *no actual payment of a fee for verifying BOI project due to loss operating performance of Siam Elite Palm in 2020

SHAREHOLDERS AND MANAGEMENT

Shareholders

As at 7 May 2020, the major shareholders are as follows:-

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Lam Soon (Thailand) Plc.*	69.96
2	Wattanachote Co., Ltd.	5.70
3	Mr. Suwit Laohapolwattana	1.89
4	Mr. Somkiat Peetakanonda	1.68
5	Mr. Thammanoon Sahadithdamrong	1.15
6	Wattanasophonpanich Co., Ltd.	1.12
7	Ms. Duangkamol Thanitsaranont	0.74
8	GreenSpot Co., Ltd.	0.73
9	Mr. Chawalit Tsao	0.71
10	Mrs. Nancy Chalermkanjana	0.63

Source : Thailand Securities Depository Co., Ltd.

* Lam Soon (Thailand) Plc. is a manufacturer and distributor of vegetable oil products, margarine and shortening. As at 7 May 2020, shareholders holding not less than 10% of Lam Soon (Thailand) Plc. are as follows:-

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

Source : Thailand Securities Depository Co., Ltd.

Board of Directors and Management Committee

1. The Composition of Board of Directors and Sub-committees

Board of Directors

(1) Mr. Thira Wipuchanin	Independent Director and Chairman of the Board
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director
(3) Mr. Sangiam Santad	Independent Director
(4) Mr. Wasin Patchakapati	Independent Director
(5) Mr. Whang Shang Ying	Director
(6) Ms. Piyathida Sukchan	Executive Director
(7) Mr. Ampol Simarojana	Non-Executive Director
(8) Mrs. Sutida Boonjaroen	Company Secretary

Audit and Corporate Governance Committee

(1) Mr. Thira Wipuchanin	Independent Director and Chairman of Audit and Corporate Governance Committee
(2) Mr. Sangiam Santad	Independent Director and Member of Audit and Corporate Governance Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Audit and Corporate Governance Committee

Nomination Committee

(1) Mr. Sangiam Santad	Independent Director and Chairman of Nomination Committee
(2) Mr. Thira Wipuchanin	Independent Director and Member of Nomination Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Nomination Committee
(4) Mr. Whang Shang Ying	Director and Member of Nomination Committee

Remuneration Committee

(1) Mr. Sangiam Santad	Independent Director and Chairman of Remuneration Committee
(2) Mr. Thira Wipuchanin	Independent Director and Member of Remuneration Committee
(3) Mr. Wasin Patchakapati	Independent Director and Member of Remuneration Committee
(4) Mr. Whang Shang Ying	Director and Member of Remuneration Committee

Risk Management Committee

(1) Anchalee Suebchantasiri	Managing Director
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Ampol Simarojana	Non-Executive Director

The details of duties and responsibilities of the Board and Sub-committees were presented in Principle 1 and 3 under "REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE".

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

Member of the Audit and Corporate Governance Committee	Experience in reviewing financial statements
Mr. Thira Wipuchanin (The Chairman of the Audit and Corporate Governance Committee)	was Senior Executive Vice President (SEVP), Export-Import Bank of Thailand (1997-2003)

2. The Criteria on recruiting Directors and Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2021 by including the consideration of candidates proposed by shareholders under the rules and criteria regarding director nomination before submitting to the Board for further consideration. The Board shall submit a list of suitable candidates to the shareholders' meeting for final approval. The qualification of

SHAREHOLDERS AND MANAGEMENT

such persons must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The qualifications of Independent Directors were presented in Principle 1 under “**REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE**”.

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

3. The Number of Board Meetings and the Attendance of Directors

In 2020, the Board of Directors held 5 meetings, with attendance of each member shown as below:-

Name	Attendance / Total Meetings
(1) Mr. Thira Wipuchanin	5/5
(2) Ms. Anchalee Suebchantasiri	5/5
(3) Mr. Sangiam Santad	5/5
(4) Mr. Wasin Patchakapati	5/5
(5) Mr. Whang Shang Ying	3/5
(6) Ms. Piyathida Sukchan	5/5
(7) Mr. Ampol Simarojana	5/5

4. Names and Positions of the Executives

Name	Position
(1) Ms. Anchalee Suebchantasiri	Managing Director
(2) Ms. Piyathida Sukchan	Executive Director
(3) Ms. Tiamros Jinakun	Account and Finance Manager
(4) Mr. Supoch Pangjan	Factory Manager
(5) Mr. Wisarn Petsai	Estate Manager
(6) Mr. Winai Yamhom	Estate Manager
(7) Mr. Charan Intharat	Estate Manager
(8) Mr. Nattaporn Thawornyuttitam	Human Resources Manager
(9) Ms. Thanyapas Apichodchairat	Account and Finance Manager

5. Details of Board of Directors and Executives

(1) Mr. Thira Wipuchanin	
Independent Director, Chairman of the Board, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee and Member of Nomination Committee	
Age	72 years
Nationality	Thai
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
The number of directorships in listed companies	
- Chairman	1 company
- Director	0 company
Number of years as a director	26 years (date of appointment : 24 May 1995)
Family relation with management	None
Education	BA Business Administration and Economics, University of Wisconsin, U.S.A.
Director Training Programme	Certificate of Completion DCP 6/2001, ACP 5/2005, DCP Refresher 1/2005 from Thai Institute of Directors (IOD)

Note : ■ present □ past

SHAREHOLDERS AND MANAGEMENT

Position in other listed companies

- Independent Director and Chairman of the Board, Precious Shipping Plc.
- Independent Director and Member of Audit Committee, Siam Macro Plc.
- Independent Director and Chairman of Audit Committee, Bangkok First Investment & Trust Plc.
- Chairman, Interhides Plc.

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

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

Other Experience

- Expert Committee Member, Privatisation Committee of TOT, CAT, PTT, AOT
- Senior Executive Vice President (SEVP), Export-Import Bank of Thailand

Meeting Attendance in 2020

- Attended the Board Meeting 5 times out of 5 times
- Attended the AC Meeting 4 times out of 4 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 3 times out of 3 times

(2) **Ms. Anchalee Suebchantasiri**

Vice-Chairman of the Board of Directors and Managing Director

Age 62 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

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

The number of directorships in listed companies

- Chairman 0 company
- Director 2 companies

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

Family relation with management None

Education

Bachelor's degree in Accountancy, Thammasat University

Director Training Programme

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

Position in other listed companies

- Managing Director, Lam Soon (Thailand) Plc.

Other Experience :

- Director, Lam Soon Holding Co., Ltd.
- Director, Bangkok Edible Oil Co., Ltd.
- Director, Phansrivivat Co., Ltd.
- Director, Phansri Co., Ltd.
- Director, Prachak Vivat Co., Ltd.
- Chairman of Board of Directors, Siam Elite Palm Co., Ltd.

Meeting Attendance in 2020

- Attended the Board Meeting 5 times out of 5 times

(3) **Mr. Sangiam Santad**

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

Age 74 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

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

The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 9 years (date of appointment : 27 April 2012)

Family relation with management None

Education

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

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

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

Position in other listed companies

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

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

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

Other Experience

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

Meeting Attendance in 2020

- Attended the Board Meeting 5 times out of 5 times
- Attended the AC Meeting 4 times out of 4 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 3 times out of 3 times

(4) **Mr. Wasin Patchakapati**

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

Age 67 years
Nationality Thai
Address 70/370 Chollada-Raminthra, Soi Kanchanaphisek 7, Raminthra Road, Khan Na Yao, Bangkok 10230

Shareholdings (Ordinary Shares)

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

The number of directorships in listed companies

- Chairman 0 company
- Director 1 company

Number of years as a director 5 years (date of appointment : 26 April 2016)

Family relation with management None

Education Bachelor's Degree in Engineering, Chulalongkorn University

Director Training Programme None

Position in other listed companies None

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

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

Other Experience

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

Meeting Attendance in 2020

- Attended the Board Meeting 5 times out of 5 times
- Attended the AC Meeting 4 times out of 4 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 3 times out of 3 times

(5) **Mr. Whang Shang Ying**

Director, Member of Remuneration Committee and Member of Nomination Committee

Age 60 years
Nationality Singaporean
Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

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

Note : present past

SHAREHOLDERS AND MANAGEMENT

The number of directorships in listed companies	
- Chairman	0 company
- Director	2 companies
Number of years as a director	22 years (date of appointment : 26 April 1999)
Family relation with management	None
Education	Bachelor of Arts (Hons.) in Law, Oxford University, United Kingdom
Director Training Programme	None
Position in other listed companies	
■ Executive Director, Lam Soon (Thailand) Plc.	
□ Director, Jurong Cement Limited, a public listed company in Singapore	
Position in companies with relating business (specify only non-executive director)	
- might have a conflict of interest with the Company	None
- others	
■ Executive Director, Lam Soon (Thailand) Plc.	
■ Chairman and Executive Director, Universal Food Plc.	
■ Director, Lam Soon Holding Co., Ltd.	
■ Director, Bangkok Edible Oil Co., Ltd.	
■ Executive Chairman, Lam Soon (M) Berhad	
■ Executive Chairman, Lam Soon Singapore Pte Ltd.	
Other Experience	
■ Member of the Board of Governors, Singapore Polytechnic	
■ Member of the Advisory Board, Asian Civilisations Museum, Singapore	
Meeting Attendance in 2020	
- Attended the Board Meeting 3 times out of 5 times	
- Attended the RC Meeting 1 time out of 2 times	
- Attended the NC Meeting 2 times out of 3 times	

(6) Ms. Piyathida Sukchan

Executive Director	
Age	52 years
Nationality	Thai
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
The number of directorships in listed companies	
- Chairman	0 company
- Director	2 companies
Number of years as a director	18 years (date of appointment : 18 June 2003)
Family relation with management	None
Education	M.A. in Development Economics, National Institute Development Administration; B.A. in Economics (Finance), Thammasat University
Director Training Programme	Certificate of Completion DCP 36/2003 from Thai Institute of Directors (IOD) Certificate of Thai Intelligent Investors 1/2012 (TIIP1) from Thai Investor Association and Stock Exchange of Thailand Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors (IOD)
Position in other listed companies	
■ Executive Director and Company Secretary, Lam Soon (Thailand) Plc.	
Other Experience	
■ Director, Lam Soon Holding Co., Ltd.	
■ Director, Bangkok Edible Oil Co., Ltd.	
■ Director, Phansrivivat Co., Ltd.	
■ Director, Phansri Co., Ltd.	
■ Director, Prachak Vivat Co., Ltd.	
■ Director, Siam Elite Palm Co., Ltd.	
□ Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.	
Meeting Attendance in 2020	
- Attended the Board Meeting 5 times out of 5 times	

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

- (7) **Mr. Ampol Simarojana**
 Non-Executive Director
- | | |
|-------------|--|
| Age | 64 years |
| Nationality | Thai |
| Address | 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 |
- Shareholdings (Ordinary Shares)
- | | |
|------------------------------------|------|
| - Held personally | None |
| - Held by spouse or minor children | None |
- The number of directorships in listed companies
- | | |
|------------|-------------|
| - Chairman | 0 company |
| - Director | 2 companies |
- Number of years as a director 3 years (date of appointment : 20 June 2018)
- Family relation with management None
- Education Bachelor of Science (Chemical Engineering), Chulalongkorn University
- Director Training Programme Certificate of Completion DCP 37/2003 from Thai Institute of Directors (IOD)
- Position in other listed companies
- Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.
 - Executive Director, Lam Soon (Thailand) Plc.
 - Executive Director, United Palm Oil Industry Plc.
- Position in companies with relating business (specify only non-executive director)
- | | |
|--|------|
| - might have a conflict of interest with the Company | None |
| - others | |
- Non-Executive Director and Operations Consultant, Lam Soon (Thailand) Plc.
- Other Experience
- Director, Siam Elite Palm Co., Ltd.
 - Director, Lam Soon Holding Co., Ltd.
 - Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.
- Meeting Attendance in 2020
- Attended the Board Meeting 5 times out of 5 times
- (8) **Mrs. Sutida Boonjaroen**
 Company Secretary
- | | |
|-----|----------|
| Age | 45 years |
|-----|----------|
- Shareholdings (Ordinary Shares)
- | | |
|------------------------------------|-----------------------|
| - Held personally | 100 shares (0.00003%) |
| - Held by spouse or minor children | None |
- Family relation with management None
- Education : Bachelor of Liberal Arts, Thammasat University
- Director Training Programme : None
- Other Experience
- Export Supervisor, Lam Soon (Thailand) PCL.
 - Secretary, Finance and Accounting Department, Lam Soon (Thailand) PCL.
- (9) **Ms. Tiamros Jinakun**
 Account and Finance Manager
- | | |
|-----|----------|
| Age | 62 years |
|-----|----------|
- Shareholdings (Ordinary Shares)
- | | |
|------------------------------------|------|
| - Held personally | None |
| - Held by spouse or minor children | None |
- Family relation with management None
- Education Bachelor of Business Administration, Suratthani Rajabhat University
- Other Experience
- Chief Accountant, South East Asia Tobacco Co., Ltd.
 - Chief Accountant, Phansri Vivat Co., Ltd.
- (10) **Mr. Supoch Pangjan**
 Factory Manager
- | | |
|-----|----------|
| Age | 43 years |
|-----|----------|
- Shareholdings (Ordinary Shares)
- | | |
|------------------------------------|------|
| - Held personally | None |
| - Held by spouse or minor children | None |
- Family relation with management None

Note : present past

SHAREHOLDERS AND MANAGEMENT

Education	Bachelor of Electrical Engineering, King Mongkut's University of Technology North Bangkok
Other Experience	
<input checked="" type="checkbox"/> Mill Manager, Lam Soon (Thailand) PCL. (Trang) <input type="checkbox"/> Assistant Engineering Manager, GFPT PCL. <input type="checkbox"/> Engineer, ONPA Co., Ltd.	
(11) Mr. Wisarn Petsai	
Estate Manager	
Age	56 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
Family relation with management	None
Education	Bachelor of Science (Agriculture), Prince of Songkhla University
Other Experience	None
(12) Mr. Winai Yamhom	
Estate Manager	
Age	61 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
Family relation with management	None
Education	Graduate Diploma in Teaching Profession, Phuket Rajabhat University
Other Experience	None
(13) Mr. Charan Intharat	
Estate Manager	
Age	57 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
Family relation with management	None
Education	Bachelor of Plant Science, Maejo University
Other Experience	None
(14) Mr. Nattaporn Thawornyuttitam	
Human Resources Manager	
Age	45 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
Family relation with management	None
Education	Bachelor of Political Science, Prince of Songkhla University
Other Experience	
<input type="checkbox"/> Human Resources Manager, Crystal Hotel Hat Yai <input type="checkbox"/> Human Resources Division Manager, ACK Food Tech Co., Ltd.	
(15) Ms. Thanyapas Apichodchairat	
Account and Finance Manager	
Age	43 years
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
Family relation with management	None
Education	Bachelor of Accounting, Bansomdejchaopraya Rajabhat University
Other Experience	
<input type="checkbox"/> Account Manager, Inter High Public Company Limited <input type="checkbox"/> Account Manager, Ubon Bio Ethanol Public Company Limited	

Note : present past

SHAREHOLDERS AND MANAGEMENT

6. Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2019	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2020
(1) Mr. Thira Wipuchanin	-	-	-
(2) Ms. Anchalee Suebchantasiri	-	-	-
(3) Mr. Sangiam Santad	-	-	-
(4) Mr. Wasin Patchakapati	-	-	-
(5) Mr. Whang Shang Ying	-	-	-
(6) Ms. Piyathida Sukchan	-	-	-
(7) Mr. Ampol Simarojana	-	-	-
(8) Mrs. Sutida Boonjaroen	n/a	100	100
(9) Ms. Tiamros Jinakun	-	-	-
(10) Mr. Supoch Pangjan	-	-	-
(11) Mr. Wisarn Petsai	n/a	n/a	-
(12) Mr. Winai Yamhom	n/a	n/a	-
(13) Mr. Charan Intharat	n/a	n/a	-
(14) Mr. Nattaporn Thawornyuttitam	n/a	n/a	-
(15) Ms. Thanyapas Apichodchairat	n/a	n/a	-

7. Remuneration of Directors and Executives

The Annual General Meeting of Shareholders No. 43 resolved to approve the remuneration payments for 2020 to the Company's directors as proposed by the Board. The remuneration was thoroughly and carefully considered by the Remuneration Committee all factors including comparison with other companies in the same industry as well as growth of business and operating results of the Company, as follows:

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

Monetary Remuneration

- Director's fees : Total fees paid to all 7 members of the Board **6,270,000** Baht
- Directors' fees paid to the Company's Directors as Directors of subsidiaries and the joint venture

-- None --

Name	Position	Director's fees in 2020	
		Director	Audit and Corporate Governance Committee
(1) Mr. Thira Wipuchanin	Chairman of the Board of Directors, Chairman of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	884,400	633,600
(2) Ms. Anchalee Suebchantasiri	Vice-Chairman of the Board of Directors and Managing Director	567,600	
(3) Mr. Sangiam Santad	Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee, Chairman of Nomination Committee	607,200	633,600
(4) Mr. Wasin Patchakapati	Independent Director, Member of Audit and Corporate Governance Committee, Member of Remuneration Committee, Member of Nomination Committee	607,200	633,600
(5) Mr. Whang Shang Ying	Director, Member of Remuneration Committee, Member of Nomination Committee	567,600	
(6) Ms. Piyathida Sukchan	Executive Director	567,600	
(7) Mr. Ampol Simarojana	Non - Executive Director	567,600	
Total		6,270,000	

SHAREHOLDERS AND MANAGEMENT

- Remuneration (salary and bonus) of all 9 Executives : **14,498,780** Baht*
- Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries and the joint venture -- **None** --

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

Other Remuneration

The Company has paid no other remuneration, except the cost of air-ticket and accommodation for directors residing outside Thailand who attend the meetings, and the cost of director liability insurance for all members of the Board.

Other forms of remuneration for the Executives include Company's cars and related expenses, health insurance, accidental insurance.

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

8. Directors and the Executives having positions in subsidiaries and related companies

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

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

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

9. Control system of utilising insider information

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

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

The Company has established the rules for prevention of using inside information including the penalties for violator stated in Principle 6 under “**REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE**”.

10. Internal Control Management

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

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

During the Board Meeting No.1/2021 held on 24 February 2021, in the presence of 3 independent directors and Audit and Corporate Governance Committee members, the Board reviewed the internal control system of the Company by using the evaluation form initially completed and presented by the management and reviewed by the Audit and Corporate Governance Committee. The evaluation of the internal control system of the Company covered 5 areas, namely organisation and environment, risk management, operational control of the management, information system and communication, and monitoring. The Board concluded and provided an opinion that the Company has adequate internal control system for the above mentioned areas.

Besides, the business transactions with majority shareholder and subsidiary companies are declared in item 7 of the Notes to financial statements, as well as complied with the rules and regulations of the SET regarding related transactions. The Board provided the opinion that the Company maintains adequate internal control measures.

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

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

Details of Internal Auditor

Mr. Apiruk Ati-anuwat

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

Age	:	50 years
% of share holding	:	None
Family relation with management	:	None
Education	:	MBA., Ramkhamhaeng University B.B.A. (Accounting), Ramkhamhaeng University LL.B., Thammasat University Certified Public Accountant
Training Course	:	COSO Internal Control System (The Committee of Sponsoring Organization of the Treadway Commission) Evaluation of internal control system COSO-ERM (The Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management)
Duties and responsibilities	:	Design the annual internal audit plan Review risk assessment of the internal control system Submit the finding reports to the Audit and Corporate Governance Committee

Present Experience

- Audit partner Dr. Virach and Associates Office Co., Ltd.
- Internal auditor, United Palm Oil Industry Plc., 21 years
- Internal auditor, Lam Soon (Thailand) Plc., 16 years

Dividend Payout Policy

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

The Board of Directors resolved to pay dividend for 2020 from the operating result at the rate of 0.20 Baht per share representing 50.23% of net profit after tax, which would be later proposed to AGM for approval, compared with that of previous year at 0.025 Baht per share representing 51.82% of net profit in 2019.

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

COMMON INTERESTED PERSONS AND CONNECTED TRANSACTIONS

Connected transactions with common interested persons, necessity and reasons for connected transactions

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

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

Relation	Transactions	Value of Transactions (million Baht)		Pricing Policy	Necessity
		2020	2019		
Major Shareholder	Sales of CPO and CPKO	714	431	Market prices on the contract's Date	The Company had business transactions with LST who owns and operates a refinery in Thailand and has over 40 years experience in the palm oil business. As such, LST has assisted the Company to develop CPO quality.
	Sales of FFB	44	1		

(b) With Phansrivivat Company Limited

Relation	Transactions	Value of Transactions (million Baht)		Pricing Policy	Necessity
		2020	2019		
Subsidiary Company	Dividend income	6	12	As declared by subsidiary	Being paid as a return on investment
	Palm plantation rental expenses	7	7	Contract rate	Being rental expenses for concession land
	Interest expenses	5	7	THBFIX + 1% per annum	Being interest from loan

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

Relation	Transactions	Value of Transactions (million Baht)		Pricing Policy	Necessity
		2020	2019		
Joint Venture	Land rental income	1	1	Agreed between the parties	SEP requires land for doing business of propagation and distribution of CIRAD [®] oil palm seeds in Thailand. SEP has rented the land from the Company.
	Purchase of oil palm seeds and FFB	3	1	Market prices	
	Dividend income	-	5	As declared by joint venture	Being paid as a return on investment.

The balances of the accounts as at 31 December 2020 and 2019 between the Company and those related companies have been declared in Notes to financial statements item no. 7.

Measures or criteria to approve connected transactions

In 2020, 81.97% of the Company's total sales were sold to LST (2019 : 79.17%). The selling was based on the ongoing market price as normal business transactions on an arm's length basis. It was done without any commitment, but on the basis of the CPO selling contract and in compliance with normal business practice in the palm oil industry.

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

Connected transactions in the future

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

Legal conflicts

There was no litigation involving the Company which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2020.

Obligations on future share issuance

- None -

United Palm Oil Industry Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of United Palm Oil Industry Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition from improper selling prices to a related party

As described in Note 7 to the financial statements, the Company had sales of crude palm oil and crude palm kernel oil to its parent company totaling approximately for Baht 714 million during the current year, accounting for 72% of total revenues. Such related party transactions could give rise to doubt as to the arm's length nature of the business transactions between the parties and there is a potential risk with respect to the amount of revenue recognised.

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

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

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

Fair value measurement of biological assets - palm fruit on trees

As described in Note 11 to the financial statements, the value of the biological assets - palm fruit on trees as of 31 December 2020 was Baht 66 million, which is a significant amount. The fair value measurement of biological assets - palm fruit on trees requires the use of estimates and assumptions, which included estimated harvesting volume and the selling price at each points of harvest, with consideration of whether these correspond with the nature and circumstances of the biological asset being measured, based on judgements made by the Company's agricultural officers and management as to the basis and assumptions relevant to the estimations.

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

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

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Vilailak Laohasrisakul
Certified Public Accountant (Thailand) No. 6140

EY Office Limited
Bangkok: 24 February 2021

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	39,839,639	21,000,585	27,104,434	10,080,600
Trade and other receivables	9	38,605,410	30,471,223	38,545,091	30,360,468
Current portion of financial lease receivables		1,567,066	330,650	1,567,066	330,650
Advance to employees		79,096	300,385	79,096	300,385
Inventories	10	123,013,684	82,814,927	123,013,684	82,814,927
Biological assets	11	95,620,275	90,928,591	95,620,275	90,928,591
Other current assets		20,417,097	12,264,073	16,826,646	8,288,803
Total current assets		319,142,267	238,110,434	302,756,292	223,104,424
Non-current assets					
Financial lease receivables - long-term portion		2,441,124	640,732	2,441,124	640,732
Investment in subsidiary	12	-	-	307,895,303	307,895,303
Investment in joint venture	13	22,997,536	26,709,841	25,000,000	25,000,000
Long-term loan to other company	14	18,400,000	19,320,000	-	-
Property, plant and equipment	15	887,736,007	841,931,040	887,735,681	841,930,714
Right-of-use assets	16	36,396,548	-	58,728,679	-
Bearer plants	17	196,333,100	204,034,766	196,333,100	204,034,766
Intangible assets		165,947	63,623	165,947	63,623
Deferred tax assets	21	-	6,569,983	-	6,295,393
Other non-current assets		1,047,010	2,801,010	1,047,010	2,801,010
Total non-current assets		1,165,517,272	1,102,070,995	1,479,346,844	1,388,661,541
Total assets		1,484,659,539	1,340,181,429	1,782,103,136	1,611,765,965

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	245,000,000	275,000,000	245,000,000	275,000,000
Trade and other payables	19	18,303,837	22,973,869	295,819,126	300,627,843
Current portion of long-term lease liabilities	16	308,143	-	462,453	-
Income tax payable		19,336,400	675,764	18,874,424	-
Other current liabilities		2,959,260	2,857,381	2,959,260	2,857,381
Total current liabilities		285,907,640	301,507,014	563,115,263	578,485,224
Non-current liabilities					
Long-term lease liabilities, net of current portion	16	42,546,367	-	64,190,638	-
Deferred tax liabilities	21	2,610,783	-	2,717,493	-
Provision for long-term employee benefits	20	18,422,800	19,108,330	18,422,800	19,108,330
Total non-current liabilities		63,579,950	19,108,330	85,330,931	19,108,330
Total liabilities		349,487,590	320,615,344	648,446,194	597,593,554
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Share premium		321,544,740	321,544,740	321,544,740	321,544,740
Retained earnings					
Appropriated - statutory reserve	22	60,805,000	60,805,000	32,405,000	32,405,000
Unappropriated		428,772,209	313,166,345	455,657,202	336,172,671
Total shareholders' equity		1,135,171,949	1,019,566,085	1,133,656,942	1,014,172,411
Total liabilities and shareholders' equity		1,484,659,539	1,340,181,429	1,782,103,136	1,611,765,965
		-	-	-	-

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

Directors

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Revenue	25	923,837,788	545,848,253	923,837,788	545,848,253
Gain arising from change in fair value of					
biological assets		18,691,732	-	18,691,732	-
Other income					
Dividend income	12, 13.2	-	-	6,301,540	16,781,138
Compensation from insurance		18,736,306	-	18,736,306	-
Others		25,423,837	17,178,436	25,423,883	17,178,522
Total revenues		986,689,663	563,026,689	992,991,249	579,807,913
Expenses					
Cost of sales		756,475,531	443,359,372	758,511,716	442,151,994
Selling and distribution expenses		21,318,328	21,383,884	21,318,328	21,383,884
Administrative expenses		41,395,809	61,086,135	41,206,149	60,780,524
Impairment loss of assets	32	-	698,969	-	698,969
Loss arising from change in fair value of					
biological assets		-	26,864,185	-	26,864,185
Total expenses		819,189,668	553,392,545	821,036,193	551,879,556
Profit from operating activities		167,499,995	9,634,144	171,955,056	27,928,357
Share of loss of a joint venture	13.2	(3,751,777)	(6,813,861)	-	-
Finance income		429,612	642,422	125,595	112,084
Finance cost	23	(6,963,114)	(6,790,082)	(12,483,378)	(13,404,040)
Profit (loss) before income tax benefits (expenses)		157,214,716	(3,327,377)	159,597,273	14,636,401
Income tax benefits (expenses)	21	(32,116,003)	(225,611)	(30,580,421)	995,839
Profit (loss) for the year		125,098,713	(3,552,988)	129,016,852	15,632,240

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(1,788,903)	(1,380,008)	(1,788,903)	(1,380,008)
Less: Income tax effect	21	357,781	276,002	357,781	276,002
Share of other comprehensive income of a joint venture					
- actuarial gain (loss)	13.2	39,472	(77,952)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,391,650)	(1,181,958)	(1,431,122)	(1,104,006)
Other comprehensive income for the year		(1,391,650)	(1,181,958)	(1,431,122)	(1,104,006)
Total comprehensive income for the year		123,707,063	(4,734,946)	127,585,730	14,528,234
Earnings per share					
Basic earnings (loss) per share	26	0.39	(0.01)	0.40	0.05

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up		Retained earnings		Total
	share capital	Share premium	Appropriated	Unappropriated	
Balance as at 1 January 2019	324,050,000	321,544,740	60,805,000	343,825,123	1,050,224,863
Loss for the year	-	-	-	(3,552,988)	(3,552,988)
Other comprehensive income for the year	-	-	-	(1,181,958)	(1,181,958)
Total comprehensive income for the year	-	-	-	(4,734,946)	(4,734,946)
Dividend paid (Note 29)	-	-	-	(25,923,832)	(25,923,832)
Balance as at 31 December 2019	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>313,166,345</u>	<u>1,019,566,085</u>
					-
Balance as at 1 January 2020	324,050,000	321,544,740	60,805,000	313,166,345	1,019,566,085
Profit for the year	-	-	-	125,098,713	125,098,713
Other comprehensive income for the year	-	-	-	(1,391,650)	(1,391,650)
Total comprehensive income for the year	-	-	-	123,707,063	123,707,063
Dividend paid (Note 29)	-	-	-	(8,101,199)	(8,101,199)
Balance as at 31 December 2020	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>428,772,209</u>	<u>1,135,171,949</u>

(Unit: Baht)

Separate financial statements

	Issued and paid-up		Retained earnings		Total
	share capital	Share premium	Appropriated	Unappropriated	
Balance as at 1 January 2019	324,050,000	321,544,740	32,405,000	347,568,269	1,025,568,009
Profit for the year	-	-	-	15,632,240	15,632,240
Other comprehensive income for the year	-	-	-	(1,104,006)	(1,104,006)
Total comprehensive income for the year	-	-	-	14,528,234	14,528,234
Dividend paid (Note 29)	-	-	-	(25,923,832)	(25,923,832)
Balance as at 31 December 2019	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>336,172,671</u>	<u>1,014,172,411</u>
					-
Balance as at 1 January 2020	324,050,000	321,544,740	32,405,000	336,172,671	1,014,172,411
Profit for the year	-	-	-	129,016,852	129,016,852
Other comprehensive income for the year	-	-	-	(1,431,122)	(1,431,122)
Total comprehensive income for the year	-	-	-	127,585,730	127,585,730
Dividend paid (Note 29)	-	-	-	(8,101,199)	(8,101,199)
Balance as at 31 December 2020	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>455,657,202</u>	<u>1,133,656,942</u>

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before tax	157,214,716	(3,327,377)	159,597,273	14,636,401
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	40,951,747	48,834,034	41,899,741	48,834,034
Share of loss of a joint venture	3,751,777	6,813,861	-	-
Loss (gain) arising from change in fair value of biological assets	(18,691,732)	26,864,185	(18,691,732)	26,864,185
Loss on write-off bearer plants	-	5,948,638	-	5,948,638
Reduction of inventory cost to net realisable value (reversal)	1,451,565	(2,272,572)	1,451,565	(2,272,572)
Impairment loss of assets	-	698,969	-	698,969
Loss on write-off assets	2,083,664	-	2,083,664	-
Gain on disposal/wirte-off of property plant and equipment	(4,215,811)	(1,078,061)	(4,215,811)	(1,078,061)
Gain on financial lease agreements	(3,778,947)	(1,022,998)	(3,778,947)	(1,022,998)
Provision for termination benefits and provision for long-term employee benefits	10,992,252	12,591,565	10,992,252	12,591,565
Dividend income	-	-	(6,301,540)	(16,781,138)
Interest expenses	6,963,114	6,790,082	12,483,378	13,404,040
Profit from operating activities before changes in operating assets and liabilities	196,722,345	100,840,326	195,519,843	101,823,063
Operating assets (increase) decrease				
Trade and other receivables	(8,134,187)	(18,946,371)	(8,184,623)	(18,958,972)
Cash received from financial lease receivables	742,139	51,616	742,139	51,616
Advance to employees	221,289	(64,179)	221,289	(64,179)
Inventories and biological assets	(27,650,274)	(14,347,095)	(27,650,274)	(14,347,095)
Other current assets	(10,621,089)	(359,105)	(11,121,455)	80,183
Other non-current assets	(46,000)	5,490	(46,000)	5,490
Operating liabilities increase (decrease)				
Trade and other payables	(252,411)	1,749,600	2,765,725	1,552,015
Other current liabilities	101,879	(1,813,226)	101,879	(1,813,226)
Cash paid for termination benefits and long-term employee benefits	(13,466,685)	(8,249,768)	(13,466,685)	(8,249,768)
Cash flows from operating activities	137,617,006	58,867,288	138,881,838	60,079,127
Cash paid for interest expenses	(6,984,326)	(6,811,288)	(17,034,357)	(19,296,190)
Cash received from income tax	2,389,007	245,887	2,299,948	-
Cash paid for income tax	(4,121,426)	(2,327,735)	(2,335,330)	(202,163)
Net cash flows from operating activities	128,900,261	49,974,152	121,812,099	40,580,774

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Decrease in long-term loan to other company	920,000	920,000	-	-
Proceeds from disposals of property, plant and equipment	26,892,171	5,326,162	26,892,171	5,326,162
Cash paid for acquisition of plant, equipment and intangible assets	(95,797,403)	(34,355,708)	(95,797,403)	(34,355,708)
Increase in cost of bearer plants	(3,681,047)	(7,840,676)	(3,681,047)	(7,840,676)
Dividend received	-	4,999,998	6,301,540	16,781,138
Net cash flows used in investing activities	(71,666,279)	(30,950,224)	(66,284,739)	(20,089,084)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(30,000,000)	5,000,000	(30,000,000)	5,000,000
Cash paid for lease liabilities	(293,729)	-	(402,327)	-
Dividend paid	(8,101,199)	(25,923,832)	(8,101,199)	(25,923,832)
Net cash flows used in financing activities	(38,394,928)	(20,923,832)	(38,503,526)	(20,923,832)
Net increase (decrease) in cash and cash equivalents	18,839,054	(1,899,904)	17,023,834	(432,142)
Cash and cash equivalents at beginning of year	21,000,585	22,900,489	10,080,600	10,512,742
Cash and cash equivalents at end of year	39,839,639	21,000,585	27,104,434	10,080,600
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	1,492,444	688,115	1,492,444	688,115

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of United Palm Oil Industry Public Company Limited (“the Company”) and the following subsidiaries (hereinafter called as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			(%)	(%)
<u>Shares held by the Company</u>				
Phansrivivat Co., Ltd.	Owner of oil palm plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect Shareholding	
			2020 (%)	2019 (%)
<u>Shares held by the Company's subsidiary</u>				
Prachak Vivat Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100

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

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

These standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

Changes in accounting policy due to the adoption of financial reporting standard related to TFRS 16 does not have any impact on retained earnings as at 1 January 2020.

Amount of adjustments that have an impact on items in statement of financial position as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The impact of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	37,947	37,947
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	-	294	294
Trade and other payables	22,974	(5,201)	17,773
Non-current liabilities			
Lease liabilities, net of current portion	-	42,854	42,854

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2019	The impact of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	61,227	61,227
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	-	402	402
Trade and other payables	300,628	(3,828)	296,800
Non-current liabilities			
Lease liabilities, net of current portion	-	64,653	64,653

4.1 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	74,295	38,260
Less: Short-term leases and leases of low-value assets	(1,168)	(1,168)
Add: Option to extend lease term	-	77,267
Add: Others	5,201	3,828
Less: Deferred interest expenses	(35,180)	(53,132)
Increase in lease liabilities due to the adoption of TFRS 16	43,148	65,055
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	43,148	65,055
Weighted average incremental borrowing rate (% per annum)	4.8	4.8
Comprise of:		
Current lease liabilities	294	402
Non-current lease liabilities	42,854	64,653
	43,148	65,055

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts and allowances to customers.

Interest income

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

Finance cost

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

Dividends

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

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Inventories

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

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

5.4 Investments in subsidiary and joint venture

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

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

5.5 Property, plant and equipment/Depreciation

Land, land ownership document and land possessory rights are stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Buildings and construction	-	20 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

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

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

5.6 Bearer plants and amortisation

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

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

Amortisation is included in determining income.

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

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

5.7 Agriculture

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

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

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

The agricultural produce is included in inventories.

5.8 Related party transactions

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

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

5.9 Leases

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

The Group as lessee

Accounting policies adopted since 1 January 2020

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

Right-of-use assets

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

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

Land - 24 years

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

Lease liabilities

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

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

Short-term leases and Leases of low-value assets

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

Accounting policies adopted before 1 January 2020

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

The Group as lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

5.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.11 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

5.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

5.13 Provisions

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

5.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.15 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost. The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("FVTPL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 90 days past due and considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debtor aging.

5.16 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

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

Leases

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

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

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Agriculture

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

Post-employment benefits under defined benefit plans

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

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
Transactions with parent company					
Sales of crude palm oil and					
crude palm kernel oil	714	431	714	431	Market price on contract's date
Sales of fresh fruit bunch	44	1	44	1	Market price on contract's date
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	6	12	As declared
Palm plantation rental expenses	-	-	7	7	Contract rate
Interest expenses	-	-	5	7	THBFIX + 1% per annum
Transactions with joint venture					
Land rental income	1	1	1	1	Agreed between parties
Dividend income	-	5	-	5	As declared
Purchases of oil palm seeds					
and fresh fruit bunch	3	1	3	1	Market price

The balance of the account between the Company and that related party as at 31 December 2020 and 2019.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade and other receivables - related party (Note 9)				
Parent company	38,532	-	38,532	-
Total	38,532	-	38,532	-
Trade and other payables - related party (Note 19)				
Subsidiary	-	-	277,665	283,005
Total	-	-	277,665	283,005
Lease liabilities - related party				
Subsidiary	-	-	64,653	-
Total	-	-	64,653	-

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2020	2019
Short-term employee benefits	20,663	18,327
Post-employment benefits	263	240
Total	20,926	18,567

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	1,185	1,195	1,176	1,187
Bank deposits	38,655	19,806	25,928	8,894
Total	39,840	21,001	27,104	10,081

As at 31 December 2020, bank deposits in saving accounts carried interests between 0.05% and 0.13% per annum (2019: 0.10% and 0.38% per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	38,532	-	38,532	-
Total trade receivables - related party				
(Note 7)	38,532	-	38,532	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	-	29,837	-	29,837
Past due				
Up to 3 months	-	467	-	467
Total trade receivables - unrelated parties	-	30,304	-	30,304
Total trade receivables	38,532	30,304	38,532	30,304
Other receivables				
Accrued income	73	167	13	56
Total other receivables	73	167	13	56
Total trade and other receivables	38,605	30,471	38,545	30,360

10. Inventories

	(Unit: Thousand Baht)					
	Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	113,155	72,724	(4,519)	(3,213)	108,636	69,511
Work in process	3,627	1,848	-	-	3,627	1,848
Spare parts, supplies and others	11,195	11,755	(444)	(299)	10,751	11,456
Total	127,977	86,327	(4,963)	(3,512)	123,014	82,815

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

During the year 2019, the Company reversed the write-down of cost of inventories by Baht 2.3 million, and reduce the amount of inventories recognised as expense during the year.

11. Biological assets

Movements in the biological assets account for the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Palm nursery		
	for sales	Palm fruit on tree	Total
Balance as at 1 January 2019	80,547	37,973	118,520
Gain (loss) arising from changes in fair value	(4,047)	173,965	169,918
Increases due to cultivate	767	-	767
Decreases due to harvest	-	(176,954)	(176,954)
Decreases due to sales	(11,522)	(3,946)	(15,468)
Decreases due to write-off	(5,855)	-	(5,855)
Balance as at 31 December 2019	59,890	31,038	90,928
Gain arising from changes in fair value	3,114	344,370	347,484
Increases due to cultivate	-	-	-
Decreases due to harvest	-	(264,849)	(264,849)
Decreases due to sales	(21,319)	(44,124)	(65,443)
Decreases due to write-off	(12,500)	-	(12,500)
Balance as at 31 December 2020	29,185	66,435	95,620

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

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

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

For the year 2020, discount rate is estimated at the rate of 3% (2019: 5%) by weighted average cost of capital method.

The result of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	2020		2019	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Prices of palm fruit at harvest point	12,466	(12,466)	8,352	(8,352)
Weight of palm fruit on tree	12,466	(12,466)	8,352	(8,352)

12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements is as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Million Baht)	(Million Baht)	(%)	(%)				
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895	6,302	11,781
Total					307,895	307,895	6,302	11,781

13. Investment in joint venture

13.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amount based on equity method	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	22,997	26,710
Total				25,000	25,000	22,997	26,710

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		2020	2019	2020	2019
		(%)	(%)		
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000
Total				25,000	25,000

13.2 Share of comprehensive income and dividend income

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

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	2020	2019	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	(3,752)	(6,814)	39	(78)	-	5,000
Total	(3,752)	(6,814)	39	(78)	-	5,000

13.3 Summarised financial information of material joint venture

Summarised information about financial position as at 31 December 2020 and 2019

(Unit: Thousand Baht)

	Siam Elite Palm Co., Ltd.	
	2020	2019
Current assets	20,294	28,554
Non-current assets	33,693	35,260
Total assets	53,987	63,814
Current liabilities	(3,612)	(5,935)
Non-current liabilities	(4,380)	(4,459)
Total liabilities	(7,992)	(10,394)
Net assets	45,995	53,420
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	22,997	26,710

Summarised information about comprehensive income for the year ended 31 December 2020 and 2019

(Unit: Thousand Baht)

	Siam Elite Palm Co., Ltd.	
	2020	2019
Revenue	13,884	12,939
The differences between fair value and costs of agricultural produce	(2,550)	(5,543)
Cost of sales	(6,655)	(7,619)
Selling and administrative expenses	(12,262)	(13,362)
Loss before income tax benefits	(7,583)	(13,585)
Income tax benefits	-	113
Loss for the year	(7,583)	(13,472)
Other comprehensive income	79	(156)
Total comprehensive income	(7,504)	(13,628)
Shareholding percentage (%)	50	50
Share of comprehensive income of the joint venture	(3,752)	(6,814)

14. Long-term loan to other company

As at 31 December 2020, a subsidiary has loan to other company of approximately Baht 18 million (2019: Baht 19 million). The loan has no collateral and carry interest at a rate of THBFIX plus 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2019	672,999	15,564	293,776	623,080	31,827	167,224	2,611	1,807,081
Additions	-	19,766	-	1,090	272	6,308	6,028	33,464
Disposals/write-off	(2,844)	-	(242)	(6,461)	(1,817)	(19,669)	-	(31,033)
Transfer in (out)	19,112	(19,112)	242	4,991	14	2,731	(7,978)	-
31 December 2019	689,267	16,218	293,776	622,700	30,296	156,594	661	1,809,512
Additions	-	2,042	-	988	678	4,765	87,990	96,463
Disposals/write-off	(20,033)	-	(3,513)	(26,150)	(890)	(30,112)	-	(80,698)
Transfer in (out)	17,665	(17,665)	7,286	23,333	5	-	(30,624)	-
31 December 2020	686,899	595	297,549	620,871	30,089	131,247	58,027	1,825,277

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation								
1 January 2019	-	-	211,076	549,054	29,268	146,048	-	935,446
Depreciation for the year	-	-	9,668	19,356	867	7,819	-	37,710
Depreciation on disposals/write-off	-	-	(242)	(5,477)	(1,794)	(19,272)	-	(26,785)
31 December 2019	-	-	220,502	562,933	28,341	134,595	-	946,371
Depreciation for the year	-	-	9,464	12,393	791	5,334	-	27,982
Depreciation on disposals/write-off	-	-	(2,775)	(25,585)	(877)	(28,785)	-	(58,022)
31 December 2020	-	-	227,191	549,741	28,255	111,144	-	916,331
Allowance for impairment loss								
31 December 2019	21,210	-	-	-	-	-	-	21,210
Impairment loss for the year	-	-	-	-	-	-	-	-
31 December 2020	21,210	-	-	-	-	-	-	21,210
Net book value								
31 December 2019	668,057	16,218	73,274	59,767	1,955	21,999	661	841,931
31 December 2020	665,689	595	70,358	71,130	1,834	20,103	58,027	887,736
Depreciation for the year								
2019 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,710
2020 (Baht 27 million included in manufacturing cost, and the balance in selling and administrative expenses)								27,982

(Unit: Thousand Baht)

Separate financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2019	672,999	15,564	277,324	623,080	31,827	167,224	2,611	1,790,629
Additions	-	19,766	-	1,090	272	6,308	6,028	33,464
Disposals/write-off	(2,844)	-	(242)	(6,461)	(1,817)	(19,669)	-	(31,033)
Transfer in (out)	19,112	(19,112)	242	4,991	14	2,731	(7,978)	-
31 December 2019	689,267	16,218	277,324	622,700	30,296	156,594	661	1,793,060
Additions	-	2,042	-	988	678	4,765	87,990	96,463
Disposals/write-off	(20,033)	-	(3,513)	(26,150)	(890)	(30,112)	-	(80,698)
Transfer in (out)	17,665	(17,665)	7,286	23,333	5	-	(30,624)	-
31 December 2020	686,899	595	281,097	620,871	30,089	131,247	58,027	1,808,825
Accumulated depreciation								
1 January 2019	-	-	194,625	549,054	29,268	146,047	-	918,994
Depreciation for the year	-	-	9,668	19,356	867	7,819	-	37,710
Depreciation on disposals/write-off	-	-	(242)	(5,477)	(1,794)	(19,272)	-	(26,785)
31 December 2019	-	-	204,051	562,933	28,341	134,594	-	929,919
Depreciation for the year	-	-	9,464	12,393	791	5,334	-	27,982
Depreciation on disposals/write-off	-	-	(2,775)	(25,585)	(877)	(28,785)	-	(58,022)
31 December 2020	-	-	210,740	549,741	28,255	111,143	-	899,879

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Allowance for impairment loss								
31 December 2019	21,210	-	-	-	-	-	-	21,210
Impairment loss for the year	-	-	-	-	-	-	-	-
31 December 2020	21,210	-	-	-	-	-	-	21,210
Net book value								
31 December 2019	668,057	16,218	73,273	59,767	1,955	22,000	661	841,931
31 December 2020	665,689	595	70,357	71,130	1,834	20,104	58,027	887,736
Depreciation for the year								
2019 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)								37,710
2020 (Baht 27 million included in manufacturing cost, and the balance in selling and administrative expenses)								27,982

As at 31 December 2020, certain items of plant and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 759 million (2019: Baht 778 million) (the Company only: Baht 743 million, 2019: Baht 762 million).

16. Leases

16.1 The Group as lessee

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

a) Right-of-use assets

Movements in the right-of-use assets account, which is land, during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	37,947	61,227
Depreciation for the year	(1,551)	(2,499)
As at 31 December 2020	36,396	58,728

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

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	75,969	-	114,670	-
Less: Deferred interest expenses	(33,115)	-	(50,017)	-
Total	42,854		64,653	
Less: Portion due within one year	(308)	-	(462)	-
Lease liabilities - net of current portion	42,546	-	64,191	-

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

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

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation of right-of-use assets	1,551	2,499
Interest expenses of lease liabilities	2,065	3,115
Expenses relating to short-term leases	540	540
Expenses relating to leases of low-value assets	117	117

d) Others

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

17. Bearer plants

(Unit: Thousand Baht)

	Consolidated financial statements		
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
	Cost		
1 January 2019	585,475	50,583	636,058
Additions	7,841	-	7,841
Write-off	(12,204)	-	(12,204)
Transfer in (out)	44,018	(44,018)	-
31 December 2019	625,130	6,565	631,695
Additions	-	3,682	3,682
Write-off	(7)	-	(7)
31 December 2020	625,123	10,247	635,370

(Unit: Thousand Baht)

Consolidated financial statements

	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
Accumulated amortisation			
1 January 2019	400,196	-	400,196
Amortisation charged for the year	11,057	-	11,057
Amortisation on write-off	(6,255)	-	(6,255)
31 December 2019	404,998	-	404,998
Amortisation charged for the year	11,383	-	11,383
Amortisation on write-off	(7)	-	(7)
31 December 2020	416,374	-	416,374
Allowance for impairment loss			
31 December 2019	22,663	-	22,663
Impairment loss for the year	-	-	-
31 December 2020	22,663	-	22,663
Net book value			
31 December 2019	197,469	6,565	204,034
31 December 2020	186,086	10,247	196,333
Amortisation for the year (included in manufacturing cost)			
2019			11,057
2020			11,383

(Unit: Thousand Baht)

	Separate financial statements		
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total
Cost			
1 January 2019	292,757	50,583	343,340
Additions	7,841	-	7,841
Write-off	(12,204)	-	(12,204)
Transfer in (out)	44,018	(44,018)	-
31 December 2019	332,412	6,565	338,977
Additions	-	3,682	3,682
Write-off	(7)	-	(7)
31 December 2020	332,405	10,247	342,652
Accumulated amortisation			
1 January 2019	107,478	-	107,478
Amortisation charged for the year	11,057	-	11,057
Amortisation on write-off	(6,255)	-	(6,255)
31 December 2019	112,280	-	112,280
Amortisation charged for the year	11,383	-	11,383
Amortisation on write-off	(7)	-	(7)
31 December 2020	123,656	-	123,656
Allowance for impairment loss			
31 December 2019	22,663	-	22,663
Impairment loss for the year	-	-	-
31 December 2020	22,663	-	22,663
Net book value			
31 December 2019	197,469	6,565	204,034
31 December 2020	186,086	10,247	196,333
Amortisation for the year (included in manufacturing cost)			
2019			11,057
2020			11,383

As at 31 December 2020, the land used by the Company for palm oil plantation includes 13,478 rai for which there are land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For the remaining, land possessory rights have been transferred to the Company and it is in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary company for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the Company for utilisation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 15 May 2020, that subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 14 May 2021 and the subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

18. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (% per annum)		Consolidated/Separate financial statements	
	2020	2019	2020	2019
Short-term loans from financial institutions	1.25 - 1.50	1.80 - 1.90	245,000	275,000
Total			245,000	275,000

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade payables - unrelated parties	3,045	7,210	3,045	7,210
Other payables - related party (Note 7)	-	-	277,665	283,005
Other payables - unrelated parties	3,069	2,194	3,069	2,194
Payables for purchase of assets - unrelated parties	1,492	688	1,492	688
Accrued expenses	10,698	12,882	10,548	7,531
Total trade and other payables	18,304	22,974	295,819	300,628

As at 31 December 2020 and 2019, other payables - related party is represented payable of rental charge and related accrued interest which carry an interest at a rate of THBFIX + 1% per annum for past due balance of rental charge payable.

20. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Termination benefits		Long-term employee benefits	
	2020	2019	2020	2019
Balance at beginning of year	-	-	19,108	13,386
Included in profit or loss:				
Current service cost	-	-	1,197	253
Interest cost	-	-	231	64
Past service cost	-	-	-	6,926
Termination benefits	9,564	5,349	-	-
Total	9,564	5,349	1,428	7,243
Included in other comprehensive income:				
Actuarial losses (gain) arising from:				
Demographic assumptions changes	-	-	-	-
Financial assumptions changes	-	-	(632)	942
Experience adjustments	-	-	2,421	438
Total	-	-	1,789	1,380
Benefits paid during the year	(9,564)	(5,349)	(3,902)	(2,901)
Balance at end of year	-	-	18,423	19,108

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 6.9 million as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the statement of comprehensive income.

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

The Company expects to pay Baht 5 million of long-term employee benefits during the next year (2019: Baht 5 million).

As at 31 December 2020 the weighted average duration of the liabilities for long-term employee benefit is 10 years (2019: 10 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2020	2019
	(% per annum)	(% per annum)
Discount rate	1.1	1.5
Salary increase rate	4.0	5.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2020		2019	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate	(375)	396	(484)	513
Salary increase rate	483	(445)	600	(547)

21. Income tax

Income tax expenses (benefits) for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	22,577	1,680	21,209	-
Adjustment in respect of current income tax of previous year	-	179	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	9,539	(1,633)	9,371	(996)
Income tax expenses (benefits) reported in the statement of comprehensive income	32,116	226	30,580	(996)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on actuarial losses	358	276	358	276
Total	358	276	358	276

The reconciliation between accounting profit (loss) and income tax expenses (benefits).

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit (loss) before tax	157,215	(3,327)	159,597	14,636
Applicable tax rates	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rates	31,468	(591)	31,919	2,927
Adjustment in respect of current income tax of previous year	-	179	-	-
Share of loss of a joint venture	750	1,363	-	-
Effects of:				
Non-deductible expenses	398	481	421	1
Additional expense deductions allowed	(500)	(1,206)	(500)	(568)
Dividend received	-	-	(1,260)	(3,356)
Total	(102)	(725)	(1,334)	(3,923)
Income tax expenses (benefits) reported in the statement of comprehensive income	32,116	226	30,580	(996)

As at 31 December 2020 and 2019, the components of deferred tax assets (liabilities) are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for diminution in value of inventories	993	702	993	702
Allowance for assets impairment	8,775	8,775	8,775	8,775
Provision for long-term employee benefits	3,685	3,822	3,685	3,822
Provision for land rental	-	1,039	-	765
Unused tax loss	-	7,066	-	7,066
Leases	1,291	-	1,185	-
Total	14,744	21,404	14,638	21,130

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax liabilities				
Change in fair value of biological assets and the differences between fair value and costs of agricultural produce	(16,553)	(14,640)	(16,553)	(14,640)
Revenue recognition under finance leases	(802)	(194)	(802)	(194)
Total	(17,355)	(14,834)	(17,355)	(14,834)
Net	(2,611)	6,570	(2,717)	6,296

As at 31 December 2019, the unused tax losses of the Company amounting approximately to Baht 35 million will expire by 2022.

22. Statutory reserve

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

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

23. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expenses on borrowing	4,898	6,790	4,898	6,790
Interest expenses on lease liabilities	2,065	-	3,115	-
Interest expenses on other payables	-	-	4,470	6,614
Total	6,963	6,790	12,483	13,404

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salary and wages and other employee benefits	110,946	132,831	110,946	132,831
Depreciation	29,533	37,710	30,481	37,710
Amortisation	11,419	11,124	11,419	11,124
Transportation expenses	19,912	20,259	19,912	20,259
Rental expenses	9,635	8,990	3,911	7,783
Repair and maintenance expenses	30,747	29,533	30,747	29,533
Raw materials and consumables used	549,018	218,737	549,018	218,737
Changes in finished goods and work in process	(42,210)	(17,415)	(42,210)	(17,415)

25. Promotional privileges

The Company has received promotional privileges from Board of Investment for the generation of electricity from biomasses up to a capacity stipulated in the certificates, subject to certain imposed conditions. Details are as follows:

<u>Certificate No.</u>	<u>Principal privileges</u>
1043(2)/2548	- Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (21 August 2015).

The Company's operating revenues for the years ended 31 December 2020 and 2019, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2020	2019	2020	2019	2020	2019
Revenue	1	1	923,837	545,847	923,838	545,848

26. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit (loss) for the year (Thousand Baht)	125,099	(3,553)	129,017	15,632
Weighted average number of ordinary shares (Thousand shares)	324,050	324,050	234,050	324,050
Earnings (loss) per share (Baht)	0.39	(0.01)	0.40	0.05

27. Segment information

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

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

The Group operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the year 2020 and 2019, the Group has revenue from one major customer in amount of Baht 714 million and Baht 431 million, respectively, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing segment.

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. However, for employees who joined the Company from 15 January 2010 onwards, the contribution rates are 2 - 5 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to Baht 1 million (2019: Baht 2 million) were recognised as expenses.

29. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	26	0.08
Total for 2019		26	0.08
Final dividends for 2019	Annual General Meeting of the shareholders on 24 April 2020	8	0.03
Total for 2020		8	0.03

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of Baht 3 million (2019: Baht 60 million), relating to acquisition of machine and equipment.

30.2 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of Baht 3 million (2019: Baht 6 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

31. Right to utilise land

- a) In 2004, the Company received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the Company attended a fact-finding consultation meeting with ALRO and handed over various relevant documents for use by ALRO in considering this issue.

On 15 October 2005, the Company submitted related documents to ALRO to verify the right over the land. Consequently, ALRO sent a letter to the Company regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the Company found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2020 totaling Baht 7 million, was in conflict with the Company's land title deed. The Company is now processing with ALRO to nullify the status of being overlapping land.

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

On 29 August 2008, the Company entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the Company signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the Company received notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of notice, since the Company has no land ownership documents. The Company had set aside full allowance for impairment loss on the cost of land and the net book value of the palm plantation development on such land in 2009.

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

- c) On 3 December 2019, the Company received a notice from the ALRO in Krabi, informing them of vacating a land plot of title deed No. 601 in Krabi Noi Sub-district, Muang District, Krabi, covering a total area of 973 rai and demolishing all constructions thereon within 30 days from the date the notice was served since the Company lacked land ownership documents issued by the governmental authorities. In the Board of Director's Meeting No. 7/2019 dated 24 December 2019, the Board of Directors passed a resolution acting on the notice issued by the Krabi's ALRO to remove all properties from the controversial land by 31 December 2019. The vacating of the premises resulted in the reduction in the area and value of assets. The Company wrote off the cost of land and net book value of oil palm plantation development on the land of Baht 8 million as expenses in the 2019 financial statements.
- d) On 9 March 2020, the ALRO issued a notice designating land plots under title deed No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020, the date the notice was posted at the ALRO in Krabi. On 13 April 2020, the Company, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 14 May 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 16 June 2020, the Company filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 16 September 2020, the Phuket Administrative Court dismissed a lawsuit because the Company failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The Company was firstly required to submit an appeal against the order to the ALRO in Krabi, and then, after the expiration of the appeal period or after a notice about the outcome had been received, file a lawsuit to the court again. The appeal period was 1 year from the date the administrative order was served. When the court dismissed the lawsuit, there were no further considerations and orders regarding a petition for temporary injunction. On 28 October 2020, the Company appealed the order of the ALRO in Krabi.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2020 are to decrease by Baht 5 million.

- e) On 21 July 2020, the ALRO issued a notice designating land plots under title deed No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other laws within 15 days from 19 August 2020, the date the notice was announced at the ALRO in Krabi. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the Company received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 24 November 2020, the Company appealed the order of the ALRO in Krabi. However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the Company as at 31 December 2020 are to decrease by Baht 14 million.

32. Litigation

- a) In July 2018, Krabi chief public prosecutor filed a lawsuit against the Company with the Court, alleging that the Company utilised land of 4,376 rai in land reform area for oil palm plantation in violation of Section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Company.

In August 2019, the Court dismissed the case and gave the Company an order to hand over the land. In December 2019, the Company appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised.

- b) On 6 July 2020, the Company was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the Company. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the Company. On 20 August 2020, the Company turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the Company submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.
- c) The Company faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the Company's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner. The Central Administrative Court scheduled a first hearing for 23 February 2021 and a verdict hearing for 19 March 2021. The Company had prepared a written statement and submitted it to the Central Administrative Court. The management believed that the Company was able to produce solid evidence to refute the allegation.
- d) The Company faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the Company's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 401 certificates were supposed to be issued. Later, the Company lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court. The case is currently under consideration of the Nakhon Si Thammarat Administrative Court. The management believed that the Company was able to produce solid evidence to refute the allegation.

33. Fire incident

On 26 August 2020, a fire broke out in a crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The Company started to bring machines into operation again on 16 November 2020. The Company had insurance to cover damaged assets and business interruption. Currently, the Company received some compensation from insurance and the remaining amount is under consideration of insurance companies.

34. Fair value hierarchy

As of 31 December 2020 and 2019, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Biological assets	-	29,185	66,435	95,620

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Biological assets	-	59,890	31,038	90,928

During the years 2020 and 2019, there was no transfer within the fair value hierarchy.

35. Financial instruments

35.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, short-term borrowings and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and coverage by letters of credit for some customers and other forms of credit insurance. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management on an annual basis and proposed the increment of credit limits for approval by the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are three types of market risk comprising foreign currency risk, interest rate risk and commodity price risk.

Foreign currency risk

The Group exposure to foreign currency risk arises mainly from machinery purchase transactions that are denominated in foreign currency. The Group manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Group had no forward contracts outstanding at the end of reporting period.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and short-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of interest rate borrowings.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	Consolidated financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(% per annum)											
<u>Financial assets</u>												
Cash and cash equivalents	-	-	-	-	38,655	19,806	1,185	1,195	39,840	21,001	0.05 - 0.13	0.10 - 0.38
Trade and other receivables	-	-	-	-	-	-	38,605	30,471	38,605	30,471	-	-
Financial lease receivables	1,567	330	2,441	641	-	-	-	-	4,008	971	1.80	1.80
Long-term loan to other company	-	-	-	-	18,400	19,320	-	-	18,400	19,320	THBFIX +1	THBFIX +1
	<u>1,567</u>	<u>330</u>	<u>2,441</u>	<u>641</u>	<u>57,055</u>	<u>39,126</u>	<u>39,790</u>	<u>31,666</u>	<u>100,853</u>	<u>71,763</u>		
<u>Financial liabilities</u>												
Short-term loans from financial institution	245,000	275,000	-	-	-	-	-	-	245,000	275,000	1.25 - 1.50	1.80 - 1.90
Trade and other payables	-	-	-	-	-	-	18,304	22,974	18,304	22,974	-	-
	<u>245,000</u>	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,304</u>	<u>22,974</u>	<u>263,304</u>	<u>297,974</u>		

(Unit: Thousand Baht)

	Separate financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		interest rate		bearing				interest rate	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(% per annum)											
<u>Financial assets</u>												
Cash and cash equivalents	-	-	-	-	25,928	8,894	1,176	1,187	27,104	10,081	0.05 - 0.13	0.10 - 0.38
Trade and other receivables	-	-	-	-	-	-	38,545	30,360	38,545	30,360	-	-
Financial lease receivables	1,567	330	2,441	641	-	-	-	-	4,008	971	1.80	1.80
	<u>1,567</u>	<u>330</u>	<u>2,441</u>	<u>641</u>	<u>25,928</u>	<u>8,894</u>	<u>39,721</u>	<u>31,547</u>	<u>69,657</u>	<u>41,412</u>		
<u>Financial liabilities</u>												
Short-term loans from financial institution	245,000	275,000	-	-	-	-	-	-	245,000	275,000	1.25 - 1.50	1.80 - 1.90
Trade and other payables	-	-	-	-	277,665	283,005	18,154	17,623	295,819	300,628	THBFIX +1	THBFIX +1
	<u>245,000</u>	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>277,665</u>	<u>283,005</u>	<u>18,154</u>	<u>17,623</u>	<u>540,819</u>	<u>575,628</u>		

The sensitivity of the Group's profit before tax and shareholder's equity to a reasonably possible change in bear floating interest rates on cash at banks, loans and other payables as at 31 December 2020 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

Commodity price risk

The Group is exposed to commodity price risk from fresh palm fruit and crude palm oil. Price volatility has depended on the supply among the market. The Group has policy for procurement and inventory management that are managed by considering planned production volume and changes in the price of fresh palm fruit and crude palm oil.

Liquidity risk

This is the risks that the Group will be unable to pay debts and meet obligations when due, because of inability to timely convert assets into cash when settlement is due, obtain sufficient funds to meet the funding needs, or is able to obtain funds but at the cost that is beyond an acceptable level. These risks may affect the Group's income and financial position.

The Group has a liquidity management policy, control of liquidity risk at acceptable levels, which stipulates the tools to be used for monitoring and controlling liquidity risk by the management. The tools used for liquidity risk management include estimate of cash inflows and outflows to assess liquidity position on various periods, manage liquidity to be available for debt repayment on due and analysis of key financial ratios. In addition, the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	245,010	-	-	-	245,010
Trade and other payables	-	18,304	-	-	18,304
Lease liabilities	-	308	1,940	40,606	42,854
Total non-derivatives	245,010	18,612	1,940	40,606	306,168

(Unit: Thousand Baht)

	Separate financial statements				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Non-derivatives					
Short-term loans from financial institutions	245,010	-	-	-	245,010
Trade and other payables	-	295,819	-	-	295,819
Lease liabilities	-	462	2,916	61,275	64,653
Total non-derivatives	<u>245,010</u>	<u>296,281</u>	<u>2,916</u>	<u>61,275</u>	<u>605,482</u>

35.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.31:1 (2019: 0.31:1) and the Company's was 0.57:1 (2019: 0.59:1).

37. Event after the reporting period

On 24 February 2021, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend in respect of 2020 profit of Baht 0.20 per share, or a total of Baht 65 million, for approval by the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.