



REPORT ON THE DISCLOSURE OF ADDITIONAL INFORMATION

(FORM 56 – 1)

Submitted to

OFFICE OF THE SECURITIES AND EXCHANGE COMMISSION

OF

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED OF DECEMBER 31, 2017

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## **Part 1**

### **Business Performance**

#### **1. Policy and overall business performance**

Chiangmai Frozen Foods Public Company Limited “CM” conducts business of producing and distributing frozen vegetables such as Frozen Soy Beans, Frozen Green Beans, Frozen Sweet Corns, Frozen Baby Corns for consumption. The Company has sales proportion to overseas distribution 98%, and domestic market distribution 2%. The major trade partner and market is located in Japan, considered the market share of 15% for the above mentioned products

##### **1.1 Corporate philosophy, Vision, Mission, Value, and Business Goals**

###### **Corporate philosophy**

Maximum satisfaction of the customers is the maximum aspiration of us.

###### **Vision**

We intend to develop for leadership sake in frozen agriculture products.

###### **Mission**

- The Company intends to develop and select vegetables of quality, clean, free from chemical and deliver the products quickly as required by the customers.
- The Company intends to make a good investment return by seizure the principle of good corporate governance.

###### **Value**

- Shall treat toward the shareholders and ever group of stakeholders with equally and fair.
- Shall always think of risk and manage the risk appropriately.
- Shall create leadership to occur in every level of personal, promote to incur good working atmosphere with happy and safety in working.
- Shall create good relationship with society, community and intend to maintain environment.
- Shall create organization of quality and intend to reach an organization of learning.
- Shall resist every form of misconduct and corruption.
- Shall not violate and not support any activities that violate human rights.

## Business Goals

- Maintain the product quality always in standard.
- Always strive to produce the goods to meet consumer requirement.
- Seek the business expansion channel for maximum advantage to every stakeholder.
- Fairly conduct business, not ruin an environment and promote of living together with good relationship between company and community.

### 1.2 Significant change and development

Nov. 1988	Established a company with register capital 50 million Baht with par value 10 Baht per share.
Apr. 1989	Built 1 <sup>st</sup> plant at Nongjom, Sansai, Chiangmai on area 15 rais 36.6 square wahs and finished in Oct. 1989
Dec. 1991	Increased register capital from 50 million Baht to be 125 million Baht.
Jan. 1993	Permitted from The Stock Exchange of Thailand to be as register securities.
Jan. 1993	Started buying-selling shares in The Stock Exchange of Thailand under the name “CM”
Feb. 1994	Changed from company limited into Public Company Limited
Mar. 1994	Built 2 <sup>nd</sup> plant at Maefagmai, Sansai, Chiangmai on area 26 rais 29.9 square wahs, then finished and started producing in Oct. 1995
Nov. 1998	Increased register capital from 125 million Baht to be 210 million Baht.
Apr. 2003	Joint investment with River Kway International Co., Ltd. in ratio 51:49 in Agrifood Processing Co., Ltd. with capital invested 120 million Baht, paid-up 30 million Baht.
Mar. 2004	Built cold storage at Maefagmai, Sansai, Chiangmai on area 8 rais 3 ngans 97 square wahs and finished in Jul. 2005
Jul. 2004	Bought capital investment in Agrifood Processing Co., Ltd. from River Kway International Co., Ltd. increased from 51% to 100%.
May. 2005	Increased register capital from 210 million Baht to be 315 million Baht.
May. 2005	Changed par value from original par value 10 Baht per share to be 1 Baht per share.
May. 2007	Increased register capital from 315 million Baht to be 346 million Baht.
May. 2009	Increased register capital from 346 million Baht to be 381 million Baht.
Aug. 2014	Conduct Feasibility study in Land procurement and establish subsidiary company

	in The Republic of the Union of Myanmar.
Dec. 2014	From December 2014 onward, the company proceeded an exportation of Frozen Sweet Corns to over sea directly without passing Agrifood Processing Co., Ltd.
Nov. 2015	The Board of Director resolved to liquidate Agrifood Processing Co., Ltd. (subsidiary Company)
Mar. 2016	The Company has signed the pre-deposit land lease agreement with the lessor as the part of the investment project in Myanmar
Dec. 2016	Agrifood Processing Co., Ltd. (Subsidiary company) has completed the liquidation
May 2017	Investment in Sino Thai Freeze & Dry Co., Ltd., for the amount THB 37.5 Million, considered 15% share proportion.

Change of Controlling in the previous year

“Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Ankoon Pholpipattanaphong, Managing Director or Mr. Prapas Pholpipattanaphong to give signature with company seal”

In 2017, There is no change of controlling.

Change of Business Operation in previous year

There is no significant change in the business operating of the Company in the year 2017.

Change of Shareholder’s Structure, Management or Business performance in previous 3 years

On September 30, 2015 Northern Agricultural Co., Ltd., declared an intention to do tender offer and on November 17, 2015 summed up the results of doing tender offer as follows:

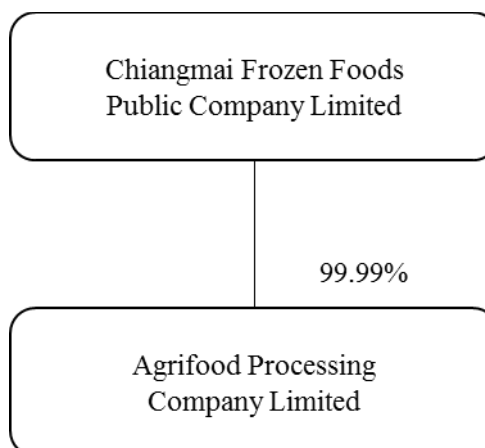
Name of Purchasers	Shares held before acquisition		Shares acquired		Shares held after acquisition		Relationship
	Number of shares	%	Number of shares	%	Number of shares	%	
1.Northern Agricultural Co., Ltd.	129,989,850	34.11	32,469,138	8.51	162,458,988	42.62	None

Important incident in 2017

- 9 March 2017, The Board of Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) has resolve to certify the Company as the member of CAC, the membership period is a 3 years started from certified date, end year 2020.

- 12 May 2017, The meeting of Board of Company No. 3/2017 resolved to investment in Sino Thai Freeae and Dry Co., Ltd., for the holding proportion of 15% considered THB 37.5 Million.

### 1.3 Shareholding structure of the company group



#### The Business operation of the subsidiary

	Company	Share Holding (%)	Business Operation
1	Agrifood Processing Co., Ltd*	99.99%	Selling and distribution of frozen sweet Corn

Remark\* The subsidiary has ceased the business operation since 1 January 2015 as the Company has terminated the selling activities of frozen sweet corn to te subsidiary. On 21 December 2015, the Company has registered the dissolve with the Business Development Department, the Ministry of Commerce. The liquidation has been completed on 27 December 2016. Currently, the Company has no subsidiary

### 1.4 Relationship with business group of main shareholder

1	Northern Agricultural Co., Ltd.	<p>Is a company whose conducts business in agriculture which is not related with the main business of the company and no interrelated cross shareholding in which Mr. Prayoon Pholpipattanaphong is a major shareholder by 30% and is a shareholder in the company amount 306,517 shares come to 0.08%</p> <p>Northern Agricultural Co., Ltd., as at Jan. 1, 2015 holds the share in the company amount 83,526,100 shares come to 21.91% increased by buying during the year amount 46,463,750 shares total 129,989,850 shares come to 34.11%, Later, on September 30, 2015 Northern Agricultural Co., Ltd., bought securities for Tender Offer amount 32,469,138 shares come to 8.51% made at December 31, 2015 held total share in the company 162,458,988 shares come to 42.62%</p>
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## 2. Business performance

Structure of Revenue (Consolidated)

( In Million Baht)

Products	2015	%	2016	%	2017	%
Frozen Vegetables	1,419.89	100.0	1,465.50	100.0	1,357.89	100.0
Others	-	-	-	-	-	-
Total sales	1,419.89	100.0	1,465.50	100.0	1,357.89	100.0
Profit (loss) from exchange rate	(26.78)		8.32		34.63	
Income from investment	5.43		5.23		6.62	
Others income	6.87		8.25		8.56	
Total revenues	1,405.41		1,487.30		1,407.70	

Products market	2015	%	2016	%	2017	%
Overseas	1,401.40	98.7	1,434.39	97.9	1,322.71	97.4
Domestic	18.49	1.3	31.11	2.1	35.18	2.6
Total sales	1,419.89	100.0	1,465.50	100.0	1,357.89	100.0
Profit (loss) from exchange rate	(26.78)		8.32		34.63	
Income from investment	5.43		5.23		6.62	
Others income	6.87		8.25		8.56	
Total revenues	1,405.41		1,487.30		1,407.70	

Nature of Customers	Percentage		
	Oversea Market	Domestic Market	Total
Total sale value (Consolidated)	97.41	2.59	100.00
Performance cycle	Percentage		
	2015	2016	2017
1 <sup>st</sup> Quarter	22.00	21.00	25.00
2 <sup>nd</sup> Quarter	29.00	29.00	27.00
3 <sup>rd</sup> Quarter	28.00	27.00	27.00
4 <sup>th</sup> Quarter	21.00	23.00	21.00
Total	100.00	100.00	100.00

### 2.1 Character of products

Products of the company are of frozen vegetables products which is brought an agricultural products such as Soy Beans, Green Beans, Sweet Corns, Carrots, Baby Corns chiefly to pass the processing method such as selecting, cutting, washing, boiling then bring to freeze and keep in cold storage to wait for grading, contain and export by having efficient producing steps according to the various standards such as ISO 22000, FSSC 22000, HACCP, GMP, GAP. The machines are up-to-date and the products are of quality, fresh, clean, tasty to correspond with the required customers.



### Investment promotion

At present, the company has not received tax privilege from investment promotion certificate.

## 2.2 Market and competition

### Marketing Strategy in previous year

In the year 2017, the company has a target at 23,350 metric tons, whereas the company sold total at 21,875 metric tons less than target 1,475 metric tons considered discrepancy of 6.3%. Total sale value 1,357.89 million Baht decreased from previous year amount 107.61 million Baht, equivalent to 7.3%. The Company has market share namely; is a major exporter products of Frozen Green Beans, Frozen Soy Beans and Frozen Sweet Corns by having total export portion 97.41%, sales Domestic 2.59% and having market share in Japan about 15% of above mentioned products. For satisfaction degree of the customers are good to very good.

### Competitive Strategy

1. Listen every group of customer opinion along with return the customers expectation and requirement very quickly.
2. Develop quality of the goods to be of standardize in international level, free from chemical residue and additive continuously.
3. Manage to deliver the goods efficiently and always in accordance with the customer requirement.
4. Develop personnel to be of knowledgeable with capable and proceeding the work with maximum effectively.

### Advantages

1. The company has a good relationship with the customers and join conduct business for a long time.
2. High rank executives of the company are having experienced with knowledge of trading in agricultural products for a decade
3. Main products of the company are the produces from agriculture of good quality, fresh and safety.
4. The growing areas are of plentiful and able to grow throughout the year and few affect from natural peril such as wind storm, heavy rain and flood when compare with the competitor country like China and Taiwan.

### Disadvantages

1. The delivery distant both inland and sea are farther when compare to the competitor in overseas which make the delivery cost capital higher.
2. Size of growing areas are mostly small and scatter in wide vicinity, oversee of growing areas is done harder when compare with the competitors in overseas.

### Target customers

Main customers of the company are importer, big co-trader, representative and small customers which scatter the goods to the supermarket, various retail shops and producer in industrial foods and consumer groups of the company are mostly group of middle class up and business group that needs in the form of semi ready-made, clean, healthy and easy to consume.

### Pricing policy

The Company has a policy to distribute the products at the price of capable to compete with the competitors both from domestic and overseas.

### Distribution and distribution channels

Most all the company's products exported to the overseas through the distribution channels of:

1. Distribute through an importer and the representative.
2. Distribute directly to the customers.

### Distribution portion in domestic and overseas

The company distributes goods mainly to the overseas such as Japan, USA, Sweden, Denmark, Taiwan, China with about 97.41% and domestic sells to other small customers with about 2.59%.

Main market of the company is Japan which is a country that likes to consume frozen products due to better quality in product or equivalent to competitor products in oversea. Therefore, satisfaction degree of the consumers toward company products are good to very good.

### Competition condition

Competition condition does not so violent owing Frozen Vegetable products are the products of having consumption demand in considerably volume and the main market of the company is Japan. Japanese customers are the customers of having consumption demand in the form of semi ready-made, fresh, clean, healthy and easy to eat. Also Thailand is a country of plentiful and rather scarce of natural peril problem which differ from competitor country like China which always suffer from national peril problem that

make irregular delivery which differ from the company goods that able to deliver the goods regularly the whole year round.

Trade competitor of the company is a competitor in overseas that is China having business size adjacent with the company which the company has capable potential enough to be able to make competition both in quality, price and regularity in deliver. Also the local competitor who sold the same products.

## 2.3 Procurement

Products of the company produce from raw materials bought from the farmers in project through the collector of raw materials, covering areas of 16 provinces of Northern region such as: Chiang Mai, Chiang Rai, Phare, Nan, Phayao etc, in which the company will arrange seeds, fertilizers and insecticides to the farmers for substitution and the company shall buy their produces under guarantee price. During growing period, there will be the officer which is our agricultural promotion employee to provide knowledge and advice to the farmers for nursing, fertilizing and governance for using chemical in order to obtain quality of produces, safe for consumer and highest yield per rai. When the produces could harvest, the company would buy at guarantee price and deduct the expenses of seeds, fertilizers and insecticides from buying price of the produces.

### Production capacity, production volume and production value

Items	Unit	2015	2016	2017
Full production capacity of machinery	Metric tons	42,000	42,000	42,000
Actual production volume (depend on season and raw material volume)	Metric tons	21,105	17,923	25,340
Actual rate of usage capacity	%	50.25	42.68	60.33
Increase (decrease) rate of production volume	%	(25.20)	(15.08)	41.38
Increase (decrease) rate of production value	%	(12.05)	(11.67)	17.75

Remark: There are three production shifts. Actual production, which depends on the volume of raw materials supplied to the factory, ranges from one to three shifts.

### Buying portion of Raw Material:

Domestic: Approximate 200 collectors of raw material at portion 99%

Oversea : The Company imports raw material at portion 1%

### Impact on environment

Wasted water that passed the process of the company may impact on environment. So the company takes to pass the system of reforming wasted water in order to meet the requirement quality of Department of Industrial Works formulated before to let to the system of drain water. For the remainder of raw material from the process, the company will sell in the form of advantage to use as animal feed make no wasted things in this part to affect the environment.

In the past 3 years, the company put effort to reduce environment impact to comply with laws carefully, thus the company has no any dispute or to be accused concerning environment impact.

#### 2.4 Undelivered goods

Since the company produces the goods for selling all year and manage to deliver according to order regularly, so no any order that unable to deliver.

### 3. Risk factors

The Company has been aware of the risks, and followed the impact of event which could be a risk to the business operations of the Company periodically in order to the consideration and the risk management is prudent and effective. The Company has appointed a Risk Management Committee and a working group, which is a senior executive involved to act as analyzing risk factors and assessing the risks occurring. To find out method to prevent or manage risks appropriately. In addition, the Risk Management Committee will report to the Audit Committee and the Board of Directors to informed and consider at least every six months. The risks which have a significant influence on the Company concluded as follows;

#### Fluctuation of Raw material's Quantity and Price

The raw material used in the production is the agricultural products which are Soy Bean, Green Bean and Sweet Corn. The change of climate and natural disaster such as drought and flood would directly impact to the supply and price. Therefore, the Company has exposed to the risk of fluctuation of raw material interms of quantity and price. This would directly impact to the cost and profit for the company

The Company has managed the risk by determined the purchasing price in advance for such raw material using the mechanism of contract farming. Currently there are 20,000 families of farmers engage in the contract with the company. Of which, there is no family who supply the value more than 20% of total raw material purchased in the year. Moreover, the Company has planned the cultivation as the raw materials could be plant to 2-3 crops a year and harvesting life is only about 60-90 days. Therefore, the company can adjust the volume of raw material according to the level of supply in previous crops.

#### The Dependent on Market

The Company have presently exported Frozen Vegetables product to Japan market about 92.7% of the total sale which this dependence on Japan market at high portion would impact the company business from their economic slowdown and/or change on the trade policy of such country.

However, as the products of the company is food type that necessary for standard of living and Japanese peoples like to consume Frozen Soy Beans and Frozen Green Beans also the company has a good relationship with the customer throughout, so the risk level for the dependence on Japan market is considered low.

### The Fluctuation of Exchange Rate

As the company have its value export more than 97.4% of the total sale and the company sells the products in US Dollar currency, so the company may receive impact due to stronger exchange rate, would make the company receive less Baht value from less exchange rate.

The measurement to reduce risk in this case, the company has made a US exchange forward contract which can reduce moderate risk from foreign exchange rate in which the company will make forward sell contract for periods time 12 months make the company would be able to prevent risk in exchange rate approx. 8-10 months.

### The Chemical Residue in Products

Quality products that must free from chemical causes the company having risk in returning products from the customers if incapable to control the quality to free from chemical as agreed with the customers. The chemical residue in products also would cause the serious impact to the profit of the company as well as the confident in the company's product.

The measurement of controlling quality products which is an impact incur from chemical residue, the company is available an inspection process strictly according to GMP standard in which the company has arranged detector for detecting chemical residue that having high efficient which presently the company available 2 detectors capable to detect the chemical residue more than 250 kinds whereas the company uses the chemical about 20 kinds. In the year 2017, there are no rejection of products from customers due to the present of chemical residue in the products.

### The Shortage of Labour

Since the business is considered labour-intensive, considering the shortage of labour in Chianmai is intense as the local business is expanding not only the industrial sector but also include the tourism sector. Therefore, the Company expose to the risk of exposing to the shortage of labour, or labour cost increasing. This will impact directly to the increasing production cost and ultimately affected to the Net Profit. Furthermore, the implementation on the Royal Ordinance on Foreigner's Working Management Emergency Decree, B.E. 2017 would pressure on the shortage of labor.

The Company manage the risk by setting the reasonable and attractive wages and salary, including other benefits such as living support, scholarship for the employee's children. Also, the Company has arranged the seminar to continuously improve the labour skill, and creating the working atmosphere to ensure the satisfaction of the workforce.

### Management

Board of Company comprise 4 directors that represented main shareholders which are of experience in agricultural business for a long time and 4 Independent Directors jointly formulate the policy to the Board of Executive, take care and control operation of the Board of Executive continuously and efficiency.

Board of Executive comprise 3 high rank executive team which each of person is of knowledgeable and competent in managing agricultural business excellently, having scatter

an authority in management and decision appropriately inclusive meeting together to make decision in an important point.

Working of the Board of Executive and Board of Company are conducting under the policy of Good Corporate Governance, think of every group of stakeholders, transparency, checkable and in every meeting of Board of Company, the meeting has reported operation result and open a chance to every director for making inquiry at their wish, so risk in management of the company then is in a low level.

#### Financial Risk

The Company had total assets amount 1,575.69 million Baht, total liabilities 131.90 million Baht or come to 8.37% of total assets and shareholders' equity 1,443.79 million Baht or come to 91.63% of total assets, ratio of liabilities per shareholders' equity 0.09:1, liquidity ratio 13.44 and quick ratio 8.21, also the credit line from 6 financial institutes that the company using the service each is the credit line that must not have bonds surety altogether which show the financial status and reliably of the company that received from financial institutes is on the high level. Besides, the company has held the financial policy principle that stress on carefulness which make the risk of company financial is on the low level.

#### Investors

The Company has a good business result and profitable throughout. At 31 December 2017 the company had retained earnings unappropriated altogether amount 956.53 million Baht, equivalent to 60.71% of total assets and the company could pay dividend to the shareholder every year.

#### **4. Assets for business performance at 31 December 2017**

Type of assets	Type of possession	Value (Million Baht)	Burden
Land of office building, No.149/32-34 Soi Anglo Plaza, Surawongse Road, Khet Bangrak, Bangkok 54.4 Square wahs	Owner	25.6	None
Land 1 <sup>st</sup> Plant No.92 Moo 3 Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai 15 rais 36.6 Square wahs	Owner	3.1	None
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 27 rais 3 ngan 98.9 Square wahs	Owner	34.7	None
Land 2 <sup>nd</sup> Plant No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai,Chiangmai 15 rais 1 ngan 53.6 Square wahs	Owner	7.2	None
Land at Maefagmai, Sansai,Chiangmai 16 rais 108.2 Square wahs	Owner	9.6	None

Type of assets	Type of possession	Value (Million Baht)	Burden
Land at Maefagmai, Sansai,Chiangmai 6 rais 54.3 Square wahs	Owner	3.2	None
Land –New Cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai 8 rais 3 ngan 97 square wahs	Owner	5.4	None
Land at Amphur Bangragum,Phitsanulok Province 154 rais 30 square wahs	Owner	15.4	None
Office Building, 4 Floors, 3 Units No. 149/32-34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok	Owner	3.8	None
1 <sup>st</sup> Plant Building No. 92 Moo 3 Chiangmai-Phrao Road, Nongjom,Sansai, Chiangmai	Owner	69.5	None
2 <sup>nd</sup> Plant Building No. 299 Moo 14 Chiangmai-Phrao Road, Maefagmai,Sansai,Chiangmai	Owner	30.6	None
New cold storage No. 299/1 Moo 14 Chiangmai-Phrao Road, Maefagmai, Sansai, Chiangmai	Owner	34.8	None
Machinery & Equipment	Owner	112.1	None

## 5. Legal disputes

In the year of 2017, the company and subsidiary company had no dispute on laws that having important point toward conducting business of the company.

## 6. General information and other important information.

### General information

Name	Chiangmai Frozen Foods Public Company Limited
Office Location	149/34 Soi Anglo Plaza, Surawongse Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok 10500, Thailand.
Registration	0107-537-000-513
Telephone	(662) 238-4091, (662) 634-0061-4
Facsimile	(662) 238-4090
Website	www.cmfrozen.com
Business Type	Manufacture and Export of Frozen Vegetables such as Soy Beans, Green Beans, Sweet Corns, Carrot, Baby Corns etc.
Capacity	42,000 Metric Tons per Year

Factory (Branch)	1 <sup>st</sup> Plant No. 92 Moo 3, Chiangmai-Phrao Road, Nongjom, Sansai, Chiangmai Province 50210, Thailand. Tel. (6653) 844-961-4, 498-195-6 Fax. (6653) 498-199 2 <sup>nd</sup> Plant No. 299 Moo 14, Chiangmai-Phrao Road, Mae Fag Mai, Sansai, Chiangmai Province 50290, Thailand. Tel. (6653) 848-088-94 Fax. (6653) 848-097
Registered Capital	381,145,725 common share each with par value 1 Baht and in the aggregate value of 381,145,725 Baht.
Paid-up Capital	381,145,725 common share each with par value 1 Baht and in the aggregate value of 381,145,725 Baht.

Shares in juristic persons held by the company from 10% upwards

Name	Sino Thai Freeze and Dry Co., Ltd.
Head Office	Sindhorn Building, Tower 3, 15 <sup>th</sup> Floor, 130-132 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Factory	99/13 Rama 2, Bang Nam Chuet, Mueang Samut Sakhon 74000, Thailand.
Business Type	Manufacture and Distributor of Frozen & Freeze Dry Foods, Fruits & Herbs
Registered Capital	Ordinary share 25,000,000 shares of each 10 Baht per share total 250,000,000.00 Baht.
Paid-up Capital	Ordinary share 25,000,000 shares of each 10 Baht per share paid up 250,000,000.00 Baht.
Percentage of Shareholding	15 % by the company considered THB 37.50 Million.

Others important information.

Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, No. 93, 14 <sup>th</sup> Floor, Rachadapisek Road, Kwaeng Dindaeng, Khet Dindaeng, Bangkok 10400 Thailand. Tel.(662) 009-9000 Fax.(662) 009-9991
Auditor	Miss Nongram Laohaareedilok, C.P.A.(Thailand) No.4334 AST Master Office of 790/12 Thonglor Tower, Soi Tonglor 18, Sukhumvit Road 55, Kwaeng Klongtoey, Khet Wattana, Bangkok 10110, Thailand. Tel.(662)381-5716, (662)381-8016
Legal Advisor	Mr. Wanchandr Sivaboonyawongse No. 51 Trok Srirubsuk, Kwaeng Taradbangkhen, Khet Laksi, Bangkok 10210, Thailand Telephone & Fax. (662) 521-4501
Financial Institution	Siam Commercial Bank Public Co., Ltd. Mizuho Corporate Bank, Ltd. – Bangkok Office. Thanachart Bank Public Co., Ltd. Krungthai Bank Public Co., Ltd. Bangkok Bank Public Co., Ltd Bank of Ayudhya Public Co., Ltd.



## Part 2

### Management and Corporate Governance

#### 7. Securities and Shareholder information.

##### 7.1 Register capital securities and paid-up capital securities

- The Company's registered capital is 381,145,725 Baht, paid up of 381,145,725 Baht, divided into 381,145,725 common shares and each with par value of 1 Baht.
- The company has no other securities such as preference share, warrant, debenture share chiefly.

##### 7.2 Shareholders

- Names of main shareholders at 31 December 2017 are as follows:

Major Shareholder		30 December 2016		29 December 2017	
		No. of Share	%	No. of Share	%
1	Northern Agricultural Company Limited	162,458,988	42.62	162,458,988	42.62
	Mr. Prayoon Pholpipattanaphong	306,517	0.08	306,517	0.08
	Mr. Ekapong Pholpipattanaphong	874,090	0.23	774,090	0.20
	Mr Ankoon Pholpipattanaphong	3,702,600	0.97	3,702,600	0.97
	Mr. Nirand Pholpipattanaphong	3,702,600	0.97	3,702,600	0.97
	Mrs. Jarurat Pholpipattanaphong	181,500	0.05	181,500	0.05
	Ms. Phantira Pholpipattanaphong	181,500	0.05	181,500	0.05
	Ms. Atipa Pholpipattanaphong	181,500	0.05	181,500	0.05
	Total	171,589,295	45.02	171,489,295	44.99
2	Mr. Lan Mu Chiou and spouse	24,030,830	6.30	24,030,830	6.30
3	Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
4	Thai NVDR	7,544,742	1.98	15,547,682	4.08
5	Mr.Prapas Pholpipattanaphong	9,102,800	2.39	9,102,800	2.39
6	Miss Chang, Min-Fang	8,837,730	2.32	8,837,730	2.32
7	Mr. Lan, Ming-Te	7,209,514	1.89	7,209,514	1.89
8	Mr. Lan, Ming-Shih	7,037,625	1.85	7,037,625	1.85
9	Mr. Watchara Chancharoenkij	100,000	0.03	6,130,000	1.61
10	Mr. Liu, Chi-Rong	5,717,250	1.50	5,717,250	1.50
11	Mrs. Loppana Kongseri	4,545,002	1.19	3,445,002	0.90

Major Shareholder	30 December 2016		29 December 2017	
	No. of Share	%	No. of Share	%
Total	264,772,101	69.47	277,605,041	72.83

Items	At 30 December 2016			At 29 December 2017		
	No. of holders	Shares	%	No. of holders	Shares	%
Thai nationality	1,911	293,198,750	76.93	2,889	293,580,540	77.03
Foreign nationality	37	87,946,975	23.07	34	87,565,185	22.97
Total shareholders	1,948	381,145,725	100.00	2,923	381,145,725	100.00
- Taiwanese	13	59,998,569	15.74	13	59,998,569	15.74
- Japanese	10	22,758,595	5.97	10	22,758,595	5.97
- Hongkong	2	4,381,740	1.15	2	4,381,740	1.15
- USA	3	411,476	0.11	2	161,476	0.04
- Others	9	396,595	0.10	7	264,805	0.07

- The company has no agreement between main shareholders that will impact toward issuance and selling propose of securities or work execution of the company.

Strategic Shareholder	At 15 March 2016			At 14 March 2017		
	No. of holders	Shares	%	No. of holders	Shares	%
Directors and Executive including related person and who have relationship	36	244,362,233	64.11	22	223,206,958	58.56
Shareholder more than 5% with counting include related	1	19,057,313	5.00	1	19,057,313	5.00

person						
Small shareholders	1,720	117,723,339	30.89	2,156	138,878,525	36.44
Holding lower 1 unit of buying-selling	192	2,840	-	202	2,929	-
Total	1,949	381,145,725	100.00	2,381	381,145,725	100.00

Strategic Shareholder	At 15 March 2016			At 14 March 2017		
	No. of holders	Shares	%	No. of holders	Shares	%
Hold excess 0.5% of share	31	305,123,479	80.05	28	296,851,218	77.88
Hold not excess 0.5% of share but not lower 1 unit of buying-selling	1,726	76,019,406	19.95	2,151	84,291,578	22.12
Hold share lower 1 unit of buying-selling	192	2,840	-	202	2,929	-
Total	1,949	381,145,725	100.00	2,381	381,145,725	100.00

#### Names of Institution Shareholders of the company

Name	At 15 March 2016		At 14 March 2017	
	Shares	%	Shares	%
1   Nomura Securities Co., Ltd.	19,057,313	5.00	19,057,313	5.00
2   BNP Paribas Securities	47,800	0.01	47,800	0.01
3   Commerz Bank Aktiengesellschaft	29,040	0.01	29,040	0.01
4   The Securities Srimite PCL.	330	-	330	-
5   The Securities Seamico PCL.	88	-	88	-
Total	19,134,571	5.02	19,134,571	5.02

#### Rights and equality of shareholders

Board of Company has fully realized an important of shareholders by intending the shareholders to be treated equally on the process of good corporate governance. The Company then opens a chance for the shareholders to participate by presenting the subject that think it important to put in the agenda of Ordinary Shareholder Meeting and presenting person name of knowledgeable, competent and appropriate qualified for receiving consideration of electing as company independent director and

enable to send the question concerning agenda of meeting to the Board of Director in advanced before meeting day and the company is still aware of the right of shareholders in receiving the company information with correct, sufficient, in time and equal to make decision in Shareholder Meeting. Therefore, in every Shareholder Meeting, the company will send a letter of convening meeting with document information for meeting that contains full details and sufficient inclusive Board of Company comments in every agenda toward securities registrar of the company in order to reach in hand of the shareholders before meeting 21 days as fixed by law and the shareholders are still able to study an information for meeting in advanced through website of the company at least 30 days before Shareholder Meeting day to open a chance to the shareholders having time to study such information in details. Besides, the company has still given facilities to the shareholders in participating the Shareholders Meeting by fixing day, time and venue to reach convenient and having appropriate size for serving meeting attendant sufficiently and in case the shareholders are unable to attend the meeting by themselves then able to delegate other persons or Independent Director of either of their company to attend and cast a vote by proxy.

#### Shareholders Meeting Facilitation

On the meeting day, the Company has put important to shareholders equitably including individual investors and institutional investors, and determine to fully support the shareholders to attend the meeting both Annual General Meeting and Extraordinary General Meeting. The Company shall hold the meeting venue where the transportation is convenience and easy to access with public transportation, also arrange sufficient parking space for those who use personal transportation. The meeting date shall not be arranged on public holidays. The meeting time shall be arranged during 8.30 – 16.00 hrs. The Company shall also arrange staff and necessary equipment to support the registration with barcode system, the availability of duty stamp for proxies. The registration shall be allowed minimum 2 hours prior the meeting start and during the meeting as well to ensure the voting right on every agenda that's not yet resolved in the meeting

#### Shareholders' Meetings

Board of Company managed to have Shareholder Meeting and it is Annual Ordinary Meeting within 4 months from the date of cycle year of account and extraordinary shareholder meeting in case of asking special resolution from shareholders. The Company pays an important to every shareholder both institution shareholders and small shareholders, the company then invites and supports institution shareholders and small shareholders to join the meeting in order to inquire suspicion express one's thought and give various advise that will be useful toward conductive business in which the company is ready to give facilities to every shareholders equally and uses the rights to vote transparently, justice by providing to have the meeting set in agenda order that formulated in an invitation letter. For electing agenda of directors, the company has separated the matter to allow the shareholders use the rights to vote for electing directors individually along with arrange to have an representative of the shareholders in counting the vote for correction and make disclosure of the shareholder meeting resolution with voting result at time 09.00 a.m. of the next working day from the date of shareholder meeting and arrange completely of meeting report and diffuse meeting report toward the Securities and Stock Exchange of Thailand and report through the company website within 14 days from the date of shareholder meeting.

#### Basis and method of casting a vote in electing director are as follows:

1. One shareholder has a vote equal to one share/one vote.

2. Each shareholder must use all existing vote as 1 to elect one person or many persons as director but can't share the vote to anyone more or less.
3. A person which receives maximum vote respectively shall be elected as director equal to number of available director as it must be and must elect in that time. In case a person which is elected respectively by having equal vote exceed number of director that must have or must elect in that time, let the Chairman vote for arbitrating.

### 7.3 Other securities issuance

The company issues the securities as ordinary share only, not issues other securities such as preference share or warrant or debenture share chiefly.

### 7.4 Dividend payment policy

Normally, the company has a policy to pay dividend not less than 60% of net profit except in case there is a plan to expand investment, then will consider to paid dividend as financial appropriate.

### Record of Dividend

Operation result of year	Rate (Baht/share)	Amount of shares (Shares)	Date of closing register book for the right of dividend	Dividend payment dates
2014	0.10	381,145,725	Mar. 12-13, 2015	May 14, 2015
2015	0.20	381,145,725	Mar. 14-15, 2016	May 12, 2016
2016	0.35	381,145,725	Mar. 13-14, 2017	May 12, 2017
2017	0.14	381,145,725	Aug. 25-28, 2017	Sep. 8, 2017
	0.20	381,145,725	Mar. 12, 2018	May 14, 2018

Items	Unit	2014	2015	2016	2017
Net profit Consolidated	Million Baht	60.43	119.56	196.38	160.41
Amount of shares	Million Shares	381.14	381.14	381.14	381.14
Par value	Baht/share	1.00	1.00	1.00	1.00

Items	Unit	2014	2015	2016	2017
Profit per shares	Baht/share	0.16	0.31	0.52	0.42
Book value	Baht/share	3.33	3.54	3.85	3.79
Annual dividend	Million Baht	38.12	76.23	133.40	129.59
Annual dividend	Baht/share	0.10	0.20	0.35	0.34
Payout ratio	%	63.08	63.76	67.93	80.79

Remark: Ratio of dividend payment and dividend payout date from an operation result of the year 2017 are still uncertain. It depends on the resolution of Ordinary Shareholder Meeting for annual 2018 which will be meeting on 27 April 2018.

## 8. Management structure

### 8.1 The Board of Company

#### The Board of Directors

Names	Position	Type of director
1. Mr. Prayoon Pholpipattanaphong	Chairman of Board of Director and Authorized Director	Executive director
2. Mr. Prapas Pholpipattanaphong	Chairman of Executive Committee and Authorized Director	Executive director
3. Mr. Ankoon Pholpipattanaphong	Managing Director and Authorized Director	Executive director

4. Mr. Lan, Mu - Chiou	Director	Non-executive director
5. Mr. Amnuay Yossuck	Director	Independent director
6. Mr. Ampon Ruayfupant	Director	Independent director
7. Dr. Phusit Wonglorsaichon	Director	Independent director
8. Miss Chutima Tangmatitham	Director	Independent director
By having Mr. Tewin Rungratanapitak as Secretary to the Board of Company		

#### Authorized Directors

“Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Ankoon Pholpipattanaphong, Managing Director or Mr. Prapas Pholpipattanaphong to give signature with company seal”

#### Audit Committee

Names	Position	Type of director
1. Mr. Amnuay Yossuck	Chairman	Independent director
2. Mr. Ampon Ruayfupant	Director	Independent director
3. Miss Chutima Tangmatitham	Director	Independent director
Mr. Ampon Ruayfupant - Master of Business-Finance, Cornell University, USA., has good knowledge and experience in the field of financials and accounting. By having Mr. Weerawat Sakulmeerit, Vice Internal Audit Manager as Secretary to the Board of Audit Committee		

#### Board of Executive Directors

Names	Position	Type of director
1. Mr. Prapas Pholpipattanaphong	Chairman	Executive director
2. Mr. Prayoon Pholpipattanaphong	Executive Director	Executive director
3. Mr. Ankoon Pholpipattanaphong	Managing Director & Secretary	Executive director

#### Nomination and Remuneration Committee

Names	Position	Type of director
1. Mr. Amnuay Yossuck	Chairman	Independent director
2. Mr. Ampon Ruayfupant	Director	Independent director

3. Miss Chutima Tangmatitham	Director	Independent director
4. Mr. Prapas Pholpipattanaphong	Director	Executive director
5. Mr. Ankoon Pholpipattanaphong	Director	Executive director
By Mr. Wanchandr Sivaboonyawongs, Legal Advisor and Secretary		

Corporate Governance Committee

Names	Position	Type of director
1. Dr. Phusit Wonglorsaichon	Chairman	Independent director
2. Mr. Ankoon Pholpipattanaphong	Director	Executive director
3. Mr. Ampon Ruayfupant	Director	Independent director
4. Mr. Tewin Rungratanapitak	Director	Financial Controller
5. Mr. Sakda Phimmuang	Director & Secretary	Accounting Manager
6. Mr. Vanchandr Sivaboonyawongse	Consultant	Legal advisor

Risk Management Committee

Names	Position	Type of director
1. Mr. Prapas Pholpipattanaphong	Chairman	Executive director
2. Mr. Ankoon Pholpipattanaphong	Director	Executive director
3. Dr. Phusit Wonglorsaichon	Director	Independent director
4. Mr. Tewin Rungratanapitak	Director	Financial Controller
5. Mr. Sakda Phimmuang	Director & Secretary	Accounting manager



Biography of the Directors

1. Mr. Prayoon Pholpipattanaphong

Type of director	Executive director (Chairman of Board of Director, Authorized Director)
Age	84 years
Education	Accounting profession
Other qualifications	Honorary Doctor, Agricultural, Maejoe University
Director training program/year	DAP-15/2004
Experience	Chairman of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present Chairman of Agrifood Processing Co., Ltd., from Jun. 6, 2003-Dec 21,2015
Positions in other listed companies	None

Positions in non-listed companies	Sino Thai Freeze and Dry Co., Ltd., from May 2017-present
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Executive Director Meeting 4 / 4 times
Date and no. of years on the board	November 3, 1988, 30 years
CM Shareholding on 31 Dec. 2017	306,517 shares or 0.08%

## 2. Mr. Prapas Pholpipattanaphong

Type of director	Executive director (Chairman of Executive Committee, Chairman of Risk Management Committee, Authorized Director)
Age	69 years
Education	High school certificate
Director training program/year	DAP-8/2004
Experience	Managing Director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-Dec 31, 2015  Chairman of Executive Committee of of Chiangmai Frozen Foods PCL., from Jan 1, 2016-present  Authorized Director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in other listed companies	None
Positions in non-listed	Director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-

companies	December 21, 2015
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Executive Director Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 times Board of Risk Management Meeting 2 / 2 times
Date and no. of years on the board	November 3, 1988, 30 years
CM Shareholding on 31 Dec. 2017	Private 9,102,800 shares or 2.39% Spouse - shares or - % Total 9,102,800 shares or 2.39%

### 3. Mr. Ankoon Pholpipattanaphong

Type of director	Executive director (Managing Director, Authorized Director)
Age	48 years
Education	Master of Business Administration-Colorado University, USA Bachelor of Communication, Bangkok University
Director training program/year	DAP-12/2004, UFS-10/2005
Experience	Executive director & Marketing Manager of Chiangmai Frozen Foods PCL., from Apr. 27, 2000-present Assis.Managing Director of Chiangmai Frozen Foods PCL., from Feb. 1, 2007-Dec. 31, 2015. Managing Director of Chiangmai Frozen Foods PCL., from Jan. 1, 2016-present Company's Secretary of Chiangmai Frozen Foods PCL., from Feb. 28, 2008-Dec. 31,2015. Authorized director of Agrifood Processing Co., Ltd., from Jun. 6, 2003-Dec 21, 2015
Positions in listed companies	None

Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Executive Director Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 times Board of Corporate Governance Meeting 2 / 2 times Board of Risk Management Meeting 2 / 2 times
Date and no. of years on the board	April 27, 2000, 18 years
CM Shareholding on 31 Dec. 2017	Private 3,702,600 shares or 0.96% Spouse 181,500 shares or 0.05% Child 363,000 shares or 0.10% Total 4,247,100 shares or 1.11%

#### 4. Mr. Lan Mu Chiou

Type of director	Non-executive director
Age	70 years
Education	High school certificate
Director training program/year	None
Experience	Director of Chiangmai Frozen Foods PCL., from Nov. 3, 1988-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 4 / 6 times Board of Non-Executive Director Meeting 1 / 1 time
Date and no. of years on the board	November 3, 1988, 30 years

CM Shareholding on 31 Dec. 2017	Private 18,886,724 shares or 4.96% Spouse 5,144,106 shares or 1.35% Total 24,030,830 shares or 6.30%
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5. Mr. Amnuay Yossuck

Type of director	Independent director (Chairman of Audit Committee, Chairman of Nomination & Remuneration Committee)
Age	81 years
Education	Master of Economic (Agriculture), Arisona University, USA. Bachelor of Economics, Thammasat University
Other qualification	Honorary Doctor, Cooperative Agricultural, Maejoe University
Director training program/year	DAP-15/2004
Experience	Deputy Minister, Ministry of Public Health(1981-1983) Deputy Minister, Ministry of Finance (1983-1985) Deputy Minister, Ministry of Commerce (1985-1986) Prime Minister Adviser (1988-1990) Deputy Minister, Ministry of Foreign Affairs (1985-1986) Independent Director-Chiangmai Frozen Foods PCL., from Mar. 12, 1993-present
Positions in listed companies	None
Positions in non-listed companies	Chairman of Piriyaopol International (1986-present) President of Mae Joe University Council (1999-present)
Positions in rival	None

companies / related companies	
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 times Board of Non-Executive Director Meeting 1 / 1 time
Date and no. of years on the board	March 12,1993, 25 years
CM Shareholding on 31 Dec. 2017	667,920 shares or 0.18%

6. Mr. Ampon Ruayfupant

Type of director	Independent director (Audit Committee)
Age	49 years
Education	Master of Business-Finance, Cornell University,USA. Bachelor of Business Administration, Assumption University
Director training program/year	None
Experience	Risk Management Manager of GE Capital(1994-1996) Independent Director-Chiangmai Frozen Foods PCL., from Apr. 26, 2006-present Director-Amarin Printing PCL., from 2013-2017)
Positions in listed companies	Director-Amarin Printing PCL., from 2013-2017)
Positions in non-listed companies	Executive director of Pilot Knit Sport Wear Co., Ltd. (2000-present)
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Audit Committee Meeting 4 / 4 times Board of Nomination & Remuneration Meeting 2 / 2 times Board of Corporate Governance Meeting 1 / 2 times Board of Non-Executive Director Meeting 1 /1 time

Date and no. of years on the board	April 26,2006, 12 years
CM Shareholding on 31 Dec. 2017	71,874 shares or 0.02%

7. Dr. Phusit Wonglorsaichon

Type of director	Independent director (Chairman of Corporate Governance Committee)
Age	47 years
Education	Ph.D - Business Administration Nova Southeastern University,USA. Ph.D - Education Chulalongkorn University,USA. Master of Business Administration (Honor) Indianapolis University. Master of Accounting, Thammasat University. Bachelor - Material Science, Ceramics Chulalongkorn University
Director training program/year	None
Experience	Thai Chamber of Commerce.-started Sep. 28, 2012-present Independent Director-Chiangmai Frozen Foods PCL., from Apr. 30, 2010-present
Positions in listed companies	None
Positions in non-listed companies	None
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Corporate Governance 2 / 2 times Board of Risk Management Meeting 2 / 2 times Board of Non-Executive Director Meeting 1 / 1 time
Date and no. of years on the	April 30, 2010, 8 years

board	
CM Shareholding on 31 Dec. 2017	None

8. Miss Chutima Tangmatitham

Type of director	Independent director (Audit Committee)
Age	49 years
Education	Bachelor degree: B. Eng (Industrial), Chulalongkorn University Post-grad: MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
Director training program/year	DAP.67/2007, AACP.26/2017
Experience	1990-2015: M.K. Real Estate Development PCL, Latest position: Authorized director and assistant managing director for finance and accounting
Positions in listed companies	None
Positions in non-listed companies	Authorized director: Samukkee Cement Company Limited
Positions in rival companies / related companies	None
Meeting attendance in 2017	Board of Company Meeting 6 / 6 times Board of Audit Committee Meeting 3 / 3 times Board of Nomination & Remuneration Meeting 1 / 1 times Board of Non-Executive Director Meeting 1 / 1 time
Date and no. of years on the board	Company Director on April 26,2016, 2 years
CM Shareholding on 31 Dec. 2017	None



Miss Chutima Tangmatitham holds as Board of Nomination & Remuneration Committee on 24 February 2017

Other important information of directors, independent directors and high rank executives

- Directors or high rank executives of the company have not ever been the officials or partners of outside public account company that the company was using the service in last 2 years.
- No independent directors of the company hold an office in registered company in the Securities and Stock Exchange more than 3 places.
- No executive of the company hold an office more than 3 places in registered company in the Stock Exchange of Thailand.
- The company has at least one none – executive having working experience in related with company business.

Change on holding securities of company director in the cycle year of 2017

	Names - Surname		Position	Share held at the beginning of the year	Share held at the end of the year	Change
1	Mr.Prayoon Pholpipattanaohong		Chairman of Board of Director and Authorized Director	306,517	306,517	-
	Northern Agricultural Co., Ltd.			162,458,988	162,458,988	-
	Total			162,765,505	162,765,505	-
2	Mr.Prapas Pholpipattanaphong	Private	Chairman of Executive Committee and Authorized Director	9,102,800	9,102,800	-
		Spouse		-	-	-
		Total		9,102,800	9,102,800	-
3	Mr.Ankoon Pholpipattanaphong	Private	Managing Director and Authorized Director	3,702,600	3,702,600	-
		Spouse		181,500	181,500	-
		Child		363,000	363,000	-
		Total		4,247,100	4,247,100	-
4	Mr.Lan, Mu-Chiou	Private	Director	18,886,724	18,886,724	-
		Spouse		5,144,106	5,144,106	-
		Total		24,030,830	24,030,830	-

Names - Surname		Position	Share held at the beginning of the year	Share held at the end of the year	Change
5	Mr.Amnuay Yossuck	Independent Director	667,920	667,920	-
6	Mr.Ampon Yuayfupant	Independent Director	71,874	71,874	-
7	Dr.Phusit Wonglorsaichon	Independent Director	-	-	-
8	Miss Chutima Tangmatitham	Independent Director	-	-	-
Total			200,886,029	200,886,029	-
% of paid capital of the company (381,145,725 shares)			52.71	52.71	-

Change on holding securities of Executive officers and Manager in the cycle year of 2017

Names - Surname		Position	Share held at the beginning of the year	Share held at the end of the year	Change
1	Mr.Prayoon Pholpipattanaohong	Chairman of Board of Director and Authorized Director	306,517	306,517	-
	Nortern Agricultural Co., Ltd.		162,458,988	162,458,988	-
	Total		162,765,505	162,765,505	-
2	Mr.Prapas Pholpipattanaphong	Chairman of Executive Committee and Authorized Director	9,102,800	9,102,800	-
	Private Spouse		-	-	-
	Total		9,102,800	9,102,800	-
3	Mr.Ankoon Pholpipattanaphong	Managing Director and Authorized Director	3,702,600	3,702,600	-
	Private Spouse		181,500	181,500	-
	Child		363,000	363,000	-
	Total		4,247,100	4,247,100	-
4	Mr. Tewin Rungratanapitak	Financial Controller	-	-	-

	Names - Surname	Position	Share held at the beginning of the year	Share held at the end of the year	Change
5	Miss Warissara Kangkanda	General Manager and Office Manager 2	-	-	-
6	Mr. Rangsit Ojaroen	Office Manager 1	-	-	-
7	Miss Piyalak Chuapoodee	Plant Manager 1	-	-	-
8	Mr. Tummarat Charoensanti	Plant Manager 2	-	-	-
9	Mr. Sakda Phimmuang	Accounting Manager	-	-	-

Important qualifications and guideline of directors and executives

1. Be a director in registered company in the Securities and Stock Exchange not excess 3 companies.
2. Must not ever been the officials or partners of public account company that the company was appointed the service in last 2 years.
3. Must manage to make buying-selling securities report of the company in order to report toward Securities and Stock Exchange within 3 working days and report to the company secretary or person that Board of Company assigned for acknowledgement.
4. Prohibit to make buying-selling 14 days prior or after financial statements report.
5. Prohibit directors, executives to use internal information for buying-selling securities.
6. Must report of having common interest to the Board of Company for acknowledgement.
7. To make important subject among themselves must receive consideration and approval from Board of Company.

Remark: Number of years on the Independent Director (A), Director in the company investment more than 10% (B), Other registered company (C), Experience in related business (D) Knowledge in accounting (E) and Seminar about duty of director (F)

Name	Type of directors	A	B	C	D	E	F
Mr. Prayoon Pholpipattanaphong	Chairman	-	✓	-	✓	✓	-
Mr. Prapas Pholpipattanaphong	Managing Director	-	-	-	✓	✓	-
Mr. Ankoon Pholpipattanaphong	Executive Director	-	-	-	✓	✓	-

Name	Type of directors	A	B	C	D	E	F
Mr. Lan, Mu - Chiou	Non-executive Director	-	-	-	✓	-	-
Mr. Amnuay Yossuck	Independent Director	25	-	-	✓	✓	-
Mr. Ampon Ruayfupant	Independent Director	12	-	1	✓	✓	-
Dr. Phusit Wonglorsaichon	Independent Director	8	-	-	✓	✓	-
Miss Chutima Tangmaticham	Independent Director	2	-	-	✓	✓	✓

#### Independent Directors definition

1. Not holding a share excess 0.50% of paid capital of the company, subsidiary company, corporate company or related company, all this include a share hold by related person. Which stricter than requirement of the SEC stated not exceed 1.0%
2. Be a director in other registered company not excess 3 companies. Which stricter than requirement of the SEC stated not exceed 5 companies.
3. Not participate in administration, not be the officials, employee, advisor with regular salary or control authorize company, subsidiary company, corporate company, related company or company that major shareholder hold a share both direct and indirect or a person who has conflict of interest by must not having interest or having common interest in such character for not less than 2 years.
4. No relationship on business or service provider on profession public account to the company, subsidiary company, corporate company, related company or juristic person that having conflict of interest except would escape from such character not less than 2 years.
5. Is freely or not relate with executive section and major shareholder of the company.
6. Not be a director in others registered company in the group of the company, subsidiary company, corporate company, related company or the company that major shareholder hold a share both direct and indirect.
7. At least one independent director must have good knowledge and experience in the field of financials and accounting.
8. No prohibit character according to the policy of Corporate Governance of the company.
9. No prohibit character according to the formulated of Securities and Exchange Commission and the Stock Exchange of Thailand.

#### Role of Chairman

1. Consult with Managing Director in considering the subjects for Board of Director and Shareholder Meeting.

2. Responsible in his capacity as leader of Board of Director to follow, oversee an administration of Board of Executive and other Sub – Board of Director to achieve object as formulated plan.
3. To act as Chairman of Board of Director Meeting and Shareholder Meeting of the Company.
4. Responsible person who casts a vote for arbitration in a case that there are having to cast a vote in the Board of Company Meeting and Shareholder Meeting which two side votes are equal

Limit of duty authority of Board of Company and Board of Executive Directors (Management Division)

Authority of Board of Company	Authority of Board of Executive Directors
<ol style="list-style-type: none"> <li>1. Board of Company have an authority according to the regulation of the company which include supervision and management the company in accordance with laws, objective, regulation and resolution at the shareholder meeting.</li> <li>2. To formulate visibility, direction and tactics of the company.</li> <li>3. To give approval for important tactics and important policy including objective, financial target and company plan also follow up, supervise to have practice as planned.</li> <li>4. To manage having account system, financial report and auditing inclusive supervise for having an internal control system and internal audit to be efficiently and effective.</li> <li>5. To investigate supervising and manage to amend problem of conflicts of interest that may arise inclusive related subject.</li> <li>6. To formulate line of risk management comprehensively and supervise executive for having system or efficiently process in risk management.</li> <li>7. To supervise in having system or mechanism of paying suitable remuneration to the high rank of executive to create inducement power both in short-run and long-run.</li> <li>8. To supervise for having appropriately channel of communication with each group of shareholder and stakeholder of the company.</li> <li>9. Allow to have disclosure of correct information, clear, transparent, reliably and high standard.</li> </ol>	<ol style="list-style-type: none"> <li>1. Formulate execution policy and operating direction to coordinate with the policy and objective of the company by intending to build up security and maximum advantage to the company.</li> <li>2. Oversee the management to proceed work as formulated policy strictly.</li> <li>3. Authorize in approving and making juristic act under the frame formulated by the Board of Company.</li> <li>4. Any other acts as assigned by the Board of Company.</li> </ol>

10. To be a leader and good example in practice.	
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#### Authorization for the Board of Director

According to the Company's Article of Association, the Board of Director has been authorized to exercise decision regarding below issue, subject to the approval from the shareholders in the meeting.

1. Approval on the Company's Financial Statement
2. Approval to allocate the profit and dividend
3. The appointment for the director who reached tenure/ or appointment for the additional director
4. The approval on the director's remuneration
5. The appointment for the auditor and auditing fee
6. The amendment for the Company's Affidavit and Article of Association
7. The increase/decrease of the company's registered capital, the transferred capital to compensate retained loss, the dividend payment, the offering and allocation of newly issued shares, and the offering of the Company's debenture.
8. The acquisition / disposition of assets, in which the value of such assets considered at 15%
9. Buying, selling, transfer of business (subsidiary is included). Engaging, amendment, and cancellation of the Company's lease agreement.
10. The merger and acquisition of the Company

#### Balance of power for Non-Executive Directors

Board of Company consist of 8 Directors as follows:

- 3 Executive Directors
- 1 Non-executive Directors
- 4 Independent Directors

Chairman of the company though it may have blood relationship with Managing Director but viewpoint in operation are freely each other, also structure of Board of Company comprises executive directors and non-executive directors in which in number of non-executive directors are having number of Independent Directors one third of the whole Board or not less than 3 persons make capable to inspect an administration freely. So every group of stakeholder can convince that the Chairman and Managing Director have performed their duty fairly, equality in their capacity as representative of shareholders and having balance of power appropriately.

### Aggregation or segregation of positions

The Chairman and Managing Director are not the same person so as to make the role separated clearly.

### Board of Directors' Meeting

1. The Company formulates advance table of the Board of Director Meeting yearly by formulating to have a regular meeting at least one time/quarter and each director acknowledges of it. The Company have meeting plan in year 2018 details as follow:

Meeting No.	DD-MM-YY	
1	Friday	23 February 2018
2	Friday	27 April 2018
3	Friday	11 May 2018
4	Friday	10 August 2018
5	Friday	9 November 2018
6	Monday	17 December 2018

2. The Chairman and Managing Director joint in consideration for agenda meeting.
3. To manage in sending invitation letter for meeting, agenda of a meeting and document for meeting to the directors in advanced at least 7 days before meeting enable to have time for considering information sufficiently.
4. To formulate in having not less than two third of the directors attend the meeting with quorum when having considered to resolve in important matters such as list of obtained or distributed assets of the company and subsidiary company that impact to the company, expansion of investment project, formulate work level of executive power, formulate policy of financial management and risk management chiefly.
5. In the meeting, if any director who is a stakeholder in the considering agenda, must depart from the meeting before begin considering in that agenda.
6. Every director has a right to present the subject to the agenda of a meeting, examine document for meeting and other important documents. If any doubt, other directors and management must operate for answering that doubt.
7. Company Secretary or one who has assigned must manage minutes of the Board of Director Meeting completely within time formulated by the laws.

Meeting attendance of each director concludes as follows:

Name list	Period of rank hold	Attending meeting / total meeting (times), % of Meeting (In the year 2017, the of Company's had gather meeting 6 times)			
		Normal meeting	Special meeting	Total	%
1.Mr. Prayoon Pholpipattanaphong	3 years	6 / 6	-	6 / 6	100

Name list	Period of rank hold	Attending meeting / total meeting (times), % of Meeting (In the year 2017, the of Company's had gather meeting 6 times)			
		Normal meeting	Special meeting	Total	%
2.Mr. Prapas Pholpipattanaphong	3 years	6 / 6	-	6 / 6	100
3.Mr. Ankoon Pholpipattanaphong	3 years	6 / 6	-	6 / 6	100
4.Mr. Lan, Mu-Chiou	3 years	4 / 6	-	4 / 6	67
5.Mr. Amnuay Yossuck	3 years	6 / 6	-	6 / 6	100
6.Mr. Ampon Ruayfupant	3 years	6 / 6	-	6 / 6	100
7.Dr. Phusit Wonglorsaichon	3 years	6 / 6	-	6 / 6	100
8.Miss Chutima Tangmatitham	3 years	6 / 6	-	6 / 6	100
Every director are having portion of attendance Board of Director Meeting, equivalent to 96% of whole year meeting in the year 2017.					

Meeting attendance of each sub-committee concludes as follows:

Remark: BED=Board of Executive Directors, BAC=Board of Audit Committee, BNR=Board of Nomination & Remuneration Committee, BCG=Board of Corporate Governance Committee, BRM=Board of Risk Management Committee, BNE=Board of Non-Executive Director

Name list	BED	BAC	BNR	BCG	BRM	BNE
Number of Sub Committees Meeting of 2017 (times)	4	4	2	2	2	1
1.Mr. Prayoon Pholpipattanaphong	4 / 4					
2.Mr. Prapas Pholpipattanaphong	4 / 4		2 / 2		2 / 2	
3.Mr. Ankoon Pholpipattanaphong	4 / 4		2 / 2	2 / 2	2 / 2	
4.Mr. Lan Mu Chiou						1 / 1
5.Mr. Amnuay Yossuck		4 / 4	2 / 2			1 / 1
6.Mr. Ampon Ruayfupant		4 / 4	2 / 2	1 / 2		1 / 1
7.Dr. Phusit Wonglorsaichon				2 / 2	2 / 2	1 / 1
8.Miss Chutima Tangmatitham		4 / 4	1 / 1			1 / 1
9.Mr.Tewin Rungratanapitak				2 / 2	2 / 2	
10.Mr. Sakda Phimmuang				2 / 2	2 / 2	



## 8.2 Executive officers and Manager

- a) Executives (according to the definition of SEC)

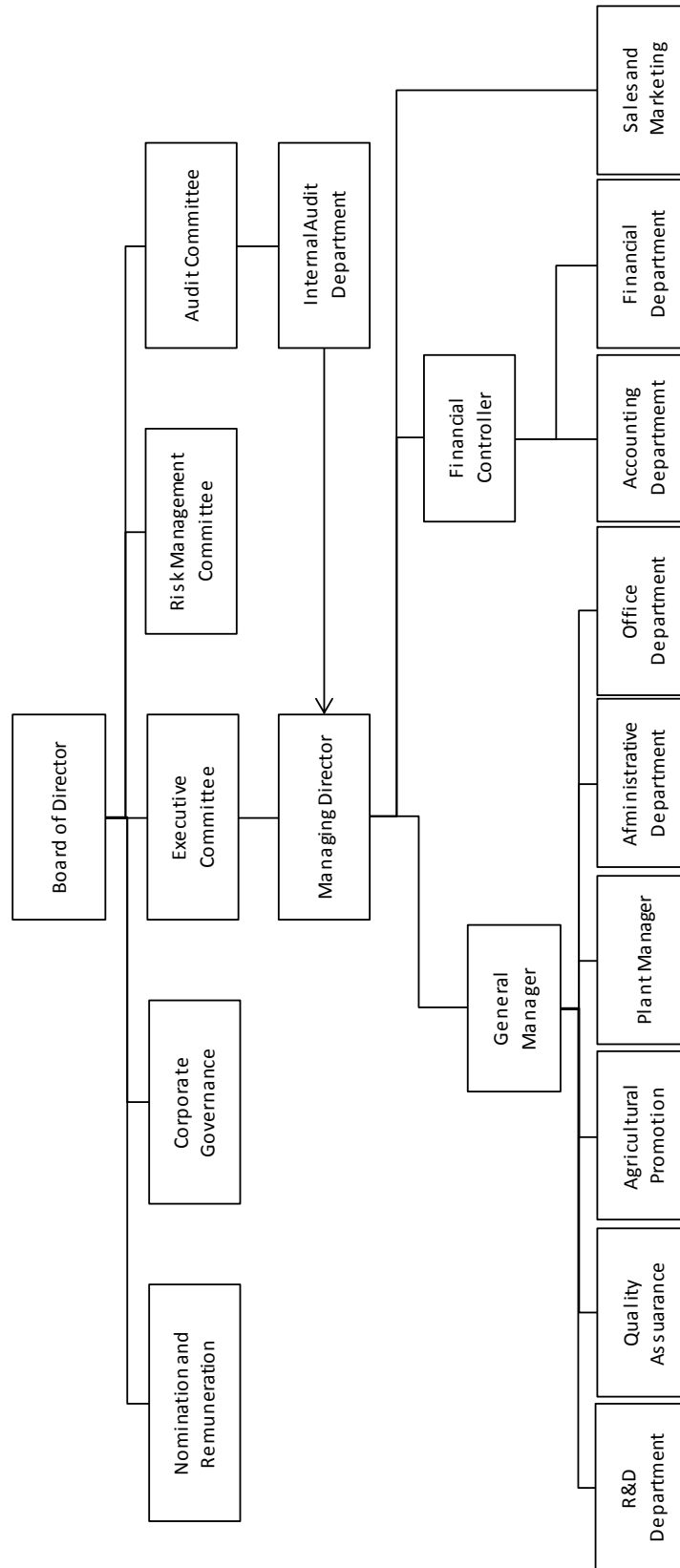
<b>Name</b>	<b>Position</b>	<b>Education</b>
1. Mr.Prayoon Pholpipattangphong	Chairman of Board of Direcotr, Authorized Director	Accounting profession, Honorary Doctor, Agricultural, Maejoe University
2. Mr. Prapas Pholpipattanaphong	Chairman of Executive Committee, Authorized Director	High school certificate
3. Mr.Ankoon Pholpipattanaphong	Managing Director, Marketing Manager	Master of Business Administration, Colorado University, USA. Bachelor of Communication, Bangkok University
4. Mr. Tewin Rungratanapitak	Financial Controller and Company's Secretary	Master of BA in Finance, Birmingham City University Bachelor of BA, International
5. Miss Warissara Kangkanka	Gemeran Manager and Office Manager plant 2	Diploma
6. Mr. Rangsit Ojaroen	Office Manager plant 1	Bachelor of Art in Economic
7. Miss Piyalak Chuapoodee	Plant Manager plant 1	Bachelor of Food Science
8. Mr. Tummarat Charoensanti	Plant Manager plant 2	Mechanical Engineer
9. Mr.Sakda Phimmuang	Accounting Manager	Bachelor of Accounting, MBA

b) Officers & Manager

<b>Name</b>	<b>Position</b>	<b>Education</b>
1.Mr.Piyaraj Koonprayong	Vice Plant Manager	Bachelor of Food Science
2.Mr. Boonmee Saman	Vice Plant Manager	Bachelor of Plant Science (Agronomy)
3.Mr. Thanom Chaiwong	Vice Quality Assurance & Development Manager	Master of Food Science
4.Mr. Chanwit Suwannarat	Vice Quality Assurance & Development Manager	Bachelor of Food Science
5.Mr. Sairung Boontom	Vice Office Manager	Agricultural Education Horticulture
6.Mr. Thanamet Sutta	Vice Accounting Manager	Bachelor of Accounting, MBA
7.Mr. Weerawat Sakulmeerit	Vice Internal Audit Manager	Bachelor of Accounting
8.Mr. Wittaya Kumlungkeng	Assis. Office Manager	Master of Business Administration
9.Miss Ratinuch Wongwissawakit	Senior Assis. Marketing Manager	Bachelor of Arts, MBA
10.Mr. Wiset Wiwatkulorn	Assis. Marketing Manager	Bachelor of BBA
11.Mr.Chaiwat Treeyanurux	Assis. Office Manager	Master of Management

Organization chart as of 31 December 2017

Management Structure of The Company



8.3 Company's secretary

The Company manages to have company secretary to perform duty of governance activity of the Board of Company inclusive to coordinate in the following various matters:

- To give primary advice to the directors concerning provision, rule, discipline and various regulations of the company and follow up to act properly and regularly inclusive alteration report of important point to the directors.
- To manage shareholder meeting and Board of Director Meeting in accordance with laws, regulation of the company and various performance points.
- To record the proceedings of Shareholder Meeting and Board of Company Meeting inclusive follow up to act as resolution at the Shareholder Meeting and resolution at the Board of Company.
- To governance in having disclose information and report news in responsible part in accordance with discipline and provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission.
- To contact and communicate with General Shareholders to learn about various right and information of the company.
- To governance activity of the Board of Company.

Current Company's Secretary is Mr, Tewin Rungatanapitak, who has qualification as follows

#### Education

- Master of Business Management – Financial, Birmingham City University, UK
- Bachelor Degree – International Business Management and General Management, Assumption University, Thailand

#### Financial Expertise

- Has financial working background and accounting knowledge

#### Working Experience

- Financial Controller – Chiangmai Frozen Foods Pcl., Jan 2016 – Present
- Manager – Absolute Advisory Co., Ltd, May 2012 – June 2015
- Sales Executive – Qatar Petrochemical (Thailand), June 2008 – July 2010
- Sales Executive – Seabra Trans International Co., Ltd, Jan 2005 – May 2008

#### Training and Certification

- CFO in Practice (Certification Program) Class 7/2016 by the Federation of Accounting Professions
- ACPG -22/2015, CSP - 84/2017
- Level II, CFA candidate

- SEC Financial Advisor Licenses

#### 8.4 Remuneration for directors and executives

The Company has fixed clearly and transparently the remuneration for Directors and Executives in the appropriate basis to uphold as Directors and Executives with required qualification. The Directors that assigned as Audit Committee will receive additional remuneration according to the volume of work.

##### 8.4.1 Remuneration Policy

Board of Nomination and Remuneration Committee perform duty in proposing remuneration of Board of Company, Board of Sub-Committee, Managing Director, Executives and High Rank Executives that appropriate to their knowledge, expertise, and the increasing work volume, purposely to ensure the performance which lead to the sustainable growth of the Company and generate return to shareholders, employee, and stakeholders.

##### 8.4.2 Remuneration Criteria

The Company's remuneration determined by comparing the remuneration of other company in the same industrial information or remuneration information report of Thai Company Director Institution Promotion Co., Association or equal to remuneration in the previous year and are remuneration suitable with work volume, knowledge and ability that would last for directors and executives required by the company to propose the shareholders for considering approval every year in which the company has a policy to pay remuneration of Board of Company, Board of sub-committee, Managing Director, Executive Directors and High Rank of Executives in the suitable degree to coordinate with directors task that have to perform in accordance with the laws and related discipline.

##### 8.4.3 Remuneration Structure

- 8.4.3.1 3 Executive Directors – Annual Remuneration THB 400,000 / person
- 8.4.3.2 5 Non-Executive Director – Annual Remuneration 400,000 / person.  
The Chairman of Audit Committee received remuneration THB 40,000 / month, 2 Audit Committee member received remuneration THB 20,000
- 8.4.3.3 Other Remuneration – Non-executive Director, and other committee member shall not receive other remuneration include, meeting payment, Bonus, insurance, office car.
- 8.4.3.4 Executive Director shall receive other remuneration include salary, bonus, cost of living allowance, provident fund 3%, and office car.
- 8.4.3.5 High Rank Executive shall receive salary, bonus, cost of living allowance, provident fund 3%, and office car

#### 8.4.4 Remuneration payment

Remuneration paid in the year 2017, the company has paid various remuneration to the Directors and Executives as following details:

(Unit: Baht)

Names	Position	2016	2017
1.Mr. Prayoon Pholpipattanaphong	Chairman	400,000	400,000
2.Mr. Prapas Pholpipattanaphong	Managing Director	400,000	400,000
3.Mr. Ankoon Pholpipattanaphong	Executive Director	400,000	400,000
4.Mr. Lan, Mu-Chiou	Director	400,000	400,000
5.Mr. Amnuay Yossuck	Independent Director	400,000	400,000
6.Mr. Ampon Ruayfupant	Independent Director	400,000	400,000
7.Dr. Phusit Wonglorsaichon	Independent Director	400,000	400,000
8.Miss Chutima Tangmatitham	Independent Director	273,225	400,000
9.Miss Darunee Ruangtham	Independent Director	198,908	-
10.Mr. Prayuth Pholpipattanaphong	Director	127,867	-
Other remuneration such as meeting fee, bonus, insurance premium etc.	Directors 11 persons	None	None
Total		3,400,00	3,200,000

#### Remuneration for Audit Committee

(Unit: Baht)

Names	Position	2016	2017
1.Mr. Amnuay Yossuck	Chairman	480,000	480,000
2.Mr. Ampon Ruayfupant	Director	240,000	240,000
3.Miss Chutima Tangmatitham	Director	93,548	240,000
4.Miss Darunee Ruangtham	Director	120,000	-
Other remuneration such as meeting fee, bonus, insurance premium etc.		None	None
Total		933,548	960,000

### Remuneration for Executive Directors and Executives

Description	Year 2016		Year 2017	
	No. of person	Total amount (Baht)	No. of person	Total amount (Baht)
Salary	9	19,867,840	9	22,185,360
Bonus, remuneration	9	7,212,192	9	7,911,875
Cost of living	9	59,800	9	70,200
Social security fund	9	69,000	9	81,000
Provident fund	9	575,785	9	665,561
Sub total	9	27,784,617	9	30,913,996
Grand total		32,118,165		35,073,996

### Human Resource Personnel as of 31 December 2017

Description	Male	Female	Total
Management/Administration Department	30	43	73
Manufacture/Technical Engineering Department	88	29	117
Daily employees	390	1,177	1,567
Total	508	1,249	1,757

- No change shall be made on number of employee or dispute in labour during the past three years.
- In the meeting of Board of Company No. 1/2018 on 23 February 2018 resolve to consent remuneration for Executive officers and Manager, High rank Executives, Head of Department amount 4,812,000 Baht.

## **9. Corporate governance**

### 9.1 Policy of Corporate Governance

Board of Company have realized the important of Good Corporate Governance for transparency to add limit of ability in work racing and add confident to the Shareholders, investors and every concerned, then have formulated the operation policy for cooperating governance by comprehend the following keystones:

- 1) The Company will treat the shareholders and stakeholders in equal manner with fair for everyone.
- 2) Board of Company are intended to build up sustainable growth of the company in long-run, to execute the company activity with carefulness and caution under regulation frame of law and business morality. All this Board of Company will perform duty with full capability in order to produce maximum efficient toward the shareholders, and other stakeholders, also take care of not having conflict of interest arises and responsible toward decision and self-performance.
- 3) The Company will operate with transparency, able to check and disclose sufficiently information to every party concern.



- 4) The Company will conduct the business with always thinking of risk and will execute risk appropriately.
- 5) The Company has formulated an important policy that will be the operation direction of the company in advance every year. Board of Company will pay an important toward internal control and inspection system by governance executive section to proceed as efficiency policy.
- 6) The Company has managed business morality to let directors, executives and every officer practice.

#### Leadership and Vision

Board of Director have considered to review and approve vision, company mission, renovate business ethics, Corporate Governance Policy and other sides policy to have suitable, coordinate with rule, regulation that exist in present and to be occur regularly in future at least every 5 years.

In the year 2017, the Committee has review the Company's vision, mission, and strategy, then opined that the current vision, mission, and strategy is suitable to the current business environment which contributed to the sustainable growth for the Company.

#### Conflict of interest

Board of Company have executed carefully and cautiously to prevent conflict of interest when incur any matter that may cause conflict of interest. Board of Audit Committee will learn about the subject that get conflict of interest and related subject and have considered the suitability thoroughly every time by formulating to have practice according to the basis of Securities and Stock Exchange in which prices and conditions as if doing subject with outsiders and disclose details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading, general information and account with related person.

#### Various groups of stakeholders

Board of Company acknowledge and aware of the right of concerned stakeholders and have a policy to support in incurring a cooperation between the company with every group of stakeholders in creating advantage among themselves and take care firmly that all stakeholders have received well protected and served by the company pay important toward the right of every group of stakeholder such as officials, customers, co-partners, competitors, shareholders and think of safety and health, responsibility toward community and society, environment and national resources, human rights and misconduct and corruption resistant by formulating performance line for directors, executives and officials distinctly in business ethics and formulate as policy in the policy of Corporate Governance, manage to have channel for every group of stakeholder enable to grievance toward the company in case of not receiving justice from company performance whatever by directors, executives or officials. All this, the company can convince that grievance of every group of stakeholder are likely to receive protection and keep for secret. The Company shall proceed for inspecting as formulate process and find a remedy way quickly.

### Business Morality

Board of Company have permitted discipline of business morality and/or manual of Directors, Executive and Officer to promote the directors, executives and every rank of officials to hold in practice regularly as usual which the directors, executives and every officers have signed for document concerning such discipline and confirmed in practice which regards as practical standard frame of the company, also all Board of Company have assigned one who responsible to follow up result of practice continuously and always revise such discipline appropriately. Business Morality 5<sup>th</sup> revise edition which has received permission to modify from the Board of Company Meeting no. 5/2017 dated 10 November 2017.

### Corporate Governance

Board of Company Director have an intention to build up the process of Good Corporate Governance that standardizes and allow scatter the practice to every rank of the officials of the whole company to create real culture of Good Corporate Governance, so wish the directors, executives and every officer to strictly hold in practice according to the policy of Good Corporate Governance 5<sup>th</sup> revise edition which has received permission to modify from the Board of Company Meeting no. 5/2017 dated 10 November 2017.

### Anti-Corruption

The Company pays an important concerning misconduct and corruption and regards as a part of policy in conducting business which the company formulates in the business ethics, heading: misconduct and corruption resistant and formulates in the policy of Corporate Governance – heading: “policy of misconduct and corruption resistant” so as directors, executives and every official to hold practice. In the meeting of Board of Company no. 4/2013 dated 11 November 2013 Board of Company have resolved to agree the company to show intentional in order to join cooperation of Thai private sector in resisting misconduct and in the meeting of Board of Company no. 1/2015 on 26 February 2015 have resolved to consent in managing policy of misconduct and corruption resistant in writing in order to be an performance line distinctly in conducting business and intends to develop to an organization sustainable, and on 21 April 2015 the company applied for a member of net-work partnership on misconduct for Thailand in order to fight for every organization to aware of misconduct and corruption impact. The Board of Directors’ Meeting No.1/2015 held on 26 February 2016, resolved to approve the anti-corruption policy edition 1. The Company has been certified as the member of the Private Sector Collective Action Coalition Against Corruption since 9 March 2017.

## 9.2 Sub Committees

The Board of Company have appointed Board of Sub-committee to help in governing the activity of the company as follows:

### Executive Committee

Established on 4 January 2000 consist of 3 Executive Directors, by formulating authority as follows:

1. To formulate an executive policy and operation direction to coordinate with policy and company objectives with intends to create security and maximum advantage to the company.
2. To governance the management to proceed as policy that formulate with efficiently and effectively.
3. To have authority to consent in buying assets investment, other expenditures and/or borrow money in the credit line as formulated by Board of Company.
4. To act others as assigned by Board of Company.

On 16 December 2015, at the Board of Company Meeting no. 7/2015 resolved to change authorized director from original “Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Prapas Pholpipattanaphong, Managing Director or Mr. Suwat Phongphasura to give signature with company seal” to be “Mr. Prayoon Pholpipattanaphong, Chairman or Mr. Ankoon Pholpipattanaphong, Managing Director or Mr. Prapas Pholpipattanaphong to give signature with company seal” with effective from 1 January 2016 onward.

### Audit Committee

Established on 28 August 1998 with holding term each time 3 years, consist of 3 directors which are all Independent Directors and one Independent Director namely: Mr. Ampon Ruayfupant is knowledgeable in accounting and financial which names are as follows:

1. Mr. Amnuay Yossuck                      Chairman
2. Mr. Ampon Ruayfupant                      Audit Committee
3. Miss Chutima Tangmatitham                      Audit Committee

By having Mr. Weerawat Sakulmeerit, Vice Internal Audit Manager as Secretary to the Board of Audit Committee

### The Qualification of Audit Committee

1. All of the Audit Committee member shall be independent directors
2. At least 1 Audit Committee member shall has accounting education background or capable of analysing financial statement

### Audit Committee authority

1. Have an authority in proposing to appoint and quit employ external auditor.

2. Have an authority in proposing to appoint, transfer and quit employ Internal Audit.
3. To verify financial statements of the company to be in accordance with generally accepted auditing standards.
4. Inspect sufficiency of internal control system.
5. Inspect sufficiency of risk protection and misconduct and corruption resistant.
6. Review the anti-corruption guideline and practice for director, executive, and employee and ensure the compliance.
7. Manage to report performance work of Board of Audit Committee.
8. Other performance works concerning with inspect activity as assigned by Board of Company.

#### Nomination & Remuneration Committee

Established on 13 August 2009 withholding term each time 3 years. There are 5 Directors, consist of 3 Independent Directors, 2 Executive Director and having Legal Advisor as a consultant in which Independent Director performs duty as Chairman, having an authority to select appropriate qualified person to be director as provision of the company and qualified as the provision of Securities and Stock Exchange of Thailand and Securities and Exchange Commission to present toward Board of Company to consider for approval and present to the Shareholder Meeting for appointing and have an authority to consider the style and basis of paying remuneration of directors to recommend an opinion toward Board of Company and Board of Company will present in the Shareholder Meeting for approval.

#### Report of Nomination and Remuneration Committee

In the year 2017, Board of Nomination and Remuneration Committee had gathered 2 meetings. Board of Nomination and Remuneration made a meeting and selected the director to substitute 3 completed term directors comprised: 1. Mr. Ankoon Pholpipattanaphong, Executive Director 2. Mr. Lan, Mu-Chiou, Non-executive Director and 3. Mr. Ampon Ruayfupnt, Independent Director Therefore, Board of Nomination and Remuneration opined that those 3 completed term directors are knowledgeable with competent and experience in the field of agriculture industry and qualified with the Board Skill Matrix. Also, they are qualified to the company's director qualification and had devoted in performing duty as company director continuously which were much advantage toward the company, then were of opined that it should propose those 3 completed term directors namely: 1. Mr. Ankoon Pholpipattanaphong 2. Mr. Lan, Mu-Chiou and 3. Mr. Ampon Ruayfupant to be company director once again, herewith had considered remuneration with a view that remuneration that directors received at present was suitable with the duty in the capacity as company director.

The Company opens an opportunity for shareholders to propose name list of person having suitable property to be Independent Director of the company to replace

complete term Independent Director. This year, the company opens an opportunity to propose name list from 9 October 2017 till 31 December 2017. When due time, it appears that no any shareholder proposed name list for such purpose.

Nomination and Remuneration Committee had performed the duty with always thinking of company benefits, to make reviewing the Charter to be up-to-date and review performance by using data bases in the same industry level and Board of Nomination and Remuneration Committee had made self-assessment which were annual assessment result. For the result of assessment in the year 2017 which sum up overall that Board of Nomination and Remuneration Committee performed duty with attainable as target.

#### Corporate Governance Committee

Appointed on 12 November 2012, having holding period of each 3 years. There are five directors consisting of Board of Company, executives and/or other qualified persons. At least one director of corporate governance must come from Independent Director which Mr. Vanchandr Sivabonyawongse as advisor to the Committee. The Corporate Governance Committee have an authority in arranging policy of corporate governance under the frame of laws, basis, discipline and regulations that are current issue of organization that perform duty on corporate governance such as The Stock Exchange of Thailand, Securities and Exchange Commission and related units through the guide line in good corporate governance that are international standard and provide advice to the directors, executives, officials of the company in performance duty as frame and basis of corporate governance policy so as to allow performance duty of directors and management of executive section to be in good manner, good resulting in performance and having appropriate continuation to be in accordance with expectancy of the shareholders and every group of stakeholders.

#### Report of Board of Corporate Governance Committee

In the previous year, the Corporate Governance Committee had gathered 2 meetings to perform as following;

1. Acknowledge the Company's certification as a member of the Private Sector Collective Action Coalition against Corruption
2. Acknowledge the result of AGM score and guideline for improvement
3. Acknowledge the CG Score for the year 2017 and guideline for improvement
4. Consider the announcement of the National Peace and Order No. 21/2017 which affected to the practice of AGM and the amendment of the Company's Article of Association
5. Acknowledge the updated practice for the purchase and selling of securities by the director and executive.
6. Acknowledge the CFO and Accountant appointment regulation which revised by SEC

7. Review the business ethics and corporate governance policy
8. Review charter for the corporate governance Committee
9. Propose the Executive Committee to review the Company's Vision, Mission and Strategy
10. Self-assessment for the committed for the year 2017
11. Arrange the report of the Corporate Governance Committee for the year 2017

Corporate Governance Committee had modified the policy of Corporate Governance, Business ethics and the Charter of Corporate Governance Committee through oversee the directors, executives, officials to hold practice according to the policy of corporate governance and business ethics that company formulated and the Corporate Governance Committee had made self-assessment which were assessment annual result. For the result of assessment in the year 2017 with sum up overall that the Corporate Governance Committee had performed duty with attainable as target.

#### Risk Management Committee

The company manages to have Board of Risk Management Committee. There are 5 directors, comprise 2 Executive Directors, 1 Independent Director, 2 Executives and Legal Adviser is consultant to consider formulating the policy and system of risk management, follow up result in risk management from the process of pointing out, analyse, management assess, follow up and report in system inclusive to provide supporting by managing to have advisory of risk management process to various internal sections through follow up to have continuously and regularly practice to the whole company.

#### Report of Risk Management Committee

In the previous year, Board of Risk Management Committee had gathered 2 meetings to perform as follows

1. Evaluate the risk factors in each function include, production, business operation, exchange rate risk, product's quality, management, financial, and investment risk.
2. Evaluate the risk of corruption and fraud activities. The result from the evaluation indicate no evidence of corruption and fraud activities arise from the operation and performance of director, executives, and employee. Further, the Company's has managed risk in each business function appropriately, result in the acceptable performance, while the risk is maintained at acceptable level
3. Self-assessment for the committed for the year 2017
4. Arrange the report of the Risk Management Committee for the year 2017

Board of Risk Management had managed the risk of the company in order the company to have the least as possible on business risk and Board of Risk

Management Committee had made self-assessment which were annual result assessment. For the result of assessment in the year 2017 with sum up overall that Board of Risk Management Committee had performed duty with attainable satisfactory.

### 9.3 Selection of directors and executives

#### Basis and process on select and appoint new director

The Company opens an opportunity for shareholders enable to propose person name which is non-prohibit person according to the Royal Act of Securities and Securities and Stock Exchange and provision of Securities and Exchange Commission and get along with company provision and person who is proposed the name must allow to propose the name for electing as Independent Director of the company in which this year the company formulates to propose the name since 9 October 2017 till 31 December 2017 which the company has proposed details, basis and performance method on website of the company – [www.cmfrozen.com](http://www.cmfrozen.com) under group “Investor Relations” heading: Rights of shareholder and notify through website of The Stock Exchange of Thailand – [www.set.or.th](http://www.set.or.th).

Nomination and Remuneration shall consider name list of person from recommending of shareholders (if any) , name list from director information base, other qualified candidate and complete term director to select property of above said person to be in accordance with the laws, the Company’s Article of Association and various basis through it must be a person to have profession skill, business talented in related with company business and/or having skill on accounting and financial, laws inclusive necessary skill of Board of Director which still lacking, also qualified under the Board Skill Matrix according to the Company’s strategy, by not restrict sex, age, race, religion and propose toward Board of Company for consideration and give approval and propose to the shareholder for consideration to select for appointing individually.

In the Shareholder Meeting must have shareholders and proxy from shareholders (if any) to attend meeting not less than 25 persons and must hold the shares total not less than one third of 381,145,725 shares to be as quorum.

Each shareholder has to use all theirs vote to elect one person or many persons as director but can’t share the vote to either of them more or less.

To nominate director must receive approval from the Shareholder Meeting. The person who gets highest vote respectively will be elected as director according to the number of available directors or election that time. In case of the elected respective person who has equal vote exceed quota, final vote will be made by Chairman for arbitration.

#### Self – Assessment

The Company arranges to have performance result assessment of Board of Director and sub committees every year which company secretary shall send form of such assessment to each director and collect to propose Chairman of Board of Nomination and Remuneration for assessing performance result and bring performance result to consult in the Board of Company Meeting. All this, various recommend that receive from performance result assessment of Board of Director, the company shall bring to use in

revision working efficient of Board of Director and sub committees so as to produce maximum advantage in corporate governance of the company.

#### Descendent plan

The Company executes a plan concerning development for recompensing the position with object in making preparation on manpower both in quality and volume to create continuation in appropriate administration for selecting and make preparation of suitable person in holding an office that is the main position of the company, for instance: company supreme executive inclusive important position in management structure or company conducting business or a position with specific skill, sharp talented or hard to recompense. So the company has formulated arrangement basis for descending plan such as important position, consideration basis and select through arrangement procedure of descend plan chiefly.

#### Treatment on New Director

The Company manages to have director manual or manage to have first explanation on new director which director manual consist of memorandum, company regulations, latest annual report and other important documents that are: role and duty responsibility of company director, Policy of Corporate Governance, Business Morality, Policy of Misconduct and Corruption resistance and other polices including role and duty of every Board of Sub Committees.

#### Training and knowledge development

The Company has a policy to support new director in director curriculum training to enhance knowledge, understanding, role and duty of director through for acknowledging various regulations, rules, discipline and related laws.

#### 9.4 Operation on corporate governance of subsidiary company

- None -

#### 9.5 Usage control of internal information

The Company has a policy and method to look after directors, executives and officials of the company in bringing internal information which does not yet disclose toward public to use for own sake and other persons and punishment, communicate for providing knowledge to the directors, executives and officials for acknowledgement and hold practice as follows:

- Arrange the ethical practice for the director, and the ethical practice for the employee which cover the usage of internal information, confidential information of customer. Such manual has been disseminated to director and employee to acknowledge and strictly follow accordingly
- Prohibit the directors, executives and officials whose acknowledge important essence of internal information which effects toward change of par value of company securities to disclose information or use internal information or make buying-selling securities or persuade other persons buying-selling securities of the company both direct or indirect way. Whatever, such act would do for own interest or others, 14



days before financial statements or internal information would disclose toward public, persons whose concern with internal information must not disclose that information to other persons to know until it has informed that information to the Stock Exchange of Thailand.

- The confidential information is subject to the approval of the Board of Director, Managing Director, or any authorized person prior to the public announcement.
- The use of internal information must only be retained to those authorize person.
- Arrange the internal control for each department regarding the control for the use of internal information to prevent the leaking of information prior the official announcement
- Penalty measurement, if violate such discipline, the company regards as guilty in discipline according to the company working regulation by considering punish according to circumstances for instance: warning by speech, warning in writing, condone a fault through quit employ out-of-status from officials with the cause of expel, dismiss or quit as the case may be.

#### 9.6 Audit fee

According to the resolution at Ordinary Shareholder Meeting for annual year 2017 approved to select AST Master Office Co., Ltd., by having 1) Mr. Pradit Rodloytuk, register no. 218 and 2) Miss Nongram Laohaareedilok, register no. 4334 are doing inspect financial statements of the company for annual year 2017 which are an Auditor of having independence, reliably and are an Auditor whose receive approval from Securities and Exchange Commission.

- The Company paid audit fees for 2017 amount 825,000 Baht.
- Other service: none

#### 9.7 To act in accordance with the Code of best practices of SET.

The Company has acted in accordance with the Code of best practices very well in which the company has made self-assessment of the Board of Director every year and has tried to improve to allow administration to be according to the practical of Securities and Stock Exchange of Thailand, business ethics and Corporate Governance policy and the company has still received better points from CG and AGM assessment as follows:

Subjects	Year					
	2012	2013	2014	2015	2016	2017
Average point by adding up of CG assessment	81	87	79	88	87	88
AGM assessment point result	93.75	100	96.50	100	100	97

### 10. Social responsibility and Sustainability Report

Board of Company pays an important toward the development of community, society and environment to have strong and live together with sustainable and happy. The company then

formulates the role, duty and responsibility of the directors, executives and officials of the company that have to treat toward community, society and environment in the business ethics principle of the company in order to allow the directors, executives and offices of the company to hold for practice.

In the year 2017, the company arranges to make report of responsibility toward society and environment and Sustainability Report separately from annual report, can see information from website: [www.cmfrozen.com](http://www.cmfrozen.com) heading: Investor Relations.

Various policies for development on community, society and environment comprise:

a. Shareholder treatment policy

The Company holds the principle of equality treatment toward shareholders by having guide line as follows:

- The Company intends to create growth with quality and security in order the shareholders receive good return sustainable from efficient working and good business result of the company.
- The Company shall respect rights of shareholders in receiving equality necessary information and disclose business result, financial status along with support information that correct as the truth according to the Securities and Stock Exchange of Thailand and Securities and Exchange Commission formulated.
- The Company shall perform duty with honest, upright, transparent, fair in order to create conviction that any decision and act always think of maximum interest of every shareholder and every related group.
- The company shall control to have operation, act in accordance with company policy and develop performance to have better quality continuously.

b. Customer treatment policy

The Company has a policy to create satisfaction to customers then formulate a guide line as follows:

- The Company manages to have service system to create satisfaction to the customers by treating every customer with equality by equitable treatment.
- The Company shall provide information concerning services completely, correct and not distort the facts with thinking of customer interest as main.
- The Company shall manage the system for the customers capable to grievance concerning services or conducting business of the company by rush proceed and return reply the customers at the best.
- The Company shall oversee an environment, internal areas and vicinity of the factory and office to have safety toward life and customer possessions and one who contact business with the company.

- The Company has an intention to create impression and satisfaction with the customers in order the customers receive best services.

c. Co-trader treatment policy

The Company wish to see goods procurement and services in accordance with standard measure and aim to develop and maintain sustainable relationship with co-traders and co-partners which have clear objective in the matter of goods quality and services that suits with money value, technique quality and reliable with each other, the company then has a guide line concerning goods procure and services procedure as follows:

- The Company manages to have competition on received information equality.
- The Company manages to have basis in assessment and select co-traders and co-partners with just.
- The Company manages to make contract form with appropriate co-traders and fair.
- The Company manages to have management and pursuit system to ensure that it having follow the condition of contract completely and protect misconduct and corruption in every step of procure procedure.
- The Company pays money to the co-traders and co-partners with on time according to the agreed payment condition.

Supplier Selection Criteria

The Company has the transparent policy, criteria, and regulations to govern the selection process for supplier, purposely to the benefit of cost management and improving operating efficiency, also the better cooperation and continuity of business. The Company has supplier selection criteria as follows;

1. The supplier must strictly comply to the law, has ethical standard accepted by society, giving importance and considered responsible to the human right, society, and environment.
2. The supplier must have stable and sufficient financial status, clear address which can be traceable, considerable trading history, no record of law violation, fraud activities, or record of termination of agreement without consent, or appear on the blacklist of government and private company
3. The supplier must provide the product or service at acceptable level at the reasonable price.
4. The supplier must deliver the product / service on time, consistency, and flexible to the requirement of the Company

d. Trade competitor treatment policy

The Company conducts business under rule frame of fair competition by holding the principle as follows:

- The Company shall not seek the secret information of trade competitors by the way of bad faith or not suitable.
- The Company shall conduct business under rule frame of good competition, not ruin fame of competitors by find fault with competitors.

e. Creditor treatment policy

The Company has a policy to treat with creditor with fair by having guide line as follows:

- The Company shall maintain and follow the guarantee conditions toward creditors strictly.
- The Company shall control to return back loans and interest to every type of loan creditors completely with on time and follow the conditions of loan as agreed by not using loan in the way that contrary to the objective of loan.
- The Company shall arrange the capital sufficiently to assure the creditors in financial status and ability in paying debt of the company.
- The Company shall report and provide correct information of the company and complete to the creditors.
- If there are incident that the Company would unable to perform according to any conditions, the Company shall notify the creditor immediately to mutually consider the solutions.

f. Officials treatment policy

The Company is fully aware of human resources value and wish the personnel proud of organization by having working atmosphere like participate and progress in profession equality. The personnel shall receive potential promotion development to have knowledge talent throughout and continuously for creating value and uphold excellence in business. The Company then has a policy on remuneration and welfare, policy on knowledge development and official potential, policy on safety and health and others policy by having guide line as follows:

- The Company selects a person for hiring to hold various offices with fair by thinking of property of each position, study qualification, experience and other provisions which necessary to work without obstruct in the matter of sex, age, race, religion.
- The Company formulates remuneration and welfare to the officials fairly, having suitability with knowledge and talent, condition and character of work, performance result and coordinate with operation result of the company both in shot-run and long-run by considering from business result of the company, administration and assessment result of whole organization.
- The Company supports the officials to receive training, knowledge development, talent, develop working potential to be higher in order to add working efficient and open opportunity for officials to progress in duty.

- The Company supports the officials to always receive related news as opportunity and as far as it can be done for adding efficient and good relationship in collaboration.

#### The practice for the consideration of remuneration and the benefits of employee

- The Company determine the remuneration on the fairness basis, which is not below the level that determined by the labour law, while consider the appropriateness to the knowledge, experience, qualification of employee, including the performance of each individual employee. The remuneration package shall align with the industry standard and suitable to the growth of the Company.
- The Company has arranged other benefits include bonus, overtime, cost of living allowance, uniform and accessories, insurance, provident fund, annual health check up and other benefits required by law such as social securities, and employee benefits for retired employee. As of 31 December 2017, the employee benefits according to the company financial statements indicated THB 46,228,084
- Provide to have provident fund with name: Provident fund Thai Commercial Piemsub which already registered under no. 77/1997 by having Thai Commercial Public Company Limited as fund manager at the date of 31 December 2017. Fund membership specific part of Chiangmai Frozen Foods Public Company Limited have 180 persons and having saving money, add money and interest total amount THB 61,371,507.46
- Provide the source for fund to the employee who would like to make a loan purposely to purchase and/or renovate a house, at the special low rate. Also provide the loan from provident fund.
- In the year 2017 The remuneration of the employees Amount THB 289,722,763. comprises salary, wages, remuneration, bonus, overtime, diligent cowries, hospital charge, cost of insurance group, cost of living, provident fund 3% of salary, employee benefit when reach age limit of 60 years.

#### The practice for the training of employee

- The Company provide the orientation to the new employee to ensure the understanding of the Company's rules and regulation, employee's right. Also provide brochure with the information.
- The Company has arranged in-house training with the qualified guest speaker/trainer, purposely to assure the understanding of safety of working practice, the teamwork, the practice of operation against corruption, the maximization use of resource.
- The Company provide external training to employee such as the training course from Dhamniti, IOD, and FAP

- The Company encourage the learning for the employee consider the potential of each individual to support the growth in their carrier.

#### Training and Seminar

- In the year 2017, the company had training and seminar hours for the officials with average 10.71 hours/person/year.

#### g. Treatment policy on safety and health

The Company is fully aware that safety and health are the basis responsibility of the company and is an important factor toward sustainable growth of organization, the company then formulate the policy that would give the officials and co-partners work safety and in accordance with provision of related law by:

- The Company shall find a way to protect accident, wounded and illness due to work performance with earnestly cooperation of every official inclusive to seek a way to get rid and control risk in un-safety work performance.
- The Company shall give cooperation with government unit and other organizations in suppressing emergency trouble or accident which happen from work performance quickly, efficient and cautious.
- The Company shall act in accordance with law and various regulations in the matter of safety strictly and shall bring management standard measure concerning reliable safety to be effective in case not yet available of laws and regulation formulated.
- The Company managed to have designing on equipment, making performance discipline, operation planning and officials training to have knowledge and understanding and receive sufficient information in the matter of working safety to protect danger which may happen from machines, working method or various diseases.
- The Officials whose join working by having illegal narcotics essence in the body system or having liquor power or other narcotics essence in a level that able to cause damage on performance would receive punishment by discipline as company regulation.

#### The practice of safety and hygienic

- The Company shall arrange properly layout for the office and factory
- There will be proper entrance and exit to ensure the safety of worker
- There will be walkway within the factory with proper space
- There will be toolbox in each specific area
- There will be sufficient light and air ventilation in the factory
- There will be first-aid training, fire escape training, firefighting training, and regularly examination for the fire extinguish equipment.
- There will be sufficient area for the worker for exercise activities

- There will be sufficient toilet and infirmary
- There will be annual health check-up
- There will be work insurance for every worker

Statistic of Accident from work

- In the year 2017, Statistics on accident to the stage of ceasing work excess 3 days come to 0.63 persons / 1,000 persons.

h. Participation development on community and society policy

In order to maintain for good community and society, the company then formulates the following guide lines:

- The Company shall behave as own rights in their capacity as a good population by law and/or discipline issued by corporate governance section strictly and give cooperation with public sector regularly.
- The Company supports the officials and related person to acknowledge, understand guide line in operation in order to participate in community and society development.
- The Company shall proceed the project or do activity for society continuously in order to create affection, union, to be unanimous with community and society.
- The Company shall take good care and protect not to allow company operation to incur damage toward life quality of community and society.
- The Company shall create mind conscious in responsibility toward community and society in every level of official group continuously and earnestly.
- The Company shall cooperate to support and create community and society, support any activities which related with community development both in the part of life quality development and exchange experience from operation with community and society for bringing to improve working regularly.

i. Environment and Natural Resources policy

The Company has an intention to attend business with responsibility, friendly toward environment and natural resources as below principles:

- The Company shall administer by having target in protection not to incur impact toward environment and natural resources and better than provision of laws.
- The Company intends to develop operation process to be in accordance with international standard measure through revise and operation assess regularly.
- The Company shall establish firmly and promote officials including related person to have responsibility toward environment and natural resources.
- The Company shall fully aware of maintenance environment and natural resources for nice living and is a source of river and brook manage to have a process for providing

knowledge to the officials by training in order to allow every official fully aware of its important, incur guarding jealously, maintain and use most worthwhile on natural resources.

- The Company shall maintain environment condition and biodiversity in operation areas to incur balance of residence system sustainable.
- The Company shall participate in reducing incurred greenhouse gas that shall impact toward change of climate.
- The Company shall seek an opportunity to exchange, learning and share experience from operation with other units for renovating operation continuously.

j. Human rights policy

The Company has a policy to conduct business by holding principle of respect toward human rights as international principle below:

- The Company shall treat every official with respect in honor and dignity.
- The Company supports the officials to use their legal rights as population according to edit of constitution and to be prescribed by the laws.
- The Company shall maintain personal information of the officials such as autobiography, health record, working resume, disclosure or personal information transfer of the officials to the public would be able to do when receive consent from those official. All this, violation regards as fault by discipline except has done according to the company discipline or as laws.
- The Company does not violate and not support activities that violate human rights.
- Every official must not do anything that violate or threaten either by speech or act toward other persons on basis of race, sex, religion, age cripple on body.

k. Misconduct and corruption resistant policy

The Company has an ideal in conducting business with virtue, act in accordance with law, transparent, adhere to responsible toward society and every group of stakeholder according to the principle of good Corporate Governance (private) and ethics in conducting business, not supporting every form of misconduct and corruption. Therefore, in the year 2013 the company has joint the operation of Thai private sector in misconduct and corruption resistant and in 2015, the company applied for a member of net-work partnership on misconduct for Thailand in order to fight for every organization to aware of misconduct and corruption impact and formulate following guide lines:

- The Company formulate the written policy of Anti-Corruption and misconduct that is: the directors, executives and officials of the company are prohibited to do whatever that are related with every form of misconduct and corruption both for own benefit, family, friend and acquainted persons, both direct or indirect, not even in the status as recipient, provider or proposer, even its money or not to the government service units or private units that the company has conducted business or contacted and must



perform strictly according the company policy. If not, shall be punished by discipline as company formulated rule and may be punished by law if that doing is illegal.

- The Company pays an important in human resources administration, can bring the policy of misconduct and corruption resistant to use practicing to incur form and appearance of things, communicating, provide knowledge and train officials concerning protection for seeking improper interest in duty and guide line to promote the personnel to understand and perform as organization culture.
- For the officials whose refuse to misconduct and corruption, the company has a policy not to reduce rank, punish or give result in a bad way to those officials, though refusal on misconduct and corruption would make the company lose an opportunity in business.
- The Company has available internal inspection section that having independence and upright by report direct to the Board of Audit Committee in inspecting risk assess on misconduct, possibility assess in the matter of misconduct and consider on protection and control measurement to have maximum efficiency in order to assure that the company shall be able to protect and control misconduct and corruption efficiently.
- The Company has a guide line to oversee and consult for protecting and follow performance assess as the policy of misconduct and corruption resistant by formulate Board of Audit Committee perform duty on governance to act in accordance with policy of misconduct and corruption resistant at least once a year through revise, practical line and provision in operation to coordinate with change on business, discipline, regulation and provision by law.
- The Company makes risk assessment on misconduct and corruption by managing risk management policy that may happen from normal operation and risk that may happen from misconduct and corruption, to look for risk measurement and protection guide line.
- The Company will disseminate policy of misconduct and corruption resistant both in giving or receiving present, donation for merit, support money, political assistance, purchasing, personal administration through expenditure for business entertainment to the customers, co-traders, creditors, related units, company officials through subsidiary company, corporate company, other companies that has authorize to control, business representative, the people to acknowledge through communication channel of the company such as website of the company, e-mail, fax, annual report of disclosure information (type 56-1 and 56-2), fold sheet, responsibility toward environment report, first explanation, training, seminar and post letter.

1. Whistle blowing policy

The Company manages to have measurement in whistle blowing or for any activities concerned the law offending, misconduct, violation of rights, or any behaviour that may reveal for misconduct and corruption or improper of the person in organization both from directors, executives, officials and other stakeholders which grievance or clue by every group of stakeholder are likely to receive protection, its regarded as secret and not

regarded as fault in discipline in case one who blowing is an official of the company and the company shall rush inspection and remedy problem quickly.

Safety channel in approaching information advice acceptance, whistle blowing or complaints on the rights violation channels

- Safety channel that the officials or stakeholders can approach to the information firmly when require an advice concerning performance in accordance with anti-measurement of misconduct and corruption by company website: [www.cmfrozen.com](http://www.cmfrozen.com) click Investor Relations click required various heading such as anti-corruption policy or Business Morality or Corporate Governance Policy or other headings.
- Safety channel that the officials or stakeholders can approach firmly when requires to file complaint, notify information or clue that concerns with misconduct and corruption, right violation, without risk to the informant afterwards by sending complaint, clue or information by post letter to:

Chairman of Board of Audit Committee /

Chairman of Board of Corporate Governance /

Company Secretary / Human Resources Section

Chiangmai Frozen Foods Public Company Limited

No. 149/34 Soi Anglo Plaza, Surawongse Road,

Kwaeng Suriyawongse, Khet Bangrak, Bangkok 10500, Thailand

or send by E-mail address: [cg@cmfrozen.com](mailto:cg@cmfrozen.com)

or by phone: 662-238-4091, 662-634-0061-4

or Complaint box.

#### Relations with investors

Board of Company realize that company information both concern and not concern with financial are entirely effected to the decision of investor and stakeholders of the company. Board of Company then have a policy to let the executives section disclosing complete information to correspond with truth, reliable, regular and in time which the company has paid an important and kept throughout practicing. With regard to work in investment relation, the company has not set up this section owing such activity is not much but has assigned Mr. Tewin Rungratanapitak - Company Secretary or Mr. Sakda Phimmuang - Accounting Manager to contact and communicate with institution investors, shareholders, analyst and state concerned which the investors can see the company information at Website : [www.cmfrozen.com](http://www.cmfrozen.com) or contact at phone : (662) 238-4091 or at E-mail address : [cg@cmfrozen.com](mailto:cg@cmfrozen.com).

#### **Business Operations Affecting Social Responsibility**

The company has operations guidelines to assure that the direction and main target of the sustainable development is in compliance with the changes of economy, society and environment as well as the

expectation of stakeholders in order to effectively, efficiently and sustainably grow and develop. The summary of main operations for many areas is as follows;

#### Operations for Economy

In 2017, the Company had key performance for economy and could provide the economic value to all stakeholders as following details;

<b>Item</b>	<b>Value (Million Baht)*</b>
Income from sales, helping in driving economy	1,357.89
Total net Profit (Loss) to increase value to shareholder	160.41
Salary and Wages to remunerate employees **	289.72
Employees' training expenses	0.67
Taxes paid to government for utilizing in further development of the country ***	64.50

\* Data from 2017 Financial Statements of the Company

\*\* Consisted of salary, wage, welfare and contributions to the providence fund and social security fund

\*\*\* Corporate income tax, local tax, property tax, sign tax and withholding tax

#### Operations for Society and Community

Since the company has realized the importance of the coexistence with surrounded community and society, the policy framework has been focused on the assistance towards society and community in order to promote the good relationship and have cooperation and support the organization operations from community and society. Besides, the conflict had been decreased while the intensity of future problems has been relieved, the company can increase their understanding and create good recognition and be a good role model for society. All implemented activities had concerned on the benefits of organization and the development of community and society together which has made community confident and trustful towards organization in promoting intimate business relationship and sustainably being success partners to each other. In 2017, the company had organized activities beneficial for society and community as follows:

- Supporting educational institution and students

Since the Company considered the importance of human resource as the significant drive to the success of business and country especially for the students who will become a workforce in the future, the Company therefore supporting by providing knowledge and experience which could be applied to the academic lesson learnt in the educational institution. The Company has cooperated with the Rajabhat Rampaipanni University, Rajabhat Chiangmai University and Mae Jo in holding the seminar and factory visit on 26 January, 12 February, and 2 November 2017 respectively.

- Supporting Children and Teenager Activities

The Company considered the importance of children and teenage as the national resource which would play the significant role for the growth of country. Therefore,

the Company attempt to support and encourage the learning activities of those children and teenager by providing sports accessories such as football, volleyball, basketball, chairball to Pongtum School, Tambon Wangthon, Amphoe Wang nue, Lampang, on 17 March 2017, and providing musical instruments such as Melodian, Laila Bell, Trio Drum, Drum Set, and cymbal to Ban San Sai School, Tambon Pa Nai, Amphoe Paro, Chiangmai, on 23 October 2017

- Blood Donation Activities

The Company with the cooperation of The Thai Red Cross Society had implemented the activity of blood donation from the Company's employees. This is a part of blood supply and donation arranged on April and October 2017 with the objective that National Blood Center of the Thai Red Cross Society will have donated blood to medically utilize for helping other people.

- National Labor Day Activities

The Company and employee has participated in the National Labor Day Activities by supporting the frozen edamame, and also join the buddhist activities at Chedi Liam Temple, Amphoe Sarapee, Chiangmai on 1 May 2017 to promote, continue, and preserve local tradition and culture. On the same date, one of our employee has been awarded the best employee by the Chiangmai Provincial Governor.

- Against Drugs Activities

The Company considered drugs as the National problem and would like to prevent the use of drug from our employee. The Company, therefore, participate in the Against Drug Day Activities held by Chiang Mai Provincial. There are total 48 employee of the Company join the event, and this year, there are 8 employees who quit smoking.

- Children Day Activities

The Company also supporting the children day activities by donating products and funds and cooperating with Ban Sn Pa Sak Municipal, Tambon Nong Jom, Amphoe San Sai, Chiangmai to arrange the Children Day Activities.

### Operations for Environment

The Company has promoted all directors, executives, employees to utilize resources effectively, suitably, and sufficiently for utmost benefits as well as communicated, provided the knowledge, supported and build awareness for employees and relevant parties to manage the utilization of existing resources for organization's utmost benefits

The Company has realized the significance of the environment then established the environmental management system to decrease the effect on environment and improve surroundings to be better continuously. All executives and employees have focused to strictly follow the policy by implementing activities under the scope and practice as follows:

- The Company has operated the work process following to environment law by organizing the measurement of environment, such as measurement for weather

quality, noise, heat, lighting and quality of water released from factory, the result of the inspection is qualified according to the standard specified by law.

- The Company has participated in the seminar to efficiently using water resource for the factory, held by the Department of Industrial Works. After the Seminar, the Company has further knowledge to apply to the efficient use of water in operation and consequently manage to increase the efficiency of water use in the factory.
- The Company aware that the use of plastic has cause the environmental pollution, therefore, the Company has provided stainless lunch box to the employee, purposely to reduce the use of plastic bags for lunch that employee brought from home
- The Company held the meeting with the dairy farmers who use our byproducts as cow feeds as to provide knowledge and management of byproducts to maximization benefits of byproducts.

The company has continuously organized the activity of energy usage reduction by encouraging employees to be aware of energy conservative within the organization, as well, the company has invested on efficiency improvement of machines and equipment, in 2017, the Company's measurement of energy conservative has been implemented as follows:

- Energy conservative in the lighting system through the use of LED light in the cold storage. Form the measure of the energy consumption, the result has indicated the energy save comparing to the traditional light bulb. Also, the company has promoted the on-off of lighting system according to the space required the light.
- The Company has substitute part of the energy usage through the use of Biogas. The power generated by Biogas will be use with the water treatment system.
- The Company has held the seminar providing knowledge on energy conservative in the daily life. The participant in the seminar are 80 persons which will represent the group of worker in monitoring the misuse of energy by turning on-off the switch where the light is required.

From the operation in 2017, the company can reduce the use of energy from the measurement of energy conservative and improve the energy efficiency. The behavior of employee has gradually change by turning off the light switch during lunch break and when the light is not required.

## **11. Internal control and Risk Management**

### Internal control

The Company pays an important on internal control system with efficiently both in executive level and practical level, then has formulated duty, operation power of proceeding and executives in writing, having control usage of company assets to incur advantage and available development of good internal control system in regard to financial and accounting include effective report system.

### Internal Audit

The Company has arranged internal audit department with Mr. Weerawat Sakulmeerit as the vice internal audit manager to perform inspection duty to ensure that the main practical and important financial activity of the company have proceeded as estimated way with efficiently inclusive inspection practice as laws and provision of the company as per work chains, and directly report to the Audit Committee.

### Risk Management

Board of Company are aware of the important risk management and see that such process is one of the most important component of good corporate governance. So it manages to have risk management process which is standard system and more efficiently by assigning the Board of Risk Management Committee to formulate the policy, objectives, tactics in risk management and risk level that the company acceptable inclusive notify these matters to everyone in association to acknowledge for aware an important and is to make culture in risk management to incur in every level of the company enabling to bring for continuously practice to overtake changed situation for being as practice on background of risk management inclusive take care of having formulate to follow up method of risk management result appropriately owing it is an important final step that effect toward success of risk management and formulate for reporting to the Board of Company.

## **12. Interrelated transactions**

### Conflict of interests

Board of company have executed carefully and cautiously to prevent conflict of interest when any matter that may cause conflict of interest. Board of Audit Committee will learn about the subject that get conflict of interest and related subject and have considered the suitability cautiously every time by formulating to have practiced according to the basis of Securities and Stock Exchange of Thailand in which prices and conditions are as if doing subject with outsider and have already disclosed details, subject value, partnership, reason/necessity in the annual report and type 56-1 also have disclosed in notes to Financial Statements heading : general information and account with related person.

The Company has a policy to fix the selling price of the products to the related company as trade agreement in the same manner with sages should do with general partners under same circumstances. For the step of making list among themselves will be in accordance with the business mechanic in all respects both in fixing the price, provide discount and credit by the authorized officer who responsible directly with an approval of the executives. For the shareholders who have common interest, take no part in such approval. However, to fix the price, provide discount and credit shall be in accordance with the market mechanic which the company has treated in the same way with every customer of the company.

In future this making list among themselves shall have to continue further with thinking of the company maximum advantage that the company would receive as main.

C.T. Prosper Group Co., Ltd., is a company to conduct business of buying – selling, having joint shareholder and director, hire office building from the company with 30 square metres areas for rent rate 7,500.00 Baht per month.

**Part 3**  
**Financial status and operation result**

**13. Financial data**

**1) Financial Statements Information**

**A. Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Chiangmai Frozen Foods Public Company Limited**

**Opinion**

I have audited the accompanying financial statements of **Chiangmai Frozen Foods Public Company Limited** (“the Company”), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Chiangmai Frozen Foods Public Company Limited** as at 31 December 2017, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matter**

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. The matter was 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 matter.

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

**Revenue recognition**

The Company’s revenue are mainly derived from the distribution of frozen vegetables in domestic and export markets which are accounted for 96% of total revenue. Revenue from the sales of goods are considered as significant transaction and have a direct effect on the profit and loss of the Company. The sales transactions of the Company are made with a large number of domestic and oversea customers

and there are a variety of arrangements and conditions. There are therefore risks with respect to the amount and timing of revenue recognition.

I examined the Company's revenue recognition by assessing and testing the effectiveness of internal controls over the revenue cycle, applying a sampling method to select sales transactions to examine the accuracy and appropriateness of the revenue recorded whether they were in compliance with the conditions set out in the sales documents and in compliance with the Company's policy. On a sampling basis, I examined supporting documents of sales incurred during the year and near the end of the accounting period. I examined the credit notes issued after the period-end and examined the significant adjustment made to the revenues. I also analyzed revenues disaggregated by products group to determine the accuracy and the appropriateness of revenues recognized throughout the accounting period.

### **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, we have received such other information in the annual report that has been prepared for issuance before the date of this auditors' report.

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

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

I have read other information in the annual report that has been prepared for issuance, I did not find any material inconsistency therein which I have to report.

### **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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

NONGRAM LAOHAAREEDILOK  
Certified Public Accountant  
Registration No. 4334  
Ast Master Co., Ltd.

23 February 2018

**Remark: -Opinion in the Auditor’s report of the past three years is unconditional**

### **Important Accounting Policies**

#### **BASIS FOR FINANCIAL STATEMENTS PREPARATION**

The consolidated and the separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

#### **NEW FINANCIAL REPORTING STANDARDS**

Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believe that the revised financial reporting standards will not have any significant impact on the financial statement when they are initially applied

#### **ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below;

### **Cash and cash equivalents**

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

Deposits at financial institutions that are restricted in use are presented as “Fixed deposits pledged as collateral” as part of non - current assets in the statements of financial position.

### **Accounts receivable**

Accounts receivable are carried at original invoice amount less allowance for doubtful accounts.

### **Allowance for doubtful accounts**

The Company provide allowance for doubtful accounts equal to the estimated losses that may be incurred in the collection of receivables and receivables - planters. The estimated losses are based on the collection experiences and the review of the current status of the existing receivables Bad debts are written off during the year in which they are identified.

### **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

At the end of year, the Company considers the physical of finished goods in the estimation of adequately allowance for obsolete.

### **Investment properties**

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

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

### **Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. All assets except for land are stated at historical cost less accumulated depreciation.

Depreciation of plant and equipment are calculated on the straight line method over their estimated useful lives as follows:

	<u>No. of Years</u>
Building and Improvement	10 - 20 years
Machineries and equipment	5 - 10 years
Vehicles	5 years
Office equipment and fixtures	5 years

When assets are sold or retired, the Company will eliminate their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

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

### **Intangible asset and amortization**

Intangible asset is computer software which is stated at historical cost and amortized using the straight line method over a period of five - ten (5 - 10) years.

### **Impairment of assets**

The Company reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an asset's selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses in the statements of income. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

### **Foreign currency transactions**

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statements of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income.

### **Accounting for leases - where a company is the lessee**

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight - line basis over the period of the lease.

## **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 contributions are recognised as expenses when incurred.

#### Defined benefit plans

The Company have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 other long - term benefits are recognised immediately in other comprehensive income.

## **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company and subsidiary expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

## **Revenue recognition**

The Company recognized sales as income when goods are delivered and the risks and rewards are transferred to customers.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

## **Income tax**

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

## **Current tax**

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

## **Deferred tax**

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

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

## **Basic earnings per share**

Basic earnings per share is calculated by dividing the net income by weighted average number of paid - up common shares during the years.

## **Financial instruments**

Financial assets carried on the statements of financial position include cash and cash equivalents, fixed deposit, trade and other receivable. Financial liabilities carried on the statements of financial position include trade accounts payable, accrued income tax and accrued expenses. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## **Fair value measurement**

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

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

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

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

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

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

## **Significant accounting judgements and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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:

### Property plant and equipment/Intangible assets

In determining depreciation of plant, equipment and intangible assets, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### Allowance for net realizable value

The Company considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### 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.

**Related person and companies**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiary and fellow subsidiary are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.



## B. Summary of Financial Statements

### Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Separate Financial Statements					
	2015	%	2016	%	2017	%
<b>Current Assets</b>						
Cash and cash equivalents	259,786	17.4	405,132	25.1	126,744	8.0
Short-term investments	300,000	20.2	350,682	21.7	430,200	27.3
Trade and other receivables	78,777	5.3	69,962	4.3	80,572	5.1
Accounts receivable-planters-net	24,390	1.6	48,281	3.0	43,684	2.8
Receivable from the liquidation of a subsidiary	31,181	2.1	-	-	-	-
Inventories-net	451,873	30.4	345,065	21.3	433,555	27.5
<b>Total Current Assets</b>	<b>1,146,007</b>	<b>77.0</b>	<b>1,219,122</b>	<b>75.4</b>	<b>1,114,755</b>	<b>70.7</b>
Investment in related company	-	-	-	-	37,500	2.4
Investment property	22,129	1.5	22,128	1.4	22,128	1.4
Property, plant and equipment-net	305,899	20.5	330,294	20.4	352,722	22.4
Lease deposit	-	-	25,359	1.6	25,359	1.6
Computer software-net	7,497	0.5	8,557	0.5	9,526	0.6
Deferred tax assets	7,046	0.5	10,409	0.6	10,771	0.7
Other non-current assets	44	-	1,647	0.1	2,932	0.2
Total non-current assets	342,615	23.0	398,394	24.6	460,938	29.3
<b>TOTAL ASSETS</b>	<b>1,488,622</b>	<b>100.0</b>	<b>1,617,516</b>	<b>100.0</b>	<b>1,575,693</b>	<b>100.0</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Separate Financial Statements					
	2015	%	2016	%	2017	%
<b>Current Liabilities</b>						
Trade and other payables	82,161	5.5	74,886	4.6	66,656	4.2
Current portion of liabilities under finance lease agreements	-	-	-	-	836	0.1
Accrued income tax	13,000	0.9	25,452	1.6	11,847	0.8
Other current liabilities	3,584	0.2	3,180	0.2	3,629	0.2
<b>Total Current Liabilities</b>	<b>98,745</b>	<b>6.6</b>	<b>103,518</b>	<b>6.4</b>	<b>82,968</b>	<b>5.3</b>
Liabilities under finance lease agreement	-	-	-	-	2,709	0.2
Employee benefit obligations	40,935	2.8	44,908	2.8	46,229	2.9
Total non-current liabilities	40,935	2.8	44,908	2.8	48,938	3.1
<b>Total Liabilities</b>	<b>139,680</b>	<b>9.4</b>	<b>148,426</b>	<b>9.2</b>	<b>131,906</b>	<b>8.4</b>
<b>Shareholders' Equity</b>						
Share capital - Baht 1 par value						
Authorized shares 381,146,251 common shares in 2015 and 381,145,725 common shares in 2016-2017						
Issued and paid-up Shares 381,145,725 in 2015-2017	381,146	25.6	381,146	23.6	381,146	24.2
Premium on share capital	68,000	4.6	68,000	4.2	68,000	4.3
Retained earnings						
-Appropriated for legal reserve	38,115	2.5	38,115	2.3	38,115	2.4
-Un appropriated	861,681	57.9	981,829	60.7	956,526	60.7
<b>Total Shareholders' Equity</b>	<b>1,348,942</b>	<b>90.6</b>	<b>1,469,090</b>	<b>90.8</b>	<b>1,443,787</b>	<b>91.6</b>

<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	1,488,622	100.0	1,617,516	100.0	1,575,693	100.0
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Statement of Comprehensive Income

(Unit: Thousand baht)

Particular	Separate Financial Statements					
	2015	%	2016	%	2017	%
Revenues from sales	1,419,895	100.0	1,465,504	100.0	1,357,891	100.0
Cost of sales	(1,075,742)	(75.8)	(1,062,169)	(72.5)	(1,034,558)	(76.2)
Gross profit	344,153	24.2	403,335	27.5	323,333	23.8
Dividend income from subsidiary	16,800	1.2	-	-	-	-
Gain on the liquidation of a subsidiary	7,827	0.6	-	-	-	-
Gain on exchange rate	(26,779)	(1.9)	8,318	0.6	34,633	2.6
Investment income	5,428	0.4	5,229	0.3	6,618	0.5
Other income	6,461	0.4	8,246	0.6	8,566	0.6
<b>Profit before expenses</b>	<b>353,890</b>	<b>24.9</b>	<b>425,128</b>	<b>29.0</b>	<b>373,150</b>	<b>27.5</b>
Selling expenses	(93,737)	(6.6)	(94,879)	(6.5)	(87,626)	(6.5)
Administrative expenses	(84,187)	(5.9)	(86,398)	(5.9)	(87,447)	(6.4)
Total expenses	(177,924)	(12.5)	(181,277)	(12.4)	(175,073)	(12.9)
<b>Profit before finance costs and income tax expenses</b>	<b>175,966</b>	<b>12.4</b>	<b>243,851</b>	<b>16.6</b>	<b>198,077</b>	<b>14.6</b>
Financial costs	-	-	-	-	(227)	-
<b>Profit before income tax expenses</b>	<b>175,966</b>	<b>12.4</b>	<b>243,851</b>	<b>16.6</b>	<b>197,850</b>	<b>14.6</b>
\Income tax	(31,844)	(2.2)	(47,475)	(3.2)	(37,444)	(2.8)
Profit for the year	144,122	10.2	196,376	13.4	160,406	11.8
<b>Earnings per share</b>	<b>0.38</b>		<b>0.52</b>		<b>0.42</b>	
Actuarial gain	-		-		1,311	
Less: Income tax effect	-		-		(262)	
Total comprehensive income for the year	144,122		196,376		161,455	
Equity holders of the parent	144,122		196,376		160,406	
Other comprehensive income for the year	-		-		1,049	
Un-appropriated retained earnings Beginning balance	755,673		861,681		981,829	
Appropriated for -Dividend paid	(38,114)		(76,228)		(186,758)	
Ending balance	861,681		981,829		956,526	

Statement of Comprehensive Income

(Unit: Thousand baht)

Particular	Consolidated F/S	
	2015	%
Revenues from sales	1,419,895	100.0
Cost of sales	(1,075,742)	(75.8)
Gross profit	344,153	24.2
Gain on exchange rate	(26,779)	(1.9)
Other income	12,305	0.9
<b>Profit before expenses</b>	329,679	23.2
Selling expenses	(93,737)	(6.6)
Administrative expenses	(84,311)	(5.9)
Total expenses	(178,048)	(12.5)
<b>Profit before income tax</b>	151,631	10.7
Income tax	(32,073)	(2.3)
Profit for the year	119,558	8.4
<b>Earnings per share</b>	0.31	
Actuarial losses-net of tax	-	
Total comprehensive income for the year	119,558	
Equity holders of the parent	119,558	
Un-appropriated retained earnings		
Beginning balance	780,237	
Appropriated for -Dividend paid	(38,114)	
Ending balance	861,681	

Remark\* The subsidiary has ceased the business operation since 1 January 2015 as the Company has terminated the selling activities of frozen sweet corn to te subsidiary. On 21 December 2015, the Company has registered the dissolve with the Business Development Department, the Ministry of Commerce. The liquidation has been completed on 27 December 2016. Currently, the Company has no subsidiary

STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

Particular	Separate F/S.		
	2015	2016	2017
<b>Cash flows from operating activities:</b>			
Profit before income tax	175,966	243,851	197,850
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(39)	2	(20)
Reversal of doubtful accounts	(41)	58	25
Reversal of loss on diminution of inventories	1,261	3,727	(26)
Unrealized gain from changes in value of investments	-	(682)	(200)
Gain on disposal of investments	-	-	(1,090)
Loss(gain) on disposal of equipment and written off	(437)	2,545	(384)
Dividend income from subsidiary	(16,800)	-	-
Gain on the liquidation of a subsidiary	(7,827)	-	-
Depreciation	50,839	39,247	43,824
Provisions for employee benefit obligations	4,614	4,613	4,867
Interest	-	(4,547)	(4,191)
Interest expenses	-	-	227
<b>Profit from operating activities before change in operational assets and liabilities</b>	<b>207,536</b>	<b>288,814</b>	<b>240,882</b>
Decrease (increase) in operational assets			
Trade accounts receivables	11,508	9,124	(11,325)
Accounts receivable-planters	482	(23,948)	4,572
Inventories	(16,468)	103,081	(88,463)
Other non-current assets	1,717	(1,604)	(1,285)
Increase (decrease) in operational liabilities			
Trade accounts payable	3,529	(1,714)	(9,931)
Employee benefit obligations	205	8	449
Other current liabilities	(3,983)	(640)	(2,235)
<b>Cash received from operation</b>	<b>204,526</b>	<b>373,121</b>	<b>132,664</b>
Income tax refund	1,331	-	-
Interest paid	-	-	(227)
Income tax paid	(17,752)	(38,386)	(51,674)
<b>Net cash provided by operating activities</b>	<b>188,105</b>	<b>334,735</b>	<b>80,763</b>
<b>Cash flows from Investing Activities</b>			
Decrease (increase) in short-term investments	(10,000)	(50,000)	(78,228)
Dividend income from subsidiary	16,800	-	-
Interest received	-	4,287	4,925
Cash received from subsidiary liquidation	-	31,181	-
Cash paid for Investment in related company	-	-	(37,500)
Cash paid for lease deposit	-	(25,359)	-
Proceeds from disposal of vehicle and equipment	460	641	446
Cash paid for acquisition of plant and equipment	(25,724)	(72,110)	(60,980)
Cash paid for acquisition of computer software	(915)	(1,390)	(1,398)
<b>Net cash provided by (use in) Investing Activities</b>	<b>(19,379)</b>	<b>(112,750)</b>	<b>(172,735)</b>

<b>Cash flows from financial activities</b>			
Cash paid for dividends	(38,082)	(76,639)	(186,416)
<b>Net cash used in financing activities</b>	<b>(38,082)</b>	<b>(76,639)</b>	<b>(186,416)</b>
Net increase (decrease) in cash and cash equivalents	130,644	145,346	(278,388)
Cash and cash equivalents, Beginning of year	129,142	259,786	405,132
Cash and cash equivalents, End of year	259,786	405,132	126,744
<b>Supplement disclosure of cash flows information</b>			
<b>1. Property, Plant and Equipment-</b>			
Acquisition of plant and equipment during the year	(31,570)	(66,498)	(65,884)
Increase in liabilities under finance lease agreements	-	-	3,545
Increase (decrease) in payable from acquisition of assets	5,846	(5,612)	1,359
Cash paid for acquisition of plant and equipment	(25,724)	(72,110)	(60,980)
<b>2. Cash paid for Dividends</b>			
Dividends paid	(38,114)	(76,228)	(186,759)
Increase in accrued dividends	32	(411)	343
Cash paid for dividends	(38,082)	(76,639)	(186,416)

#### STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

Particular	Consolidated F/S
	2015
<b>Cash flows from operating activities:</b>	
Profit before income tax	151,631
Adjustments to reconcile net profit to net cash provided by operating activities	
Unrealized gain on exchange rate	(39)
Reversal of doubtful accounts	(41)
Reversal of loss on diminution of inventories	1,261
Loss(gain) on disposal of equipment and written off	(584)
Depreciation	50,861
Provisions for employee benefit obligations	4,614
<b>Profit from operating activities before change in Operational assets and liabilities</b>	<b>207,703</b>
Decrease (increase) in operational assets	
Trade accounts receivables	11,506
Accounts receivable-planter	482
Inventories	(16,468)
Other non-current assets	1,717
Increase (decrease) in operational liabilities	
Trade accounts payable	2,196
Employee benefit obligations	174
Other current liabilities	(3,983)
<b>Cash received from operation</b>	<b>203,327</b>
Income tax refund	1,332
Income tax paid	(18,459)
<b>Net cash provided by operating activities</b>	<b>186,200</b>
<b>Cash flows from Investing Activities</b>	
Decrease (increase) in short-term investments	(4,000)

Increase in fixed deposits pledged as collateral	-
Gain and cash equivalents in subsidiary at liquidation date	(31,242)
Proceeds from disposal of vehicle and equipment	665
Cash paid for acquisition of plant and equipment	(25,724)
Cash paid for acquisition of computer software	(915)
<b>Net cash provided by (used in) Investing Activities</b>	<b>(61,216)</b>
<b>Cash flows from financing activities</b>	
Cash paid for dividends	(38,082)
<b>Net cash used in financing activities</b>	<b>(38,082)</b>
Net increase (decrease) in cash and cash equivalents	86,902
Cash and cash equivalents, Beginning of year	172,884
Cash and cash equivalents, End of year	259,786
<u>Supplement disclosure of cash flows information</u>	
<b>1. Property, Plant and Equipment</b>	
Acquisition of plant and equipment during the year	(31,570)
Increase (decrease) in payable from acquisition of assets	5,846
Cash paid for acquisition of plant and equipment	(25,724)
<b>2. Cash paid for dividends</b>	
Dividends paid	(38,114)
Increase in accrued dividends	32
Cash paid for dividends	(38,082)

Remark\* The subsidiary has ceased the business operation since 1 January 2015 as the Company has terminated the selling activities of frozen sweet corn to the subsidiary. On 21 December 2015, the Company has registered the dissolve with the Business Development Department, the Ministry of Commerce. The liquidation has been completed on 27 December 2016. Currently, the Company has no subsidiary

## 2) FINANCIAL RATIOS

(Unit: thousand baht)

Ratio	Unit	Financial Statement.		
		(Mil. Baht)		
		2015	2016	2017
<b>Liquidity Ratios</b>				
Current ratio	Time	11.61	11.78	13.44
Quick ratio	Time	6.47	7.98	7.68
Cash flow ratio	Time	2.09	3.35	0.87
Account receivable turnover	Time	16.67	19.71	18.04
Debt collection period	Days	21.90	18.52	20.23
Inventory turnover	Time	2.42	2.67	2.66
Good distribution ratio period	Days	150.74	136.93	137.35
Account payable turnover	Time	13.76	13.53	14.62
Debt payment period	Days	26.52	26.98	24.97
Cash cycle	Days	146.11	128.47	132.61
<b>Profitability Ratios</b>				
Gross profit margin	%	24.24	27.52	23.81
Operation profit margin	%	10.68	16.64	14.59
Cash ratio against making profit	%	155.74	172.64	50.35
Net profit margin	%	8.42	13.40	11.81
Return on equity	%	9.14	13.94	11.01
<b>Efficiency Ratios</b>				
Return on total assets	%	8.32	12.64	10.05
Return on fixed assets	%	4.64	4.44	3.85
Total assets turnover	Time	0.99	0.94	0.85
<b>Financial Policy Ratios</b>				
Ratio debt against equity part	Time	0.10	0.10	0.09
Dividends paid rate	%	63.76	67.93	80.79

14. Explanation and analysis financial situation and operation result
  1. Overview of previous operation

### **Performance Overview**

#### **Performance Overview**

The overall of Thailand's economy in the year 2017 considered remain in the recovery stage according to the global economic recovery including USA and other main countries in Asia, which supported the growth of export from Thailand However, the global economic still recover under the pressure and risks concerning the tax reformation policy in USA, the political stability in major countries in Euro Zone such as Germany, Italy, and Spain. Further, the uncertainty of global economic would also affected by national debt level as well as debt level from private sector which increasing last year. Apart from the global economic, Japan economic, which is our vital trading partner, has been expected the slight increase in GDP from the economic stimulus which continuously implemented. The direction has been signaled from the increase of household consumption level through the attempts of entrepreneurs holding the price level to attract buyers. However, the volatile of exchange rate during 2017 especially the continuously appreciation of Thai Baht (THB) against U.S. Dollar (USD) as the result from the economic policy of USA which lead USD strongly depreciated against major currencies. The average exchange rate for the year 2017 revealed in the Bank of Thailand indicated 33.93 THB/USD, comparing to 35.29 THB/USD in 2016. In general, the appreciation of THB should strengthen the competitiveness of Thai exporter, at the same time the situation has directly weakening revenue of the Company, in which products majorly sold in USD, considered approximately 98% of the total revenue. Therefore, the sales revenue reveals in the financial statement for the year 2017 of THB 1,357.89 Million, decreasing of 7.34% comparing to THB 1,465.50 Million indicated in 2016. Also, total sales volume of 2017 presented 21,875 Tons, which decreased 2.82% comparing to 22,509 Tons in previous year. Moreover, the increasing cost for several factors of production such as mandatory increase of minimum wages and the increasing of fuel cost from the recovery of global economic has raised the production cost. The company's financial statement has indicated the net profit THB 160.41 Million in the year 2017, equivalent to the decrease of 18.32% considering previous year performance of THB 196.38 Million, while the gross profit margin and net profit margin in 2017 displayed 23.81% and 11.81% respectively which decrease from 27.52% and 13.40% previously shown in 2016

The resolution of the Board of Director's Meeting No. 3/2017 which held on 12 May 2017 which resolved to invest in Sino-Thai Company Limited ("STFD") for the proportion of 15% of registered capital (Registered capital of STFD is THB 100,000,000) by purchasing the ordinary shares from current shareholders, which is not related person to the Company, for 1,500,000 shares at THB 10 per share (at Par) totaling THB 15,000,000. After the transaction, STFD has increased the registered capital for THB 150,000,000 through the issuing new ordinary shares of 15,000,000 shares and offer through right offering at offering price at par THB 10 per share. The Company further invested to maintain the holding proportion through the purchase of shares worth THB 22,500,000, the total investment therefore equivalent to THB 37,500,000. The Company has obtained total 3,750,000 shares, equivalent to 15% holding proportion of registered capital of THB 250,000,000. The Company also granted the right to appoint at least 1 director according to the holding proportion. In this regard, the Board of Directors has appointed Mr. Prayoon Pholpipattanaphong to be the director in STFD. The Company has already paid up for full amount and obtain the shares on 14 June 2017. The



investment in STFD who operated as manufacturer, distributor, and exporter of fresh fruits, frozen fruits, freeze dry fruits and foods, herbs and spices expected to benefit the Company by creating opportunity to increase revenue from the food and agricultural industry which the Company has strong expertise and considered core business of the Company. This investment also expected to increase value to the Company and expand the business boundary into potentially growth business and create the return value to shareholders.

The Company has non-recurrent transaction indicated in the financial statements for the year 2016 and 2017 as follows

2016

- The company has engaged in pre-deposit agreement to lease the land in Myanmar as the part of investment project to construct the factory for frozen products. The lease value for 50 years considered USD 1.43 Million. The Company has made deposit of 50% of lease value equivalent to USD 0.71 Million, consider THB 25.36 Million.

2017

- The company has invested in STFD who operated as manufacturer, distributor, and exporter of fresh fruits, frozen fruits, freeze dry fruits and foods, herbs and spices through the acquisition of ordinary shares for the proportion of 15% of total registered capital of THB 250 Million, considered total investment of THB 37.5 Million.

During the year, the company has not change the accounting policy, but only the application of accounting standard which is mandatory applied. The mentioned change has not material to the financial statement.

For the year 2018, the global economic expected to gradually recover amidst the uncertainty of economic and financial system driven by the direction and policy of USA after the president election, the Brexit which considered negative effect to the recovery of EU, and the fear of possible financial crisis in China. However, Japan is expected to grow from the government's stimulus expected to be effective to the economic system. The agricultural sector of Thailand considered slowly recover but the price should maintain at low level due to the oversupply problem. Further, the new mandatory minimum wage increased which subjected to apply in April, together with the shortage of labor as the result of the announcement on the new Thai Royal Ordinance on foreign migrant workers has put high pressure on the increasing of labor cost. Another negative threat on the production cost is the oil price which tended to increase due to the global economic recovery. However, the management has aware of theses factor and best attempt to reduce such negative effects. Also, the management has best attempt to determine the policies and strategies to cope with the situations such as the continuous improvement for the production costing by improving cultivating yield and production yield, the study of the demand for the products in other country rather than existing trade partner, the study for the feasibility in the investment in neighborhood country purposely to increase the agriculture area and quantity produces, and the closely monitor for the exchange rate to determine the appropriate use of financial instrument and increase the effectiveness of the hedge against the risk of exchange rate fluctuation.

## **Summary of Financial Performance**

### **Revenue Structure**

#### 1. Sales Revenue

The Company has sales revenue majorly from the sales of frozen vegetables such as frozen soy beans, frozen green beans, frozen sweet corns and frozen mixed vegetables. The details of sales revenue, according to the financial statement categorized by the geographic is as follows,

Sales Revenue	Value (THB Million)			Increase (decrease) %		
	2015	2016	2017	2015	2016	2017
Export Sales Revenue	1,401.40	1,434.39	1,322.71	(0.02)	2.35	(7.79)
Domestic Sales Revenue	18.49	31.11	35.18	55.90	68.25	13.08
Total Sales Revenue	1,419.89	1,465.50	1,357.89	0.45	3.21	(7.34)

In 2017, sales revenue indicated totaling THB 1,357.89 Million, of which domestic sales proportion is 2.59% of total sales revenue, increasing from proportion 2.12% comparing to 2016, and the proportion of export sales for the year 2017 is to 97.41%, slightly decreased from 97.88% in 2016.

Total sales revenue in 2017 totaling THB 1,357.89 Million increasing from THB 1,465.50 Million in 2016, equivalent to the decrease of 7.34%. This due to the continuously appreciation of THB against USD which the average exchange rate in 2017 is 33.93 THB/USD comparing to average exchange rate of 35.29 THB/USD, equivalent to the appreciation of 3.85%. In addition, the sales volume has been decrease comparing to the previous year.

#### 2. Other Revenue

In 2017, the company has indicated other revenue which mainly derived from the selling of by-product of THB 8.57 Million which increased from THB 8.25 Million in 2016, equivalent to the increase of 3.87%.

### **Cost of Goods Sold**

Cost of goods sold in 2017 presented THB 1,034.56 Million, equivalent to the decrease of 2.60%, comparing to THB 1,062.17 Million in 2016. The major reasons for the decrease is as follows,

- The reduction raw material cost due to the effective management for the quality controlling in the raw material purchased activities, which enhancing of production yield, and the adjusting effect of production cost to be more realistically reflect the production activities. However, the cost of goods sold possibly increased this year as the price of agricultural product is increasing.
- The effective management on cold storage together with the completion of cold storage maintenance project this year allow the company to save external cold storage cost.
- The increase of overhead production cost as the global oil price is increase. Besides, the company has increased production activities purposely to increase finish goods inventory to compensate the shortage of raw material due to server drought in the previous year. This increasing production activities would also concern with the increase labor cost and electricity cost.

## **Selling and Administration Expenses**

In 2017, the Company has reported the selling and administration expenses of THB 175.07 Million which slightly decrease from THB 181.28 Million as reported in 2016, equivalent to the decrease of 3.42% which derive from the following factors,

- The domestic transportation expenses decrease due to the decreasing sales volume
- The export expenses which is the cost for the transportation of finished goods to be delivered at domestic sea port and the custom fee, is decrease due to the decreasing sales volume

## **Gross Profit Margin and Net Profit Margin**

The Gross Profit Margin for the Company presented in the financial statement for the year ended 31 December 2017 is 23.81% decrease from 27.52% indicated in previous year, while the Net Profit Margin reveal 14.59% decrease from 16.64% comparing to 2016. This is majorly contributed to the appreciation of exchange rate which unfavorable to the sales revenue of the company, while the sales volume is decreased. At the same time, cost of goods has been increase due to the increase minimum labor wage, and the continuously increasing fuel oil price due to global economic recovery. On the other side, the cold storage maintenance project allow increasing storage capacity, hence the external cold storage charge has been decrease. However, the selling and administration expenses has decreased due to the decrease sales volume and activities for the year.

## **Net Profit**

The Company has indicated net profit in the financial statements in 2017 of THB 160.41 Million, decrease from THB 196.38 Million presented in 2016, equivalent to the decrease of 18.32%. This lead to the decrease of Net Profit Margin from 13.40% to 11.81%. The major contribution to the decrease of net profit derive from the unfavorable exchange rate as THB is continuously appreciated against USD, with the average quarterly exchange rate range fluctuated between 32.95-35.12 THB/USD. Also, the decrease of sales volume is considered affected the Net Profit. Moreover, the production cost has been increased due to the new mandatory minimum labor wage and the increase of fuel oil price. effective management of production costing and inventory costing. The Company has determined to focus on production cost management including the attempt to increase the production efficiency, the improvement of cold storage area purposely to improve capacity management and reduce external cold storage charge.

### Summary Table for the Financial Performance

Financial Highlight	Value (THB Million)			Increase (decrease) %		
	2015	2016	2017	2015	2016	2017
Sales Revenue	1,419.89	1,465.50	1,357.89	0.45	3.21	(7.34)
Cost of Goods Sold	1,075.74	1,062.17	1,034.56	(5.71)	(1.26)	(2.60)
Gross Profit	344.15	403.33	323.33	26.21	17.20	(19.84)
Gain on Exchange Rate	(26.78)	8.32	34.63	9.63	131.06	316.38
Revenue from short term investment	5.43	5.23	6.62	(50.42)	(3.66)	26.56
Other Revenue	6.46	8.25	8.57	(24.59)	27.63	3.87
Operating Profit	329.68	425.13	373.15	25.44	28.95	(12.23)
Selling and administration Expenses	178.05	181.28	175.07	(7.43)	1.81	(3.42)
Earnings Before Interest and Tax	151.63	243.85	198.08	115.10	60.82	(18.77)
Net Profit	119.56	196.38	160.41	97.86	64.25	(18.32)
Earnings Before Interest, Tax, Depreciation and Amortization	202.47	283.10	241.90	54.83	39.82	(14.55)
Cash Flow From Operation	186.20	324.74	80.76	521.63	79.77	(75.87)
Earnings per share (Baht)	0.31	0.52	0.42			
Book Value per share (Baht)	3.54	3.85	3.79			

### Key Financial Ratios

Key Financial Ratios	2015	2016	2017
Current Ratio (Times)	11.61	11.78	13.44
Quick Ratio (Times)	6.47	7.98	7.68
Gross Profit Margin (%)	24.24	27.52	23.81
Operating Profit Margin (%)	10.65	16.64	14.59
Net Profit Margin (%)	8.39	13.40	11.81
Return on Equity (%)	9.11	13.94	11.01
Return on Assets (%)	8.29	12.64	10.05
Debt To Equity Ratio (Times)	0.10	0.10	0.09

### Company's Financial Position

#### Assets

The Company has total assets according to the financial statements as of 31 December 2017 of THB 1,575.69 Million comparing to THB 1,617.52 Million in the previous year, equivalent to the decrease of 2.59%. The major decrease is from the decrease of cash and cash equivalent and short term investment in the forms of cash in fix saving account altogether presented THB 556.94 Million in 2017 comparing to THB 755.81 Million in 2016, equivalent to the decrease of 26.31%. The decrease net cash flow from operation derive from decrease sales revenue has contributed to such decrease of cash, at the same time, the Company has increase production activities in 2017 to compensate the inventory level shortage due to severe drought last year. Therefore, the Company has reported inventory of THB 433.55 Million in 2017, comparing to THB 345.07 Million in 2016.

Trade Receivables in 2017 indicated THB 80.57 Million, increase from THB 69.96 Million presented in 2016, of which THB 59.62 Million is receivable that not yet due for payment, equivalent to 81.01%

of total receivables in 2017 indicated THB 73.59 Million. The Company has policy to reserve for allowance for bad debt for the whole amount on any doubtful receivable, considering financial position of client and their historical payment. In 2017, most of the client able to made payment within due.

### **Liabilities**

The Company has total liabilities according to the financial statements as of 31 December 2017 of THB 131.91 Million which decrease from THB 148.43 Million, equivalent to the decrease of 11.13%, comparing to the previous year. This is due to the decrease of defer tax liabilities which decrease from THB 25.45 Million in 2016, to THB 11.85 Million in 2017 as the Company has decreasing sales revenue and Earnings before interest and tax.

As of 31 December 2017, the Company has liabilities obligation other than employee benefit which are

- Licensing agreement and consulting agreement for the usage of computer program and system for the amount of THB 0.5 Million
- Consulting agreement for financial advisor regarding the investment in Myanmar. The obligation amount according to the contract is THB 0.3 Million
- The Company might expose to the occurrence of obligation from the issuance of guarantee letter from bank against the government authorities for the amount of THB 11.0 Million

The Company has appropriate and sufficient liquidity for the payment of liabilities and obligation. In the year 2017, the Current Ratio indicated 13.44 times and the Quick Ratio of 7.68 times, while most of the current assets are in the form of cash and cash equivalent.

Currently, there is no file or active case of lawsuit against the Company.

### **Shareholder's Equity**

Shareholder's equity for the company presented in the financial statement for the period ended 31 December 2017 of THB 1,443.79 Million, decrease from THB 1,469.09 Million comparing to the previous year, equivalent to the decrease of 1.72%. The major contribution to the decrease is the inappropriate retained earnings from financial performance which indicated THB 956.53 Million in 2017, comparing to THB 981.83 Million in 2016, equivalent to the decrease of 2.58%.

### **Cash flow and Capital Structure**

The Company has decreased net cash flow from operation THB 80.76 Million, comparing to THB 334.74 Million indicated in 2016 due to the decreasing revenue from sales and the appreciation of THB against USD, while the sales volume has decrease. In addition, the company spent totaling THB 37.50 Million to invest in STFD. In addition to the Company has been reported THB 60.98 Million on the investing activities majorly on the repair and maintenance of building and machine, THB 1.39 Million on the purchase of computer software, and THB 186.42 Million as the dividend payment in the year 2017.

In the 2017, the Company has sufficient liquidity which evidence from the current ratio of 13.44 times, increase from 11.78 times in 2016. The major assets are current assets equivalent to 70.75% of total assets. On the other hand, the Company has only 5.27% of current liabilities which mostly consists of trade payable. There is no outstanding borrowing from the financial institution.

The Company has not engaged in any long term borrowing during the year 2017, whereas the debt to equity ratio is 0.09, slightly decrease from 0.10 comparing to previous year.

**Summary Table for Company's Financial Position**

	Value (THB Million)			Increase (Decrease) %			% of Total Assets		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Current Assets</b>									
Cash and short term investment	559.79	755.81	556.94	19.39	35.02	(26.31)	37.60	46.73	35.35
Inventory	134.35	118.24	124.26	15.41	(11.99)	5.09	9.02	7.31	7.89
Other current assets	451.87	345.07	433.55	3.48	(23.64)	25.64	30.36	21.33	27.52
<b>Total Current Assets</b>	<b>1,146.01</b>	<b>1,219.12</b>	<b>1,114.75</b>	<b>12.14</b>	<b>6.38</b>	<b>(8.56)</b>	<b>76.98</b>	<b>75.37</b>	<b>70.75</b>
<b>Non-Current Assets</b>									
Property Land and Equipment	305.90	330.29	352.72	(11.90)	7.97	6.79	20.55	20.42	22.39
Other Non-Current Assets	36.72	68.10	108.22	105.85	85.48	58.91	2.47	4.21	6.87
<b>Total Non-Current Assets</b>	<b>342.62</b>	<b>398.39</b>	<b>460.94</b>	<b>(6.15)</b>	<b>16.28</b>	<b>15.70</b>	<b>23.02</b>	<b>24.63</b>	<b>29.25</b>
<b>Total Assets</b>	<b>1,488.62</b>	<b>1,617.52</b>	<b>1,575.69</b>	<b>7.32</b>	<b>8.66</b>	<b>(2.59)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Current Liabilities</b>	<b>98.74</b>	<b>103.52</b>	<b>82.97</b>	<b>24.63</b>	<b>4.83</b>	<b>(19.85)</b>	<b>6.63</b>	<b>6.40</b>	<b>5.27</b>
<b>Non-Current Liabilities</b>	<b>40.93</b>	<b>44.91</b>	<b>48.94</b>	<b>1.57</b>	<b>9.71</b>	<b>8.97</b>	<b>2.75</b>	<b>2.78</b>	<b>3.11</b>
<b>Total Liabilities</b>	<b>139.68</b>	<b>148.43</b>	<b>131.91</b>	<b>16.85</b>	<b>6.26</b>	<b>(11.13)</b>	<b>9.38</b>	<b>9.18</b>	<b>8.37</b>
<b>Shareholder's Equity</b>	<b>1,348.94</b>	<b>1,469.09</b>	<b>1,443.79</b>	<b>6.43</b>	<b>8.91</b>	<b>(1.72)</b>	<b>90.62</b>	<b>90.82</b>	<b>91.63</b>

### Certification of correct information

I have reviewed the data in the list of annual data from of the this copy and with caution in the capacity as an executive director of the company or person to hold highest executive rank in accounting field. I hereby certify that such data is perfectly correct, untrue, not make others misunderstanding or not lack of data that should inform in significant substance. Besides, I hereby certify that;

1. Financial Statements and financial data that concluded in the list of annual data form have shown perfectly correctness of data in the significant substance related with financial status, operation result and cash flow of the company and subsidiary company.
2. I am responsible toward an arrangement for the company to have a good data disclosure system to assure that the company has disclosed data in the part that is significant substance both the company and subsidiary company with perfectly correctness including supervise to have performed according to such system.
3. I am responsible toward an arrangement for the company to have a good internal control system and supervise to have performed according to such system and I have informed an assessment data of internal control system on December 31, 2017 to Independent Auditor and Audit Committee of the company which covers defect and significant changes of internal control system including misconduct that may affect toward managing financial report of the company and subsidiary company.

In this case, as an evidence that all documents are the same set document accepted by myself for the correctness. I have assigned Mr. Tewin Rungratanapitak to give signature enclose in every page of this document. If any document has no signature of Mr. Tewin Rungratanapitak enclosed, then I will consider that it is not the data I accepted correctness.

Names	Position	Signature
1.Mr.Prayoon Pholpipattanaphong	Chairman of Board of Company	
2.Mr.Prapas Pholpipattanaphong	Chairman of Executive Committee	
3.Mr.Ankoon Pholpipattanaphong	Managing Director	
Name	Position	Signature
The attorney-in-fact: Mr.Tewin Rungratanapitak	Financial Controller and Company's Secretary	

Attachment 1 Details of Directors, Management, Authorized Control and Company Secretary

Remark: Others details of Directors, Management, Authorized Control and Company Secretary can see data from clause 8. Management Structure page 25-32

Name - Surname	Position	Family relations between executive
Mr. Prayoon Pholpipattanaphong	Chairman of Board of Company Authorized Director Related Company's Director (The company invested >10%)	Brother of Mr. Prapas & Farther of Mr. Ankoon
Mr. Prapas Pholpipattanaphong	Chairman of Executive Committee Authorized Director Board of Nomination & Remuneration Committee Chairman of Risk Management Committee	Younger brother of Mr. Prayoon
Mr. Ankoon Pholpipattanaphong	Managing Director Authorized Director Marketing Manager Board of Corporate Governance Committee Board of Risk Management Committee Board of Nomination & Remuneration Committee Approved of Information of Company	Son of Mr. Prayoon
Mr. Lan, Mu-Chiou	Non-executive Director	None
Mr. Amnuay Yossuck	Independent Director Chairman of Board of Audit Committee Chairman of Nomination & Remuneration Committee	None
Mr. Ampon Ruayfupant	Independent Director Board of Audit Committee Board of Nomination & Remuneration Committee Board of Corporate Governance Committee	None
Dr. Phusit Wonglorsaichon	Independent Director Chairman of Board of Corporate Governance Committee Board of Risk Management Committee	None



Miss Chutima Tangmatitham	Independent Director Board of Audit Committee Board of Nomination & Remuneration Committee	None
Miss Warissara Kangkanka	General Manager and Acting Office Manager 2	Age 51 Years, Education: Diploma, Holding: None, Relations: None
Mr. Tewin Rungratanapitak	Financial Controller & Company's Secretary & Approved of Information of Company (TSD)	Age 36 Years, Education: Bachelor of BA, International, Master of BA in Finance, Birmingham City University, Holding: None, Relations: None
Mr. Sakda Phimmuang	Accounting Manager Issued Information Board of Corporate Governance Committee Board of Risk Management Committee	Age 58 Years, Education: Bachelor of Accounting, MBA, Holding: None, Relations: None
Miss Piyaluk Chuaphudee	Plant Manager 1	Age 49 Years, Education: Bachelor of Food Science, Holding: None, Relations: None
Mr. Tummarat Charoensanti	Plant Manager 2	Age 45 Years, Education: Bachelor of Mechanical Engineer, Holding: None, Relations: None
Mr. Rangsit Ojaroen	Officer Manager 1	Age 59 Years, Education: Bachelor of Art in Economic, Holding: None, Relations: None

## Attachment 2 Details of Directors of Subsidiary Company

Chiangmai Frozen Foods Public Company Limited is a shareholder in Agrifood Processing Co., Ltd. (subsidiary company) holds the share amount 100% .

- December 2014 onward, the company proceeded an exportation of Frozen Sweet Corns to over sea directly without passing Agrifood Processing Co., Ltd.
- November' 2015, The Board of Director resolved to liquidate Agrifood Processing Co., Ltd., (Subsidiary company).
- The resolution of the Board of Director's Meeting no. 2/2015 of Agrifood Processing Co., Ltd., on 16 December 2015, has resolved to appoint and authorize Mr. Vanchandr Sivaboonyawongse, Legal Advisor, to proceed the dissolve and liquidation of the company.
- On 21 December 2015, the company has registered the dissolve with the Business Development Department, the Ministry of Commerce.
- The liquidation has been completed on 27 December 2016.

## Attachment 3

Details on Chief of work Internal Audit and Chief of work performance of the company

Chief of work performance of the company	Chief of work Internal Audit
Name-Surname: Mr. Sakda Phimmuang	Name-Surname: Mr. Weerawat Sakulmeerit
Position: Accounting Manager & Issued Information	Position: Vice Internal Audit Manager
Age: 58 years	Age: 42 years
Education: -Bachelor Degree, Accounting -MBA -Anti-Corruption: ACPG.13/2014	Education: -Bachelor Degree in accounting -CPIAT (Institute of Internal Auditors of Thailand) -IACP (Federation of Accounting Professions) -IT Audit (NSTDA)
Experience: -Accounting Manger-Chiangmai Frozen Foods PCL. (Aug.1993-present) -Director & Secretary of Board of Risk Management Committee (Feb.2004-present) -Director & Secretary of Board of Corporate Governance Committee (Nov.2012-present) Investor Relations (Jan.1993-present)	Experience: -Vice Internal Audit Manager, Chiangmai Frozen Foods PCL., Jan.'2017-Present -Assistant Internal Audit Manager, Chiangmai Frozen Foods PCL., July'2016-Dec.'2016 -Internal Audit Manager, Eastern Technical Engineering PCL., Feb.-Jun.'2016 -Internal Audit Manager, Group Lease PCL., Jun.'2013 – Jan.'2016 -Control Supervisor, Suzuki Leasing, Apr.'2010 – May.'2013

## Attachment 4

## Details of assets evaluation subject

Description	Evaluate method	Book value on 30 June 2015	Fair value	Margin
Office Building, Bangkok, Land 54.4 square wahs with Building 4 Floors, 3 Units	Land-Compare with market information Building-Replacement method	27	37	10
Land-Phitsanulok Province, 154 rais 0 ngan 30 square wahs	Compare with market information	13	49	36
Plant 1-Chiangmai Province, Land 15 rais 0 ngan 36.6 square wahs with Factory Building	Land-Compare with market information	10	187	177
Plant 2-Chiangmai Province, Land 74 rais 2 ngan 56.9 square wahs with Factory Building	Land-Compare with market information Building-Replacement method	127	259	132
Machinery & Equipment Plant 1	Replacement method	55	144	89
Machinery & Equipment Plant 2	Replacement method	8	46	38
Total		240	722	482
Assets not evaluate		86	86	-
Grand total (Property, plant and equipment)		326	808	482

## **Report from the Company's Board of Directors**

Dear Shareholders,

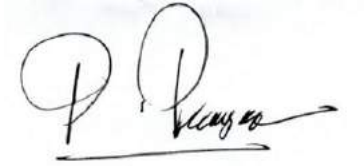
The Company's Board of Directors is responsible to the preparation of separate financial statements and consolidated financial statements of the company and its subsidiary, also the financial information that appeared in the form of annual data (type 56-1) and/or 2017 annual report. Such financial statements have been prepared according to the generally accepted auditing standards in Thailand by selecting the appropriate accounting policy and holds practice regularly. The Company used carefully discretion and reasonably estimated in management of financial statements inclusive having disclosed important data sufficiently in notes to financial statements.

The Company's Board of Directors are fully aware an important of managing the business operations under business ethics principle and good corporate governance, the company then appoints Committees, consists of Executives Committee, Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee, and Risk Management Committee purposely to allow these Committees to perform duty of corporate governance, advise management section to execute work under the laws frame, basis, discipline and practical point that are present of an organization that perform duty of corporate governance and arrange to have internal inspection section and efficient internal control system to ensure that accounting data is correct, having usage the company resources efficiently and capable to know its weak point in order to protect not to raise corruption and damage toward the business with important essence, having efficient management system under appropriate risk on business for sustainable growth.

The Company's Board of Directors fully recognized an important of misconduct protection in organization. Therefore, the resolution in the Board of Directors' no. 1/2015 on 26 February 2015 resolved to consent the policy of misconduct and corruption resistant in writing in order to allow directors, executives and officials to hold practice of misconduct and corruption resistant to incur form and appearance earnestly, and later on 21 April 2015, the company has applied for a member of misconduct resistant partnership network for Thailand in order to create the awareness on the misconduct and corruption impact. The Company has been certified as the member for the Private Sector Collective Action Coalition Against Corruption since 9 March 2017

In addition, the Company's Board of Directors has played an important role toward good practical on society, community, environment and stakeholders equally. Therefore, the Board of Directors then established the role, duty burden and responsibility of directors, executives and company officials that have to treat the shareholders, customers, co-trader, debtors, creditors, officials, competitors, society, community and environments in the business ethics principle of the company in order to allow the directors, executives and officials of the company to hold for practice to incur equality, transparent, justice and help together to promote development of society, community and environments to have strong, live together in sustainable and happy.

In the year 2017, the Board of Company's had gather 6 meetings and had completely fulfilled the duty as director, also committed to the continuous improvement for the performance. Further, the Board of Directors had made self-assessment. For result of assessment for the year 2017, the overall results indicated the effective and good performance for the duty of Board of Company.

A handwritten signature in black ink, consisting of two large, stylized 'P' characters followed by a cursive name and a horizontal line extending to the right.

(Mr. Prayoon Pholpipattanaphong)

Chairman of the Board of Directors

23 February 2018

## Message from the Chairman of the Audit Committee


Dear Shareholders,

As the Board of Company has resolved to nominate the Board of Audit Committee which comprise three independent non-executives directors, namely Mr. Amnuay Yossuck as Chairman of the Board of Audit Committee, Mr. Ampon Ruayfupant and Miss Chutima Tangmatitham as Audit Committee to perform the duties assigned from the Board of Company which is according to the provision of The Stock Exchange of Thailand.

During the year 2017, the Board of Audit Committee conducted 5 meetings by inviting Auditors, Management and Internal Auditor. The significant tasks could be summarized as follows:

1. Reviewed the Financial Statements quarterly and Annual Financial Statements of 2017 and adequately listen the clear explanations and report from the Management and Auditor in related subject, therefore, the Audit Committee were of a same opinion with the External Auditors that said quarterly annual financial statements were correct in essence in conformity with the generally accepted accounting principles.
2. Reviewed the disclosure of connected and related information between the company, subsidiary company and concerned company and it was of opinion that such related information were adequately and correctly disclosed.
3. Reviewed the compliance with the laws and regulation of Securities and Stock Exchange and related laws with the company business and not found any point in the matter of not acting in accordance with the law of Securities and Securities of Stock Exchange and related laws with the company business.
4. Promoted the independence of internal audit operation, agreeing with annual internal audit plan and reviewing to have the adequacy and effective internal control system and risk management, evaluate to have the adequacy of internal control system accordance with guideline of The Securities and Exchange Commission (SEC) that are factor of Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities. In summary, The Board of Audit Committee reviewed and determined that to have the adequacy and effective internal control system and risk management and found no significant weakness of control that may have adverse impact.
5. Considered to propose the Board of Company for asking approval to appoint Auditor and audit fee for annual 2018 by proposing Auditor of AST Master Office who is independence and approved by the office of SEC.
6. In 2017, the Company had proceed with the declaration of intention to join Thai Private Sector Collective Action Coalition Against Corruption Project, which the details are as follows: from the Board of Audit committee review, and signed by the Chairman of the Board of Director to send in the self assessment to the CAC Council in order to enter into the certification process on 15th December 2016. The CAC Council had held a meeting with the resolution to certified Chiangmai Frozen Foods Public Co., Ltd. as a member of Thai Private Sector Collective Action Coalition Against Corruption on 9nd March 2017; This allow the Company's sustainable development on Anti-Corruption level to be in level 4: Certified (which the level shows that the Company has put the policy into practice. The audit committee review the completeness and sufficiency of the entire process and on being certified as the members of Thai Private Sector Collective Action Coalition Against Corruption or has been audited independently on operating in accordance to the Anti-Corruption policy from outside agencies)
7. Verified and governance work performance of the director executives and officials to perform in accordance with anti-policy of misconduct and corruption strictly. In 2017, from reviewed of internal audit operation with anti – corruption policy were not found misconduct and corruption.

8. From self-assessment of the Board of Audit Committee which was an assessment of yearly result. For result assessment of annual 2017, sum up the results overall that effective in performing duty of the Board of Audit Committee and accordance with plan.
9. Approves the Audit Committee Charter before presenting to the Board of Directors for approval.the Committee shall review its charter at least once a year.

A handwritten signature in black ink, appearing to read 'Amnuay Yossuck', written in a cursive style.

(Mr. Amnuay Yossuck)

Chairman of Audit Committee

21 February 2018



23 March 2018

The Board of Directors  
Chiangmai Frozen Foods Public Company Limited

Subject: Internal Control Report

Dear Sirs:

We have audited the financial statements of Chiangmai Frozen Foods Public Company Limited as of 31 December 2017 in accordance with generally accepted auditing standards as indicated in the audit report dated 23 February 2018. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements presents fairly, in all material respects, the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards. During the auditing process, we have studied and appraised the efficiency of the company's accounting internal audit deemed necessary to set the planned scope, testing, and timing of auditing procedure. We do not find any material weakness in the accounting internal control which will significantly affect the opinion on the financial statement for the year ended 31 December 2017.

We also would like to notify that the audit was not done for all accounts, but only by testing. Furthermore, the study and appraisal of the efficiency of the accounting internal control was done on the purposes specified prior. We, therefore, may not specify absolute assurance that there are no misstatements weakness in the internal auditing control.

We would like to thank all officers of the company for their sincere cooperation during the operation.

Yours sincerely,



(Nongram Laohaareedilok)  
Certified Public Accountant  
Registration No.4334