

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

EXPRESSED IN THAI BAHT

## Independent Auditor's Report

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

### Opinion

I have audited the accompanying consolidated financial statements of **Chiangmai Frozen Foods Public Company Limited and its subsidiary** ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of **Chiangmai Frozen Foods Public Company Limited** for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Chiangmai Frozen Foods Public Company Limited and its subsidiary** and of **Chiangmai Frozen Foods Public Company Limited** as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Emphasis of Matter

I draw attention to Note 17 and 32 to the financial information. On 31 July 2023, the financial institution, the leasing company which is a subsidiary of the financial institutions, the subsidiary and the Company entered into a Debt Restructuring Agreements in a total amount of Baht 137.00 million. The loan from the financial institution and finance lease payable had a total amount of Baht 196.83 million, consisting with the principal in the amount of Baht 183.95 million and accrued interest expenses in the amount of Baht 12.87 million. The Group recorded a reduction of the principal and accrued interest expenses in the amount of Baht 59.83 million as a gain from debt restructuring in the consolidated statement of comprehensive income for the year ended 31 December 2023. My opinion is not modified in respect of the matter.

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### **Key Audit Matters**

Key audit matters are those matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This 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 matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

The Group's revenue are mainly derived from the distribution of frozen vegetable and freeze dried product in domestic and export markets which are accounted for 94% of total revenue of the Group. Revenue from the sales of goods are considered as significant transaction and have a direct effect on the profit and loss of the Group. The sales transactions of the Group 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 Group'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 Group'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 and cost of sales and revenues disaggregated by products group to determine the accuracy and the appropriateness of revenues recognized throughout the accounting period.

### **Impairment assessment of investment in subsidiary**

As described in Note to the financial statements 12, Estimated impairment of investment of subsidiary. In accordance with the uncertainty of market conditions and current economic, that may significant impact to the operations of subsidiary which operated manufacturing and distributing of frozen product and freeze dried product, result of the subsidiary decided to temporarily cease the business. The management of the Group considered the indicator of impairment of investment in subsidiary in separate financial statements. The consideration of impairment of investment depend on the management's judgments and assumptions in respects to estimate the recoverable amount of assets, especially the expected future cash flows based on the subsidiary's business plan. this is one of the key judgmental areas that my audit is concentrated on.

I assessed the appropriateness of indicator for impairment of investment and the management's assumptions used in estimate the recoverable amount. I determined by analysis and considering change in financial position, operating performance and estimated discounting expected future cash flow and other methods. I also tested the appropriateness of significant assumptions in preparing estimate the recoverable amount e.g. current marketing conditions, business plan, other information received during the audit and trend analysis. I also tested the accuracy of the calculation of the impairment and considered the disclosure of impairment assessment of such investment.

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### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Chamaporn Rodloytuk*

CHAMAPORN RODLOYTUK  
Certified Public Accountant  
Registration No. 9211

AST Master Co., Ltd.  
28 February 2024

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

<u>ASSETS</u>	Notes	In Baht			
		Consolidated		Separate	
		financial statement		financial statements	
		2023	2022	2023	2022
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	278,038,237	192,066,717	276,421,919	190,702,047
Other current financial assets	7	62,927,165	91,890,072	62,927,165	91,890,072
Trade and other current receivables	8	126,004,463	118,534,278	121,612,304	112,905,451
Accounts receivable-planters	9	23,089,085	13,342,100	23,089,085	13,342,100
Receivable from sale and purchase assets agreement					
with option to repurchase memorandam	10	-	-	144,018,692	-
Short-term loan to subsidiary	5.2	-	-	-	-
Inventories	11	325,925,565	473,050,464	325,650,656	450,264,686
Derivatives assets	30	14,911,955	23,085,208	14,911,955	23,085,208
<b>TOTAL CURRENT ASSETS</b>		<u>830,896,470</u>	<u>911,968,839</u>	<u>968,631,776</u>	<u>882,189,564</u>
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiary	12	-	-	-	16,132,323
Investment property	13	22,128,578	22,128,578	22,128,578	22,128,578
Property, plant and equipment	14	643,476,896	668,672,173	424,565,152	427,574,548
Refundable deposit receivable	15	-	-	-	-
Intangible assets-software computer	16	5,260,336	6,363,620	5,260,336	6,363,620
Deferred tax assets	28	20,721,280	19,961,853	20,061,132	19,961,853
Income tax refundable		2,511,285	3,515,866	2,511,285	3,515,866
Other non-current assets		2,359,109	1,881,900	1,784,409	1,802,340
<b>TOTAL NON-CURRENT ASSETS</b>		<u>696,457,484</u>	<u>722,523,990</u>	<u>476,310,892</u>	<u>497,479,128</u>
<b>TOTAL ASSETS</b>		<u>1,527,353,954</u>	<u>1,634,492,829</u>	<u>1,444,942,668</u>	<u>1,379,668,692</u>

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

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2023**

		In Baht			
		Consolidated		Separate	
		financial statement		financial statements	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Notes	2023	2022	2023	2022
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	17.1	-	30,041,587	-	-
Trade and other current payables	18	58,316,817	72,600,450	48,796,623	48,551,932
Current portion of long-term loan from financial institutions	17.2	-	144,630,737	-	-
Current portion of lease liabilities	17.3	298,288	2,278,694	298,288	349,310
Current portion of long-term loans from other persons	19	5,756,100	3,197,400	-	-
Short-term loans from related person	5.2	250,000	-	-	-
Derivatives liabilities	30	3,428,419	2,349,981	3,428,419	2,349,981
Other current liabilities	20	6,084,364	5,427,365	3,603,484	2,945,446
<b>TOTAL CURRENT LIABILITIES</b>		<u>74,133,988</u>	<u>260,526,214</u>	<u>56,126,814</u>	<u>54,196,669</u>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	17.3	1,643,054	9,294,109	1,643,054	1,941,342
Long-term loans from other persons	19	16,171,800	21,486,600	-	-
Employee benefit obligations	21	63,764,761	64,707,170	63,764,761	64,707,170
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>81,579,615</u>	<u>95,487,879</u>	<u>65,407,815</u>	<u>66,648,512</u>
<b>TOTAL LIABILITIES</b>		<u>155,713,603</u>	<u>356,014,093</u>	<u>121,534,629</u>	<u>120,845,181</u>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital-Baht 1 par value					
Authorized shares					
381,145,725 common shares		<u>381,145,725</u>	<u>381,145,725</u>	<u>381,145,725</u>	<u>381,145,725</u>
Issued and paid-up shares					
381,145,725 common shares		381,145,725	381,145,725	381,145,725	381,145,725
Premium on share capital		68,000,000	68,000,000	68,000,000	68,000,000
Retained earnings					
Appropriated for legal reserve	22	38,115,000	38,115,000	38,115,000	38,115,000
Unappropriated		863,703,675	767,071,790	824,648,545	754,519,128
Other component of equity		<u>11,498,769</u>	<u>17,043,658</u>	<u>11,498,769</u>	<u>17,043,658</u>
Total equity attributable to the parent company		1,362,463,169	1,271,376,173	1,323,408,039	1,258,823,511
Non-controlling interests		<u>9,177,182</u>	<u>7,102,563</u>	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,371,640,351</u>	<u>1,278,478,736</u>	<u>1,323,408,039</u>	<u>1,258,823,511</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,527,353,954</u>	<u>1,634,492,829</u>	<u>1,444,942,668</u>	<u>1,379,668,692</u>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	In Bath			
		Consolidated financial statement		Separate financial statements	
		2023	2022	2023	2022
Revenues from sales	24	1,253,830,648	1,336,733,909	1,250,119,118	1,264,272,551
Cost of sales		(1,020,184,627)	(1,089,226,646)	(1,014,079,111)	(975,931,789)
<b>Gross profit</b>		233,646,021	247,507,263	236,040,007	288,340,762
Gain(loss) on exchange rate		4,485,253	(43,376,590)	4,462,612	(43,643,222)
Gain from debt restructuring	17,32	59,827,726	-	-	-
Other income		13,612,177	10,292,015	11,148,937	8,776,738
<b>Profit before expenses</b>		311,571,177	214,422,688	251,651,556	253,474,278
Cost of distributions		(86,894,346)	(136,810,489)	(86,826,220)	(131,340,705)
Administrative expenses		(120,376,674)	(97,254,792)	(75,905,674)	(73,337,864)
<b>Profit(loss) from operating activities</b>		104,300,157	(19,642,593)	88,919,662	48,795,709
Finance income		2,189,091	451,758	2,485,869	631,741
Finance costs		(5,014,345)	(6,845,437)	(1,415,245)	(225,021)
Loss of allowance impairment of assets	25	-	(19,072,075)	(16,432,322)	(121,180,822)
<b>Profit(loss) before tax</b>		101,474,903	(45,108,347)	73,557,964	(71,978,393)
Tax expenses	28	(1,055,116)	(10,534,742)	(1,715,264)	(9,426,027)
<b>Net profit(loss) for the year</b>		100,419,787	(55,643,089)	71,842,700	(81,404,420)
<b>Other comprehensive income</b>					
<b>Other comprehensive income to be reclassified to profit or loss in subsequent year</b>					
Hedging reserve reclassified to profit or loss		17,814,202	103,387,782	17,814,202	103,387,782
Less : Tax effect	28	(3,562,840)	(20,677,556)	(3,562,840)	(20,677,556)
Change in fair value of hedging derivatives		(24,745,314)	(75,754,967)	(24,745,314)	(75,754,967)
Less : Tax effect	28	4,949,063	15,150,993	4,949,063	15,150,993
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent year</b>					
Remeasurements of post-employment benefit obligations					
Actuarial gain(loss)		(2,141,604)	96,461	(2,141,604)	(724,416)
Less : Tax effect	28	428,321	(19,293)	428,321	144,883
<b>Other comprehensive income for the year</b>		(7,258,172)	22,183,420	(7,258,172)	21,526,719
<b>Total comprehensive income for the year</b>		93,161,615	(33,459,669)	64,584,528	(59,877,701)

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



CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	In Bath			
	Consolidated		Separate	
	financial statement		financial statements	
	2023	2022	2023	2022
<b>Profit(loss) attributable to:</b>				
Equity holders of the parent	98,345,168	(31,761,617)	71,842,700	(81,404,420)
Non-controlling interests	2,074,619	(23,881,472)	-	-
	<u>100,419,787</u>	<u>(55,643,089)</u>	<u>71,842,700</u>	<u>(81,404,420)</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	91,086,996	(9,783,613)	64,584,528	(59,877,701)
Non-controlling interests	2,074,619	(23,676,056)	-	-
	<u>93,161,615</u>	<u>(33,459,669)</u>	<u>64,584,528</u>	<u>(59,877,701)</u>
<b>Basic earnings(loss) per share</b>				
Profit(loss) attributable to equity holders of the parent	<u>0.26</u>	<u>(0.08)</u>	<u>0.19</u>	<u>(0.21)</u>

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

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

In Baht

	Consolidated financial statements								
	Equity holders of the parent				Other component of equity				
	Issued and paid-up share capital	Premium on share capital	Appropriated reserve	Retained earnings	Fair value reserve of investment in equity designated at fair value	through other comprehensive income	Total equity holders of the parent	Non-controlling interests	Total
Balance as at 1 January 2022	381,145,725	68,000,000	38,115,000	798,961,655	(5,062,594)		1,281,159,786	30,778,619	1,311,938,405
Loss for the year	-	-	-	(31,761,617)	-		(31,761,617)	(23,881,472)	(55,643,089)
Other comprehensive income for the year	-	-	-	(128,248)	22,106,252		21,978,004	205,416	22,183,420
Total comprehensive income for the year	-	-	-	(31,889,865)	22,106,252		(9,783,613)	(23,676,056)	(33,459,669)
Balance as at 31 December 2022	<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>767,071,790</u>	<u>17,043,658</u>		<u>1,271,376,173</u>	<u>7,102,563</u>	<u>1,278,478,736</u>
Balance as at 1 January 2023	381,145,725	68,000,000	38,115,000	767,071,790	17,043,658		1,271,376,173	7,102,563	1,278,478,736
Profit for the year	-	-	-	98,345,168	-		98,345,168	2,074,619	100,419,787
Other comprehensive income for the year	-	-	-	(1,713,283)	(5,544,889)		(7,258,172)	-	(7,258,172)
Total comprehensive income for the year	-	-	-	96,631,885	(5,544,889)		91,086,996	2,074,619	93,161,615
Balance as at 31 December 2023	<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>863,703,675</u>	<u>11,498,769</u>		<u>1,362,463,169</u>	<u>9,177,182</u>	<u>1,371,640,351</u>

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

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

In Baht

	Separate financial statement						
	Retained earnings			Unappropriated		Other component of equity	
	Issued and paid-up share capital	Premium on share capital	Appropriated for legal reserve	Fair value reserve of investment in equity designated at fair value through other comprehensive income	Total	Unappropriated	Fair value reserve of investment in equity designated at fair value through other comprehensive income
Balance as at 1 January 2022	381,145,725	68,000,000	38,115,000	836,503,081	(5,062,594)	1,318,701,212	
Loss for the year	-	-	-	(81,404,420)	-	(81,404,420)	
Other comprehensive income for the year	-	-	-	(579,533)	22,106,252	21,526,719	
Total comprehensive income for the year	-	-	-	(81,983,953)	22,106,252	(59,877,701)	
Balance as at 31 December 2022	<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>754,519,128</u>	<u>17,043,658</u>	<u>1,258,823,511</u>	
Balance as at 1 January 2023	381,145,725	68,000,000	38,115,000	754,519,128	17,043,658	1,258,823,511	
Profit for the year	-	-	-	71,842,700	-	71,842,700	
Other comprehensive income for the year	-	-	-	(1,713,283)	(5,544,889)	(7,258,172)	
Total comprehensive income for the year	-	-	-	70,129,417	(5,544,889)	64,584,528	
Balance as at 31 December 2023	<u>381,145,725</u>	<u>68,000,000</u>	<u>38,115,000</u>	<u>824,648,545</u>	<u>11,498,769</u>	<u>1,323,408,039</u>	

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

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	In Bath			
	Consolidated		Separate	
	financial statement		financial statements	
Notes	2023	2022	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit(loss) before tax	101,474,903	(45,108,347)	73,557,964	(71,978,393)
Adjustments to reconcile net profit(loss) to net cash provided by operating activities				
Unrealized loss on exchange rate	1,630,624	1,242,991	1,630,624	1,229,950
Loss on impairment of financial assets	-	-	300,000	10,180,822
Loss on impairment of investment in subsidiary	-	-	16,132,323	111,000,000
Loss of allowance for goodwill impairment	-	19,072,075	-	-
Loss on diminution in value of inventories (reversal)	(3,707,345)	1,812,136	(3,670,911)	4,334,513
Loss for write-off inventories	16,368,920	2,383,848	-	-
Loss of allowance for expected credit losses	202,010	450,754	195,852	17,154
Gain from changes in value of other current financial assets	(1,019,085)	(223,619)	(1,019,085)	(223,619)
Gain from debt restructuring	17,32 (59,827,726)	-	-	-
Net gain on disposal of assets and write-off of assets	(1,396,708)	(1,009,900)	(485,257)	(1,160,300)
Gain on cancellation of lease liabilities	-	(9,179)	-	-
Depreciation and amortization	85,675,098	83,708,798	63,514,309	59,157,269
Employee benefit	3,039,271	9,481,099	3,039,271	3,945,059
Change in fair value of forward exchange contracts	2,320,579	(2,295,545)	2,320,579	(2,295,545)
Interest income	(932,627)	(228,139)	(1,229,405)	(408,122)
Interest expenses	5,014,345	6,845,437	1,415,245	225,021
Profit from operating activities before change in operational assets and liabilities	148,842,259	76,122,409	155,701,509	114,023,809
Decrease(increase) in operational assets				
Trade and other current receivables	(9,106,961)	(26,917,969)	(10,337,471)	(36,258,432)
Accounts receivable-planters	(9,942,837)	9,444,842	(9,942,837)	9,444,842
Inventories	134,463,324	22,486,365	128,284,941	1,372,615
Other current assets	-	215,020	-	-
Other non-current assets	(477,209)	189,746	17,931	189,746
Increase(decrease) in operational liabilities				
Trade and other current payables	(5,770,714)	(492,400)	(581,640)	(4,157,244)
Other current liabilities	656,999	(2,833,052)	658,038	(276,456)
Employee benefit obligations	(7,352,933)	(10,663,225)	(7,352,933)	(4,334,267)
Cash received from operating activities	251,311,928	67,551,736	256,447,538	80,004,613
Cash paid for tax	(35,917)	(7,826,146)	(35,917)	(7,826,146)
Income tax refundable	1,040,498	-	1,040,498	-
<b>Net cash provided by operating activities</b>	<b>252,316,509</b>	<b>59,725,590</b>	<b>257,452,119</b>	<b>72,178,467</b>

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

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	In Bath			
		Consolidated		Separate	
		financial statement		financial statements	
		2023	2022	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Decrease (increase) in other current financial assets		29,981,992	(50,000,003)	29,981,992	(50,000,003)
Cash paid for sale and purchase assets agreement					
with option to repurchase memorandum	10	-	-	(144,018,692)	-
Interest received		932,621	228,137	929,399	227,298
Proceeds from disposal of equipment		1,456,101	4,884,922	519,558	1,619,747
Cash paid for acquisition of plant and equipment		(58,579,120)	(27,707,994)	(58,514,021)	(26,920,830)
Cash paid for acquisition of computer software		(95,578)	(283,261)	(95,578)	(283,261)
<b>Net cash used in investing activities</b>		<b>(26,303,984)</b>	<b>(72,878,199)</b>	<b>(171,197,342)</b>	<b>(75,357,049)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in bank overdrafts and short-term loans					
from financial institutions		-	18,979,967	-	-
Cash receivable for short-term loans from other persons		250,000	-	-	-
Cash paid for long-term loans from other persons		(2,756,100)	(1,080,000)	-	-
Cash paid for long-term loan from financial institutions		-	(1,663,716)	-	-
Repayment of loan and lease liabilities					
under debt restructuring	17,32	(137,000,000)	-	-	-
Interest paid		(185,595)	(4,936,323)	(185,595)	(225,021)
Payment for lease liabilities		(349,310)	(2,203,527)	(349,310)	(853,101)
<b>Net cash provided by(used in) financing activities</b>		<b>(140,041,005)</b>	<b>9,096,401</b>	<b>(534,905)</b>	<b>(1,078,122)</b>
Net increase(decrease) in cash and cash equivalents		85,971,520	(4,056,208)	85,719,872	(4,256,704)
Cash and cash equivalents, beginning of year		192,066,717	196,122,925	190,702,047	194,958,751
Cash and cash equivalents, end of year		278,038,237	192,066,717	276,421,919	190,702,047
<b>Supplement disclosures of cash flows information</b>					
Non cash items					
Purchases of equipment by recording as other payables Increase		753,100	768,865	818,199	585,648
Purchases of intangible assets by recording as other payables Increase		8,132	-	8,132	-
Decrease in lease liabilities from cancellation of lease liabilities		-	(714,962)	-	-

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

## **1. GENERAL INFORMATION**

Chiangmai Frozen Foods Public Company Limited was listed on the Stock Exchange of Thailand in 1993. The Company is engaged in business of manufacturing and exporting of frozen vegetable freeze dried product. The address of its registered office are as follows:

Head Office is located at 149/34 floor 3rd-4th Soi Anglo Plaza, Surawongse road, Surawongse, Bangrak, Bangkok.

Branch Office 1 is located at 92 Moo.3, Chiangmai-Phrao road, Tumbol Nongjom, Amphur Sansai, Chiangmai.

Branch Office 2 is located at 299 Moo.14, Chiangmai-Phrao road, Tumbol Maefak mai, Amphur Sansai, Chiangmai.

## **2. BASIS FOR THE FINANCIAL STATEMENTS PREPARATION**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“TFAC”); 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 account for going concern the historical cost convention except as disclosed in the accounting policies below.

The consolidated and separate financial statements are presented in Baht, which is also the Group’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest unit unless otherwise stated.

“The Company” represents “Chiangmai Frozen Foods Public Company Limited,” while “The Group” represents “Chiangmai Frozen Foods Public Company Limited” and its subsidiary which is “Sino-Thai Freeze & Dry Company Limited”.

The consolidated financial statements included the accounts of subsidiaries that the Company being influence over the control is Sino-Thai Freeze & Dry Company Limited on 30 March 2021, representing 68.72% of the paid-up share capital.

The consolidated financial statements are prepared based on the same accounting policies for the same accounting items or similar accounting events. Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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.

## **3. FINANCIAL REPORTING STANDARDS**

### **3.1 Financial reporting standards that became effective in the current year**

During current year, the Group has adopted several revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023, onwards. The adoption of these standards does not have any significant impact on the Group’s financial statements.

**3.2 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024, onwards**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024, onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards making financial reporting standards clearer and more appropriate.

The Group's management believe that the amended financial reporting standards shall not have significant impacts to the Group.

**4. SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 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.

**4.2 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 Group considers the physical of finished goods in the estimation of adequately allowance for obsolete.

**4.3 Investment in Subsidiary**

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

Intercompany transactions, balances and unrealised gains (losses) on transactions between group companies are eliminated, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, respectively.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment.

**4.4 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss. Goodwill is carried at initial value less any accumulated impairment losses. Goodwill is tested for impairment annually, without consideration of indication that such goodwill may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units or group of cash-generating units that are expected to benefit from the synergies of the combination. Cash flow generating units or groups of cash flow generating units represent the smallest unit within the entity at which the goodwill is monitored for internal management purposes.

#### **4.5 Investment properties**

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

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

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

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	5-20
Machineries and equipment	5-10
Vehicles	5
Office equipment and fixtures	5

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

When assets are sold or retired, the Group will eliminated 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.

#### **4.7 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.



#### **4.8 Impairment of non-financial assets excluding goodwill**

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

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

#### **4.9 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 comprehensive income.

#### **4.10 Leases**

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

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

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

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Vehicles            5 year

### **Lease liabilities**

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

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

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

#### **Defined benefit plans**

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

#### **4.12 Provisions**

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

#### **4.13 Revenue recognition**

Revenue from sale is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A receivable is recognized when the goods are delivered to the customer's specific location at which the Group has right to receive payment of that consideration is due. Revenue is measured at the amount of the consideration received or receivable, net of any returns and discounts.

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of distinct goods or service from the customer.

Revenue from service is recognised at the point in time when services are completed.

Interest income is recognized on an accrual basis using the effective interest method by the book value of the financial assets multiplied by the effective interest rate.

Rental income is recognised on a straight-line basis over the lease term.

#### **4.14 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

#### **4.15 Basic earnings(loss) per share**

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

#### 4.16 Financial instruments

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

##### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### **Financial assets at amortised cost**

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

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

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

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

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as financial income in profit or loss.

##### **Financial assets at FVOCI (equity instruments)**

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Equity instruments designated at FVOCI are not subject to impairment assessment.

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

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

### **Derecognition of financial instruments**

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

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

### **Impairment of financial assets**

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

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

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

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

### **Offsetting of financial instruments**

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

## **4.17 Derivatives and hedge accounting**

The Group uses exchange currency swaps as a foreign exchange options and derivative to hedge its exchange currency risks. Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months are presented as other current assets or other current liabilities.

### **Hedge accounting**

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

***Fair value hedges***

Fair value hedges the change in the fair value of a hedging instrument and the hedged item attributable to the risk are recognised in profit or loss.

***Cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve and later reclassified to profit or loss when the hedged cash flows affect profit or loss or no longer exist.

The Group considers of the hedge effectiveness by comparing the critical terms between hedging instruments and hedged items. If the critical terms match, the hedging relationship is expected to be highly effective.

**4.18 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group 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 Group 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 Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **4.19 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 Group'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 expected credit losses of trade receivables and other financial asset

In determining an allowance for expected credit losses of trade receivables and accounts receivable-planters, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

##### Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

##### Allowance for net realizable value

The Group 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.

##### Goodwill

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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.

**4.20 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 Group, Individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

**5. TRANSACTIONS WITH RELATED COMPANIES**

**5.1 Relationships and pricing policies**

The relationship and pricing policies among the Company and related companies are as follows:

	<u>Relationship</u>
<u>Subsidiary</u>	
Sino-Thai Freeze & Dry Co., Ltd.	Shareholding by the Company
<u>Related companies :</u>	
C.T. Prosper Group Co., Ltd.	Common Shareholders and directors
	<u>Pricing policy</u>
Rental income	At contract price which had been agreed upon
Service expenses	Normal price comparable charged to others
Purchase of goods	Normal price comparable charged to others
Short-term loans to / Short-term loans from	Interest charge at rate of 0 - 8.32% per annum
Guarantee	Free of charge



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**5.2 Balances of transactions with related companies**

Balances of transactions with related companies as at 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Trade receivables (Note 8)</b>				
Subsidiary	-	-	23,450	23,450
<u>Less</u> Expected Credit Loss	-	-	(23,450)	-
Total trade receivables	-	-	-	23,450
<b>Accrued Interest</b>				
Subsidiary	-	-	480,822	180,822
<u>Less</u> Expected Credit Loss	-	-	(480,822)	(180,822)
Total accrued Interest	-	-	-	-
<b>Other receivables (Note 8)</b>				
Related companies	9,000	9,000	9,000	9,000
<b>Receivable from sale and purchase assets agreement with option to repurchase memorandum (Interest charge at rate of 8.32% per annum) (Note 10)</b>				
Subsidiary	-	-	144,018,692	-
<b>Short-term loan (Interest charge at rate of 3% per annum)</b>				
Subsidiary				
Opening balance	-	-	10,000,000	-
<u>Add</u> Increase during the year	-	-	-	10,000,000
<u>Less</u> Expected Credit Loss	-	-	(10,000,000)	(10,000,000)
Ending balance	-	-	-	-
<b>Short-term loans from related person (Interest free)</b>				
Opening balance	-	-	-	-
<u>Add</u> Increase during the year	250,000	-	-	-
Ending balance	250,000	-	-	-

The Company recognized allowance for credit losses for short-term loans to subsidiary amounting to Baht 10 million in the statement of comprehensive income because the Company's management considers the current situation and financial position of the subsidiary, which indicates that the subsidiary may not be able to pay.

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**5.3 Business transaction with related companies**

Business transaction with related companies for the years ended 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Sale income</b>				
Subsidiary	-	-	-	23,450
<b>Other income</b>				
Related companies	90,000	90,000	90,000	90,000
<b>Financial income</b>				
Subsidiary	-	-	299,999	180,822
<b>Service expenses</b>				
Subsidiary	-	-	-	171,000
<b>Purchase of goods</b>				
Subsidiary	-	-	-	725,398
<b>Directors and management's benefits</b>				
Short-term employee benefits	30,468,923	28,592,032	30,468,923	28,592,032
Post-employment benefits	408,545	307,917	408,545	307,917
Total	30,877,468	28,899,949	30,877,468	28,899,949

**6. CASH AND CASH EQUIVALENTS**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash	116,507	176,053	112,507	126,053
Current deposits	2,153,010	1,454,754	541,269	540,425
Saving deposits	275,766,670	190,433,871	275,766,093	190,033,530
Fixed deposits	2,050	2,039	2,050	2,039
Total	278,038,237	192,066,717	276,421,919	190,702,047

The weighted average effective interest rates of deposits at financial institutions were 0.05 % to 0.80% per annum (2022 : 0.05% to 0.35% per annum).

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**7. OTHER CURRENT FINANCIAL ASSETS**

Other current financial assets as at 31 December 2023 and 2022 are as follows:

Consolidated and Separate financial statements

	In Baht					
	Fair value through profit or loss		Amortised cost		Total	
	2023	2022	2023	2022	2023	2022
Fixed deposits						
6 months	-	-	2,019	2,011	2,019	2,011
Unit trusts						
open-end fund	62,925,146	91,888,061	-	-	62,925,146	91,888,061
Total	62,925,146	91,888,061	2,019	2,011	62,927,165	91,890,072

Changes in unit trusts in open-ended funds measured at fair value through profit and loss for the year ended 31 December 2023.

Consolidated and Separate financial statements

	In Baht	
	2023	2022
Opening balance	91,888,061	41,664,442
Additions during the year	-	50,000,000
Disposal during the year	(29,982,000)	-
Profit on change in fair value	1,019,085	223,619
Ending balance	62,925,146	91,888,061

**8. TRADE AND OTHER CURRENT RECEIVABLES**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade receivable - Subsidiary (Note 5.2)	-	-	-	23,450
Trade receivable - Other companies	103,756,059	96,053,268	103,756,059	95,713,546
Total trade receivable	103,756,059	96,053,268	103,756,059	95,736,996
Value added tax receivable	13,560,861	14,706,193	10,520,166	11,746,245
Prepaid expenses	6,489,209	4,994,597	6,489,209	4,697,991
Other current receivables-Related companies (Note 5.2)	9,000	9,000	9,000	9,000
Other current receivables	1,189,334	1,771,220	837,870	715,219
Deposit	1,000,000	1,000,000	-	-
Total	126,004,463	118,534,278	121,612,304	112,905,451

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

The aging of trade receivables as at 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade receivable - Subsidiary				
Overdue :				
Less than 3 months	-	-	-	23,450
Over 12 months	-	-	23,450	-
<u>Less Expected Credit Loss</u>	-	-	(23,450)	-
Total Trade receivable - Subsidiary	-	-	-	23,450
Trade receivables - Other companies				
Within credit terms	71,378,446	53,689,940	71,378,446	53,685,393
Overdue :				
Less than 3 months	32,351,700	42,360,556	32,351,700	42,025,381
3-6 months	25,913	-	25,913	-
7-12 months	5,519	2,772	-	2,772
Over 12 months	639	-	-	-
<u>Less Expected Credit Loss</u>	(6,158)	-	-	-
Total Trade receivables - Other companies	103,756,059	96,053,268	103,756,059	95,713,546

**9. ACCOUNTS RECEIVABLE-PLANTERS**

Consolidated and Separate financial statements

	In Baht	
	2023	2022
Accounts receivable-planters	24,158,128	14,215,290
<u>Less Expected credit loss allowance</u>	(1,069,043)	(873,190)
Net	23,089,085	13,342,100

As at 31 December 2023 and 2022, the Group has recognized a loss allowance of 100% against all receivables over 2 years past due because historical experience has indicated that these receivables are generally not recoverable. Except receivables that receive payment after the end of the reporting period.

For receivable-planters which overdue not more than 2 years as at 31 December 2023, the Group determines lifetime expected credit loss using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

**10. RECEIVABLE FROM SALE AND PURCHASE ASSETS AGREEMENT WITH OPTION TO REPURCHASE MEMORANDUM**

On 31 July 2023, the Company entered into a sale and purchase assets agreement of land together with buildings and machineries (“the assets”) with the subsidiary in total amount of Baht 145 million (include vat) in order to repayment debt restructuring with the financial institutions (Note 17 and 32). The subsidiary received the money in full amount and transferred the ownership of assets on 7 August 2023.

On the same day, the Company and the subsidiary have entered into a memorandum of the option to repurchase all of the assets together at the same time within one year in amount of Baht 145 million plus interest rate as specified in the memorandum. Under the memorandum, the subsidiary has the duties to own the assets on behalf of the Company, maintenance the assets in a good condition with the subsidiary’s expense and pay an insurance premium. This transaction is considered that the control over the assets has not been transferred to the Company. The Company’s management, therefore, considers recording the transaction as a loan in the separate financial statements. The Company’s management also considered the ability and uncertainty regarding the payment of Baht 145 million including interest to be received. The Company, therefore, did not recognize interest income in the separate financial statements. If the subsidiary is unable to repurchase such assets within the specified period in the memorandum, the Company will derecognize the loan and recognize the assets in the separate financial statements.

Movements of Receivable from sale and purchase assets agreement with option to repurchase memorandum for the years ended 31 December 2023 are as follows:

	In Baht
	Separate financial statements
Receivable from sale and purchase assets agreement with option to repurchase memorandum as at 31 July 2023	156,995,548
Deferred interest income	(11,995,548)
	<u>145,000,000</u>
<u>Less Tax relating to the agreement</u>	<u>(981,308)</u>
Net	<u>144,018,692</u>

**11. INVENTORIES**

	In Baht					
	Consolidated financial statements					
	Cost		Allowance for diminution of inventories		Inventories-net	
	2023	2022	2023	2022	2023	2022
Finished goods and semi-finished products	273,643,044	413,655,183	(4,850,585)	(9,919,758)	268,792,459	403,735,425
Raw material and supplies	36,994,071	36,106,178	(2,270,914)	(688,345)	34,723,157	35,417,833
Seeds, insecticide, fertilizer	25,206,833	36,914,831	(2,796,884)	(3,017,625)	22,409,949	33,897,206
Total	<u>335,843,948</u>	<u>486,676,192</u>	<u>(9,918,383)</u>	<u>(13,625,728)</u>	<u>325,925,565</u>	<u>473,050,464</u>

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	In Baht					
	Separate financial statements					
	Cost		Allowance for diminution of inventories		Inventories-net	
	2023	2022	2023	2022	2023	2022
Finished goods and semi-finished goods	273,315,192	391,029,124	(4,522,733)	(7,691,473)	268,792,459	383,337,651
Raw material and supplies	34,855,163	33,718,173	(406,915)	(688,345)	34,448,248	33,029,828
Seeds, insecticide, fertilizer	25,206,833	36,914,832	(2,796,884)	(3,017,625)	22,409,949	33,897,207
<b>Total</b>	<b>333,377,188</b>	<b>461,662,129</b>	<b>(7,726,532)</b>	<b>(11,397,443)</b>	<b>325,650,656</b>	<b>450,264,686</b>

For the year ended 31 December 2023, reduction (reversal) of cost to net realisable value is summarised as follow.

	In Baht	
	Consolidated financial statement	Separate financial statements
Allowance for inventories to net realizable value (reversal)	(3,707,345)	(3,670,911)

During the year, the Group has amortization of deteriorated inventories amount of Baht 16.37 million recorded in administrative expenses.

**12. INVESTMENT IN SUBSIDIARY**

Separate financial statements as at 31 December 2023 and 2022.

	Country of incorporation	Paid-up Capital (In Baht)	Holdings (%)	At Cost (In Baht)	
				2023	2022
				Sino-Thai Freeze & Dry Co., Ltd. <i>Manufacturing and distributing of frozen product and freeze dried product</i>	Thai
<u>Less</u> Impairment losses of investments in subsidiary				(127,132,323)	(111,000,000)
<b>Net</b>				<b>-</b>	<b>16,132,323</b>

Details of investments in subsidiary that have material non-controlling interests as at 31 December 2023.

Company	(In Million Baht)			
	Proportion of equity interest held by non-controlling interests (%)	Accumulated balance of non-controlling interests	Loss allocated to non-controlling interests during The year	Dividend paid to non-controlling interests during the year
	Sino-Thai Freeze & Dry Co., Ltd.	31.28	9.18	2.07

Summarised financial information that based on amounts before inter-company elimination of a Sino-Thai Freeze & Dry Co., Ltd .

**Summarised information about financial position.**

As at 31 December 2023	(In Million Baht)
Current assets	6.28
Non-current assets	219.49
Current liabilities	(177.36)
Non-current liabilities	(16.17)
Net-asset	<u>32.24</u>

**Summarized information about comprehensive income.**

For the year ended 31 December 2023	(In Million Baht)
Total revenue	66.03
Profit	6.63
Other comprehensive income	-
Total comprehensive income	<u>6.63</u>

On 14 December 2022, the subsidiary decided to cease operation because the operating results of the subsidiary do not meet the target. The result of the operation was loss and lack of liquidity and current liabilities exceeded current assets. As at 31 December 2023, the Group's management recorded allowance for loss on impairment of asset amounting of Baht 127.13 million (31 December 2022: Baht 111 million) and recorded loss on reduction of investment in subsidiary in separate statement of comprehensive income for the year ended 31 December 2023 amounting of Baht 16.13 million (Note 25).

As at 31 July 2023, the loan from the financial institution and finance lease payable had a total amount of Baht 196.83 million, consisting with the principal in the amount of Baht 183.95 million and accrued interest expenses in the amount of Baht 12.87 million. On 7 August 2023, the subsidiary paid the principal and accrued interest expenses under the debt restructuring agreement amounted to Baht 137.00 million and recorded a reduction of the principal and accrued interest expenses in the amount of Baht 59.83 million as the gain from debt restructuring in the consolidated statement of comprehensive income for the year ended 31 December 2023 (Note 17).

Currently, the subsidiary is in the process of finding a new investor according to the subsidiary's business plan. This situation presents there is material uncertainty that may cast significant doubt on the subsidiary's ability to continue as a going concern. If the subsidiary is unable to find funding sources in accordance with the planned business plan. However, the subsidiary believes that it would be able to find funding sources in soon and be able to operate as usual. Additional, the subsidiary has no plan to liquidate the business within 12 months of the date of the financial statements. Therefore the financial statements of subsidiary has been prepared in accordance with the going concern principle. It does not include asset revaluation and reclassification of assets and liabilities. This may be necessary if the subsidiary is unable to continue as a going concern.

**13. INVESTMENT PROPERTY**

Investment properties of the Group as at 31 December 2023 and 2022, represent the book value of the Group's plot of land which held for nonspecific purpose.

Fair value of investment properties are estimated by an independent professional appraiser using the market price basis as at 31 December 2023 amounted to Baht 113.81 million. (2022 : Baht 113.81 million).

**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. PROPERTY, PLANT AND EQUIPMENT**

Consolidated financial statements

	In Baht							
	Land and Improvement	Building and Improvement	Machineries and equipment	Right-of-use	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 1 January 2022								
Cost	119,035,153	679,957,198	991,390,373	26,136,287	28,428,175	31,822,856	95,598,730	1,972,368,772
Less Accumulated depreciation	(6,307,701)	(425,041,028)	(763,671,434)	(3,822,357)	(23,114,371)	(22,885,484)	-	(1,244,842,375)
Allowance for impairment	-	(385,654)	-	-	-	-	-	(385,654)
Net book value	<u>112,727,452</u>	<u>254,530,516</u>	<u>227,718,939</u>	<u>22,313,930</u>	<u>5,313,804</u>	<u>8,937,372</u>	<u>95,598,730</u>	<u>727,140,743</u>
Transaction during the year ended								
31 December 2022								
Opening net book value	112,727,452	254,530,516	227,718,939	22,313,930	5,313,804	8,937,372	95,598,730	727,140,743
Add Acquisition	-	2,207,582	18,901,597	-	1,646,000	1,858,832	3,862,848	28,476,859
Transfer in (out)	-	530,000	14,906,501	-	-	83,419	(15,765,881)	(245,961)
Less Disposal and write off assets	-	(154,777)	(3,468,779)	(705,783)	(1)	(5,504)	-	(4,334,844)
Depreciation	-	(25,047,053)	(50,039,873)	(3,796,456)	(181,076)	(3,300,166)	-	(82,364,624)
Closing net book value	<u>112,727,452</u>	<u>232,066,268</u>	<u>208,018,385</u>	<u>17,811,691</u>	<u>6,778,727</u>	<u>7,573,953</u>	<u>83,695,697</u>	<u>668,672,173</u>



**CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. PROPERTY, PLANT AND EQUIPMENT (CON'T)**

	In Baht							
	Land and Improvement	Building and Improvement	Machineries and equipment	Right-of-use	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 31 December 2022								
Cost	119,035,153	681,217,507	999,593,857	24,195,385	28,785,175	33,489,207	83,695,697	1,970,011,981
Less Accumulated depreciation	(6,307,701)	(448,836,019)	(791,575,472)	(6,383,694)	(22,006,448)	(25,915,254)	-	(1,301,024,588)
Allowance for impairment	-	(315,220)	-	-	-	-	-	(315,220)
Net book value	<u>112,727,452</u>	<u>232,066,268</u>	<u>208,018,385</u>	<u>17,811,691</u>	<u>6,778,727</u>	<u>7,573,953</u>	<u>83,695,697</u>	<u>668,672,173</u>
Transaction during the year ended								
31 December 2023								
Opening net book value	112,727,452	232,066,268	208,018,385	17,811,691	6,778,727	7,573,953	83,695,697	668,672,173
Add Acquisition	-	2,619,359	17,914,211	-	-	1,950,283	36,848,367	59,332,220
Transfer in (out)	-	566,961	77,002,646	(13,481,912)	-	250,800	(64,338,495)	-
Less Disposal and write off assets	-	(1)	(54,774)	-	-	(4,618)	-	(59,393)
Depreciation	-	(24,988,048)	(55,378,311)	(338,694)	(624,461)	(3,138,590)	-	(84,468,104)
Closing net book value	<u>112,727,452</u>	<u>210,264,539</u>	<u>247,502,157</u>	<u>3,991,085</u>	<u>6,154,266</u>	<u>6,631,828</u>	<u>56,205,569</u>	<u>643,476,896</u>
As at 31 December 2023								
Cost	119,035,153	677,678,333	1,071,722,047	6,571,178	28,785,175	35,130,013	56,205,569	1,995,127,468
Less Accumulated depreciation	(6,307,701)	(467,169,008)	(824,219,890)	(2,580,093)	(22,630,909)	(28,498,185)	-	(1,351,405,786)
Allowance for impairment	-	(244,786)	-	-	-	-	-	(244,786)
Net book value	<u>112,727,452</u>	<u>210,264,539</u>	<u>247,502,157</u>	<u>3,991,085</u>	<u>6,154,266</u>	<u>6,631,828</u>	<u>56,205,569</u>	<u>643,476,896</u>

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT)

Separate financial statements

In Baht

	Land and Improvement	Building and Improvement	Machineries and equipment	Right-of-use	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 1 January 2022								
Cost	88,365,073	534,189,356	900,863,343	6,571,178	28,428,175	28,952,468	95,598,730	1,682,968,323
Less Accumulated depreciation	(6,307,701)	(419,021,267)	(752,175,031)	(1,509,443)	(23,114,371)	(22,114,244)	-	(1,224,242,057)
Allowance for impairment	-	(385,654)	-	-	-	-	-	(385,654)
Net book value	82,057,372	114,782,435	148,688,312	5,061,735	5,313,804	6,838,224	95,598,730	458,340,612
Transaction during the year ended 31 December 2022								
Opening net book value as at 1 January 2022	82,057,372	114,782,435	148,688,312	5,061,735	5,313,804	6,838,224	95,598,730	458,340,612
Add Acquisition	-	2,207,582	17,960,786	-	1,646,000	1,829,262	3,862,848	27,506,478
Transfer in (out)	-	530,000	14,906,501	-	-	83,419	(15,765,881)	(245,961)
Less Disposal and write off assets	-	(154,777)	(53,204)	-	(1)	(5,504)	-	(213,486)
Depreciation	-	(17,074,364)	(37,279,813)	(731,956)	(181,076)	(2,545,886)	-	(57,813,095)
Closing net book value	82,057,372	100,290,876	144,222,582	4,329,779	6,778,727	6,199,515	83,695,697	427,574,548

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT)

	In Baht							
	Land and Improvement	Building and Improvement	Machineries and equipment	Right-of-use	Vehicle	Office equipment and fixtures	Building in progress and machinery under installation	Total
As at 31 December 2022								
Cost	88,365,073	535,449,665	912,827,613	6,571,178	28,785,175	30,589,249	83,695,697	1,686,283,650
Less Accumulated depreciation	(6,307,701)	(434,843,569)	(768,605,031)	(2,241,399)	(22,006,448)	(24,389,734)	-	(1,258,393,882)
Allowance for impairment	-	(315,220)	-	-	-	-	-	(315,220)
Net book value	82,057,372	100,290,876	144,222,582	4,329,779	6,778,727	6,199,515	83,695,697	427,574,548
Transaction during the year ended								
31 December 2023								
Opening net book value	82,057,372	100,290,876	144,222,582	4,329,779	6,778,727	6,199,515	83,695,697	427,574,548
Add Acquisition	-	2,619,359	17,914,211	-	-	1,950,283	36,848,367	59,332,220
Transfer in (out)	-	566,961	63,520,734	-	-	250,800	(64,338,495)	-
Less Disposal and write off assets	-	(1)	(32,184)	-	-	(2,116)	-	(34,301)
Depreciation	-	(17,015,359)	(41,800,998)	(338,694)	(624,461)	(2,527,803)	-	(62,307,315)
Closing net book value	82,057,372	86,461,836	183,824,345	3,991,085	6,154,266	5,870,679	56,205,569	424,565,152
As at 31 December 2023								
Cost	88,365,073	531,910,491	967,331,596	6,571,178	28,785,175	32,230,055	56,205,569	1,711,399,137
Less Accumulated depreciation	(6,307,701)	(445,203,869)	(783,507,251)	(2,580,093)	(22,630,909)	(26,359,376)	-	(1,286,589,199)
Allowance for impairment	-	(244,786)	-	-	-	-	-	(244,786)
Net book value	82,057,372	86,461,836	183,824,345	3,991,085	6,154,266	5,870,679	56,205,569	424,565,152

**15. REFUNDABLE DEPOSIT RECEIVABLE**

On 25 March 2016, the Company has signed the pre-deposit lease agreement with the lessor. The prelease deposit agreement for the land of 47.73 Acres has the total lease value through the lease period of U.S. Dollars 1.43 million (equivalent to Baht 50.57 million at exchange rate from Bank of Thailand as of 25 March 2016 stated 35.32 Baht/USD). The lease period is 50 years and the 2 extension offering right considered 10 years for each extension. The Company shall arrange the deposit for 50% of total lease value, considering U.S. Dollars 0.71 million (equivalent to Baht 25.3 million) immediately after signing the prelease deposit agreement on 25 March 2016. The remaining lease value shall be paid upon the lease agreement date. The lessor is obliged to fill the land appropriate for the plant construction, and coordinate with the authorities to arrange the usage of land allowed the construction of plant prior to the entering of lease agreement with the Subsidiary, which currently determining for the incorporation in Myanmar, within 9 months started from 1 April 2016.

However, due to the difficulties in coordination with the Myanmar authorities, the Board of Director's Meeting No. 5/2019 have considered with the legal advisor and conclude that since the company still maintain their intention to invest in the project, therefore appointed the Executive Committee to negotiate with counterparty and extend the contract for the period of 2 years to be ends 31 December 2021. The Counterparty has agreed upon the extension period without further conditions and signed by return and acknowledge by the Board of Director's Meeting No.6/2019.

On 10 November 2021, the Board of Director's meeting No. 6/2021 has considered political unrest situation in Myanmar would potentially caused the uncertainty to the return of the investment project and approved the cancellation of investment and registration of a subsidiary in Myanmar. According to the agreement, where the Company unable to comply with the conditions in the agreement, the Company would be foreclosed on a 30% on deposit or amounting to Baht 7,607,685. The Company considered the net realisable value of the remaining refundable deposit by assessed the political and economic situation in Myanmar and determined the debtor's ability to repay, which cannot be consider in present because of the clarity of current financial information. The management considered the situation as an indication that may be impaired. The company considers setting an allowance for expected credit loss of refundable deposit receivable amounted of Baht 25,358,949.

Lease deposit on land as at 31 December 2023 and 2022 are as follows:

Consolidated and Separate financial statement

	In Baht	
	2023	2022
Opening balance	25,358,949	25,358,949
Less Allowance for expected credit loss	(25,358,949)	(25,358,949)
Net	-	-

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**16. INTANGIBLE ASSETS-SOFTWARE COMPUTER**

	In Baht		
	Consolidated financial statement		
	Software	Software in progress	Total
As at 1 January 2022			
Cost	14,199,663	-	14,199,663
<u>Less</u> Accumulated amortization	(6,775,130)	-	(6,775,130)
Net book value	<u>7,424,533</u>	<u>-</u>	<u>7,424,533</u>
Transactions during the year ended 31 December 2022			
Opening net book value	7,424,533	-	7,424,533
<u>Add</u> Acquisition	218,261	65,000	283,261
<u>Less</u> Amortization	(1,344,174)	-	(1,344,174)
Closing net book value	<u>6,298,620</u>	<u>65,000</u>	<u>6,363,620</u>
As at 31 December 2022			
Cost	14,417,925	65,000	14,482,925
<u>Less</u> Accumulated amortization	(8,119,305)	-	(8,119,305)
Net book value	<u>6,298,620</u>	<u>65,000</u>	<u>6,363,620</u>
Transactions during the year ended 31 December 2023			
Opening net book value	6,298,620	65,000	6,363,620
<u>Add</u> Acquisition	103,710	-	103,710
<u>Less</u> Amortization	(1,206,994)	-	(1,206,994)
Closing net book value	<u>5,195,336</u>	<u>65,000</u>	<u>5,260,336</u>
As at 31 December 2023			
Cost	14,521,635	65,000	14,586,635
<u>Less</u> Accumulated amortization	(9,326,299)	-	(9,326,299)
Net book value	<u>5,195,336</u>	<u>65,000</u>	<u>5,260,336</u>
	In Baht		
	Separated financial statement		
	Software	Software in progress	Total
As at 1 January 2022			
Cost	14,167,163	-	14,167,163
<u>Less</u> Accumulated amortization	(6,742,630)	-	(6,742,630)
Net book value	<u>7,424,533</u>	<u>-</u>	<u>7,424,533</u>
Transactions during the year ended 31 December 2022			
Opening net book value	7,424,533	-	7,424,533
<u>Add</u> Acquisition	218,261	65,000	283,261
<u>Less</u> Amortization	(1,344,174)	-	(1,344,174)
Closing net book value	<u>6,298,620</u>	<u>65,000</u>	<u>6,363,620</u>
As at 31 December 2022			
Cost	14,385,425	65,000	14,450,425
<u>Less</u> Accumulated amortization	(8,086,805)	-	(8,086,805)
Net book value	<u>6,298,620</u>	<u>65,000</u>	<u>6,363,620</u>

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	In Baht		
	Separated financial statement		
	Software	Software in progress	Total
Transactions during the year ended 31 December 2023			
Opening net book value	6,298,620	65,000	6,363,620
<u>Add</u> Acquisition	103,710	-	103,710
<u>Less</u> Amortization	(1,206,994)	-	(1,206,994)
Closing net book value	<u>5,195,336</u>	<u>65,000</u>	<u>5,260,336</u>
As at 31 December 2023			
Cost	14,489,135	65,000	14,554,135
<u>Less</u> Accumulated amortization	(9,293,799)	-	(9,293,799)
Net book value	<u>5,195,336</u>	<u>65,000</u>	<u>5,260,336</u>

**17. LOANS FROM FINANCIAL INSTITUTION**

**17.1 Bank overdrafts and short - term loans from financial institution**

	Interest rate (per annum)	In Baht			
		Consolidated financial statement		Separate financial statement	
		2023	2022	2023	2022
Bank Overdrafts	MOR	-	10,051,587	-	-
Packing credit	MLR-1.5%	-	19,990,000	-	-
Total		<u>-</u>	<u>30,041,587</u>	<u>-</u>	<u>-</u>

As at 31 December 2023, the Company have the overdrafts and short-term loans facilities amounted to Baht 230 million. (2022: Baht 230 million). The facilities charge an interest at the rate of MOR per annum.

**17.2 Long-term loans from financial institution**

Consolidated financial statements as at 31 December 2023 and 2022.

Loans	Interest rate (per annum)	Contract repayment	In Baht	
			2023	2022
1. Loans from a local financial institution	3 - 5%	Monthly payment from 2018 to 2030	-	105,128,771
2. Loans from a local financial institution	3 - 5%	Monthly payment from 2018 to 2028	-	31,476,403
3. Loans from a local financial institution	3 - 5%	Monthly payment from 2018 to 2025	-	7,799,420
4. Loans from a local financial institution	3 - 5%	Monthly payment from 2017 to 2023	-	226,143
Total			<u>-</u>	<u>144,630,737</u>
<u>Less</u> Current portion of long-term loan from financial institution			<u>-</u>	<u>(144,630,737)</u>
Long-term loans-net			<u>-</u>	<u>-</u>

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The loan agreements contain certain covenants with which the subsidiary must comply, among other things. However, as at 31 December 2022, the subsidiary was unable to comply with certain covenant under the agreements. Therefore, the subsidiary has presented the outstanding balances of these loans as at 31 December 2022 as current liabilities in the statements of financial position.

During July and November 2022, the subsidiary made a negotiable for extension of repayment period and change the conditions of the payment. In December 2022, the subsidiary ceased the payment of principal and interest according to the terms of the loan agreements. As a result, the financial institution began to calculate the interest with the default interest rates (8.07% - 8.32% per annum) start from 1 January 2023 onwards.

**17.3 Lease liabilities**

Movement of the lease liabilities for the year ended 31 December 2023 are as follows:

	In Baht	
	Consolidated financial statements	Separate financial statements
As at 1 January 2023	11,572,803	2,290,652
Transfer to liabilities under debt restructuring	(9,282,151)	-
Repayment	(349,310)	(349,310)
As at 31 December 2023	1,941,342	1,941,342
<u>Less</u> Current portion of lease liabilities	<u>(298,288)</u>	<u>(298,288)</u>
Net	<u>1,643,054</u>	<u>1,643,054</u>

The following are the amounts for the years ended 31 December 2023 and 2022 recognized in profit or loss:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Depreciation	1,747,461	3,796,456	338,694	731,956
Interest paid	393,804	499,923	183,558	222,117
Gain on cancellation of lease liabilities	-	(9,179)	-	-
Expense relating to short-term lease	3,454,187	3,980,200	3,204,146	2,553,200
Leases of low-value underlying assets	48,000	48,000	48,000	48,000
Total	<u>5,643,452</u>	<u>8,315,400</u>	<u>3,774,398</u>	<u>3,555,273</u>

The Company have entered into hire purchase agreements with leasing companies for rental of vehicles for use in the operation, whereby it committed to pay fixed rental on a monthly basis. The terms of the agreements are generally between 4 to 5 years.

As at 31 December 2023, future minimum lease payments required under the lease liabilities agreements were as follows:

	(In Million Baht)		
	Consolidated and Separate financial statement		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	0.46	1.80	2.26
Deferred interest expenses	(0.16)	(0.16)	(0.32)
Present value of future minimum lease payments	<u>0.30</u>	<u>1.64</u>	<u>1.94</u>

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As at 31 December 2022, future minimum lease payments required under the finance lease agreements were as follows:

	(In Million Baht)		
	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3.25	12.63	15.88
Deferred interest expenses	(0.97)	(3.34)	(4.31)
Present value of future minimum lease payments	2.28	9.29	11.57

	(In Million Baht)		
	Separate financial statements		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	0.54	2.26	2.80
Deferred interest expenses	(0.19)	(0.32)	(0.51)
Present value of future minimum lease payments	0.35	1.94	2.29

**Subsidiary**

Movement of the Bank overdrafts and short - term loans, long - term loans from financial institution and lease liabilities of subsidiary entered into Debt Restructuring Agreements with financial institution and leasing company for the year ended 31 December 2023 are as follows:

	In Baht
	Consolidated financial statements
Opening balance	
Bank overdrafts and short - term loans (Note 17.1)	30,041,587
Long-term loans (Note 17.2)	144,630,737
Lease liabilities - Subsidiary (Note 17.3)	9,282,151
Total liabilities as at date debt restructuring	183,954,475
Accrued interest as at date debt restructuring	12,873,251
Cash paid for loan and lease liabilities under debt restructuring (Note 32)	(137,000,000)
Gain from debt restructuring (Note 32)	(59,827,726)
Ending balance	-



**18. TRADE AND OTHER CURRENT PAYABLES**

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade payables - Other companies/other person	19,320,901	24,127,388	18,465,257	22,739,670
Accrued expenses	28,568,529	29,627,091	28,395,629	25,139,420
Accrued interest	-	8,816,207	-	-
Unearned revenue	75,194	482,115	75,194	75,194
Factory construction payables	2,880,273	2,880,273	-	-
Purchase assets payables	1,530,097	739,118	1,411,979	555,902
Others payables	5,941,823	5,928,258	448,564	41,746
Total	<u>58,316,817</u>	<u>72,600,450</u>	<u>48,796,623</u>	<u>48,551,932</u>

**19. LONG-TERM LOANS FROM OTHER PERSON**

Consolidated financial statements as at 31 December 2023 and 2022.

	In Baht	
	2023	2022
Long-term loans	21,927,900	24,684,000
<u>Less Current portion</u>	<u>(5,756,100)</u>	<u>(3,197,400)</u>
Long-term loans-net of current portion	<u>16,171,800</u>	<u>21,486,600</u>

Movement of the long-term loans from other persons for the year ended 31 December 2023 are as follows:

	In Baht
Opening balance	24,684,000
Repayment loan during the year	<u>(2,756,100)</u>
Ending balance	<u>21,927,900</u>

As at 31 December 2023, the Group has an outstanding balance of long-term loans from 3 other persons, non-interest charged and shall have to comply with certain conditions as specified in the memorandum of understanding. The payment conditions in each periods are as follows:

1<sup>st</sup> year: repayment from April to December 2021 amounting Baht 0.81 million.

2<sup>nd</sup> year: repayment from January to December 2022 amounting Baht 2.14 million.

3<sup>rd</sup> year: repayment from January to December 2023 amounting Baht 3.20 million.

4<sup>th</sup> year: repayment from January to December 2024 amounting Baht 4.26 million.

5<sup>th</sup> year: repayment from January to December 2025 amounting Baht 16.17 million.

**20. OTHER CURRENT LIABILITIES**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Accrued dividends	1,580,634	1,599,534	1,580,634	1,599,534
Value added tax payable	711,410	592,263	680,098	559,912
Retention	2,449,568	2,449,568	-	-
Other current liabilities	1,342,752	786,000	1,342,752	786,000
Total	<u>6,084,364</u>	<u>5,427,365</u>	<u>3,603,484</u>	<u>2,945,446</u>

**21. EMPLOYEE BENEFIT OBLIGATIONS**

Movement in the present value of the defined benefit obligations for the years ended 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Defined benefit obligations at 1 January	64,707,170	65,985,757	64,707,170	64,371,962
Transferred from business acquisition				
Included in profit or loss:				
Current service costs	3,039,271	3,393,870	3,039,271	3,058,939
Interest on obligation	1,229,649	911,413	1,229,649	886,120
Curtailment	-	5,175,816	-	-
Employee benefit paid during the year	(7,352,933)	(10,663,225)	(7,352,933)	(4,334,267)
Actuarial losses				
Financial assumptions changes	(535,794)	(2,808,343)	(535,794)	(2,571,418)
Experience adjustments	2,677,398	2,711,882	2,677,398	3,295,834
Defined benefit obligations at 31 December	<u>63,764,761</u>	<u>64,707,170</u>	<u>63,764,761</u>	<u>64,707,170</u>

Line items in profit or loss under which long - term employee benefit expenses are recognized are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Costs of sales	2,338,052	3,383,635	2,338,052	3,081,022
Sales expenses	98,690	134,007	98,690	117,645
Administrative expenses	602,529	5,963,457	602,529	746,392
Cost of Interest	1,229,649	-	1,229,649	-
Total	<u>4,268,920</u>	<u>9,481,099</u>	<u>4,268,920</u>	<u>3,945,059</u>

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The Group expect to pay Baht 17.75 million of long-term employee benefits during the next year (2022: Baht 18.79 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2022 : 8 years).

Principal actuarial assumptions at the reporting date.

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Discount rate	2.65% per annum	2.49 - 3.19% per annum	2.65% per annum	2.49% per annum
Salary increase rate	2 %	2 - 5%	2 %	2%
Employee turnover rate	Scale related to Age ranging from 4.58-34.38%	Scale related to Age ranging from 1.91-34.38%	Scale related to Age ranging from 4.58-34.38%	Scale related to Age ranging from 4.58-34.38%
Mortality rate	According to Thailand TMO 2017 male and female tables	According to Thailand TMO 2017 male and female tables	According to Thailand TMO 2017 male and female tables	According to Thailand TMO 2017 male and female tables

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Million Baht			
	2023			
	Consolidated financial statements		Separate financial statements	
<b>Defined benefit obligation at 31 December</b>	Increase	Decrease	Increase	Decrease
Discount rate ( 1% movement)	(3.16)	3.53	(3.16)	3.53
Salary Increase Rate (1% movement)	3.48	(3.17)	3.48	(3.17)
Turnover Rate (20% movement)	(3.33)	3.75	(3.33)	3.75
	In Million Baht			
	2022			
	Consolidated financial statements		Separate financial statements	
<b>Defined benefit obligation at 31 December</b>	Increase	Decrease	Increase	Decrease
Discount rate ( 1% movement)	(3.29)	3.68	(3.29)	3.68
Salary Increase Rate (1% movement)	3.63	(3.30)	3.63	(3.30)
Turnover Rate (20% movement)	(3.47)	3.92	(3.47)	3.92

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

## 22. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

## 23. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Changes in finished goods, semi-finished products and raw materials	134,126,370	30,600,957	118,310,658	7,565,458
Purchase raw materials	365,716,139	467,829,805	365,716,139	431,831,263
Depreciation and amortization	85,675,098	83,708,798	63,514,309	59,157,269
Staff costs	258,031,885	270,721,044	253,335,395	244,716,792
Freight	30,213,535	33,914,605	30,187,335	33,324,444
Sales promotion	6,337,483	10,215,566	6,333,408	8,124,306

## 24. SEGMENT INFORMATION

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

The Group has engaged in the business of manufacturing and distribution of frozen vegetables and operated in one geographical area in Thailand. Therefore, these financial statements do not present the geographical segment.

The Group's main revenue is derived from sale of goods and have timing of revenue recognition only at the point in time.

For the years ended 31 December 2023 and 2022, the Group has export sales and domestic sales are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Export sales	1,174,467,460	1,256,749,904	1,172,168,553	1,193,903,654
Domestic sales	79,363,188	79,984,005	77,950,565	70,368,897
Total	<u>1,253,830,648</u>	<u>1,336,733,909</u>	<u>1,250,119,118</u>	<u>1,264,272,551</u>

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**25. IMPAIRMENT LOSSES OF ASSETS**

Consolidated and Separate financial statements for the years ended 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Loss on reduction of investment in subsidiary	-	-	16,132,323	111,000,000
Impairment losses on financial assets	-	-	300,000	10,180,822
Loss of allowance for goodwill impairment	-	19,072,075	-	-
	-	19,072,075	16,432,323	121,180,822

**26. PROMOTIONAL PRIVILEGES**

The Company have been received investment promotion certificates from the Industrial Investment Promotion for solar power generation system which the Company have been granted many exemptions such as exemption corporate income tax for the profit earned under promotional privileges for a period of 3 years from the date income is first derived from such activity. As a promoted industry under the Industrial Investment Promotion, The Company have to comply with certain terms and conditions as stipulated in the investment promotion certificates are as follows.

Details			
1. Certificate No.	65-1484-1-07-1-0	65-1483-1-07-1-0	65-0960-1-04-1-0
2. Promotional privileges for	Manufacturing of frozen vegetable	Manufacturing of frozen vegetable	Cold storage service
3. The significant privileges are			
3.1 Exemption of corporate income tax for net profit from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years	3 years	3 years
3.2 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted
3.3 Exemption of import duty on raw materials and significant supplies used in export production for a period of five year from the first import date.	Granted	Granted	Non-granted
4. Date of first earning promotional privileges under the promotion certificates			
- Raw materials	-	-	-
- Machinery	29 Nov 2022	29 Nov 2022	10 Aug 2022
- Income tax	01 Dec 2022	01 Dec 2022	01 Dec 2022

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Sales classified as promoted and non-promoted business for the years ended 31 December 2023 and 2022 of the Company are summarised as follows:

	In Baht					
	Separate financial statements					
	Promoted business		Non-promoted business		Total	
	2023	2022	2023	2022	2023	2022
Export sales	1,172,158,184	63,851,389	10,369	1,130,052,265	1,172,168,553	1,193,903,654
Domestic sales	77,064,985	6,340,645	885,580	64,028,252	77,950,565	70,368,897
Total	1,249,223,169	70,192,034	895,949	1,194,080,517	1,250,119,118	1,264,272,551

**27. PROVIDENT FUND**

The Company established a contributory registered provident fund in accordance with the Provident fund Act B.E.2530 Under the provident fund, the Company contributes an amount equivalent to the employees' contribution, which is 3% of their basic salaries. The company appointed The Siam Commercial Bank Public Co., Ltd. as a fund manager to manage the fund in accordance with the Provident Fund Act B.E. 2530, which was amended by the Provident Fund Act (No.2) B.E. 2542, under supervision of the Office of the Securities and Exchange Commission.

The Company contribution amount for the years ended 31 December 2023 and 2022 amounted to Baht 1.83 million and Baht 1.81 million, respectively

**28. INCOME TAX**

Tax expenses for the years ended 31 December 2023 and 2022 are made up as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Current income tax</b>				
Corporate income tax	-	7,282,387	-	7,282,387
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	1,055,116	3,252,355	1,715,264	2,143,640
<b>Tax expenses reported in the statements of comprehensive income</b>	<b>1,055,116</b>	<b>10,534,742</b>	<b>1,715,264</b>	<b>9,426,027</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2023 and 2022 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Loss from cash flow hedging	(1,386,223)	5,526,563	(1,386,223)	5,526,563
Actuarial gain	(428,321)	19,293	(428,321)	(144,883)
Total	(1,814,544)	5,545,856	(1,814,544)	5,381,680

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	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit (Loss) before tax	101,474,903	(45,108,347)	73,557,964	(71,978,393)
Applicable tax rate (%)	20	20	20	20
Income tax using the Thai corporation tax rate	20,294,981	(9,021,669)	14,711,593	(14,395,679)
Utilization of taxable loss carried forward	-	(2,432,299)	-	(2,432,299)
Promotional privileges	(15,977,889)	-	(15,977,889)	-
Incoming not subject to tax	(12,169,362)	(44,724)	(203,817)	(44,724)
Addition expenses deductible for tax purposes	(22,439,103)	(3,143,650)	(4,665,452)	(3,143,650)
Expenses not deductible for tax purposes	4,661,676	6,530,899	6,161,207	27,324,381
Capital expenditure with the right to increase deductible	(25,642)	(25,642)	(25,642)	(25,642)
Tax losses	25,335,162	15,047,740	-	-
Effect of elimination entries on the consolidated financial statements	320,177	371,732	-	-
<b>Current tax</b>	-	7,282,387	-	7,282,387
Relating to origination and reversal of temporary differences	1,055,116	3,252,355	1,715,264	2,143,640
<b>Tax expenses</b>	1,055,116	10,534,742	1,715,264	9,426,027

Deferred tax assets is presented in the statement of financial positions as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Statements of financial position</b>				
Deferred tax assets				
Allowance for expected credit losses	213,809	174,639	218,499	174,639
Allowance for net realizable value	1,545,306	2,279,488	1,545,306	2,279,488
Provisions for employee benefit obligations	12,752,952	12,941,434	12,752,952	12,941,434
Change in fair value of derivatives	685,684	469,996	685,684	469,996
Loss from impairment of investments in subsidiaries	9,000,000	9,000,000	9,000,000	9,000,000
Deferred tax liability				
Change in fair value of derivatives	(2,982,391)	(4,617,042)	(2,982,391)	(4,617,042)
Unrealized gain from change in value of investment open-end-fund	(494,080)	(286,662)	(494,080)	(286,662)
Receivable from sale and purchase assets agreement with option to repurchase memorandum	-	-	(664,838)	-
	20,721,280	19,961,853	20,061,132	19,961,853

**29. FINANCIAL INSTRUMENTS**

**29.1 Derivatives and hedge accounting**

The Group exposure to foreign currency. In order to manage the risks arising from fluctuations in exchange rates, the Group makes use of derivative financial instruments

The objectives of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in exchange rates, The following strategies are employed to achieve these objectives. Foreign exchange forward contracts are taken out to manage the currency risks in future sales. Decisions on the level of risk undertaken are governed by corporate policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

**29.2 Financial risk management objectives and policies**

The Group's financial instruments-principally comprise cash and cash equivalents, trade receivables, loans to, investments, trade payables. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

The Group exposed to credit risks mainly relating to their trade accounts receivable loans investment account payable. Except for derivative financial instruments, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

**Trade receivables**

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

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due.

**Foreign currency risk**

The Group has foreign exchange risk arisen from the fluctuation of foreign exchange rate from sales and receipt which are denominated in foreign currencies, USD and EUR. The Group manages that risk by entering forward exchange contracts to hedge such financial assets denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2023 and 2022 as follows.

	Amount					
	Consolidated financial statements		Separate financial statements		Average exchange rate	
	2023	2022	2023	2022	2023	2022
<b>Foreign currency</b>	(In Million)	(In Million)	(In Million)	(In Million)	(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US Dollar	2.72	2.47	2.72	2.46	34.0590	34.3913
<b>Financial liability</b>						
US Dollar	0.02	0.022	0.02	0.022	34.3876	34.7335
EUR	-	0.001	-	0.001	-	37.2053



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As at 31 December 2023, the Group had the Foreign exchange contracts outstanding are summarized below:

Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(In Million)	(Baht per 1 foreign currency unit)	
US Dollar	19.29	34.1308	January - December 2024

As at 31 December 2022, the Group had the Foreign exchange contracts outstanding are summarized below:

Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(In Million)	(Baht per 1 foreign currency unit)	
US Dollar	22.18	34.7427	April - December 2023

Changes in fair value of Derivatives designated as hedging instruments reclassified to profit or loss in loss on exchange rate. For the year end 31 December 2023, There are no ineffective hedging.

Foreign exchange forward contracts and foreign exchange options are designated as hedging instruments in cash flow hedges of forecast sales in US dollars. These forecast transactions are highly probable, and they compose about 90% of the Group's total expected sales in US dollars.

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Foreign currency	Increase / Decrease	Effect on profit before tax
	(%)	(Million Baht)
US Dollar	+5	4,632,203
	- 5	4,632,203

This information is not a forecast or prediction of future market conditions and should be used with care.

#### Interest rate risk

The Group's exposure to interest rate risk relate primarily to their deposits at bank, short-term loans and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. Therefore, the Group does not use derivative financial instruments to hedge such risk.

#### Interest rate sensitivity analysis

There is no significant impact on the Group's profit before tax arising from the change in the interest rate of financial assets and short-term loans with interest rates fluctuating according to market rates.

#### Liquidity risk

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs.

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The table below analyses the Group's maturity grouping based on the remaining periods at the date of statements of financial position to the contractual maturity date based on notional amount. The positive figures represent cash to be inflows and negative figures represent cash to be outflows due to be mature.

	In Baht			
	Consolidated financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
Trade and other current payables	(58,316,817)	-	-	(58,316,817)
Lease liabilities	(456,564)	(1,802,355)	-	(2,258,919)
Long-term loans from other persons	(5,756,100)	(16,171,800)	-	(21,927,900)
Foreign currency forward contracts	658,339,084	-	-	658,339,084

	In Baht			
	Separate financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
Trade and other current payables	(48,796,623)	-	-	(48,796,623)
Lease liabilities	(456,564)	(1,802,355)	-	(2,258,919)
Foreign currency forward contracts	658,339,084	-	-	658,339,084

**29.3 Fair value of financial instruments**

Given that part of financial assets and financial liabilities are short-term or bearing interest rate closely to market rate, and loans denominated in Thai Baht bearing the market interest rates, the Company's management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying value.

**30. FAIR VALUE OF FIANCIAL INSTRUMENTS**

In applying the above-mentioned valuation techniques, the Group endeavor to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels 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.

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As at 31 December 2023 and 2022, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	In Baht			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2023</b>				
<b>Assets measured at fair value</b>				
Derivatives assets				
Foreign currency forward contracts	-	14,911,955	-	14,911,955
Trading investment-Fund	-	62,925,146	-	62,925,146
<b>Liabilities measured at fair value</b>				
Derivatives liabilities				
Foreign currency forward contracts	-	3,428,419	-	3,428,419
<b>Assets for which fair value are disclosed</b>				
Investment property	-	113,812,500	-	113,812,500
<b>As at 31 December 2022</b>				
<b>Assets measured at fair value</b>				
Derivatives assets				
Foreign currency forward contracts	-	23,085,208	-	23,085,208
Trading investment-Fund	-	91,888,061	-	91,888,061
<b>Liabilities measured at fair value</b>				
Derivatives liabilities				
Foreign currency forward contracts	-	2,349,981	-	2,349,981
<b>Assets for which fair value are disclosed</b>				
Investment property	-	113,812,500	-	113,812,500

During the current year, there was no change in method and assumption using in estimate the fair value of financial instruments and no transfer within the fair value hierarchy.

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

For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, The Group has considered counterparty credit risk when determining the fair value of derivatives.

The fair values of land categorized as investment property were determined by independent property appraisers under the market approach by rating and weighting according to various factors.

### **31. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2023, debt to equity ratio in the consolidated financial statements is 0.11:1 and separate financial statements is 0.09:1 (2022: consolidated financial statements is 0.28:1 and separate financial statements is 0.10:1).

### **32. DEBT RESTRUCTURING THE WITH FINANCIAL INSTITUTION AND LEASING COMPANY**

In May 2023, a local financial institution filed a lawsuit against the subsidiary (the first defendant) and the Company (the third defendant as a guarantor) to repay the principal of loans with interest in a total amount of Baht 186.81 million. On 31 July 2023, the financial institution with the leasing company which is the financial institution's subsidiary, the subsidiary and the Company (as the guarantor) entered into a Debt Restructuring Agreements in order to compromise with the Court. The subsidiary and the Company agreed to repay the debt in the total amount of Baht 137.00 million. On 27 July 2023, the board of directors' meeting passed a resolution to approve the debt restructuring plan.

As at 31 July 2023, the loan from the financial institution and finance lease payable had a total amount of Baht 196.83 million, consisting with the principal in the amount of Baht 183.95 million and accrued interest expenses in the amount of Baht 12.87 million. On 7 August 2023, the subsidiary paid the principal and accrued interest expenses under the debt restructuring agreement amounted to Baht 137.00 million and recorded a reduction of the principal and accrued interest expenses in the amount of Baht 59.83 million as the gain from debt restructuring in the consolidated statement of comprehensive income for the year ended 31 December 2023 (Note 17).

### **33. COMMITMENT AND CONTINGENT LIABILITIES**

As at 31 December 2023

33.1 The Company have commitments for software license and system consulting agreement amounting of Baht 0.31 million.

33.2 The Company have contingently liability for bank guarantees issued in favor of government agency amounting to approximately Baht 9.86 million.

33.3 The Company have capital expenditure in respect of the solar rooftop on-grid system improvement and the installment of machine amounting of Baht 24.79 million.

### **34. EVENTS AFTER THE REPORTING YEAR**

On 28 February 2024, in accordance with the resolution of the Board of Directors Meeting No.1/2024, it was resolved to approve the payment of dividends to shareholders at the rate of Baht 0.09 per share for 381.1 million shares in the amount to Baht 34.3 million, paid from the operating results of the year ended 31 December 2023.

Such resolution will be proposed to the annual general meeting of shareholders for the year 2024 for further approval.

### **35. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's Board of Directors on 28 February 2024.