

(Unofficial Translation)

Annual Information Disclosure Form 56-1

As of October 31, 2019

**KHON KAEN SUGAR INDUSTRY
PUBLIC COMPANY LIMITED**

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Information Certification**Attachment**

- Attachment 1: Details of Company's Directors, Executives, Authorized Person and Company Secretary
- Attachment 2: Details of Subsidiaries' Directors
- Attachment 3: Details of Internal Audit
- Attachment 4: Details of Appraised value of assets
- Attachment 5: Report of the Audit Committee

Information Certification

The Company has thoroughly reviewed the information contained in the Annual Information Disclosure Form and hereby certifies that the information is correct, complete and true and does not cause any misunderstanding or concealment. The Company further certifies that;

(1) The financial statements and financial information that are integral parts of the Form provide correct and complete information in material aspect pertaining to the financial position, operating results and cash flow of the Company and its subsidiaries.

(2) The Company provides a reliable disclosure system to ensure that the Company has correctly and completely disclosed material information of the Company and its subsidiaries and has supervised the compliance with the disclosure regulations.

(3) The Company provides a good internal control system and supervises the compliance with the system. The Company has duly reported to the external auditor and Audit Committee of the internal control assessment as of October 31, 2019 which includes significant defects and changes in the internal control system as well as any misconduct that may affect the making of financial reports of the Company and its subsidiaries.

To certify that the whole document shown hereby is the same as the one certified as correct by the Company, the Company has authorized Mr. Dhajjai Subhapholsiri, Company Secretary, to sign all pages of the document. Any page without Mr. Dhajjai Subhapholsiri's signature will be treated as non-certified information.

| Name | Position | Signature |
|----------------------------|-------------------------|-----------|
| 1.Mr. Manu Leopairote | Chairman | |
| 2.Mr. Chamroon Chinthammit | Chief Executive Officer | |

Authorized Person

| Name | Position | Signature |
|---------------------------|-------------------|-----------|
| Mr. Dhajjai Subhapholsiri | Company Secretary | |

1. Overview of Business Operation and Policy

1.1) Business Objectives

Khon Kaen Sugar Industry Public Company Limited has the policy to operate its business ethically and responsibly towards, society, and the environment. It places emphasis on conducting transparent operations, respecting human rights standards, and safeguarding the interests of all stakeholders through the following vision, mission, and quality policy:

Vision

We are natural energy innovation for all.

Mission

1. Create income for farmers on basis of sustainable agricultural development
2. Develop high value products and services
3. Develop personnel's potential as well as information technology to increase competitive edge and growth
4. Develop manufacturing process and technology to achieve highest efficiency and effectiveness as well as compatibility with environment and community
5. Promote innovation and research and development to expand and extend to new business potentials.

Quality Policy

To produce high quality sugar, achieve efficient operation, make on-time delivery, ensure customer's satisfaction and consumer's safety.

Long term goal of the company is to be one of the leaders in sugar, by-products, and value added productions which can be shown in company's sugar policy: "production of high quality sugar with high efficiency, prompt delivery, winning customers' trust, consumption safety". This policy has encouraged company's 5 sugar factories to be widely accepted as one of the highest efficiency and highest quality sugar production groups in Thailand. In addition, with the goal of being one of leading companies in by-product and value added production and with the vision on the potential growth in related – sugar businesses, such as ethanol business and power business. The company has made continuous investments in these sectors.

The company's short term goal is to be one of the leaders in the industry who excels in cost management and productivity. The goal can be achieved by applying modern technology to the corporate production and management systems. Furthermore, the company is aware that its primary risk is the amount of cane it is able to procure for crushing. The sugar factories and other integrated businesses cannot sustain without adequate cane crushed. The company, hence, aims to reduce the farmers' cane cultivation cost as well as to improve their productivity yields and

efficiency. Its objective is to help the farmers sustain their living and receive higher return on their investment as well as to remain productive farmers to our businesses.

1.2) Significant Changes and Developments During the Past 3 Years

In the year 2017, the Board of Directors No. 6/2016-2017 passed a resolution to approve the amalgamation between (1) KSLGI Company Limited, a subsidiary of the Company, and (2) BBP Holding Company Limited (“ BBH”), a subsidiary of Bangchak Corporation Public Company Limited (“BCP”), and register a new company named BBGI Company Limited (BBGI). In October 2018, BBGI was subsequently registered as a holding company with initial registered and paid-up share capital of Baht 2,532 million and the business objective is to invest in bio-based products business. The shareholding percentage of the Company and BCP in BBGI’s shares is 40% and 60%, respectively.

In the year 2018, BBGI Company Limited was registered as a public company named BBGI Public Company Limited and had a plan to be listed on the Stock Exchange of Thailand (SET). In addition, the development projects had been achieved in 2018 as follows:

- Bio Diesel production project made for expansion of its capacity from 930,000 liter per day to 1,000,000 liter per day or equivalent to 330 million liter per year.
- For ethanol made from cane bagasse, ethanol production project at Nam Pong factory made for expansion of its capacity by increasing from 45.00 million liter per year to 49.50 million liter per year.
- For ethanol made from cane bagasse, ethanol production project at Bo-Ploy factory made for expansion of its capacity by increasing from 200,000 liter per day to 300,000 liter per day or equivalent to 99.00 million liter per year.

In the year 2019, the BBGI Board of Director no. 1/2019 passed a resolution to postpone the first initial public offering (IPO) and registration as listed company in SET resulting from the unfavorable capital market.

The current projects under development are the construction of defined glycerin distillery with capacity of 100 tons glycerin per day and capacity improvement project of Ethanol made from bagasse with capacity increased by 200,000 liter per day or equivalent 66 million liter per year. Expected investment total Baht 1,400 million.

1.3) Company’s Business Overview

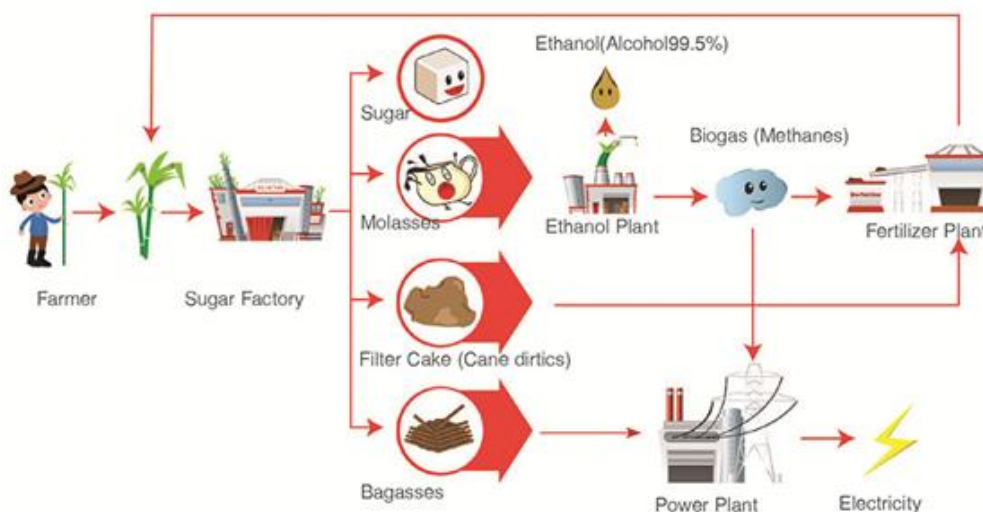
Khon Kaen Sugar Industry Public Company Limited and its subsidiaries, under KSL, are Thailand 3rd largest sugar producer group. The company has 5 sugar factories in the group, located in three different regions, as follows:

1. Northeastern Region (2 factories) : Khon Kaen Sugar Industry Public Company Limited; Nampong branch in Khon Kaen province and Wangsapung branch in Loei province.
2. Western Region (2 factories) : New Krung Thai Sugar Factory Co., Ltd and Tamaka Sugar Industry Co., Ltd. in Kanchanaburi province
3. Eastern Region (1 factory) : New Kwang Soon Lee Sugar Factory Co., Ltd in Chonburi province

The core products which the company produces are sugar which can be categorized to be 5 types: (a) raw sugar, (b) high pol sugar, (c) white sugar, (d) refined sugar and (e) liquid sugar. The company also has other products related to sugar production process, such as molasses, bagasses and filter cake. According to these kinds of products, the company has a plan to invest in value added projects, as followings: (shown on Figure 1.1)

- (1) Ethanol plant : Ethanol is mixed with gasoline, and the mixture is used as fuel for vehicles. Raw materials used in the Group's ethanol production include molasses and sugarcane juice (it is currently managed by BBGI Pcl.)
- (2) The biogas plant uses waste water from ethanol production process as a raw material. Biogas produced through fermentation is used as a supplementary fuel for the corporate power plant. (it is currently managed by BBGI Pcl.)
- (3) The organic fertilizer plant uses waste from the sugar production process (filter cake) and waste water from biogas and ethanol production as raw materials.
- (4) The power plant uses waste from the sugar production process (bagasses) and biogas from the biogas plant as fuel sources for producing electricity and steam sold to plants in the Group and Grid.

Figure 1.1 : The Relationship between KSL's existing Sugar Production and KSL's Value Added Project



Unofficial Translation

As of October 31, 2019, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have the investments in subsidiaries and associated companies as follows:

| Business Unit/Company Name | Paid - Up Capital (THB Million) | Proportion Of Investment | Nature of Business |
|---|--|---|---|
| <i>Sugar Business</i> | | | |
| Tamaka Sugar Industry Co., Ltd. | 600.00 | 90.21% | Manufacture and distribution of sugar and molasses |
| New Krung Thai Sugar Factory Co., Ltd. | 1,000.00 | 95.78% | Manufacture and distribution of sugar and molasses |
| New Kwang Soon Lee Sugar Factory Co., Ltd. | 500.00 | 98.61% | Manufacture and distribution of sugar and molasses |
| Savannakhet Sugar Corporation | 684.76 | 98.49% | Sugar cane plantation and Sugar Factory in Laos |
| Koh Kong Plantation Co., Ltd* | 936.98 | 80.00% | Sugar cane plantation in Cambodia |
| Koh Kong Sugar Industry Co., Ltd | 1,167.66 | 80.00% | Sugar Factory in Cambodia |
| <i>Supporting Business</i> | | | |
| Thai Sugar Terminal Public Company Limited** and 5 subsidiaries | 191.66 | 23.82% | Warehousing and loading of goods, property rental, produce and distribute wheat flour and palm oil and polypropylene bag. |
| K.S.L. Export Trading Co., Ltd. | 20.00 | 79.55% | Certified company as export agent of sugar export. |
| KSL. Agro and Trading Co., Ltd. | 300.00 | 100.00% | Trading domestic sugar and operating agricultural businesses |

| Business Unit/Company Name | Paid - Up Capital (THB Million) | Proportion Of Investment | Nature of Business |
|---|--|---|--|
| KSL Material Supply Co., Ltd. | 480.00 | 100.00% | Material Sourcing for sugarcane plantation |
| WSP Logistics Co., Ltd | 0.25 | 100.00% | Service transport and shipping goods |
| Wynn In Trading Co., Ltd | 487.50 | 100.00% | International trading and consulting service |
| <i>Energy and Biofuel Business</i> | | | |
| BBGI Public Company Limited *** and 3 subsidiaries and 1 associate | 2,532.00 | 40.00% | The holding company which invests in biofuel product and relating products business. |
| Khon Kaen Sugar Power Plant Co., Ltd | 800.00 | 100.00% | Production and distribution of electricity |
| <i>Other Business</i> | | | |
| KSL Real Estate Co., Ltd | 840.00 | 91.02% | Real Estate Development and Training Center |

Note: Proportion of investment shown above includes both direct and indirect shareholdings.

* Indirect holding by Wynn in Trading Co., Ltd.

** Associated company: Thai Sugar Terminal Pcl. and 5 subsidiaries: (1) TS Oil Industry Co., Ltd. (2) TSG Trading Co., Ltd. (Formerly TSG Asset Co., Ltd.), (3) TS Transport and Logistics Co., Ltd., (4) TS Warehouse, (5) TS Flour Mill Pcl.

*** Associated company: BBGI Pcl. and 3 subsidiaries and 1 associated company: (1) Bangchak Bio Ethanol Co., Ltd., (2) Bangchak Bio Fuel Co., Ltd., (3) KSL Green Innovation PCL, (associated company). (4) Ubon Bio Ethanol PCL. (formerly Ubon Bio Ethanol Co.,Ltd.) consolidated with 3 subsidiaries.

Business structure of KSL Group as at October 31, 2019 shown on the following chart:



The business details of Khon Kaen Sugar Industry Public Company Limited, subsidiaries and affiliates are classified by business type as follows:

Sugar Business

Khon Kaen Sugar Industry Public Company Limited

The nature of business is to produce and distribute sugar and other by-products. The first branch is located in Nampong district of Khon Kaen province with the maximum crushing capacity of 40,000 tons of cane per day and the second branch is located in Wangsapung district of Loei province with the maximum crushing capacity of 36,000 tons of cane per day. Both branches have the capability to produce raw sugar, high pol sugar, white sugar, refined sugar and liquid sugar.

Tamaka Sugar Industry Co., Ltd

The nature of business is to produce and distribute sugar and other by-products. The factory is located in Tamaka district of Kanchanaburi province with the maximum crushing capacity of 20,000 tons of cane per day and capable to produce raw sugar, white sugar and refined sugar.

New Krung Thai Sugar Factory Co.,Ltd

The company produces and distributes sugar and other by-products. The factory is located in Bo-Ploy district of Kanchanaburi province, (originally located in Tamaka district, Kanchanaburi province) with the maximum crushing capacity of 32,000 tons of cane per day. The factory is capable to produce raw sugar, white sugar, and refined sugar.

New Kwang Soon Lee Sugar Factory Co.,Ltd

The company produces and distributes sugar and other by-products. The factory located in Panusnikom district of Chonburi province, has the maximum crushing capacity of 3,500 tons of cane per day. The cane crushing capacity decreased due to the fact that some of the machines had been moved to Laos and Cambodia. The factory is capable of producing raw sugar, high pol sugar, white sugar, and refined sugar.

Savannakhet Sugar Corporation

The company received sugarcane plantation concession that covers approximately 10,000 hectares (62,500 rai) from the Lao government. Sugarcane cultivation is undertaken by the

company itself. The sugar factory in Savannakhet has the maximum crushing capacity of 3,000 tons of cane per day. Its output includes raw sugar and other by-products.

Koh Kong Plantation and Koh Kong Sugar Industry

As at October 31, 2019 The company received sugarcane plantation concession that covers approximately 18,097 hectares (112,856 rai) from the Cambodian government. Sugarcane cultivation is undertaken by the company itself. The sugar factory in Koh Kong has the maximum crushing capacity of 6,000 tons of cane per day. Its output includes raw sugar and other byproducts.

Energy and Biofuel Business

BBGI Public Company Limited

BBGI Public Company Limited (“BBGI”) was established in October 2017 and consequence of merger between bio-based product business of Khon Kaen Sugar Industry Public Company Limited and Bangchak Corporation Public Company Limited. This company invests in following entities;

- KSL Green Innovation Public Company Limited: Producing and distributing molasses-based ethanol with 450,000 liters per day, in which BBGI Company Limited holds 99.99% shares.
- Bangchak Bio Ethanol (Chachoengsao) Company Limited: Producing and distributing cassava-based ethanol with 150,000 liters per day, in which BBGI Company Limited holds 85% shares.
- Bangchak Bio Fuel Company Limited: Producing and distributing bio-diesel with 1,000,000 liters per day, in which BBGI Company Limited holds 70% shares.
- Ubon Bio Ethanol Company Limited: Producing and distributing cassava-based ethanol with 400,000 liters per day, in which BBGI Company Limited holds 21.28% shares.

As a result, BBGI will be a shareholder of the group companies which are considered Thailand’s largest manufacturer and distributor of bio-fuel with the total production capacity of 2,000,000 liters per day which consists of 1,000,000 liters per day of ethanol and 1,000,000 liters/day of bio-diesel. This company will operate as a flagship company for bio-based product business in the future.

Khon Kaen Sugar Power Plant Co.,Ltd.

The Company is established in late 2003 and operates renewable power plants that can produce electricity and steam by using bagasses as raw material. The power produced at the plants can supply the factories within the group and any additional power generated are then sold to EGAT and PEA (Grid). Currently, the company operates 3 power plants all locating nearby its sugar factories. The first branch is closed to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. The second branch is closed to New Krung Thai Factory in Kanchanaburi province (part of the Bo-Ploy Renewable Energy Project). The third branch is located next to Khon Kaen Sugar Factory in Wangsapung district of Loei province (The Loei Project). Currently, the total capacity of all three branches can produce up to 190 MW of electricity.

Supporting Business***Thai Sugar Terminal Public Company Limited (TSTE)***

The company is a listed company in the Stock Exchange of Thailand. Its businesses involve warehouse leasing, loading and discharging sea freight, port operations, and freight forwarding. The terminal and warehouse are located in Prapadang, Samutprakarn, on the Chopraya River. Customers are primarily sugar companies in the KSL Group, other sugar factories owned by strategic partners, and general customers. In addition, Thai Sugar Terminal Public Company Limited (TSTE) is the mother company of 5 subsidiaries, which mainly deal with real estate trading and leasing, wheat flour production, plastic sack manufacturing, and palm oil refinery plant operations. (For details, refer to listed company profiles section: Thai Sugar Terminal Public Company Limited (TSTE) and T S Flour Mill Public Company Limited (TMILL)).

KSL Export Trading Co., Ltd

Established in 1992, the company performs as a licensed exporting company, according to Cane and Sugar Act 1984, which provides services of exporting activities to the sugar companies in KSL Group and also other sugar factories.

KSL Agro and Trading Co., Ltd.

Established in 2006, the company trade sugar and related products for domestic customers. It also grows sugar cane on the company's land.

KSL Material Supply Co., Ltd

KSL Material Supply Co., Ltd. operates business relating to sourcing and selling raw materials and materials related to agriculture such as organic fertilizers and related services.

WSP Logistics Co., Ltd.

The company was incorporated in 2016 with the business objective of transporting sugar and other products. The company has been dormant.

Wynn In Trading Co., Ltd

The nature of business is international trading and international investment consulting. Khon Kaen Sugar Industry Public Company holds 100.00% share of Wynn In Trading Co., Ltd.

Other Businesses*KSL Real Estate Co., Ltd.*

The company is involved in the business of property rental and resort ownership in Kanchanaburi, near the River Kwai, under the name of “River Kwai Park and Resort” This company provides the accommodation and facilities for holiday vacation and training center for employees of the KSL group and other general customers. Additionally, the company has acquired a commercial rental property, The Liberty Square Building that is located in the heart of Silom Road that is one of the busiest business area of Bangkok with approximately 19,151 sqm of rental space consisting of 22 floors and 6 levels of underground parking. The Company also invested in other properties for future profit generated from rent business or trading.

Membership of associations

The Company holds membership in several associations. Representatives of the Company are directors in the following associations that are directly related to its business, namely, The Federation of Thai Industries, Thai Sugar and Bio-Energy Producers Association and Thai Sugar Millers Association.

Regarding the policy to regulate and monitor the operation of subsidiaries and affiliates, Khon Kaen Sugar Industry Plc. has categorized its subsidiaries and affiliates which have the similar nature of business to be a group together under the same management team, for instance, four sugar companies are under the same board of executive directors. For supporting business, energy and chemical business and other business, Khon Kaen Sugar Industry Plc. will assign its own representatives to join as a position of company directors for involvement of policy establishment or as a position of top management for operation directing in subsidiaries to ensure that policy of the subsidiaries is complied with the parent company’s policy.

2. Description of Each Business Operation

2.1) Revenue Structure

| Company | % of Shareholding in 2019 | 2019 | | 2018 | | 2017 | |
|--|---------------------------|-----------------------|------|-----------------------|------|-----------------------|------|
| | | Revenue (Million THB) | % | Revenue (Million THB) | % | Revenue (Million THB) | % |
| 1. Khon Kaen Sugar Industry PCL. | Parent Company | 11,224 | 43% | 9,819 | 38% | 8,416 | 33% |
| 2. Tamaka Sugar Industry Co., Ltd | 90.21% | 2,395 | 9% | 2,888 | 11% | 3,006 | 12% |
| 3. New Krung Thai Sugar Factory Co., Ltd | 95.78% | 3,298 | 13% | 4,274 | 17% | 3,631 | 14% |
| 4. New Kwang Soon Lee Sugar Factory | 98.61% | 571 | 2% | 562 | 2% | 664 | 3% |
| 5. K.S.L. Export Trading Co., Ltd | 79.55% | 19 | 0% | 17 | 0% | 13 | 0% |
| 6. BBGI PCL * | 40.00% | 0 | 0% | 0 | 0% | 2,148 | 8% |
| 7. Khon Kaen Sugar Power Plant Co., Ltd | 100.00% | 3,588 | 14% | 3,643 | 14% | 2,386 | 9% |
| 8. KSL Material Supplies Co., Ltd | 100.00% | 360 | 1% | 382 | 1% | 362 | 1% |
| 9. KSL Real Estate Co., Ltd | 91.02% | 190 | 1% | 193 | 1% | 188 | 1% |
| 10. KSL. Agro and Trading Co., Ltd. | 100.00% | 3,822 | 15% | 3,420 | 13% | 3,806 | 15% |
| 11. Koh Kong Plantation Co., Ltd** | 80.00% | 12 | 0% | 45 | 0% | 77 | 0% |
| 12. Koh Kong Sugar Co., Ltd | 80.00% | 45 | 0% | 366 | 1% | 264 | 1% |
| 13. Savannakhet Sugar Corporation | 98.49% | 309 | 1% | 199 | 1% | 418 | 2% |
| 14. Wynn In Trading Co., Ltd | 100.00% | 0 | 0% | 0 | 0% | 0 | 0% |
| 15. WSP Logistics Co., Ltd. | 100.00% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total | | 25,833 | 100% | 25,808 | 100% | 25,379 | 100% |
| Minus Interrelated items | | -7,978 | | -7,996 | | -9,756 | |
| Total Revenues | | 17,855 | | 17,812 | | 15,623 | |

* Since October 31, 2017, the Company has indirectly hold shares in KSL Green Innovation PCL. through an associated company, BBGI PCL. The Company holds the associated company's shares with 40% shareholding.

**Indirect shareholding through Wynn In Trading Co., Ltd.

(Explanation of change in revenue and earnings stated in Part 3 "Financial Position and Operating Performance")

2.2) Description of each products

Major Product: Sugar

Sugar: Product Characteristic

The company is a group of sugar manufacturers whose quality management system is certified by SQF 2000, ISO 9001: 2000, and Hazardous Analysis and Critical Control Point (HACCP) accreditations. Sugar produced by the KSL group can be divided into five categories according to their types and levels of purity as follows:

Raw sugar – Raw sugar has a color index higher than 1,500 ICUMSA. It is dark brown with a high dirt index and a low purity index. Transfer is done in bulk without the use of sacks. This type of sugar cannot be consumed until it is refined or purified, turning into white sugar or refined sugar.

High pol sugar – High pol sugar has a color index between 1,000 - 1,500 ICUMSA. It can be consumed without any further process required. Generally, the sugar is packed in sacks before being transported. It is priced lower than white sugar and refined sugar.

White sugar – White sugar has a color index between 46 - 200 ICUMSA with a degree of polarization not lower than 99.50. It is widely consumed among households and used as a raw material in food industries where moderate purity is required.

Refined sugar – Refined sugar has a color index that does not exceed 45 ICUMSA. It is especially high in purity. The sugar is used in certain industries where highly pure sugar is required, such as pharmaceutical industry, carbonated beverage industry, and energy drink industry.

Liquid sugar – liquid sugar is produced by transformation from sugar crystals with a color index that does not exceed 35 ICUMSA and its concentration specified in approximate range between 66.5% - 67.5%. It is especially high in purity and preferred to be used in particular industries for efficient production process such as carbonated beverage and energy beverage industries.

After sugar manufacturing process, there is a residue called “molasses” that its sugar content is so low that any further sugar extracting is uneconomical. Molasses is a valuable by-product obtained from sugar production. It contains 20% water, 30% sucrose, 32% invert sugar, 12% non-sugar organic substance, and 6% ash. From one ton of sugarcane, the corporate sugar factories have capacity to manufacture between 45-50 kilograms of molasses. An amount of molasses produced in each year depends on a quantity of sugarcane crushed in the year. Molasses can be widely used in such biochemistry industries as alcohol and distilling industry, yeast industry, monosodium glutamate industry, animal food industry (where molasses is mixed with cassavas and bagasse), vinegar industry, and soy sauce and seasoning sauce brewing industry.

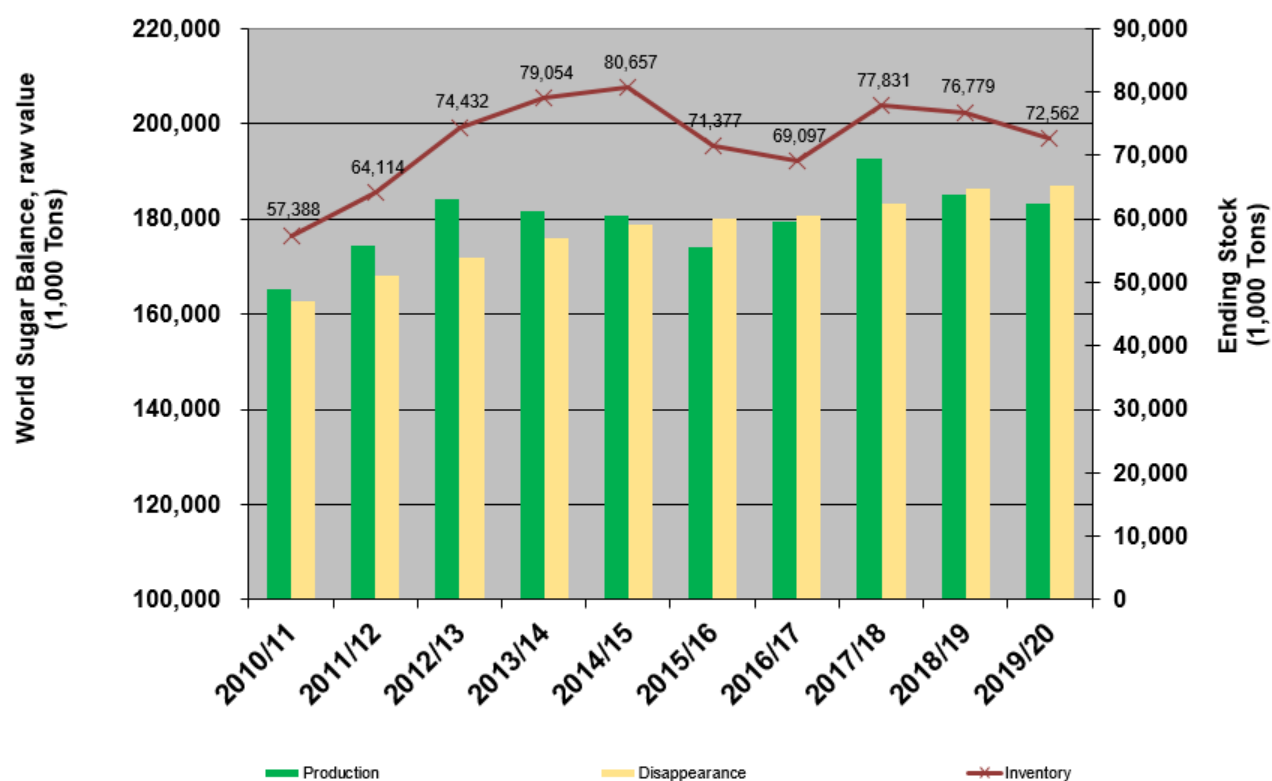
Other residues from sugar manufacturing process that are also useful include bagasse and filter cake. Bagasse is the fibrous material remaining after the last extraction of juice from sugarcane. Now the company uses burned bagasse as a source of energy for electricity and steam generation used in sugar manufacturing process. Part of the electricity generated is sold to the Grid. Filter cake is a residue from vacuum filtration. It can be used as a raw material for general-purpose fertilizer. In the past, the company gives away filter cake to sugarcane farmers to promote sugarcane plantation in nearby areas. After the company’s subsidiary has continuously operated alcohol and chemical production, wastewater from the factory can be mixed with filter cake and bio-decomposed to produce organic fertilizer that is suitable for sugarcane plantation. This completes the corporate value-added product ranges.

Sugar: Market and Competition

International Market and Industry Overview

The world sugar market overview: In 2018/2019, approximate 184.43 million tons of raw sugar was produced worldwide, representing a decrease of 9.80 million tons or 5.04% from the 2017/2018. The world's total consumption demand rose to 184.74 million tons, a 1.90 million tons increase or about 1.03% growth compared to 2017/2018. However, the ending stock was slightly decreased from 77.83 million tons in 2017/2018 to 76.78 million tons in 2018/2019. The stock represented 41% of the total demand, or an equivalent of 4.9 months sugar consumption. Estimated production over the world in 2019 would be deficit but some countries had a large volume of remaining stocks carried from previous year. In the beginning of 2019, a world sugar price decreased to the range between 10-14 cents/lbs. from former range between 11-16 cents/lbs. in 2018.

Chart 2.1: World Sugar Balance (1000 Tons, centrifugal sugar, raw value, OCT/SEP)



Note: 2019/2020 is forecasted number

Source: F.O. Licht, updated October 3, 2019

In a mid of 2018, the forecast sugar cane production in 2018/2019 will be decreased from declining of sugar production in Thailand and India due to dry weather, however, the remaining global stocks had been maintained in a large volume. As a result, the price was declined from 14-15 cent/lbs at the beginning of year to 10-13 cent/lbs. at the end of year. According to F.O. Licht's forecast on October 3, 2019, the 2019/2020 output will be slightly decreased by 1.04% approximately, from 184.97 million tons to 183.13 million tons. Consumption is projected to increase by 1.6%, from 184.74 million tons to 186.89 million tons. Consequently, the world sugar supply will be deficit, with ending stock for the year 2019/2020 decreasing from 76.78 million tons to 72.56 million tons. Sugar stock per consumption is 39 % compared to normal level at 45%.

During the last few years, the sugar price has been volatile because of climate change, flooding, drought, or severe cold which impact on the availability of sugar in the market and its market price. In addition, the quantity of world sugar stock, production and consumption of ethanol, sugar hedging, government policy of producer and consumer countries are all consequently affected on the sugar price.

Chart 2.2: World Sugar Price (NYBOT#11) during Last 10 Years



Furthermore, export channels of Thai sugar manufacturers are classified as follows:

1. Thai sugar manufacturers sell their sugar through major traders such as Wilmar, Cofco, Alvean, Sucden, etc. The traders then sell the sugar to other overseas buyers. Risk of default debt collection and complications in export management are minimized. Thai sugar manufacturers' responsibility is only to transport their sugar to ports of exports, such as FOB ports of Bangkok and Lamchabang.
2. Thai sugar manufacturers export their products to neighboring countries, such as Laos and Cambodia, through borders. A small amount of sugar is sold to vendors at borders.
3. Thai sugar manufacturers sell to manufacturers who use sugar as raw material in production of their exported products. Since domestic sugar prices are higher than prices of international markets, the export manufacturers who use sugar as a production material lose their competitiveness in the world market. Therefore, the government allows those who manufacture the exported products to buy sugar at the global market prices conditionally in order to promote investment in the food industry and competitiveness.

Domestic Marketing and Industry Overview

Since 2018, Thailand has encountered a situation of changes in sugar cane and sugar industry system, thereby resulting in there having been no quota system and no fixing of local sugar selling prices, which led to the free market system. Eventually, the sugar price in the country would be floating and fluctuating according to the world sugar price. And coupled with the Thai sugar premium system, the overall picture of the sale of sugar in the country as well as

the exportation of sugar for sale were directed by the marketing mechanism and the production capability of each seller. The details of the proportion of sale of sugar of the group of companies were as shown in Table 2.3. Nevertheless, the significance of Thailand's Sugar Cane and Sugar Act in regard to benefits sharing with the sugar cane farmers remained the same.

Competition Situation and Competitors

In 2019, there are 54 operating sugar factories (exclude non-operating and new license sugar factories which is not yet constructed) in Thailand with sugarcane crushing capacity of 130.97 million tons per year and sugar manufacturing capacity of 14.58 million tons per year (depending on yearly sugarcane amounts in the crushing process and sugarcane quality). The crushing process lasts about 4 - 5 months each year due to small amounts of sugarcanes entering the process. It begins in November till the beginning of April. The numbers of sugar factories are under government control. Licenses from Office of the Cane and Sugar Board and Department of Industrial Works, Ministry of Industry, are required for sugar factories in increasing capacity, moving factories, or operating new sugar factories.

In 2019, all 54 sugar factories are opened for operation. Most of these factories are part of the six major groups of sugar manufacturers and only a handful of small manufacturers operate independently. The KSL Group is the 3rd largest sugar producer in Thailand, with 8% market share. There are 5 factories located in three regions: Northeast (2 factories), Western (2 factories), and Eastern (1 factory). Table 2.3 shows sales of different types of sugar in the past 3 years as well as ratios of sales in export markets to domestic markets.

Table 2.3: Sales of Different Types of Sugar and Ratio of Domestic Sugar to Total Sugar Sales in the Past 3 Years

| Sale Volume & Price | 2019 | | | 2018 | | | 2017 | | |
|-----------------------------------|-------------------|-------------------------|-------------------------|-------------------|-------------------------|-------------------------|-------------------|-------------------------|-------------------------|
| | Quantity (Ton) | Avg. Price (THB/ton) | Amount (Million THB) | Quantity (Ton) | Avg. Price (THB/ton) | Amount (Million THB) | Quantity (Ton) | Avg. Price (THB/ton) | Amount (Million THB) |
| Total Sugar Sale | 1,255,593 | 10,902 | 13,688 | 1,091,228 | 12,526 | 13,668 | 687,046 | 17,362 | 11,928 |
| Domestic sale | 231,537 | 16,406 | 3,799 | 199,876 | 17,553 | 3,508 | 199,091 | 19,526 | 3,887 |
| Export sale | 1,024,056 | 9,657 | 9,889 | 891,352 | 11,398 | 10,160 | 487,955 | 16,479 | 8,041 |
| % Domestic Sale/Total Sale | 18% | | | 18% | | | 29% | | |

Sugar: Product and Service Provision

Raw Material Provision Policy

Providing raw materials for manufacturing is a vital process for sugar producers. As the total capacity of the Thai sugar industry exceeds domestic sugarcane produce, all the sugar factories need to ensure that the maximum amount of cane is provided for their production in order to reduce their fixed cost per unit. The main solution employed by most sugar manufacturers is providing financial support to farmers, which is known as the “Geaw” system. Agreements of the sugar producers’ advance purchase of sugarcanes from the supported farmers are made, allowing the farmers to apply for loans from the sugar manufacturers. The loans are used for sugarcane cultivation. Harvested sugarcanes, then, are delivered to the factories and the sugarcane costs are deducted from the loans.

The company’s strategy is giving long-term benefits as incentives to the sugarcane farmers providing their crops to the corporate factories. This promotes both the growth of the farmers’ incomes and the company. The main policy “Prosperity of farmers is prosperity of the factory and brought to the community happiness”, especially employed in the northeast, emphasizes creating and promoting a sustainable way to make a living for sugarcane farmers, as well as eliminating middlemen known as “Quota Heads”. This effort allows the company to learn about problems experienced by the farmers and provide them suitable assistance. Also, the company provides the farmers equipment, knowledge and production support, such as providing loans for purchasing trucks; giving them filter cakes for making fertilizers with free of charge; and providing experts in sugarcane cultivation, and prevention and elimination of crop pests. The support enhances good relationships between the farmers and the company, as well as systematic growth.

Production policy

The company focuses on maximizing the volume of white sugar and refined white sugar manufactured, as the two products have the highest selling prices with the highest profit. It also focuses on the improvement of production efficiency. Production efficiency that is higher than the average of the industry will help reduce unit cost. As a result, the company will be more competitive.

Marketing policy

The company emphasizes direct sale to industries with product quality and on-time delivery promises. Most customers are in business of beverage and confectionary industries.

The company, moreover, emphasizes the sale of its sugar products to food product re-exporters, as a result that it is generated higher profit than regular exports due to lower transportation costs.

Environmental effects

The sugar manufacturing process causes wastewater and dust from ash in the steamer's burning process. The company is well aware of such effects and has employed appropriate measures to prevent environmental problems, in compliance with standards issued by Ministry of Industry.

Sugar: Works Not Submitted

- None -

Major Product: Electricity and Steam

Electricity and Steam: Product Characteristic

The project has been undertaken by Khon Kaen Sugar Power Plant Co., Ltd who sells electricity and steam to factories within the group as well as selling any excess electricity produced to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA). Currently, the group operates 3 power plants. The first power plant is located near to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. It can produce up to 30 Megawatt (MW), 20 Megawatt (MW) of which is sold to EGAT. The second power plant is located nearby New Krunghthai Sugar Factory in Bo-Ploy of Kanchanaburi province. It can produce up to 90 MW, 30 MW of which is sold to EGAT. The third power plant is located nearby Khon Kaen Sugar Factory in Wangsapung district of Loei province. It has the capacity to produce 70 Megawatt (MW), 2.12 MW of which is sold to PEA.

In addition, there is 1 sugar factory having power plants entered into electricity sale agreements with PEA in the total sale amount of 3.81 MW.

Electricity and Steam : Market and Competition

The electricity and steam generated is first sold to the KSL Group's plants so that it can be used to produce sugar and ethanol. The excess electricity produced is then sold to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) through long-term contract and therefore has limited number of competitor and reliable customer. A 100% of electricity and steam produce is sold domestically.

Table 2.7 Sales Volume and Average Selling Price of Electricity in the Past 3 Years

| | 2019 | 2018 | 2017 |
|----------------------------------|---------|---------|---------|
| Sale volume (MW-hour) | 372,481 | 346,894 | 268,893 |
| Avg. selling price (THB/MW-hour) | 2,952 | 2,940 | 2,795 |

Electricity and Steam: Product and Service Provision

Raw material provision policy

Raw material procurement is crucial in operating the electricity generating business. The corporate power plant is mainly fueled by bagasse. Each year, the Group crushed sugarcane fluctuates. A limited amount of crushed sugarcane may affect the fuel amount available for the power plant's electricity generating. Thus, Khon Kaen Sugar Power Plant has prepared purchasing biomass fuel sources, such as bagasse from nearby plants.

Production policies

(1) Cost Management

Khon Kaen Sugar Power Plant committed to minimize its production cost. Costs of electricity generating and steam energy production include fuel and depreciation. Fuel efficiency is, hence, crucial. The company also ensures economy of scale to reduce its unit cost.

(2) Improving and Developing of Production Effectiveness

The quality of fuel is effectively controlled, as the company uses its own bagasse. Fuel efficiency is ensured by controlling moisture in bagasse using such methods as bagasse dryer system and setting up roofs to protect the material from the rain.

Marketing policy

The long-term agreement between the company and EGAT allows the electricity produced to be priced based on natural gas prices and exchange rates. The sale unit price increases at the time when EGAT's demand for electricity is high. Electricity sold to the companies in the KSL Group is priced at the same rate as that sold to EGAT.

Environmental effects

Extensive Environmental Impact Assessment (EIA) has been carried out. The facilities in Khon Kaen province has been registered with CDM Executive Board as a CDM (Clean Development Mechanism project under the Kyoto Protocol) which helps carbon reduction.

Electricity & Steam: Works Not Submitted

- None -

3. RISK FACTORS

Significant risk factors in the operation of the sugar business of the company, which may effect on the return on investment by the shareholders, can be summarized as follows.

1. Risks from Raw Material Supply – Sugarcane

Khon Kaen Sugar Industry Public Company Limited produces sugar which derives from sugarcane as raw material. The company has also invested in other related projects, which use by-products and wastes generated from the sugar manufacturing process, to create added value. Therefore, the quantity of sugarcane available for crushing is the most important factor affecting the operations of the company.

There are two main reasons that cause fluctuations in the quantity of sugarcane, i.e., (1) changes in the acreage under sugarcane plantation which may depend on the price agreed for the cane and whether it is worthwhile for the farmers to grow sugarcane compared to other agricultural crops as well as the promotional policies of the Government and (2) changes in the yield of sugarcane (ton(s) of cane per rai) which may occur due to climate change conditions, such as drought and flood, caused by global warming.

To reduce the above-mentioned risk, the company provides promotion and assistance to sugarcane farmers, such as loans for planting sugarcane, materials for sugarcane planting, irrigation system, technology to increase yields and efficiency in cultivation and reduction of middle man's roles in sugarcane sales and purchase deals. All the assistance is aimed for the farmers' better quality of life.

2. Risks from Fluctuation of World Sugar Price

While considering sugar trade in the world market, it can be said that sugar is the commodity that has high price fluctuation when compared with other agricultural products. The world sugar price depends on several factors, such as demand and supply of countries being producers or consumers or exporters or importers, traders' speculations, climate conditions facilitating cultivation in each of the respective countries, promotional policy, intervention, exportation, importation of the industry and the government, particularly the developed ones. Sugar price is also interrelated to oil price. Because of sugarcane and molasses can be used to produce a type of alcohol called ethanol. Ethanol can be blended with gasoline to produce fuel for automobiles. All the above factors cause high fluctuation in sugar price in the world market.

Generally, sugar companies in Thailand are obliged to meet the domestic demand first. The balance sugar can be exported. Every year, the Office of the Cane and Sugar Board estimates the quantity of domestic demand for sugar, and allocates this volume to all sugar factories based on their respective sugar production. The proportion of domestic sales to exports of each sugar factory is therefore similar, usually in the range of 20:80 to 30:70 depending on the sugarcane available for crushing all over the country. In 2019, the world sugar price was very volatile, seeing the price at 12-13 cents per pound. The price fluctuation was derived from the increase of world sugar cane production and the consumption of sugar is inclined to be lower than the production even though the production in year 2018/2019 decreased from the previous season. The surplus of supply accordingly kept the sugar price low. If the Company was not able to establish a selling price that was higher than the price level for setting cane prices, the corporate operating results would have been severely affected. To prevent the risk posed by sugar price volatility in the world market, the Company undertakes sugar futures contract with financial institutions and monitors the situation as well as analyzes the trend or effects carefully. The meeting of relevant executives is organized monthly to prescribe policy and operation that were adaptable to circumstances. Such risk precaution would keep the Company's profitability and keep away from too much fluctuation risk of sugar price.

In the past, the operation results relied on sugar and molasse businesses; the price fluctuation of sugar in the world market therefore directly affected the Company's operation. At present, the business is diversified to ethanol, organic fertilizer and electricity supply. The operation therefore depends less on world sugar price; the effect of price fluctuation becomes relatively less.

3. Risks from Government Policy

The sugarcane and sugar industry in Thailand is under the supervision and control of the Office of the Cane and Sugar Board under the Cane and Sugar Act 1984. The significant administration includes the allocation of sugar production by a proportion of domestic sale and export sale, the domestic selling price, the ratio of distribution of revenue from the sugar business between the farmers and sugar factories with the 70:30 revenue sharing, the opening of new factory. It is evident that the rules and regulations promulgated by the Cane and Sugar Board have an impact on the production costs and the operations of the Company such as the revenues sharing system 70:30 ratio which determines the sugar cane price to be paid to farmers by sugar factories, the adjustment of domestic sugar selling price, the payment to the Cane and Sugar Fund, the promotional scheme for other crops which would encourage sugar cane farmers to plant other crops which bear higher income.

In 2019, the Company strictly complied with the government policy through various measures set by the relevant authorities. Meanwhile, the amendment of the Cane and Sugar Act 1984, which is mainly amended to avoid inconsistencies with the World Trade Organization's rules, is in the legislative process. The Company shall monitor the risk closely and establish related plans to comply with the law.

4. Risks of Bad Debts from Credit System Provided to Farmers (Advanced Credit)

In the operation of a sugar factory, the factories provide loans or other kinds of financial support to sugarcane farmers as working capital to plant sugarcane crop, or what is called "advanced credit", thereby reserving the sugarcane for crushing. After the sugarcane crop is ready for harvesting and the sugar factories are ready to start crushing the cane, the farmers harvest the cane and send it to the sugar factories and receive payment for the value of the cane supplied after the loans and other financial support given is deducted. The risks that are generated from such credit can come from reduced volume of sugarcane in any year due to drought conditions, losses from crop disease and pestilence, farmers refusing to send the cane to the sugar factories, etc. Such liabilities, arising from sugarcane credit, can adversely affect the company's operations requiring higher amounts of provisioning for bad debts.

However, the Company is well aware of the said risks and therefore develops the sugar cane subsidies system to be more efficient, by using GPS in inspecting and surveying sugar cane plantation areas to reduce the problem of claiming of right of ownership of certain farmers, and it was also used for sugar cane supply planning. The Company also develops a tablet-installed program so as to effectively monitor sugar cane and debt status of each farmer, as well as the development of database of farmers in respect of growing ability, debt, security data, and ability to pay debt, which would help analyze suitable credit facility with the ability to service debt and the value of property placed as security.

5. Risks from Exchange Rate

The volatility of exchange rate poses a significant risk to the Company's operation. The Company exports about 70-80% of its total sugar sales. The Company also imports tools and machinery, and conduct operations in neighboring country. The Company reduces its exchange rate risks by making currency forward contracts or managing the foreign exchange using natural hedging mechanism by way of paying the foreign currency expense with the same foreign currency revenue from sugar sale.

The 70:30 revenue sharing scheme sees the cost of sugar cane, which is the major cost, and the revenue from sale influenced by the same direction of foreign exchange. The Company keeps monitoring the exchange rate movement to react against the changes in a timely manner.

6. Risks from Investment Project in Laos and Cambodia

The investment projects of sugar business in both countries were initiated by the Company, whereby the Company had obtained concession areas from the governments for sugar cane plantation and it was also licensed to construct sugar factories. The Company then managed its key risks in this issue as follows:

1.The quantity of sugar cane is insufficient to the production owing to climate change, natural disasters and spread of pests including deteriorated soil conditions at the concession areas, thereby causing a fluctuation of sugar cane supply in each year, and thus resulting in production per area to have been insufficient to cover the break-even point.

2.Management problems, such as, lack of sugar cane growing technology in large areas, lack of infrastructure, namely road, transport system, including plantation labour shortage and capable personnel, etc., and it would take longer than expected to solve these problems and to improve the development in this regard.

3.Control from governments, especially investment projects in Cambodia where the Company experiences problems about the concession policy, unclear concession areas and claimed areas by villagers, taxation policy, including ambiguity of local rules and regulations which had been revised and changed and which may cause disputes with the communities. Nevertheless, the said issues were given much importance by the Company and the Company was prepared to manage or rectify such problems suitably.

In 2019, projects abroad still suffered a loss. The Company has explored the solutions for its business in Cambodia, while the Company managed the risks of operation in Laos by 1) budget control, 2) providing loans to farmers, partners, in order to expand the plantation areas, and 3) continuous development of deteriorated soil conditions.

7. Risks from Selection and Maintaining Personnel in Organization for Sustainable Growth

The business operations of the group of companies mainly rely on personnel and it needs sufficient and quality personnel, especially at executive level, whereby the executives must be of a number that meets the demand of the business, so as to support and implement the Company's strategies to a success. Hence, the Company finds it necessary to develop the process of selection, maintaining, and development of potential of its staff to cope with the changing circumstances by reducing personnel risks with various measures emphasizing on individual development planning, career planning, succession planning, and leadership development program.

In 2019, the Company materializes the personnel development by providing new knowledge and skills relating to the use of technology to help develop the work and lifestyle in digital age. The staff are trained with working skill for their daily work and managerial skill for understanding of team members comprising difference of generation gap. The Company also encourages the knowledge management within the company, knowledge sharing and cross functional training so that the staff can apply the knowledge to develop their work process continually. The Company improves working environment that facilitates the discussion and active listening together with the review of performance management system to correlate the remuneration and fringe benefits with the competitive level of the same industry. The approach would help build quality of life and long term stability for the employees and, by the same token, the Company can maintain enough quality employees on continuing basis with the Company and reduce the burden to recruit qualified staff from outside.

4. Operating Assets

4.1) Core Operating Fixed Assets

As of October 31, 2019, the company and its subsidiaries have core operating assets as follows:

| Items | Area (approximat ely) | Ownership | Net Book Value (Million THB) | Encumbrance |
|---|-----------------------------|-----------|---------------------------------------|-------------|
| 1. Land & Land Development (Rai) | | | | |
| Land for factory location | | | | |
| - Khon Kaen Sugar Industry | 1,739.25 | Owner | 1,024.28 | |
| - Tamaka Sugar Industry | 239.13 | Owner | 615.86 | |
| - New Krung Thai Sugar Factory | 1,492.89 | Owner | 562.96 | |
| - New Kwang Soon Lee Sugar | 2,570.00 | Owner | 386.95 | |
| - KSL. Agro & Trading Co., Ltd. | 2,032.05 | Owner | 245.09 | |
| - Khon Kaen Sugar Power Plant Co., Ltd. | 420.15 | Owner | 188.07 | |
| - KSL Material Supplies Co., Ltd. | 511.45 | Owner | 204.86 | |
| Cane Plantation Area | 11,147.58 | Owner | 1,213.95 | |
| Other Lands | 100,252.99 | Owner | 651.16 | |
| Total Land & Land Development | | | 5,093.18 | |
| 2. Factory Building and Construction | | Owner | 4,861.52 | |
| 3. Machinery and Equipment | | Owner | 13,673.41 | |
| 4. Motor Vehicle and Labors-saving device | | Owner | 505.73 | |
| 5. Furniture and Office Equipment | | Owner | 37.00 | |
| 6. Assets under Construction | | Owner | 1,668.86 | |
| Grand total | | | 25,839.70 | |

4.2) Significant Intangible Assets

Trademarks

Key trademarks of Khon Kaen Sugar Industry Public Company and subsidiaries are registered with the Department of Intellectual Property, as follows:



Privileges of Benefits from Promoted Investment

A domestic subsidiary received 3 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act B.E. 2520. The benefits include the exemption from income tax for profit for the year derived from operations of promoted businesses for the period of 8 years, commencing from the date of first receiving operation revenue of promoted businesses. The details are as follows:

| <u>Certificate No.</u> | <u>Sections</u> | <u>Date</u> | <u>Promoted activity types</u> | <u>Commenced date</u> | <u>Expire date</u> |
|------------------------|---|-------------------|--|------------------------------|--------------------|
| | <u>Privilege</u> | | | <u>of revenues generated</u> | |
| 1432(2)/2552 | 25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3) | June 24, 2009 | - Production of electricity, power steams and water for manufacture | November 30, 2010 | November 29, 2018 |
| 1349(2)/2556 | 25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3) | Mach 15, 2013 | - Production of electricity, power steams and water for manufacture | January 21, 2014 | January 20, 2022 |
| 61-0170-1-00-1-0 | 25, 26, 28, 31(1), 31(2), 31(3), 31(4) and 34 | February 12, 2018 | - Production of electricity, power steams and water for manufacture | Income not yet derived | |

Furthermore, in accordance with the Promotion Certificate No. 1432(2)/2552 and 1349(2)/2556, the subsidiary receives the privilege in 50% income tax reduction of the regular rate for the period of 5 years commencing from the expiration date of income tax exemption and under all Promotion Certificates, the subsidiary is granted privilege for exemption of import duties for approved machinery and exemption from income tax on dividend on profit from promoted businesses during the period in which the Company is granted exemption from corporate income tax.

4.3) Investment and Management Policy for subsidiaries and affiliates

As of October 31, 2019, the company invests in both direct and indirect 13 subsidiaries and 2 affiliate companies, as followings:

Subsidiaries (The company holds the shares directly)

- 1) Tamaka Sugar Industry Co., Ltd
- 2) New Krung Thai Sugar Factory Co., Ltd
- 3) New Kwang Soon Lee Sugar Factory Co., Ltd
- 4) KSL Real Estate Co., Ltd
- 5) K.S.L. Export Trading Co., Ltd
- 6) Khon Kaen Sugar Power Plant Co., Ltd
- 7) KSL Material Supplies Co., Ltd.
- 8) KSL. Agro and Trading Co., Ltd.
- 9) Savannakhet Sugar Co., Ltd
- 10) Koh Kong Sugar Industry Co., Ltd
- 11) Wynn In Trading Co., Ltd
- 12) WSP Logistics Co., Ltd.

Subsidiaries (The company holds the shares indirectly through Wynn In Trading Co., Ltd.)

- 13) Koh Kong Plantation Co., Ltd.

Affiliated Companies

- 1) Thai Sugar Terminal PCL
- 2) BBGI PCL

For the subsidiaries that the company holds its shares directly, the company has controlling power through holding more than 50 % of registered shares.

The company has the investment and management policy to invest in the business related to sugar business, sweetener business or other business that gives the benefit and reasonable return to the core business. The criteria for the investment will be based on competitive advantage, reasonable rate of return and the investing amount of each business type. In addition, considering the proportionate of investment will be depended on various factors, especially the company's expertise. If the business requires special experiences significantly and the company has no or less experience, the company will let other strategic partners holding the share in higher proportion. However; if the company has the investment in high proportion, the company will assign its own representatives to participate in a position of company directors or a position of top management. In addition, all of company investments must be approved by the board of director and there should not be the conflict of interest with the parent company in the future.

Non-financial performance indicators, such as Market share, Customer satisfaction

KSL and its subsidiaries have been certified ISO 9001:2000, therefore the companies have to survey Customer satisfaction, both domestic and international survey, which cover areas of Quality, Services and others to assess and improve satisfaction. The company have target to get score at least 94 out of 100. The results in the last 3 years are as follows:

| Satisfaction Survey | Year 2019 | Year 2018 | Year 2017 |
|----------------------------|------------------|------------------|------------------|
| Domestic | 96.65 | 96.46 | 98.26 |
| International | 95.54 | 95.78 | 96.71 |

Sugar production and market share of the group companies for the last 3 years are as follows:

| Production/Market share | Year 2019 | Year 2018 | Year 2017 |
|--------------------------------|------------------|------------------|------------------|
| Production (Metric Ton) | 1.151 Million | 1.182 Million | 0.713 Million |
| Market Share (%) | 8% | 8% | 8% |

5. Legal Dispute

As of 31 October 2019, the Company had no dispute which might have a potential negative impact in excess of 5% of the shareholders' equity per its consolidated financial statements.

6. General Information and Other Information**6.1) General Information**

Company Name : Khon Kaen Sugar Industry Public Company Limited

Type of business : Manufacturer of Sugar & Sugar-related products

Registered & Head Office : 503 KSL TOWER 9th Floor, Sriyudhya Road, Rajathevi,
Bangkok, 10400 Thailand

Company Registration Number : PCL 0107547000214

Registration Phone number

Telephone : +662-642-6230

Facsimile : +662-642-6228

Website : <http://www.kslgroup.com>

6.2) Risk Hedging Procedure Against Sugar Price Volatility in the World Market

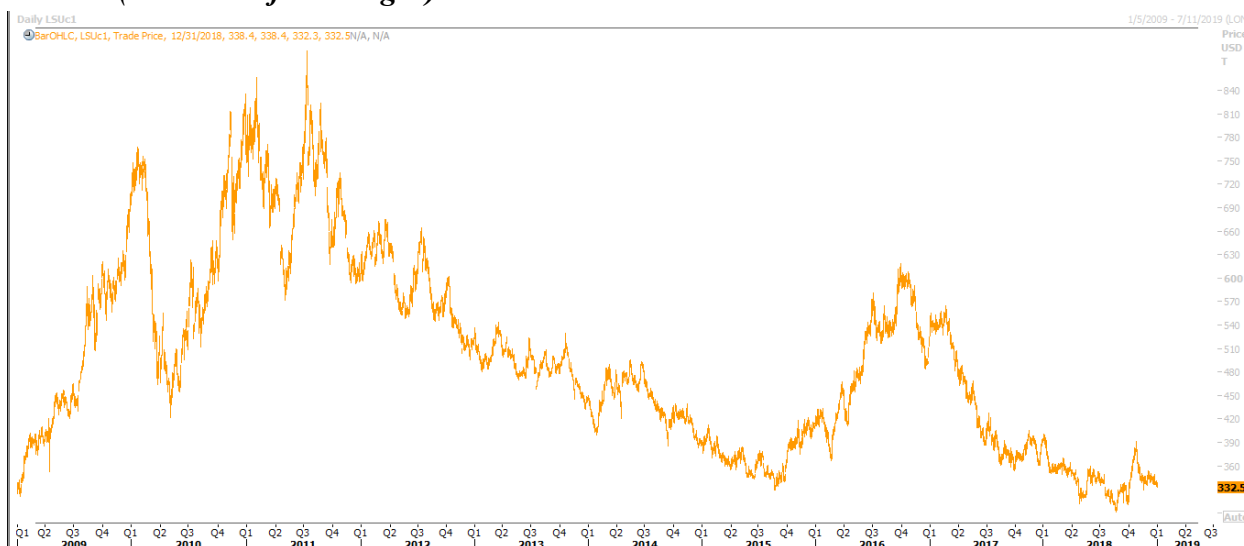
Thailand has the capability to produce sugar more than domestic consumptions, some of remaining sugar were exported. Ratios of domestic consumption to exportation vary each year by year in approximate range from 20:80 to 30:70 depending on annual amounts of sugar cane crushed. Then, Thailand becomes the second largest sugar exporter after Brazil. Revenue of sugar producers in Thailand is partially based on the world market sugar prices and domestic sugar prices, regulated by government.

In terms of world sugar price, the policies supporting and protecting benefits of farmers, and food security policies regulate importing countries to issue measures for regulating and restricting sugar importation. These policies, issued by international government sectors, affect sugar demand in the world market. Factors related to climate uncertainty such as flooding, droughts, or severe cold in countries where sugar is produced and consumed, limited number of exporting countries, and any other events affecting the world market sugar supply also affect the world sugar prices. Furthermore, in the past 2 – 3 years, significant increase in investment by foreign funds has heightened fluctuation of sugar prices in the world market; prices are much higher or lower than fundamental factors. Sugar prices are especially volatile in years when consumption demand is close to or greater than the amount of sugar produced. Chart 6.1: World Sugar Prices in the Past 10 Years demonstrates volatility of sugar prices.

Chart 6.1: World Sugar Prices in the Past 10 Years

New York (NYBOT#11 – Raw Sugar)



London (LD#5 – Refined Sugar)

Due to the fact that revenue of sugar producers in Thailand is partially based on the world sugar prices, which fluctuate significantly, the company's operating results will be affected when sugar prices in the world market drop drastically. To prevent the risk posed by sugar price volatility in the world market, the risk hedging procedure has been established with the use of risk management mechanisms and tools in the forms of futures contracts. Prices are based on those at futures markets in New York (NYBOT#11 – Raw Sugar) and London (LD#5 – Refined Sugar). Details are as follows:

Case 1: Normal business transactions in trading export sugar (without risk hedging)

A buyer and seller agree on a sugar price based on the market price. Once reaching an agreement, the changed world market price does not affect the agreed price and accounting recorded value. The seller records the price as agreed with the buyer, for instance:

In case of sugar price increase in futures market

Day 1: Sugar futures price is at 600 USD / ton:

The buyer and seller agree on a transaction of sugar at the market price of 600 USD + premium 100 USD

Day 2: Sugar futures price increases to 800 USD / ton :

The seller delivers the sugar. The buyer pays 600 USD + 100 USD premium = 700 USD
Accounting Record: The company income generated from sugar sale is 700 USD.

Note: Premiums of sugar are based on types of sugar, delivery sites, delivery time, delivery terms, etc.

In case of sugar price decrease in futures market

Day 1: Sugar futures price is at 600 USD / ton:

The buyer and seller agree on a transaction of sugar at the market price of 600 USD + premium 100 USD.

Day 2: Sugar futures price decreases to 400 USD / ton :

The seller delivers the sugar. The buyer pays 600 USD + 100 USD premium = 700 USD.

Accounting Record: The company's income generated from sugar sale is 700 USD.

It is demonstrated that prices that buyers receive depend on the time that buyers and sellers agree to make transactions. This becomes problematic when the world sugar prices are high. Sellers are interested in selling, while buyers are not willing to buy due to high prices. When the world sugar prices are low, buyers are willing to buy. Sellers, however, consider the prices too low and are not so willing to sell. Sellers and buyers are unable to agree on prices. This method would only work if sugar prices in the world market were not volatile. High volatility of sugar price causes the sellers and/or buyers losing the opportunities to trade at their own satisfied prices.

Case 2: Adopting risk hedging procedure for sugar price in form of sugar future contracts

During a period when the world sugar prices are highly volatile, to prevent losing opportunities to sell at satisfied prices, sugar producers adopt risk hedging procedure in form of "sugar futures contracts" which their price are based on world sugar price. With this futures contracts, contracts are not settled by sugar delivery, but by cash settlement which paying the difference between the sugar price fixed on the day the contracts are made and the sugar price on the day the contracts are settled (unwinded). The risk hedging procedure may be carried out directly at sugar futures market through a broker or alternatively, through a financial institution as a counterparty. Examples are as follows:

In case of sugar price decrease in futures market

Day 1: Sugar futures price is at 600 USD / ton:

The seller is satisfied with the price at this level, but no interest from any buyer. Buyers expect the price to decrease. The seller entered into a contract with a financial institution fixing the sugar futures price at 600 USD.

Day 2: Sugar futures price decreases to 400 USD / ton :

A buyer is interested in buying. The seller sells sugar at the agreed market price of 400 USD + 100 USD premium = 500 USD. At the same time, the seller closes or unwinds the futures contract by buying back the contract at the market price of 400 USD/ton (sold at 600 USD while bought back at 400 USD), resulting in 200 USD gain.

From this example, the seller's actual income from the sugar sale is 500 USD + 200 USD gain from entering into the sugar futures contract = 700 USD. The amount equals the guaranteed price of 600 USD + 100 USD premium = 700 USD.

Accounting Record: The company generates income from sugar sale at 500 USD (which is lower than the guaranteed price of 700 USD). The 200 USD gain from entering into the sugar futures contract is recorded as other income.

In case of sugar price increase in futures market

Day 1: Sugar futures price is at 600 USD/ton:

The buyer is satisfied with the price at this level, but receives no interest from any seller. Sellers expect the price to increase. The seller enters into a contract with a financial institution fixing the sugar futures price at 600 USD.

Day 2: Sugar futures price increases to 800 USD/ton:

A buyer needs sugar for use, resulting in buying at a high price. The seller sells sugar at the agreed market price of 800 USD + 100 USD premium = 900 USD. At the same time, the seller closes or unwinds the futures contract by buying back the contract at the market price of 800 USD/ton, resulting in 200 USD loss (sold at 600 USD while bought back at 800 USD).

In this example, the seller's actual income from the sugar sale is 900 USD + -200 USD loss from entering into the sugar futures contract = 700 USD. The amount equals the guaranteed price of 600 USD + 100 USD premium = 700 USD.

Accounting Record: The company generates income from sugar sale at 900 USD (which is higher than the guaranteed price of 700 USD). The -200 USD from entering into the sugar futures contract is recorded as a loss.

In all the cases, the company has the net income of 700 USD (excluding a commission paid to the financial institution). Methods of producing accounting records are, however, different. For the regular transaction, (no risk management involved), the company records 700 USD as income from sale. The concerns with this type of transaction is that at the time there may not be any buyer willing to buy, or the seller may not be willing to sell. Adopting a risk hedging tool of sugar futures contracts, if the market is in a downturn, the company will record income from the sugar sale at 500 USD, and 200 USD gain from entering into the sugar futures contract will be recorded as other income. However, during an upturn in the market, the company will record 900 USD as income from sale and -200 USD loss from entering into the sugar futures contract.

In conclusion, entering into sugar futures contracts enable (1) buyers and sellers to trade at prices considered satisfactory by both parties without the need to wait for prices to reach the levels that buyers and sellers can agree on; and (2) the net revenue will be equal to fixed prices. If the market is experiencing a down turn, actual income from sugar sales will be low, but will be offset by gain from entering into sugar futures contracts. During an upturn, however, actual income from sugar sale will be high, while there is loss from entering into sugar futures contracts.

Important Concerns

1. The time to record actual sales may be different from those of recording gain/loss from entering into sugar futures contracts. For example, the companies record income from actual sales when sugar is delivered to customers. Gain/loss from entering into sugar futures contracts is recorded upon contract closure or unwinded. It is possible that companies will realize gain/loss from entering into sugar futures contracts before recording sales, resulting in a discrepancy between the two records produced at different periods. This outcome will be experienced significantly by companies that report their operating results on a quarterly basis.
2. Adopting a risk hedging procedure for sugar price volatility in form of sugar futures contracts can insure the company against the sugar price risk on existing sugar volume and also sugar volume estimated to be produced in the future. Amounts hedged under sugar future contracts vary according to sugar production estimated to be produced in the future. However, amounts of sugar produced depend on quantities of cane crushed largely affected by climate, vast cultivation areas, and a lot of farmers. As a result, inaccuracy of estimation of sugar cane crops may be rather high.

When estimation of sugar cane crops is too high, sugar futures contracts have been made according to the estimates and later the actual outputs do not match up with the estimates, the contracts become oversold. If the sugar future price is in an upturn, there will be actual loss from sugar futures contracts made. This is due to the fact that there is no actual sale at a high price to offset. In contrast, when the sugar market price is experiencing a downturn, there will be actual gain from sugar futures contracts.

7. Shareholder Structure

7.1) Securities

As of October 31, 2019, the Company's registered capital is THB 2,205,121,824 and the paid-up capital is THB 2,205,116,309.50. It is comprised of 4,410,243,648 ordinary shares and 4,410,232,619 paid-up shares, at par value of THB 0.50 per share.

7.2) Debentures

As of October 31, 2019, the non-subordinated and unsecured debentures are detailed as follows:

| Name | Tenor | Expiry Date | Total Value (million THB) |
|-----------------------------------|----------|-------------|------------------------------|
| KSL202A | 3 years | 24-Feb-20 | 1,000 |
| KSL203A | 5 years | 13-Mar-20 | 2,000 |
| KSL206A | 3 years | 20-Jun-20 | 500 |
| KSL215A | 3 years | 3-May-21 | 1,350 |
| KSL228A | 3 years | 19-Aug-22 | 3,000 |
| KSL27DA | 10 years | 7-Dec-27 | 2,000 |
| KSL285A | 10 years | 3-May-28 | 650 |
| Total Long Term Debentures | | | 10,500 |

7.3) Shareholders

On October 31, 2019, the top 10 major shareholders of the Company are as follows:

| As of 31 October 2019 | | | |
|------------------------------|--------------------------------------|----------------------|-------------------|
| Rank | Name | No.of Share | % of total |
| 1 | KSL Sugar Holding Co., Ltd. | 1,468,141,128 | 33.29 |
| 2 | Thai NVDR Co., Ltd. | 137,248,494 | 3.11 |
| 3 | Mr.Chanachai Chutimavoraphand | 115,355,499 | 2.62 |
| 4 | Mr.Chamroon Chinthammit | 108,818,031 | 2.47 |
| 5 | Ms.Duangdao Chinthammit | 99,799,954 | 2.26 |
| 6 | Ms.Duangkae Chinthammit | 99,683,643 | 2.26 |
| 7 | Mr.Kamondanai Chinthammit | 98,652,448 | 2.24 |
| 8 | Mr.Somchai Chinthammit | 96,475,726 | 2.19 |
| 9 | Mr.Piripon Chinthammit | 92,647,024 | 2.10 |
| 10 | CREDIT SUISSE AG, SINGAPORE BRANCH | 90,698,136 | 2.06 |
| | Total for top ten major shareholders | 2,407,520,083 | 54.59 |
| 11 | Other shareholders | 2,002,712,536 | 45.41 |
| | Total Paid-up Capital | 4,410,232,619 | 100.00 |

Note:

A major shareholder of KSL Sugar Holding Co., Ltd. is the Chinthammit family which holds 33 % of shares. However, proportion of shareholding does not indicate that members of the Chinthammit family are voting in the same way.

The registered capital and paid up capital of KSL Sugar Holding Company Limited consists of 100 million shares at par value of THB 10 per share or THB 1,000 million.

On October 31, 2019, the top 10 major shareholders of KSL Sugar Holding Co., Ltd. are as follows:

| As of 31 October 2019 | | | |
|-----------------------|--------------------------------------|--------------------|---------------|
| Rank | Name | No.of Share | % of total |
| 1 | Ms.Nareerat Chinthammit | 12,105,268 | 12.11 |
| 2 | Ms.Duangdao Chinthammit | 7,847,944 | 7.85 |
| 3 | Ms.Duangkae Chinthammit | 7,764,650 | 7.76 |
| 4 | Mr.Chanachai Chutimavoraphand | 6,971,788 | 6.97 |
| 5 | Mr.Chamroon Chinthammit | 5,370,580 | 5.37 |
| 6 | Mr.Somchai Chinthammit | 5,169,890 | 5.17 |
| 7 | Mr.Sarun Chinthammit | 4,246,828 | 4.25 |
| 8 | Mr.Kamondanai Chinthammit | 2,906,000 | 2.91 |
| 9 | Mr.Piripon Chinthammit | 2,906,000 | 2.91 |
| 10 | Ms.Yaovanuth Dejvitak | 2,900,000 | 2.90 |
| | Ms.Yaovaluck Chutimavoraphand | 2,900,000 | 2.90 |
| | Total for top ten major shareholders | 61,088,948 | 61.09 |
| 11 | Other shareholders | 38,911,052 | 38.91 |
| | Total Paid-up Capital | 100,000,000 | 100.00 |

Note:

The 10th major shareholders are Ms. Yaovanuth Dejvitak and Ms.Yaovaluck Chutimavoraphand who both hold equal number of shares.

7.4) Dividend Payment Policy

The company has a policy to pay dividends at a rate of not less than 50 % of net income after corporate income tax and legal reserves of separate financial statement, if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans, etc. The dividend payment requires approval from corporate shareholders and/or the Board of Directors. Dividend payment of the subsidiaries and associates to Khon Kaen Sugar Industry Public Company Limited depends on their cash flow, liquidity, suitability, and necessity for the use of the money. No minimum rate is specified.

7.5) Dividend Payment Record

| Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|--------------|--------|-------|--|
| Dividend per share (Baht : share) | 0.1811111111 | 0.1055555556 | 0.10 | 0.05 | 0.05 |
| Percentage of dividend to net profit (percent of Consolidated Financial Statement) | 37 | 51.90 | 30.92 | 11.19 | 26.00 |
| Percentage of dividend to net profit (percent of Separated Financial Statement) | 51 | 51.60 | 188.24 | 16.81 | (dividend paid from accumulated profit) |

8. Management Structure



8.1 Board of Directors

As of October 31, 2019, the Company's Board of Directors comprises the following 20 members:

| | |
|------------------------------------|---------------------------------------|
| 1. Mr. Manu Leopairote | Chairman and Independent Director |
| 2. Mr. Chamroon Chinthammit | Director |
| 3. Mr. Pornsin Thaemsirichai | Director |
| 4. Mr. Sukhum Tokaranyaset | Director |
| 5. Mr. Thawatchai Rojanachotikul | Director |
| 6. Ms. Intira Sukhanindr | Director |
| 7. Ms. Duangdao Chinthammit | Director |
| 8. Mr. Chalush Chinthammit | Director |
| 9. Mr. Somchai Chinthammit | Director |
| 10. Ms. Duangkae Chinthammit | Director |
| 11. Mr. Chanachai Chutimavoraphand | Director |
| 12. Mr. Chatri Chinthammit | Director |
| 13. Mr. Somchat Chinthammit | Director |
| 14. Mr. Tachpong Pakornsiriwongse | Director |
| 15. Mr. Trakarn Chunharojrit | Director |
| 16. Pol. Gen. Boonpen Bumpenboon | Independent Director |
| 17. Mr. Sitti Leelakasamelek | Independent Director |
| 18. Mr. Karun Kittisataporn | Independent Director |
| | (Resigned, effective on July 1, 2019) |
| 19. Mr. Warapatr Todhanakasem | Independent Director |
| 20. Ms. Nongluck Phinainitisart | Independent Director |
| 21. Ms. Anchalee Pipatanasern | Independent Director |

Remark: The Company is in process of appointing a new eligible director to substitute the vacancy.

During the year, members of the Board of Directors never dishonestly committed a criminal offence against property nor entered into any transaction which might cause conflict of interest against the Company.

Composition of the Board of Directors

The Board of Directors consists of persons of knowledge, capability and specialization who have leading roles in specifying policies and goals of the Company and, together with top executives, set the short term and long term planning as well as govern and monitor the plans in each quarter.

Authorized Directors

Mr. Chamroon Chinthammit or Mr. Pornsin Thaemsirichai or Ms. Duangdao Chinthammit or Mr. Chalush Chinthammit or Ms. Intira Sukhanindr or Mr. Sukhum Tokaranyaset or Mr. Thawatchai Rojanachotikul or Mr. Chanachai Chutimavoraphand, any two of whom may jointly sign their names and affix the Company's seal.

Proportion and Structure of Directors

| No. | Name | | Category of Director | | | |
|--------------|------------------|------------------|----------------------------|---------------|--------------------------|---------------|
| | | | Shareholder Representative | Non-Executive | Independent Director | Executive |
| 1 | Mr. Manu | Leopairote | | / | / | |
| 2 | Mr. Chamroon | Chinthammit | / | | | / |
| 3 | Mr. Pornsin | Thaemsirichai | / | | | / |
| 4 | Mr. Sukhum | Tokaranyaset | / | | | / |
| 5 | Mr. Thawatchai | Rojanachotikul | / | | | / |
| 6 | Ms. Intira | Sukhanindr | / | | | / |
| 7 | Ms. Duangdao | Chinthammit | / | | | / |
| 8 | Mr. Chalush | Chinthammit | / | | | / |
| 9 | Mr. Somchai | Chinthammit | / | | | / |
| 10 | Ms. Duangkae | Chinthammit | / | | | / |
| 11 | Mr. Chanachai | Chutimavoraphand | / | / | | |
| 12 | Mr. Chatri | Chinthammit | / | / | | |
| 13 | Mr. Somchat | Chinthammit | / | / | | |
| 14 | Mr. Tachpong | Pakornsiriwongse | / | | | / |
| 15 | Mr. Trakarn | Chunharojrit | / | / | | |
| 16 | Pol.Gen. Boonpen | Bumpenboon | | / | / | |
| 17 | Mr. Sitti | Leelakasamelerk | | / | / | |
| 18 | Mr. Karun | Kittisataporn | | / | Resigned during the year | |
| 19 | Mr. Warapatr | Todhanakasem | | / | / | |
| 20 | Ms. Nongluck | Phinainitisart** | | / | / | |
| 21 | Ms. Anchalee | Pipatanasern** | | / | / | |
| Total | | | 14 | 10 | 6* | 10 |
| % | | | 66.70% | 47.62% | 28.60% | 47.62% |

* Total not including the director who resigned during the year, namely, Mr. Karun Kittisataporn

**female independent directors

Board of Directors' Meetings

The Company sets the Board of Directors meeting dates and notifies the directors of those date in advance. The Board of Directors shall hold at least 6 meetings per year. For the continuity of the Company's operations, there are monthly Executive Board meetings where the members monitors the operations or make decisions. In every meeting, the Board of Directors is informed about matters that have been approved by the Executive Board to ensure that the Board of Directors is able to supervise, control, and monitor the work of the management on a regular basis.

In 2019, the Board of Directors held 8 meetings directors attended more than 75% of total meeting 17 directors and less than 75% of total meeting 4 directors. There was 1 additional non-executive directors meeting (excluding the management) on 13 September 2019 so that the non-executive directors could independently express their opinions regarding management and administration. Prior to each meeting, all members received the agenda and supporting documents seven days prior to the date of the meeting so as to furnish adequate time for the directors to be well-prepared for the meeting.

For the meeting of the Board of Directors, the Chairman, the Chief Executive Officer and President, and Company Secretary consider agendas together. This is to ensure that the agendas cover important matters. Each director may propose agenda independently.

During the Board meeting, the Chairman allocates adequate time for management's presentations and comprehensive directors' discussions. The chairman encourages careful consideration in the meeting. Directors pay attention to each issue presented in the meeting, including issues concerning governance of the Company. Top executives from different departments attend the Board meeting to present details on the issues that they are responsible for in order to facilitate the Board's decision-making. The Board also has a chance to know more about the top executives, as well as has access to important additional information through the top executives. Directors may request more information about issues in the meeting from the Company Secretary. In case of necessity, the opinions of advisors or external professionals may be provided.

Minutes of the Board of Directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree. The minutes are saved and kept in paper and pdf files which is easy to retrieve but is not changeable. Numbers of the Board meetings and attendance are publicly disclosed. The Board sets a meeting at least every 3 months per year, and the Executive Board has monthly meetings to cope with the Company's operating results. Matters that passed the Executive Board meetings are presented to the Board of Directors for acknowledgement.

The Attendance of Directors in 2019

| Name | | Board of Directors (8Meetings) | Executive Board (12Meetings) | Audit Committee (5Meetings) | Nomination & Remuneration Committee (4Meetings) | Risk Management Committee (4Meetings) | Corporate Governance Committee (3Meetings) | AGM (1Meeting) |
|----------------------|-------------------|-----------------------------------|---------------------------------|--------------------------------|---|---|---|-------------------|
| 1.Mr.Manu | Leopairote | 8/8 | - | - | - | - | - | 1/1 |
| 2.Mr.Chamroon | Chinthammit | 8/8 | 12/12 | - | - | - | - | 1/1 |
| 3.Mr.Pornsin | Thaemsirichai | 8/8 | 12/12 | - | - | - | - | 1/1 |
| 4.Mr.Sukhum | Tokaranyaset | 7/8 | 11/12 | - | - | - | - | 1/1 |
| 5.Mr.Thawatchai | Rojanachotikul | 8/8 | 9/12 | - | - | - | - | 1/1 |
| 6.Ms.Intira | Sukhanindr | 8/8 | 12/12 | - | - | - | - | 1/1 |
| 7.Ms.Duangdao | Chinthammit | 8/8 | 10/12 | - | 4/4 | - | - | 1/1 |
| 8.Mr. Chalush | Chinthammit | 8/8 | 8/12 | - | - | 1/4 | - | 1/1 |
| 9.Mr. Somchai | Chinthammit | 8/8 | 12/12 | - | - | - | - | 1/1 |
| 10.Ms. Duangkae | Chinthammit | 8/8 | 11/12 | - | - | - | - | 1/1 |
| 11.Mr. Chanachai | Chutimavora phand | 7/8 | 11/12 | - | - | - | - | 1/1 |
| 12.Mr.Chatri | Chinthammit | 7/8 | - | - | - | - | - | 1/1 |
| 13.Mr. Somchat | Chinthammit | 6/8 | - | - | - | - | 2/3 | 1/1 |
| 14.Mr. Tachpong | Pakornsiriwongse | 6/8 | 11/12 | - | - | - | - | 1/1 |
| 15.Mr. Trakarn | Chunharojrit | 5/8 | 12/12 | - | - | - | - | 1/1 |
| 16.Pol. Gen. Boonpen | Bumpenboon | 5/8 | - | - | 4/4 | - | 3/3 | 1/1 |
| 17.Mr. Sitti | Leelakasamelerk | 7/8 | - | 5/5 | - | 4/4 | - | 1/1 |
| 18.Mr. Karun | Kittisataporn | 5/5 | - | - | 3/3 | 3/3 | - | 1/1 |
| 19.Mr. Warapatr | Todhanakasem | 7/8 | - | 5/5 | - | - | 3/3 | 1/1 |
| 20.Ms. Nongluck | Phinainitisart | 8/8 | - | 5/5 | 4/4 | 4/4 | - | 1/1 |
| 21.Ms. Anchalee | Pipatanasern | 8/8 | - | 5/5 | - | - | 3/3 | 1/1 |

Remarks:

1. Independent director: 7 directors: No. 1, 16 – 21
2. Audit Committee: 4 directors: No. 17, 19 – 21
3. Nomination and Remuneration Committee: 4 directors: No. 7, 16, 18, 20
4. Risk Management Committee: 4 directors: No. 8, 17, 18, 20
5. Corporate Governance Committee: 4 directors: No. 13, 16, 19, 21
6. Mr.Karun Kittisataporn (Independent director) No.18 resigned, effective on 1 July 2019
7. Annual General Meeting of Shareholders year 2018, No. 1/2019 on 22 February 2019

8.2 The Executives

As of 31 October 2019, the corporate top executives include:

| | |
|------------------------------------|---|
| 1. Mr. Chamroon Chinthammit | CEO and President |
| 2. Mr. Pornsin Thaemsirichai | Senior Vice President – Innovation Office |
| 3. Mr. Sukhum Tokaranyaset | Senior Vice President – Accounting & Finance |
| 4. Mr. Thawatchai Rojanachotikul | Senior Vice President – Administration |
| 5. Ms. Intira Sukhanindr | Senior Vice President – Business Development |
| 6. Ms. Duangdao Chinthammit | Vice President – Human Resources |
| 7. Mr. Chalush Chinthammit | Vice President – Office of President |
| 8. Mr. Theera Sanguandeekul | Vice President – Sugar Production |
| 9. Mr. Dhajjai Subhapholsiri | Vice President – Office of Company Secretary and Legal/Company Secretary/ |
| 10. Mr. Piripon Chinthammit | Vice President – Raw Material Supply |
| 11. Mr. Dhanapat Na Chiangmai | Vice President – Administration (In Position Until 31 May 2019) |
| 12. Mr. Sommanus Potisat | Vice President – Office of President |
| 13. Mr. Meechai Piyavisadpat | (Acting) Assistant Vice President - Accounting and Finance (CFO) (Resigned, effective on 1 August 2019) |
| 14. Mr. Sinchai Sirirattanaphonkun | (Acting) Senior Assistant Vice President - Accounting and Finance (CFO) (Effective on the 1 August 2019) |

Remark: Person 1-5 are executives of the Company according to the definition of SEC.

8.3 Company Secretary

The Board of Directors appoints Company Secretary whose duties includes giving advice to the directors as to the compliance with laws and regulations regarding their responsibilities, arranging the meetings of the Board of Directors, Executive Board and shareholders' meeting, making and keeping minutes and other works as required by law as well as supervising the compliance unit. The Company supports the Company Secretary to gain more knowledge and training in law and company secretary duties.

Currently, the Company Secretary is Mr. Dhajjai Subhapholsiri who graduated with law degrees and has experience in legal practice for a long period. He also attended a number of courses on duties of Company Secretary and other relating courses. Description is in (Details of Directors, Executives, Controlling Persons and Company Secretary)

8.4 Directors' and Executives' remuneration

Policy in respect of Remuneration for Board of Directors and Committees

The Company prescribes policy and rules for paying appropriate remuneration to directors subject to approval of the annual Shareholders' Meeting. The Nomination and Remuneration Committee surveys the remuneration for directors and Committee's members by taking into account responsibilities and performances of directors and Committees' members in comparison with those in leading companies in the Securities Exchange and in the same industry group having similar size and nature of business, including the survey the information provided by the Thai Institute of Directors (IOD) as well as the result of the Company's performance and payment of dividend to shareholders.

8.4.1 Directors' Remuneration

Remunerations are divided into 3 parts:

- 1) Regular remuneration (Fixed Fee) is paid monthly to directors.
- 2) Meeting remuneration (Attendance Fee) is paid to Committee members who attend a meeting.
- 3) Directors' Bonus is a special remuneration paid once a year in accordance with the corporate annual operating results.

The Company prescribed the directors' remuneration which is approved by the shareholder's meeting on February 22, 2019 as follows:

| | Not exceeding the amount of THB per year |
|---|--|
| 1. Remuneration for Chairman of Board of Directors | THB 540,000 |
| 2. Remuneration for Chairman of Audit Committee | THB 540,000 |
| 3. Remuneration for 19 directors (THB 25,000 / person / month + bonus) | THB 8,550,000 |
| 4. Meeting allowance for members of Committee, i.e, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Governance Committee who attend the meeting. | |
| Chairman of Committee who attends the meeting | THB 7,200/ meeting. |
| Each member of Committee who attends the meeting | THB 6,000/ meeting. |
| 5. Meeting allowance for Chairman of Executive Board | THB 1,200/ meeting, |
| Executive director | THB 1,000 / meeting |
| 6. Other Benefits : -No- | |
| No other remunerations than the above-mentioned are paid to directors. | |

8.4.2 Managing Director's Remuneration

The Company prescribes the managing director's remuneration by taking into account qualifications, duties and responsibilities in comparison with the amount paid by other companies in the same industry listed in SET as well as operating result and size of business so as to be an incentive for developing the Company in a continuous and sustainable manner.

8.4.3 Remuneration for Top Executives

Remuneration for executives is in line with the Company's principles and policies, and relates to the operating result and each individual's performance. The remuneration is prescribed to motivate and keep the qualified executives with the Company.

Remuneration in Cash

1.Remuneration for directors in 2019

| No. | Name of Directors | | Khon Kaen Sugar Industry PCL. | | | | | | | |
|-----|-------------------|----------------|---------------------------------------|--------------------|----|-----------|-----|----------|------------|----------------|
| | | | Remuneration Board of Directors | Meeting Allowance | | | | | Bonus | Total (THB) |
| | | | | Executive Board | AC | NRC | CGC | RMC | | |
| 1 | Mr.Manu | Leopairote | 360,000.00 | - | - | - | - | - | 120,000.00 | 480,000.00 |
| 2 | Mr.Chamroon | Chinthammit | 300,000.00 | 14,400.00 | - | - | - | - | 100,000.00 | 414,400.00 |
| 3 | Mr.Pornsin | Thaemsirichai | 300,000.00 | 12,000.00 | - | - | - | - | 100,000.00 | 412,000.00 |
| 4 | Mr.Sukhum | Tokaranyaset | 300,000.00 | 11,000.00 | - | - | - | - | 100,000.00 | 411,000.00 |
| 5 | Mr.Thawatchai | Rojanachotikul | 300,000.00 | 9,000.00 | - | - | - | - | 100,000.00 | 409,000.00 |
| 6 | Ms.Intira | Sukhanindr | 300,000.00 | 12,000.00 | - | - | - | - | 100,000.00 | 412,000.00 |
| 7 | Ms.Duangdao | Chinthammit | 300,000.00 | 10,000.00 | - | 24,000.00 | - | - | 100,000.00 | 434,000.00 |
| 8 | Mr.Chalush | Chinthammit | 300,000.00 | 8,000.00 | - | - | - | 6,000.00 | 100,000.00 | 414,000.00 |
| 9 | Mr.Somchai | Chinthammit | 300,000.00 | 12,000.00 | - | - | - | - | 100,000.00 | 412,000.00 |
| 10 | Ms.Duangkae | Chinthammit | 300,000.00 | 11,000.00 | - | - | - | - | 100,000.00 | 411,000.00 |

| No. | Name of Directors | | Khon Kaen Sugar Industry PCL. | | | | | | | |
|--------------|-------------------|------------------|---------------------------------------|--------------------|-------------------|------------------|------------------|------------------|---------------------|---------------------|
| | | | Remuneration Board of Directors | Meeting Allowance | | | | | Bonus | Total (THB) |
| | | | | Executive Board | AC | NRC | CGC | RMC | | |
| 11 | Mr.Chanachai | Chutimavoraphand | 300,000.00 | 11,000.00 | - | - | - | - | 100,000.00 | 411,000.00 |
| 12 | Mr.Chatri | Chinthammit | 300,000.00 | - | - | - | - | - | 100,000.00 | 400,000.00 |
| 13 | Mr.Somchat | Chinthammit | 300,000.00 | - | - | - | 12,000.00 | - | 100,000.00 | 412,000.00 |
| 14 | Mr.Tachpong | Pakornsiriwongse | 300,000.00 | 11,000.00 | - | - | - | - | 100,000.00 | 411,000.00 |
| 15 | Mr.Trakarn | Chunharojrit | 300,000.00 | 12,000.00 | - | - | - | - | 100,000.00 | 412,000.00 |
| 16 | Pol.Gen.Boonpen | Bumpenboon | 300,000.00 | - | - | 25,200.00 | 18,000.00 | - | 100,000.00 | 443,200.00 |
| 17 | Mr.Sitti | Leelakasemlerk | 360,000.00 | - | 36,000.00 | - | - | 24,000.00 | 120,000.00 | 540,000.00 |
| 18 | Mr.Karun | Kittisataporn | 200,000.00 | - | - | 21,600.00 | - | 18,000.00 | 0.00 | 239,600.00 |
| 19 | Mr.Warapatr | Todhanakasem | 300,000.00 | - | 30,000.00 | - | 21,600.00 | - | 100,000.00 | 451,600.00 |
| 20 | Ms.Nongluck | Phinainitisart | 300,000.00 | - | 30,000.00 | 24,000.00 | - | 28,800.00 | 100,000.00 | 482,800.00 |
| 21 | Ms.Anchalee | Pipatanasern | 300,000.00 | - | 30,000.00 | - | 18,000.00 | - | 100,000.00 | 448,000.00 |
| Total | | | 6,320,000.00 | 133,400.00 | 126,000.00 | 94,800.00 | 69,600.00 | 76,800.00 | 2,040,000.00 | 8,860,600.00 |

Remark:

1. The directors' remunerations do not include the remunerations from subsidiary companies.
2. Mr. Karun Kittisataporn (Independent Director/ Chairman of Nomination & Remuneration Committee/ Risk Management Committee) No.18 resigned, effective on 1 July 2019
3. On 2 August 2019, the Board of Directors appointed Pol. Gen. Boonpen Bumpenboon (Independent Director) Chairman of the Nomination and Remuneration Committee

2.Remuneration for executives in 2019

Remunerations for 14 executives (listed as corporate top executives) include salaries, bonuses and allowances amounted to THB 52,481,905.10 million.

3.Other Remunerations

The Company's regulations prescribe other form of remuneration for top executives, such as company car, fuel and maintenance expense and employee's welfare.

8.5 Personnel

As of October 31, 2019, the Company's personnel information is as follows:

| | Consolidated | | Separated | |
|--|--------------|----------|-----------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Number of Employees (Persons) | | | | |
| During Production Season | 6,118 | 6,480 | 2,169 | 2,534 |
| During Normal Period | 4,639 | 4,774 | 1,689 | 1,894 |
| Expenses related to employees (Million THB) | 1,461.84 | 1,568.17 | 624.27 | 642.43 |

As of 31 October 2019, the Company had no significant labor disputes that may have a potential negative impact on its operations.

Personnel Development Policy

The Company always sets high value for its human resources. Policies on continuous training and human resource management have been established. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to advance in their fields. All employees are required to receive training that is in line with the Company's direction and strategies. Training is well planned and always financially supported by the Company which are held in the Company and outside by other institutions. Also, the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management) by gathering and developing internal knowledge systematically in order that each employee can access those knowledge through Intranet and utilize them for personal development.

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors, as leader of the organization, performs its duties with responsibility, transparency, and fairness with determination to operate and develop the Company to sustainability by adhering to the principles of corporate governance and business ethics.

In 2019, the Company has conducted the following activities.

1. The Board of Directors performs its duties in compliance with the principles of corporate governance introduced by the Office of the Securities Exchange Commission, Securities Exchange of Thailand, Thai Institute of Directors, Company's Corporate Governance Policy and Business Ethics as well as international criteria so as to be consistent with accepted rules such as ASEAN CG Scorecard, etc. In 2019, the Company is assessed by Survey Project on the Corporate Governance Report of Thai Listed Companies (CGR) conducted by the Thai Institute of Directors at the level of "Excellent".

2. The Company, on 7 March 2019, provides a workshop seminar (KSL Basic 2019) to all new employees which includes the topics on business ethics and measures to prevent fraud and anti-corruption in order to promote basic knowledge and understanding to new employees.

3. The Company publicizes the Corporate Governance Policy, Business Ethics and Manual on Measures for Prevention of Fraud and Corruption in the Company's website and intranet so that the directors, executives and employees become aware and adopt as guidelines for their tasks.

The Corporate Governance Policy consists of 7 Chapters as follows: 1) Rights of shareholders 2) Equitable treatment of shareholders 3) Role of stakeholders 4) Disclosure and transparency 5) Role and Responsibilities of the Board of Directors 6) Anti-Corruption and 7) Reporting Information on Misconduct and Fraudulent Activities.

During the year, the Company duly governs the business by adhering to the Policy.

Chapter 1: Rights of Shareholders

1. Shareholders may propose a meeting agenda and put forward their questions concerning the Annual General Meeting of Shareholders in advance as from 1st October until 30th November for the Annual General Meeting in February next year, by notifying such to the shareholders via the information system of the Stock Exchange of Thailand, and the criteria and steps were clearly posted on the website of the Company at www.kslgroup.com at the menu "Information for Investors" under the "News Room" menu.

2. Method of vote casting and counting as well as the use of voting ballots were announced before a meeting of shareholders.

3. Remuneration and criteria on providing remuneration for directors of each position, namely fixed remuneration, meeting allowances, annual remuneration, were proposed to the shareholders for consideration and approval every year.

4.The Company allowed the shareholders to cast their votes on an election of individual director, by nominating a director for voting by the shareholders one by one.

5.The Company's website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is www.kslgroup.com. Inquiries and requests for further information may be e-mailed to ir@kslgroup.com and secretary@kslgroup.com

6.The Company facilitates and encourages its shareholders to exercise their rights and votes. There is a record date for a right to attended meeting and a record date for a right of dividend payment allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues which is easily accessible by public transportation. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company's head office. The 2018 AGM no. 1/2019 held on 22 February 2019 at 09.30 am. at Kamolthip 2-3 Ballroom , 2nd Floor, The Sukosol Hotel No.477, Sriayudhya Road, Thanonphayathai Sub-district, Rajthevi District, Bangkok. Shareholders can submit the registration form prior to the meeting day. For more convenient way, the Company uses barcode for registration. Stamps for proxy are prepared for shareholders.

7.Agenda of the 2018 Annual Shareholders' Meeting No.1/2019 notice covered statement of financial position, profit and loss statement, dividend payment, election of replacement directors whose terms have ended, consideration of remuneration for directors, and appoint of auditor and audit fee.

8.In 2018 Annual Shareholders' Meeting, No.1/2019, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. Shareholders were given opportunities to directly inquire the corporate directors and committees. The meeting was recorded by video recorder. The Company does not deprive its shareholders of access to corporate information. All important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings.

9.Minutes of the AGM 2018, No. 1/ 2019 is precise and accurate. Names of all the directors physically present/absent were shown. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. The minutes were posted on the Company's website within 14 days after the AGM date.

10.The Board of Directors shall not hold aggregately the shares more than 25 percent of the issued shares.

Chapter 2: Equitable Treatments of Shareholders

1.A shareholder has a voting right by one share/one vote. The Company has only one type of share, namely, ordinary shares.

2.Shareholders are entitled to nominate a person of their choice for appointment as a director in advance as from 1st October until 30th November, by notifying such to the shareholders via the information system of the Stock Exchange of Thailand, and the criteria and steps are clearly posted

on the website of the Company at www.kslgroup.com at the menu “Information for Investors” under the “News Room” menu. After that, the Board of Directors shall hold a meeting to proceed with the screening process. However, in the past there has been no nomination by the shareholders.

3.The Company attached a Letter of Proxy, per Form B with the Notice Calling Meeting, which enabled the shareholders to set their own voting direction in each agenda, so as to afford convenience to a shareholder who is unable to attend the meeting to authorize an independent director or another person to attend the meeting and cast votes on his/her behalf. The Notice Calling Meeting of both in Thai and English languages are published on the Company’s website 30 days before the date of meeting to allow shareholders to study the information beforehand. As for the Notice Calling Meeting of both in Thai and English language, the Company commissions the Thailand Securities Depository Company Limited, the Share Registrar of the Company, to send such Notice to the shareholders at least 21 days in advance in the case of normal agenda, and at least 14 days in advance in the case of special agenda.

4.The Company sets a guideline about the use of inside information in the CG Policy and disseminates to directors, executives and employees who access to significant information which would affect the price of securities to refrain from trading the securities for one month prior to the disclosure of operating result or the disclosure of such information to public (Chapter 2: Equitable treatment of shareholders). Besides, the Company by Company Secretary regularly warns the directors and executives in writing in advance of each disclosure of financial reports to refrain from the disposal of the Company’s securities as from and until the specific dates and, for transparency, informs the Meeting of Executive Board and the Board of Directors regarding the changes of the Company’s securities of each director or executive (if any) as well as informs the directors and executives of any illegal act regarding using inside information so that the directors and executives shall exercise good care in respect of the use or alleged use of any inside information before disclosure to public.

5.Regarding the use and protection of inside information, the Company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing (Details in “Use of Inside Information”).

6.The Company requires that a director shall not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company’s direct and indirect competition, unless the information about their position(s) is disclosed to the shareholders’ meeting before the appointment. Directors shall inform the Company immediately about their direct and indirect conflicts of interest arising in any corporate contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the Company or its subsidiaries between fiscal years. The Company encourages its directors, Management and those related to the Board to disclose information about their interests as part of the Board’s meeting agendas. Directors who have interests in any issues being considered are not allowed to vote on those particular issues.

7. In the past year, neither directors nor executives used insider trading and the Company did not violate or defy the connected transaction rules.

8. During the year, there was no related-party transaction which requires approval from the Shareholders' Meeting.

Chapter 3: Role of Stakeholders

Besides protecting the benefits and rights of its shareholders, the Company realizes the significance of other stakeholders contributing to its financial stability and sustainability. These stakeholders include customers, employees, suppliers, creditors, and the surrounding community. The Company has always ensured integrity and fair treatment for each stakeholder through its established business ethics, such as:

| | |
|------------------------|---|
| Rights of Shareholders | The Company abides by the Corporate Governance Policy and guidelines regarding shareholders and equal treatment to shareholders and prescribes consistent Business Ethics. |
| Rights of Employees | The Company commits to the importance of employees at all levels without discrimination on race, religion and gender. All employees are equal and are treated equally. The Company provides fair hiring conditions for the employees and undertakes appropriate policy and guidelines in respect of remuneration and welfare. Employees receive short term and long term remuneration such as salary and bonus pursuant to the employee's performance evaluation and the Company's operational result. The Company establishes a provident fund for employees' living stability. Besides, the Company supports the development of knowledge and potential so as to make them ready for their work and organizational development and discloses average training hours, accident statistics, work stoppage time and sickness from work information (Details in the Sustainability Report). |
| Rights of Customers | The Company applies international quality control system, e.g., ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER, etc. so as to create the utmost satisfaction to the customers in terms of quality and product standard, timely delivery and international standard service and strict confidentiality keeping. Besides, the Company provides customers with channels for complaints and recommendations as deemed appropriate by the customers. By average, the Company receives approximately 40-50 complaints and recommendations per year regarding the operation of 5 sugar factories. |
| Rights of Suppliers | The Suppliers hereby include, apart from contracting parties in sales and service of work, joint investors in some specific business. The Company acknowledges the legal rights and contractual rights pursuant to the joint investment by adhering to principles of honesty, equality and right to return of investment. The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that it supports fair and free competition, equality in doing business and mutual benefits, transparent and fair procurement. The Company prescribes the qualifications of the customers who are entitled to offer bidding as well as announces openly and equally to the rightful bidders of the |

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| | complete information and conditions regarding the procurement. The Company keeps confidential the bidding prices from the suppliers and does not disclose to other bidders. The Company shall not demand any benefit from the suppliers in exchange of executing contracts with the Company as well as prescribes in the Business Ethics of such practices. As for the service of work in the Company's sites, the Company provides safe working conditions for the contractors and emphasizes that the contractors must strictly abide by the Company's rules of safety. Upon completion of the work, the Company has a process of transparent and fair acceptance of work and shall pay the contractors in due time. The Company through the procurement department communicates with the suppliers through various channels of important matters and provides channels for the suppliers to send their complaints or information. In 2019, sent letters to suppliers by informing them of the CG policies together with Anti-corruption policy. The central procurement unit requested all factories to extend anti-corruption policy to local suppliers so that acknowledgement of the information shall be as much as possible. |
| Rights of Creditors | The Company has the Corporate Governance Policy that shall abide by the agreement made with the creditors regarding the timely payment, appropriate use of financial service, providing and keeping collateral and other conditions such as correct financial reports for the use of credit analysis, debt-equity ratio. The Company has gained trust from the creditors through ethical operation and facilitates information for the understanding of the Company's business through the Annual Report and the Annual Statement (Form 56 -1) and the financial status through financial reports which are made and audited in accordance with the generally accepted standard. The Company prescribes these practices in the Business Ethics consistently. |
| Right of Competitors | The Company supports free and fair competition and also the Business Ethics that the personnel shall not do business by destroying or restraining the competitors with unlawful ways or apply any unlawful way to obtain the competitor's information, In practice, the competitors are members in the same associations and regularly exchange information; therefore, there has been of unfair practice among them. |
| Rights of Community and Society | The Company adheres to sustainable development under the framework of the Global Reporting Initiative (GRI) and keeps complying with relevant laws and regulations. The Company encourages the stakeholders to attend activities or participate in community and social development and supports activities that develop quality of life and benefits of communities where the Company operates its business as well as builds up the employees' conscience for community and social benefits. The Company also creates opportunities for communities and stakeholders to participate in the Company's projects or events, including the sharing of opinions and suggestions or even complaints regarding the Company's operation |
| Human Rights | The Company has the policy not to involve in human right violation by providing |

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| | in the Corporate Governance Policy. The Company promotes and respects human rights as well as operates its business in line with the principles and intent of the United Nations Declaration on Human rights and other international agreements that Thailand is a party and shall not participate in any act that is against the human right principles. Each site of the Company's group has express clear intent that the Company shall not use child labour and forced labour and shall make announcement through various channels to the communities. |
| Environment | The Company has the Corporate Governance Policy and guidelines regarding environment in the Chapter on Roles of Stakeholders saying that the Company uses natural resources and energy as necessary and supports the reuse and recycling of raw materials and waste in production process. The factory uses modern dust collector to prevent emission. The water treatment system is developed to ensure that the used water shall be clean enough for reuse or for discharge to natural source The Company has made a prototype of the so-call Submerged Aerated Fixed Film (SAF) to treat condensate water from ethanol production process at Boploy district, Kanchanaburi province. The policy and guidelines regarding safety and occupational health in workplace and policy regarding business operation under environmental standards are made know to the employees. The Company encourages the employees to utilize resource in an efficient and worthwhile manner and to always work with good care of safety and environment. The relevant employees undertake training in respect of environment. (Details described in the Sustainability Report). |
| Intellectual Property | The Company shall respect intellectual property rights and exercise due care not to cause accusation of risk of being accused of infringing intellectual property rights. Unfamiliarity of the relevant laws is a legal risk; therefore, the Company sets more details in the Business Ethics that the personnel have to respect intellectual property rights of others by not using any work or intellectual property of others without permission. In case of doubt of infringement, a unit must consult the legal department. If it appears that there might be an infringement, a concerned party should consult the legal department. The Business Ethics define the meaning of intellectual property in a broad sense including copyright, patent, trademark, supplier information, customer information, formulae or any matter which is regarded trade secret. So far, there were in-house consultancy that could prevent several unintentional infringements. |
| Local administration / government agencies: | The Company abides by the laws which regulate the business and other relevant laws as enforced by local administration and central government agencies and cooperates with government units to develop the locality. The group of companies coordinates with the local government agencies to ensure that the companies correctly comply with the laws and regulations, e.g., coordination with municipality, provincial industry office, natural resources and environment office, underground water office, water resource office, irrigation office, regional revenue |

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| | office, welfare and labour protection office, social security office, skill labour development office, etc. The group of companies regards as highly important the cooperation with local administration /government units that ask for support to help develop community around the operating areas of the companies, e.g. municipality, sub-district administration, hospital, district public health, school, police, etc. as shown in the topic “Activities on Corporate Social Responsibilities”. |
|--|--|

The Company always realizes the importance of all groups of stakeholders as mentioned. It also values all suggestions, opinions, and comments that enable development, improvement and correction of the corporate operations. All stakeholders can contact the Company’s management, the head of internal audit committee, the head of human resource department, or the chairman of audit committee to report improper incidents, complain, request for clarifications or correction, or make any suggestions via email. In the previous year, there was no wrongdoing reported to the Company. Details information regarding procedure to report wrongdoing is provided in the Company’s Corporate Governance Manual, under the heading Reporting misconduct, fraud, and non-compliance to Code of Business Ethics.

Chapter 4: Disclosure of Information and Transparency

The Company ensures that information is provided correctly, accurately, on time, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are corporate practices:

1. Financial statement, other related information, and business operation are disclosed within prescribed period after audited and certified by the auditor.

1.1 The financial statements of the Company are approved unconditionally by the auditor.

1.2 There is no related transaction with affiliated companies that would cause significant conflict of interest.

2. Annual Statement (Form 56-1) is disclosed within 3 months after accounting period end and Annual Report (Form 56-2) is disclosed within 4 months after accounting period end through the SET channels and corporate website, www.ksigroup.com. There are also updates related to the Company and the industry posted on the website to facilitate decision-making of those involved.

3. In the previous year, the Company’s disclosure of information and transparency were approved by the Securities and Exchange Commission and the Stock Exchange of Thailand, as its practice was in accordance with disclosure requirements. Effectiveness of the corporate information disclosure procedure was evaluated by outsiders.

4. The Company disclosed additional information including duties of the Board of Directors and committees, the director and executive remuneration policy, summarized corporate governance policy, environmental and social policies, the Company’s compliance with established policies, summarized business ethics, and directors’ training background were disclosed in Form 56-1 and 56-2.

5.A Report on the Board of Directors' Responsibilities for Financial Statements is provided along with the auditor's report in annual report. The contents include the certification that the Company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations, and the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Chairman and CEO/ President.

6.Contents of the Company's website consist of directors and executives' information consisting of name, age, gender, position, education, shareholding, experience, picture organizational information, shareholding structure, the Board structure, vision/missions, businesses and products, corporate governance policies and compliance results, business ethics, information for investors, environmental and social policies, annual reports, financial statements, news and updates in both Thai and English.

7.The Company specifies that directors and executives need to prepare a report of interests of directors, executives and related persons according to Article 89/14 of Securities and Exchange Act B.E. 2535 (1992) as amended and review a report within October every year or when information has been changed by submitting to the Office of Company Secretary within 7 days.

8.The Company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. A team set up to coordinate communications between the Company, investors, and shareholders can be reached by email at ir@ksigroup.com or the following contacts:

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| 1. Mr. Meechai Piyavisadpat | Telephone: 02-642-6230 |
| (Resigned during the year) | Email: meechai@ksigroup.com |
| 2. Mr. Chalush Chinthammit | Telephone: 02-642-6230 |
| | Email: chalush@ksigroup.com |

To promote better understanding of the Company's businesses and facilitates the distribution of the information to interested investors, the Company has produced an annual investor relations plan; held quarterly analyst meetings at corporate conference room.

In 2019, the Company has activities as follows:

| Activities in 2019 | Times per Year |
|---|----------------|
| 1. Analyst Meeting | 4 times |
| 2. Invitation to visit | 1 times |
| 3. Disclosure of Business Performance through SET | 4 times |
| 4. Disclosure of Information and query | 11 times |

Chapter 5: Responsibilities of the Board of Directors

1. The structure of the Board consisted of 21 directors. Among them, seven persons are independent directors with no business relationship or any other relationship which would influence the exercise of free discretion. (During 2019, one independent director resigned; the process of nomination new director is ongoing).

2. Chairman is an independent director who is not the same person as the Managing Director. The Company has a policy of acquiring diversified directors and would consider the persons who have knowledge and experience that are essential for the Company, including professionalism and specialization without discrimination of gender, age or education of the would-be directors so that the Board of Directors shall be more efficient and supportive to the Company's strategies. Also, there is at least one non-executive director who has good experience in the major business or industry of the Company. (Details of biography, knowledge, experience and shareholding are shown in the topic "Details regarding directors, executives, controlling persons and company secretary")

Independent directors are not less than one-third of the whole directors and at least three independent directors are required. An independent director may be in the position for three consecutive terms or nine years, whatever is longer. However, the Board of Directors may extend the directorship as it deems appropriate.

Each office term of directors is three years; directors may be re-elected for another consecutive term.

The Charter of the Board of Directors stipulates that a director must not be director in not more than five other listed companies so that a director shall have enough time to perform the directorship and being a director in other companies must not hinder the performance of duties as a director in the Company. At the moment, apparently, there is no director who is a director in more than five listed companies at the same time.

Duties of the directors as prescribed in the Charter of Board of Directors conform the principles of the CG Policy, Chapter 5 namely to govern the Company to have good management and to create value to the Company in a sustainable manner. The duties, therefore, do not cross over normal operation of the management. Even though the Charter prescribes the duties and authorities to approve, such authorities are within the scope as stipulated in the Authority Manual as approved by the Board of Directors. Besides, the CG Policy clearly stipulates the status and authorities of the Chairman and the Chief Executive Officer and the Chairman must not be the same person as the Chief Executive Officer.

The undertaking of directorship by the Managing Director or an executive in another company or entity in which the Company invests or as the Company's representative must be approved by the Board of Directors; provided that the Board of Directors, if it deems appropriate, may authorize the Managing Director to approve an executive in the same matter.

3.The Articles of Association provides that one-third (1/3) or close to one-third of corporate directors shall be rotated out each year. Each director's term is three years. In case that the Board serves until the end of its term and the new Board has not yet been appointed, the former Board still continues to work until the new Board has been appointed. The Company has not determined the total terms the Board can consecutively serve. The Nomination and Remuneration Committee is considering this matter in relation to feasibility of selecting personnel with experience specific to the Company's business to serve in the Board.

4.The Board of Directors has established the following committees: the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee, as well as defined their functions and responsibilities.

5.For transparency and independence in the work, the majority of the committee members are independent directors, and chairs of the committees are independent directors. To maintain true independence of the corporate committees, Chairman of the Board shall not be chairman or member of those committees. Each committee's term in office is 3 years. In case that a committee serves until the end of its term and a new committee has not yet been appointed, the former committee still continues to work until a new committee has been appointed. At the end of their term, if a director is not re-elected, their position in their current committee shall end automatically. If there is a new director in a committee during the term, that director shall remain in the position as long as the committee's term ends.

6.The Board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to corporate executives as well.

7.There are ten Directors who are top executives in the Company ranging from Chief Executive Officer to Assistant Vice President, at present, executive directors do not hold directorship in more than two other listed companies outside the group. The Company has a non-executive director who has work experience in business that is relevant to the Company's business (At present, Mr. Somchart Chinthammit)

8.The Company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency and normally the Company will revise vision and mission every year before setting the strategy and action plan as well as monitor the management to follow the approved business plan and budget and to provide internal control system, internal audit and efficient and effective risk management. The Company provides long term and short term plans regarding projects and investments, The Company supports and helps strengthen the society by being an ethical entrepreneur pursuant to the established vision. The Board of Directors is kept informed of the operation according to the strategies in each quarter when the management submits the quarterly operating result along with financial reports.

9.The Board provides the Corporate Governance Policy and Manual of Business Ethics by taking into account the responsibility to all stakeholders within the framework of business ethics in order that they are directions for corporate administration; conducts any act with fairness by being well aware of the shareholders' maximum interest and sticks to sincerity and honesty; establishes policy, business plan, strategies, action, evaluation as well as operation and governance on risk management with transparency and accountability.

10.The Board provides whistle-blowing policy to be directions for action on investigating the wrongdoing and fraud, submission of information regarding wrongdoing and fraud, punishment on wrongdoers, protection for information giver.

11.The Board assigns the Risk Management Committee to provide risk management policy to the Board for approval. The present risk management policy was announced and effective on 1 September 2017 and provides internal control system and risk management system covering keys risk and other risks which are to be disclosed in the Annual Report. The risk management policy is subject to yearly review.

12.One significant duty of the Board according to the Charter is to supervise and act against any conflict of interest between directors, shareholders, stakeholders and the Company. The Board of Directors carefully considers transactions with may cause conflicts of interest after thorough consideration by the Audit Committee according to the SET legislation and procedure. The Board's authority to consider this issue depends on the size of transaction as stipulated by SET rules; provided that an interest person in the related transaction is not allowed to decide on those particular transactions. The correct and full disclosure of this matter shall be made in the Annual Report and Form 56-1 pursuant to the CG Policy Chapter 4: Disclosure of information and Transparency together with the guidelines under the policy.

13.The Company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of corporate resources, and protection and corporate assets. The corporate internal audit provides analyses, audits, evaluations, advice, and recommendations to support corporate activities. The audit committee independently reviews and audits adequacy and efficiency of the Company's internal control and internal audit once a year. The opinions on the corporate internal control system are included in the annual report.

14.The Risk Management Committee engages in establishing the total risk management. Adequacy and efficiency of the Company's risk management system will be reviewed at least once a year. The early warning system will be in place for irregularity scanning.

15.The quorum of Board of Directors is prescribed in the Articles of Association that there must be directors attending the meeting not less than half of the whole directors to form a quorum. The decision shall be made with majority votes. The Board's Charter additionally provides that not less than two-thirds of all directors should be in the meeting to resolve an important matter.

Performance Assessment

The Board of Director stipulates the conduct of self-assessment by applying the pattern developed by the Securities Exchange as follows: (1) Self-assessment Form of the Board of Directors (2) Self-evaluation Form of sub-committees, namely, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Governance Committee, and (3) Self-evaluation Form of individual directors so that the directors may jointly review their performance, solve problems and obstacles as well as the evaluation of the past performance and the ways to improve efficiency in the next year which leads to development in accordance with good governance.

Process of Assessment

The Office of Company Secretary and Legal shall send the form to every director not less than one month before the end of fiscal year. After the tabulation is processed, the result shall be sent to the Board for consideration.

Criteria

The result shall be shown by percentage of each assessment aspect:

Over 85% = Excellent

Over 75% = Very good

Over 65% = Good

Over 50% = Fair

Below 50% = Improvement needed

Assessment Topics

| Topic | Board of Directors | Committee | Individual |
|--|---------------------------|------------------|-------------------|
| 1. Structure and characteristics | / | / | / |
| 2. Roles/duties/responsibilities | / | / | / |
| 3. Meeting | / | / | / |
| 4. Performance of duties | / | | |
| 5. Relationship with management | / | | |
| 6. Self-development of directors and executive development | / | | |

The assessment of 2019 shows the performance score of the Board of Directors, the Committees and each individual director as excellent level. The Board of Directors in the meeting No.1/2019-2020 on 20 December 2019 acknowledges the result and make observations with suggestions for further improvement.

CEO Performance Assessment

The Board of Directors and the Nomination and Remuneration Committee set the goals and performances of CEO based on 4 Aspects of Balance Scorecard.

1. Financial Performance
2. Learning & Growth
3. Market & Customer
4. Internal Business Process

And The Board of Directors consider every year

Director and Executive Development

As for the Directors, the Corporate Governance Policy prescribes that the Company should encourage Directors to have continual training and knowledge development, particularly training in curriculum that is organized by external entities such as the Stock Exchange of Thailand and Thai Institute of Directors (IOD) so as to help the Directors perform their duties and govern the Company's business effectively.

Directors have already participated in training courses organized by accredited institutions, such as Chairman Program, Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), basic courses for the audit committee, courses offered by the Stock Exchange of Thailand and cutting-edge management courses offered by other professional institutions. In 2019, some directors participated in training courses, for example, Ms. Anchalee Pipatanasern attended "Board Matters and Trends" on 23-24 April 2019 organized by IOD; Ms. Duangdao Chinthammit participated in "Labour Law Updates" on 8 January 2019 organized by the Thai Management Association and "How to implement OKR and Gamification" on 25 January 2019 held by Ariyachon Co., Ltd.

Apart from that, on 19 August 2019, all high ranking executives, production directors and factory managers participated in the workshop "Crisis Communication Skills", organized by the Company with outsourced trainers. The objectives of this workshop is to strengthen knowledge and understanding of the assessment of critical situations, to practice how to response and communicate to public via different channels of media and to help prepare action plans for future uncertainties.

Orientation of Newly Appointed Directors

The Board of Directors states that there shall be an orientation of new directors every time they assume office in the Company, so as to enable them to understand the business and various operations of the Company. In this respect, the Company Secretary is assigned to proceed with coordination in regard to related issues, such as, important information relating to the Company, the regulations which specifies the scope of powers and duties of the Board of Directors, including information relating to laws, rules and regulations, as well as numerous conditions. Besides, if a newly appointed director has not yet attended a training curriculum concerning the performance of duties of a company director, the Company will arrange for said director to attend such necessary curriculum. In 2019, however, the Company had no newly appointed directors. Nonetheless, the nomination process to replace an independent director who resigned in 2019 is ongoing.

In the part of executives and staff, the Company has arranged for a training curriculum for them both inside and outside the Company to increase work skills, knowledge, abilities, so as to help them achieve success in works and to create a learning atmosphere that motivates a creation of new things and work development among fellow colleagues as a team, and to set up a knowledge management for transferring to the new executives and staff.

In 2019, the Company aimed to apply more digital system in its operations. Thus, the trend of development of executives and staff is now linked to on-line skills and new work systems.

Chapter 6: Anti-Corruption Process

The anti-corruption policy, approved by the Board of Directors, prohibits directors, executives and staff from committing corruption and stipulates corruption-risk assessment and regular review of policy compliance and guidelines and rules for operations to be consistent with the change of laws, regulations and acceptable standards relating to the Company's business.

The Company disseminates and makes the staff be knowledgeable of the Anti-Corruption Policy for proper practices by providing Business Ethics and Manual on Anti-Corruption as well as Operation Manual relating to the Anti-Corruption Policy for various departments for the use in training, implementation, or learning by the staff. Besides, the Company provides protection for the staff who reports an incident or a lead about corruption under the prescribed criteria. A corruption doer is regarded as a discipline violator who shall be treated with disciplinary sanctions according to the work regulations of the Company as well as the criminal prosecution or the civil action, as the case may be.

On 26 September 2014, the Company declared its intention to join the Private Sector Collective Action against Corruption (CAC) and was later certified a three-year member of CAC on 9 March 2017. The Office of Risk Management is assigned to evaluate and monitor the anti-corruption risk in accordance with the self-evaluation form that the Company had submitted and to coordinate with all functions within the Company and the Internal Audit Office as well as to provide continual activities in order to communicate the understanding relating to the compliance with the policy and the guidelines of anti-corruption. The Company intends to have other stakeholders join the CAC respectively

As regards the conduct of relevant work flows, the Company evaluate the corruption risk annually by applying COSO-ERM principles and to provide a Risk Management Manual on Fraud and Corruption to make clear practices for governance, control, prevention and monitoring the corruption risk. To ensure the compliance with the policy and guidelines for practices by the employees, the Company assigns the Office of Risk Management to monitor and report the implementation of the Anti-Corruption Policy on regular basis. The Office of Internal Audit has the annual plan to audit the efficiency and effectiveness of the internal control system and additional control measures.

In 2019, the Company carried out important anti- corruption activities as follows:

1. Reviewed the Anti-Corruption Policy, the Manual on Anti-Corruption Measures and the Risk Management Manual on Anti-Corruption.

2. Arranged communication activities regarding anti-fraud and corruption for better understanding of executives and staff of 709 attendees.

3. Workshop on identification of fraud and corruption risk and good practices for renewal of CAC certification for executives and staff in 6 sites including the head office. There were 246 attendees who participated in the workshop and all of them passed the test.

4. Organized 2019 Workshop on assessment of anti-fraud and corruption risk pursuant to FRA Tool: Fraud Risk Assessment Tool. The workshop focused on the probability of occurrence of risk factors or significant risks and the preparation of plan for control, prevention or rectification by the responsible persons.

5. Developed communication channels for the Policy and guidelines through www.kbidding.com and applied the “white procurement” to the process of procurement for fair competition and transparency.

6. Monitored and reported risk management on fraud and corruption to the Corporate Governance Policy with detailed causes so that the Management shall be able to prevent the causes more effectively.

7. Timely submitted documents for CAC recertification in September 2019.

Chapter 7: Giving Information of Wrongdoing and Dishonest Acts

According to Corporate Governance Policy, The Company has a channel for reporting lead or information on any commission of wrongdoing and dishonest act, or whistle-blower hotline, so that the stakeholders may provide information which is beneficial to the examination, elimination, and prevention of wrongdoing or dishonest act, or lodging of complaints, and so that such be rectified accordingly.

Channels for Giving Information

1. When a staff finds, or there is reason to believe in good faith, that there has been committed a wrongdoing or a dishonest act concerning the Company or its subsidiary companies, he/she shall inform his/her superior from the level of Manager forthwith, either verbally or in writing. If such report is ignored, he/she shall notify the higher superior according to the Form of Giving Information of Wrongdoing or Dishonest Act. However, the staff should not self-conduct further inquiry or questioning any suspicious acts.

2. If a staff is in a difficult situation or he/she is not comfortable to notify the said superior, or he/she suspects that his/her superior or any executive of the Company is connected with a wrongdoing, he/she may choose to file a report through the following channels:

2.1 Manager, Internal Audit Office, Tel. 02-642-6092, Ext. 127,
or email: ia@kslgroup.com or chartchai@kslgroup.com.

2.2 Manager, Human Resources Department, Tel. 02-642-6092, Ext. 969,
or email: ampaporn@kslgroup.com.

2.3 Send email to ia@kslgroup.com on the intranet of the Company.

2.4 The Chairman of the Audit Committee or the Board of Directors of the Company,
at the following address:

Khon Kaen Sugar Industry PCL
503 KSL Tower, 22nd Floor, Sri Ayudhya Road, Thanon Phayathai Sub-District,
Rajathevi District, Bangkok 10400,
or email: sitti@kslgroup.com

3. When the persons or above departments have been notified of a commission of wrongdoing or dishonest act, they must report such to the Internal Audit Office at once.

4. The Internal Audit Office shall have the duty to prepare a register of complaints and shall prepare a report summarizing the receipt of information of wrongdoing to the Audit Committee at its next meeting.

5. The Internal Audit Office shall consider initially that at which department the act of wrongdoing occurred, and shall then send the complaint to the said department for investigation, and shall also monitor the proceeding of said department from time to time.

6. The fact-finding, the investigation, the disciplinary action, and the legal action shall be in accordance with the regulations governing such.

7. Upon completion of the complaint, the work unit concerned shall report the result to the Internal Audit Office for forwarding the matter to the Audit Committee at its next meeting.

Protection of Informant

1. The Company shall not terminate employment, suspend, inflict disciplinary action, or threaten to take any action against any staff who provided information of wrongdoing. Whoever violates this clause shall be subjected to disciplinary action.

2. The Company shall protect the informant including the person rendering cooperation or assistance in the investigation in good faith from any threat and harassment.

3. The Company shall provide protection additionally and specially according to suitability, by taking into consideration the degree of severity and the importance of complaint. In the event the informant is threatened or harassed, he/she shall report such to the Managing Director for ordering the Human Resources Department to provide protecting measures for the informant suitable to the circumstances.

4. In the event a staff has reported a complaint or has provided information of wrongdoing in good faith, even though the Company finds no wrongdoing as lodged, the Company shall not inflict any punishment on the said informant. Nevertheless, if the result of investigation finds that the complaint is baseless and it was done with ill intention or an intent to yield damage to other person, or it was a giving of false statement, the Company shall consider inflicting disciplinary action to the staff who gave the information according to the work regulations, and shall also consider taking legal action against the said person.

9.2 Organization Structure

9.2.1 Board of Directors

As of October 31, 2019, the Company's Board of Directors comprises the following 20 members:

| | |
|------------------------------------|---------------------------------------|
| 1) Mr. Manu Leopaiprote | Chairman and Independent Director |
| 2) Mr. Chamroon Chinthammit | Director |
| 3) Mr. Pornsin Thaemsirichai | Director |
| 4) Mr. Sukhum Tokaranyaset | Director |
| 5) Mr. Thawatchai Rojanachotikul | Director |
| 6) Ms. Intira Sukhanindr | Director |
| 7) Ms. Duangdao Chinthammit | Director |
| 8) Mr. Chalush Chinthammit | Director |
| 9) Mr. Somchai Chinthammit | Director |
| 10) Ms. Duangkae Chinthammit | Director |
| 11) Mr. Chanachai Chutimavoraphand | Director |
| 12) Mr. Chattri Chinthammit | Director |
| 13) Mr. Somchat Chinthammit | Director |
| 14) Mr. Tachpong Pakornsiriwongse | Director |
| 15) Mr. Trakarn Chunharojrit | Director |
| 16) Pol. Gen. Boonpen Bumpenboon | Independent Director |
| 17) Mr. Sitti Leelakasamelek | Independent Director |
| 18) Mr. Karun Kittisataporn | Independent Director |
| | (Resigned, effective on July 1, 2019) |
| 19) Mr. Warapatr Todhanakasem | Independent Director |
| 20) Ms. Nongluck Phinainitisart | Independent Director |
| 21) Ms. Anchalee Pipatanasern | Independent Director |

Remark: The Company is in process of appointing a new eligible independent director to substitute the vacancy.

As of 31 October 2019, the company has 20 directors, of which 10 are non-executives (47.60%) and 6 are independent directors (28.60%), and two of them are female. The Board of Directors is in charge of managing and governing the Company's operations according to law, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, Capital Market Supervisory Board, and the Company's objectives and requirements. The Board performs their duties with integrity and diligence.

The shareholders' meeting appoints the Board of Directors. The Board appoints Corporate Secretary to advise and assist the Board in their duties so as to be compliance with relevant rules, regulations and corporate governance. The Corporate Secretary's main duties are prescribed by law,

which include important meetings such as the Board's meeting and the shareholders' meeting and the promotion of good governance.

Scope of Duties and Responsibilities

Duties and authorities of the Board of Directors are formerly prescribed in the CG Policy Chapter 5. The Board in meeting No 7/2016-2017 on 29 September 2017 approved the Charter of the Board of Directors to be effective on 1 October 2017. The Charter revises duties of the Board to be consistent with the CG Code as follows.

1. Administer the business by creating long-term business value, namely, good operating result, ethical and responsible conduct to stakeholders, abolition or reduction of negative impact against society and environment and corporate resilience.
2. Define objectives and business goals on the basis of sustainable value creation by taking into account the impact to society and environment and direct the operations to respond to achievements set by objectives, goals, strategies and annual action plan.
3. Ensure having the Board of Directors consisting of components and qualifications that conform to good governance, transparent and efficient selection, development of skills and knowledge necessary for performing duties responsibly, framework and mechanism to govern policy and operation of subsidiaries and affiliates, appointment of sub-committees as necessary.
4. Ensure having managing director and top executives of appropriate quality for the achievement of the Company's goals and developing top executives as well as systematic succession of positions.
5. Promote innovation that creates value for the Company and business operation that is responsible to society and environment.
6. Establish effective risk management and internal control that correspond with the achievement towards objects and goals of the Company in the long run and to prevent the leakage of important information by ways of information technology; provide policy and practices for handling conflict of interest and related transactions, anti-corruption, whistle-blowing channels for fraud and corruption.
7. Ensure financial reliability and financial report making with transparent disclosure in accordance with the law.
8. Support engagement of shareholders in important matters and respect right to information of shareholders through appropriate and timely channels.

The aforementioned 8 roles and duties are divided into several principles and guidelines as referred to the Corporate Governance Code for listed companies 2017 that is developed by the Securities and Exchange Commission.

Approval authority of the Board of Directors

The Board of Directors has the authority to approve the matters as prescribed by laws, Company's regulations, the Board's Charter, Manual of Authorization and the resolution of shareholders' meeting, including the making and review of policy, vision, mission, strategies and action plans as well as other important matters, e.g., financial statements, transactions which legally require the Board's approval, financial policy, investment, annual budget, appointment of executives and managing director, etc.

Scope of Authority of the Chairman of the Board of Directors

Chairman is responsible for leading the Board and has the following duties.

1. Oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's main objectives.
2. Ensure that all Directors contribute to the Company's corporate culture and good corporate governance.
3. Set the Board meeting agenda by discussing with the Chief Executive Officer and set up procedures to ensure that important matters are included in the agenda.
4. Allocate sufficient time for management to propose topics and for Directors to discuss important matters thoroughly and encourage Directors to exercise good discretion and pay attention to relevant issues brought to the meeting including corporate governance issues.
5. Promote good relationship between the Board and management.

9.2.2 The Board of Executive Directors

As of October 31, 2019, the Company's Board of Executive Directors consists of:

| | | |
|-------------------|------------------|--------------------|
| 1) Mr. Chamroon | Chinthammit | Chairman |
| 2) Mr. Pornsin | Thaemsirichai | Executive Director |
| 3) Mr. Sukhum | Tokaranyaset | Executive Director |
| 4) Mr. Thawatchai | Rojanachotikul | Executive Director |
| 5) Ms. Intira | Sukhanindr | Executive Director |
| 6) Ms. Duangdao | Chinthammit | Executive Director |
| 7) Mr. Chalush | Chinthammit | Executive Director |
| 8) Mr. Somchai | Chinthammit | Executive Director |
| 9) Ms. Duangkae | Chinthammit | Executive Director |
| 10) Mr. Chanachai | Chutimavoraphand | Executive Director |
| 11) Mr. Tachpong | Pakornsiriwong | Executive Director |
| 12) Mr. Trakarn | Chunharojrit | Executive Director |

The Chairman of the Board of Executive Directors appoints the secretary of the Company's Board of Executive Directors.

Scope of Duties and Responsibilities

1. Determine policies, directions, strategies, and significant management structures for the Company's operations for approval by the Board of Directors.
2. Determine business plans, budgets, and the Company's administrative power for approval by the Board of Directors
3. Establish organizational structures and manpower policy
4. Examine and monitor policies and management plans to ensure their effectiveness and suitability for the corporate operations.
5. Consider and approve the Company's operations in accordance with the Manual of Operational Power.
6. Perform other tasks as assigned by the Board of Directors.

Any power mentioned above given to the Board of Directors shall be under the law and the Company's regulations. Any activities that benefit/may benefit or affect interests of any executive director or individual, or that may lead to conflicts of interest (according to the SEC Notification), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and the interested individual shall not be allowed to vote in the meeting concerning the matter.

In 2019, the committee held twelve meetings, and reports on their work were regularly presented to the Board of Directors. Meeting Attendance of the Executive Board is disclosed in (Report of Meeting Attendance of Directors in 2019)

Scope of Duties and Responsibilities of CEO and President

1. Decide on important matters related to the Company. Determine the corporate missions, objectives, guidelines, and policies. Supervise the overall work. Be responsible for the Board of Directors.
2. Have the power to employ, appoint, and transfer personnel as necessary and appropriate to be the management or staff members for corporate operations. Define appropriate functions, responsibilities, and remunerations of employees. Have the power to dismiss, lay-off, and discharge employees as appropriate.
3. Have the power to determine business terms and conditions, such as credit limits, payment terms, trade agreements, and trade term changes.
4. Have the power to act and appear as a corporate representative to outsiders regarding affairs related and advantages to the Company.
5. Approve the appointment of advisors needed in the corporate operations.
6. Deal with affairs concerning the Company's general operations.

The duties and responsibilities of CEO and President shall comply with laws, Manual of Authorization and the Company's regulations. The approval authority of CEO and President does not extend to transactions that would allow CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

9.2.3 Audit Committee

As of October 31, 2019, the Audit Committee comprises of:

- | | | |
|-----------------|----------------|--------------------------------|
| 1) Mr. Sitti | Leelakasamelek | Chairman/ Independent Director |
| 2) Mr. Warapatr | Todhanakasem | Independent Director |
| 3) Ms. Nongluck | Phinainitisart | Independent Director |
| 4) Ms. Anchalee | Pipatanasern | Independent Director |

Qualifications of the Audit Committee are in line with relevant SET requirements, Capital Market Board, Corporate Governance Policy and Charter of the Audit Committee. The Audit Committee comprises four independent directors, namely, Chairman and other three members who are knowledgeable in finance, internal control, internal audit whose autography and qualifications are detailed in the Appendix. Mr. Sitti Leelakasamelek, Chairman of the Audit Committee and Ms. Anchalee Pipatanasern possesses sound knowledge, understanding, professional experience in accounting and finance.

The Chairman of the Audit Committee appoints Secretary of the Audit Committee (currently, Mr. Chartchai Poowong, Manager of Internal Audit Office).

Scope of Duties and Responsibilities

1. To review that the Company has accurate and sufficiently disclosed financial reports.
2. To review that the Company has internal controls and internal audit activities appropriately and effectively, including considers sufficiency of manpower budget and independency of the internal audit department as well as the Audit Committee's consent on appointment, rotation, promotion, and termination the head of internal audit department, including other departments who are also responsible for internal audit activities.
3. To review the risk management operations of the Company. The effects may occur at a level acceptable in order to prevent fraud and corruption.
4. To review that the Company is complied with the Securities and Exchange Act and Regulations of the SET or other laws that related to the Company's industry.
5. To select, propose for appointment and termination of independent person as the Company's auditor, including consider the remuneration. The Audit Committee shall hold a meeting with the auditor without management participation at least once a year.
6. To consider compliance of connected or conflict of interest transactions, including significant asset acquisitions and disposals in accordance with the Laws and Regulations of SET and

SEC in order to assure that the transactions are reasonable and provide the best interest to the Company.

7. To report activities of the Audit Committee in the Company's annual report. The report shall be signed by the Chairman of the Audit Committee and should be included at least the following information:

7.1 Comments on completeness and reliability of the Company's Financial Reporting

7.2 Comments on sufficiency of the Company's internal control systems

7.3 Comments on compliance with Securities and Exchange Act, Regulations of SET and SEC and other related laws to the Company's industry

7.4 Comments on appropriation of the auditor

7.5 Comments on conflict of interest transaction

7.6 Number of Audit Committee meetings and member's participation

7.7 Overall comments or observation regarding practices of the Audit Committee in accordance with the Audit Committee Charter

7.8 Other statements that shareholders or general investors should be informed under the scope of authorities and responsibilities of the Audit Committee as assigned to the Audit Committee by the Board of Directors.

8. To perform any assignment by the Board of Directors that agreed upon by the Audit Committee

9. While the Audit Committee are performing duties and responsibilities, the Audit Committee shall report within a reasonable period of time to the Board of Directors for corrective action if the Audit Committee observed the following transactions or events that may have material impacts to the financial status and performance of the Company

9.1 Conflict of interest transaction

9.2 Fraud or misappropriation might occur or there is significant weakness in the internal control system

9.3 Violation to the laws of SET, SEC or announcements of SET or other laws relating to the Company's industry

If the Board of Directors or relevant executives do not correct the aforementioned matters in due time, any Audit Committee member may further report the finding to the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Charter of the Audit Committee requires at least four meetings per year. In 2019, the Committee holds five meetings, and reported their work to the Board of Directors on quarterly basis. (Please see Report of the Audit Committee). Meeting Attendance of the Audit Committee is disclosed in (Report of Meeting Attendance of Directors in 2019)

9.2.4 Nomination and Remuneration Committee

As of October 31, 2019, the Nomination and Remuneration Committee consists of:

- | | |
|---------------------------------------|--------------------------------|
| 1) Mr. Karun Kittisathaporn | Chairman/ Independent Director |
| (Resigned, effective on July 1, 2019) | |
| 2) Pol. Gen. Boonpen Bumpenboon | Independent Director |
| (Chairman since 2 August 2019) | |
| 3) Ms. Nongluck Phinainitisart | Independent Director |
| 4) Ms. Duangdao Chinthammit | Director |

The Chairman of the Nomination and Remuneration committee appoints Secretary of the Nomination and Remuneration committee. (Currently, Mr. Arnon Sricharnkij, Manager of Human Resources department)

Scope of Duties and Responsibilities

1. Nomination

- 1.1 define qualifications of the directors to be consistent with the structure, size and compositions of various committees established by the Board of Directors so as to ensure transparency and expectation of the Board of Directors by considering the knowledge, experience, expertise, freedom and time to contribute to directorship;
- 1.2 select and nominate persons qualified to be directors for the Board of Directors' consideration to nominate to the Shareholders' meeting for appointment provided that the selection method, verification of qualifications as regulated by laws and related authorities including consent to be appointed are to be prescribed;
- 1.3 select and nominate persons qualified to be members in Executive Committee and other sub-Committees to replace the members whose office terms have ended to the Board of Directors for consideration.

2. Remuneration

- 2.1 consider or review pattern, criteria and procedures to consider remuneration so as to suit the duties and responsibilities of the Board of Directors and other sub-Committees and submit for approval from the Board of Directors and the Shareholders' meeting respectively provided that the Chairman of the Board and the sub-Committees shall receive remuneration approximately 20 per cent higher than members;
- 2.2 review data relating to remuneration of other companies in the same and similar industry yearly;

2.3 disclose names of directors, attendance and remuneration in all types in the Company's Annual Report as well as the brief Charter and remuneration criteria.

The Company requires that the Remuneration Committee and Nomination Committee be combined. The Nomination and Remuneration Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Nomination and Remuneration Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least two meetings per year or more than that if it is necessary to select corporate directors, sub-committee members or to revise remuneration. In 2019, the Nomination and Remuneration Committee holds 4 meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Nomination and Remuneration Committee is disclosed in (Report of Meeting Attendance of Directors in 2019)

The Nomination and Remuneration Committee considers it not necessary to appoint any advisor to the Committee, because the majority of the Committee are independent directors who have appropriate fields of knowledge, expertise and specialization and can independently perform their duties in compliance with relevant laws and the Committee's charter. Moreover, the secretary of the Committee normally searches and collects updated relevant information for the Committee's consideration.

9.2.5 Risk Management Committee

As of October 31, 2019, the Risk Management Committee consists of:

- | | | |
|--|-----------------|--------------------------------|
| 1) Ms. Nongluck | Phinainitisart | Chairman/ Independent Director |
| 2) Mr. Sitti | Leelakasamelerk | Independent Director |
| 3) Mr. Karun | Kittisathaporn | Independent Director |
| (Resignation is effective on July 1, 2019) | | |
| 4) Mr. Chalush | Chinthammit | Director |

The Risk Management Committee appoints Secretary of the Risk Management Committee. (Currently, Ms.Lalana Wiwitsurakarn , Manager of Risk Management and System Development)

Scope of Duties and Responsibilities

1. Develop policies to be considered by the Board of Directors regarding the overall corporate risk management that covers the Company's major risks, such as market risk, liquidity risk, management risk, investment risk, and reputation risk.
2. Design strategies in line with risk management policies to monitor and evaluate the corporate risk amount, as well as maintain the appropriate risk level.

3. Review the adequacy of risk management policies and system, as well as effectiveness of the system and policies practiced.
4. Provide recommendations in line with policies and strategies determined by the Board of Directors and present those recommendations to the Board.

The Risk Management Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Risk Management Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least four meetings per year. In 2019, the Risk Management Committee holds four meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Risk Management Committee is disclosed in (Report of Meeting Attendance of Directors in 2019)

9.2.6 Corporate Governance Committee

As of October 31, 2019, the Corporate Governance Committee comprises of:

- | | | |
|----------------------|--------------|--------------------------------|
| 1) Mr. Warapatr | Todhanakasem | Chairman/ Independent Director |
| 2) Pol. Gen. Boonpen | Bumpenboon | Independent Director |
| 3) Ms. Anchalee | Pipatanasern | Independent Director |
| 4) Mr. Somchat | Chinthammit | Director |

The Corporate Governance Committee appoints Secretary of the Corporate Governance Committee. (Currently, Mr. Dhajjai Subhapholsiri, Vice President of Company Secretary and Legal Office)

Scope of Duties and Responsibilities

1. Consider and propose corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
2. Consider and propose practices of the Company, Board of Directors, executives, personnel and other relevant parties which are consistent with the corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
3. Monitor and supervise as well as create understanding to the Board of Directors and management for the sake of performance pursuant to the governance policy, business ethics and governance practices;

4. Review the corporate governance policy and practices at least once a year by comparison with international standard or other appropriate standards;
5. Appoint a Secretary to the Corporate Governance Committee, sub-committees or working groups with suitable duties and responsibilities;
6. Perform other duties as assigned by the Board of Directors.

The Corporate Governance Committee consists of four members, namely, one Chairman and other three members. The Chairman and at least two members are independent directors (75%). Members in the Committee must possess qualifications as prescribed in the Charter of the Corporate Governance Committee. The office term shall last 3 years.

The Charter of the said Committee requires at least three meetings a year. In 2019, the Corporate Governance Committee holds three meetings, and reports their work to the Board of Directors on quarterly basis. Meeting Attendance of the Corporate Governance Committee is disclosed in (Report of Meeting Attendance of Directors in 2019)

9.3 Nomination and Appointment of Directors and Top Executives

The Board of Directors consists of independent and non-independent directors, the proportion of which is stated in 9.2. To warrant independence from the management, independent directors are required to have more specific qualifications than non-independent directors.

9.3.1 Qualifications of Independent Directors

Independent directors must possess all qualifications as prescribed by the Capital Market Supervisory Board and must be able to protect the interests of all shareholders equally and to avoid conflict of interest. Independent directors must attend Board of Directors' meetings and express their opinions independently.

The Company's CG Policy prescribes qualifications of an independent director as follows.

(1) Holding shares not more than zero point five (0.5 %) of the total number of shares with voting rights of the Company, subsidiary company, affiliated company, major shareholders, or persons with powers to control the Company, however, including the shareholding of related persons of such independent director as well.

(2) Not being or used to be a director who has or had a part in the management, an employee, a staff, an adviser receiving regular salaries, or a person with control power, of the Company, subsidiary company, affiliated company, major shareholder, except where the period

thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(3) Not being a person who is related by blood or by registration under the law in the description of a father, a mother, a spouse, a brother/sister, and a child, including a spouse of a child of an executive, a major shareholder, a person with controlling power, or a person who is to be nominated as an executive or a person with controlling power of the Company or a subsidiary company.

(4) Not having or used to have a business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, in a description that may be impediment to the exercise of discretion freely, and not being or used to be an important shareholder, or a person with controlling power of a person having business relations with the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(5) Not being or used to be an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power, or a partner of an accounting firm having employed an auditor of the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, except the period thereof has lapsed for not less than two years from the date of appointment as an independent director.

(6) Not being or used to be a professional service provider, including the providing of legal consultancy service or financial consultancy service, who receives a service fee exceeding Baht two million per year from the Company, a subsidiary company, an affiliated company, a major shareholder, or a person with controlling power, and not being an important shareholder, a person with controlling power or a partner of the said professional service provider, except where the period thereof has lapsed for not less than two years prior to the date of appointment as an independent director.

(7) Not being a director who is appointed to act as an agent of a director of the Company, a major shareholder, or a shareholder who is related to the major shareholder.

(8) Not operating a business of the same nature as, and which is a competition to, the business of the Company or of a subsidiary company, or not being an important shareholder in a partnership, or a director who has a part in the management, an employee, a staff, an adviser receiving regular salaries or holding shares more than one percent of the total number of shares with voting rights of other company operating the same kind of business which is a competition to the business of the Company or a subsidiary company.

(9) Not having any other descriptions which obstruct free expression of opinions concerning the operations of the Company.

9.3.2 Nomination Process for Directors

The Nomination and Remuneration Committee shall consider the persons who have qualifications in accordance with the Charter of the Board of Directors and with the diversified specialization as prescribed in the Board Skill Matrix. The source of names is from the roster of professional directors provided by Thai Institute of Directors (IOD) together with the nomination by each director. The Committee shall then examine the qualifications of the nominated persons in accordance with the Corporate Governance Policy, Charter of the Board of Directors and the Company's Articles of Associations as well as specific talents needed at the time; provided that the qualifications well respond to the Company's vision, mission and strategies.

The Nomination and Remuneration Committee shall propose the selected nominated persons to the Board of Directors. Should the Board approve the names, the Board shall propose the names to the Annual General Meeting of shareholders to appoint them directors.

The Charter of the Board of Directors prescribes the qualifications of directors as follows.

- (1) The qualifications prescribed by law and related regulations.
- (2) Knowledge, capability, experience, and expertise in specific field which are beneficial to the Company.
- (3) No conflict of interests with the Company.
- (4) Sufficient time to perform well the duties of a director of the Company, and if he/she is a director of another company, such must not be impediment to the carrying out of duties as a director of the Company; provided that a director should not be a director in more than 5 listed companies at the same time.

9.3.3 Election and Appointment of Directors

Normally, the meeting of Shareholders elect directors as the Articles of Association prescribe that in each Annual General Meeting of Shareholders one-thirds or the nearest to one-thirds of directors shall retire from office. The Company shall arrange an agenda for election of directors in every AGM and propose the names that have been endorsed by the Nomination and Remuneration Committee and the Board of Directors for consideration.

The election of directors by the shareholder meeting is in line with the majority of votes, and the following regulations and procedure:

- (a) One vote per share is allowed for a shareholder.
- (b) Shareholders vote for each individual nominated as a director. The number of vote(s) received by each nominee does not exceed the number of share(s) held by the particular voter, as specified in (a). The shareholder cannot allot any of their share(s) to any other individual. Directors are those individuals receiving the highest votes. Should the

individuals receive the same number of votes where only one place for a director remaining, the chairperson shall exercise the casting vote.

However, in the case a position of directorship is vacant because of other reasons than retiring by rotation and the remaining term is longer than two months, the public company law and the Articles of Association vest the power to the Board of Directors to appoint a director in replacement. The Nomination and Remuneration Committee shall exercise the selection process as mentioned above and nominated the selected person to the Board of Directors to appoint. The new director shall hold office only for the remaining period of the director whom he/she has replaced.

When either the meeting of shareholders or the Board of Directors appoints directors as the case may be, the Company shall inform the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) of the new directors respectively.

9.3.4 Selection and Succession Plan for top executives

The Company is well aware that the executives who have capability, vision and integrity would significantly lead the Company to sustainable growth and development. Therefore, the Company has a policy regarding administration and development of high ranking executives with the purposes to prevent the shortfall of high ranking executives and to select high ranking executives who possess qualifications that serve the Company.

The Company develops work process on regular situation assessment, selection, development and succession plan to implement in case of position vacancy to ensure that the Company would sustain professionally capable executives to perform their duties. The Nomination and Remuneration Committee develops a succession plan for managing director and seek approval of the Board of Directors respectively. As for other below high ranking executives, the Human Resources prepare the succession plan before submitting to the Executive Board for approval. In order to select high ranking executives, the Company may either undertake the whole process until the wanted position is fulfilled by internal or external qualified person or commission a professional firm to conduct the selection or recruitment pursuant to the succession plan, as the case may be.

Amongst others, the succession plan consists of the following matters.

1. Specification of important or main positions
2. Specification of capability or competency of main positions
3. Analytical process in selecting a successor
4. Individual development Plan

9.4 Governance for subsidiaries and associates performance

In order to comply with governance and protect the Company's investment, the Board appoints directors of the parent company to be directors in subsidiaries and associated companies in proportion to the shareholding. The directors who represent the Company shall participate in decision of policy such as other project investments.

9.5 Supervision of Use of Inside Information

The Company prohibits its directors, the Management, staffs from using inside information concerning important matters including trading of securities, using information before publication for personal gains and/or that of others. Preventive measures against the use of inside information are as follows:

The Company stipulates code of conduct and ethic relating to the use of inside information and trading of securities, publication and interview in public

1. The Company informs executives about their obligation to disclose shareholdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to article 59 and article 275 of the Securities and Exchange Act B.E. 2535.
2. Circular notices are sent to directors and executives advising that those who receive important inside information that affects prices of securities shall not trade corporate securities within that one month and not disclose the important inside information before the corporate financial statements or the particular information is publicized.
3. Should there be any changes of share holdings, the Company's directors and executives shall report to the Office of Company Secretary and Legal in order to report to SEC or SET within the prescribed period. The Office of Company Secretary and Legal shall report any changes of share holdings of directors to the Board of Directors quarterly and to the Board of Executive Directors monthly.
4. Important inside information and confidential documents which kept as hard copies or soft files are protected and limited accessible to top executives only when necessary. If any inside information needs to be disclosed to employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses corporate confidential information will be penalized.
5. To monitor irregularity in corporate operating results, random examination is done to security trade, the Company's information system and outside information.

According to Corporate Governance policy, the Company prohibits its directors, the executives, and employees from using inside information concerning important matters including trading of securities before publication for others or personal gains. Directors, executives, and employees have freedom to invest in corporate security; however, the trading of Company's securities within one month before the financial statements disclosure shall be prohibited in order to avoid conflict of interest.

9.6 Auditor fee

In 2018, the Auditor fee of the Company and subsidiaries is in the amount of THB 6,635,000.- and other fees (non-audit fee) is in the amount of THB 327,000.- which BOI examination fee is THB 160,000.- and other services fee is THB 167,000.-

9.7 Application of CG code 2017

The Company has reviewed Corporate Governance Policy by referring to the CG Code of 2017 introduced by the Securities and Exchange Commission. The Corporate Governance Committee finds that the Company has applied most of the principles and guidelines of the CG Code to the Company's CG Policy and informed of such application to the Board of directors in the Meeting No. 7/2018-2019 on 13 September 2019. However, there are a few practices that the Company deems not practical at the moment which are considered by the Board and recorded for annual review.

The matters in CG Code 2017 that are not applied in 2019 are as follows.

1.CG Code: The Board should determine the proper number of directors to function effectively. It must comprise at least 5 directors and should not be more than 12 directors, depending on the company's size, type, and complexity of the business.

- At present, there are 20 directors in the Board. The Company deems the number appropriate for the size and complexity of businesses as it needs sufficient directors and diversification of knowledge to perform its duties efficiently and to supervise a number of subsidiaries doing different businesses.
-

2.CG Code: The Board should establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service.

- The Company does not limit the number of years in service of independent directors. The office term of an independent director is three years and he/she may be reelected, as there is no rule prohibiting the reelection of an independent director whose term has ended. Independent directorship may last not more than three consecutive office terms or not more than nine years, whichever is longer. However, the Board of Directors may, if they deem appropriate, allow longer tenure by approving the extension of office term. Even

though an independent director may be in office more than nine years, the director can stay independent from the management and major shareholders in an appropriate manner and can perform the duties well by using the accumulated knowledge and understanding of the businesses of the Company and its subsidiaries, which are connected in the supply chain and can make decision for the supreme benefit of the Company.

3. The company should appoint an external consultant to assist in setting guidelines and providing recommendations for a board assessment at least once every three years. This information should be disclosed in the annual report.

- The Company does not commission an external advisor to help make guidelines and suggest issues of performance assessment of directors for every three year cycle. Alternately, the Board of Directors instructs the application of Self-assessment form provided by SET for the Company's use, namely, (1) Self-assessment form for the Board of Directors, (2) Self-evaluation of Committees, i.e., the Audit Committee, the Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance Committee, (3) Self-assessment form of individual directors. The purpose is to have the directors jointly review their performances, solve problems and hindrances and evaluate themselves for the past year so as to improve the work efficiency of the Board in the coming years.

10. Corporate Social Responsibilities

The Board of Directors' Meeting No. 6/2018 on 2 August 2019 reviewed and approved the Corporate Social Responsibilities Policy (CSR) of Khon Kaen Sugar Industry Public Company Limited which has set a policy to conduct its business with corporate social responsibility that covers various important aspects and relates to stakeholders inside and outside the Company as well as the general public. The policy includes seven core subjects stated in ISO 26000 and additional matters as the Company thinks appropriate to form the following nine policies.

1. Conducting business in accordance with business ethics and good governance

1.1 The Company emphasizes on conducting business with honesty, fairness, ethics and is determined to abide by laws, trade ethics and fair competition. The Company pays tax correctly and timely. The personnel at all levels are advised to perceive the importance of the corporate social responsibility.

1.2 The Company conducts its business pursuant to business ethics and corporate governance with responsibility to shareholders by respecting shareholders' right, treating the shareholders equally, giving sufficient information with respect to investment decision or material change of the Company and does not disclose to any person the inside information which would cause damages or disadvantages to shareholders. The Company manages and provides remuneration to executives and directors with transparency and accountability. The financial and non-financial reports are disclosed correctly, completely and timely in accordance with the generally accepted standards.

2. Anti-corruption

The Company manages its business on the basis of transparency and ethics and complies with the policy and laws related to anti-corruption, bribery and inappropriate benefits to government officials or private sectors. The Company prescribes the organization structure by clearly dividing duties, responsibility, work process and line of command in each division in order to facilitate the balance of power and intra-audit. The Company provides the Manual on Anti-Corruption which compiles policies, ethics, regulations, rules and work processes for the directors, executives and staff to implement.

In 2014 the Company committed terms set by the Private Sector Collective Action Coalition against Corruption group that seeks to deter all types of corruption activities within the private sector and was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC) on 9 March 2017.

3. Human Rights

The Company supports and respects human rights protection by treating all stakeholders including staff, communities and surrounding societies with respect to human values, equality and liberty. The Company does not violate basic human rights and does not discriminate against race, nationality, religion, language, skin colour, gender, age, education, physical condition or social status. The Company averts itself from involving in human right violation, e.g. child labour, forced labour and sexual harassment, etc. as well as promotes the compliance with human rights norms by arranging the venue for expression of opinions and channels for any injured persons due to alleged human right violation to file complaints and by providing appropriate remedies to the injured persons.

The Company provides training or disseminates information as to human rights and encourages its personnel to abide by human right principles.

4. Fair Treatment to Employees

The Company is well aware of the importance of human resource development and fair treatment to employees with the recognition that such matters would increase business value as well as promote competitive edge and sustainable growth of the Company. As such, policies and guidelines are prescribed as follows.

4.1 Respect to rights of employees pursuant to labour law and human rights principles.

4.2 Fair process of employment and employment conditions, including remuneration and promotion in accordance with fair evaluation.

4.3 Promotion of personnel development by providing training, seminar, workshop including assigning the personnel to relevant external seminar and workshops in order to develop their knowledge, ability, potential, attitudes, ethics and team work skill.

4.4 Providing welfare for the employees pursuant to the law, e.g., social security, provident fund etc. and additional to the law, e.g., health insurance, accident insurance, etc. including various funding, e.g. scholarship for employee's children, funeral expenses, etc.

4.5 Providing annual medical check-up to employees of all levels by taking into account risk factors relating to ranking, age, gender and work environment of each individual employee.

4.6 Providing safe working condition and sanitary workplace by issuing measures for accident prevention, encouraging awareness of safety including training, promoting good health and taking good care of workplace to keep it safe and hygienic.

4.7 Opportunity for employees to express opinions or to file complaints in respect of unfair treatment or improper conduct within the Company including due protection to such reporting employees.

5. Responsibility to Customers

The Company is determined to develop products that meet the satisfaction and utmost benefits of customers and adheres to deal with customers with responsibility and honesty in accordance with the following policies.

5.1 The Company regards the quality and standard of the products as essential by focusing on high quality raw materials, production under good standard and regular improvement of product quality so that the customers shall get good quality and hygienic products with utmost satisfaction.

5.2 The Company regards product safety as essential and wants the customers to receive the products of quality and safety that matches relevant international standards and rules.

5.3 The Company respects fair marketing by providing customers the information relating to the products which is correct, undistorted, not vague or not overstated so that the customers get correct and sufficient information for making decision.

5.4 The Company provides customer relationship scheme to communicate with customers and to receive complaints regarding the products so as to respond to the customers' need in due time.

5.5 The Company keeps confidential the customers' information and does not use the information illegitimately.

6. Responsibility to Suppliers, Creditors and Competitors

The Company adheres to covenants that are fair to suppliers; abides by the prescribed anti-corruption measures; respect the rights in property or ownership of suppliers; not takes advantages over suppliers and promotes joint activities with suppliers in respect of corporate social responsibility.

The Company abides by agreements concluded with creditors. In the case that the Company cannot repay the debt as scheduled, the Company shall inform the creditor so as to solve the matter together.

The Company competes fairly in business and does not cheat, obstruct or do any act against fair competition which is prohibited by law.

7. Environment Protection

The Company emphasizes on caretaking of environment and avoidance of jeopardizing environment. The Company manages the manufacturing process to ensure that it strictly complies with the law relating to environment protection. The Company develops manufacturing process and selects materials which are nature and environment friendly; sets precautionary measures for any operation which contains risks relating to environment. The Company utilizes resources and energy efficiently by way of reduce-reuse-recycle as much as possible and manages the waste from production process responsibly.

8. Community and Social Development

The Company is well aware of its responsibility to community and society in order to foster the strength of community. The Company, therefore, has a policy to assist and develop the society by cooperating with communities around the operating areas in various activities, providing jobs to local people, disclosing any information that would have adverse impact on community and responding rapidly and efficiently to circumstances that affect community, society and environment resulting from the Company's operation. The Company encourages its employees to build up responsibility to environment and society and cooperates with other groups or networks to develop the targeted communities each year.

9. Promotion of Innovation that responds to corporate social responsibility

The Company encourages its employees to create innovation which would respond to the above-mentioned corporate social responsibility policy, e.g. saving natural resource and energy, waste management, control of waste discharge, etc. Such innovation aimed to generate more efficiency or effectiveness may vary by different types, including novelty, improvement, adjustment, modification or alteration. The Company is willing to disseminate the innovation that would be useful to society and environment in appropriate ways.

Monitoring and Revision of Corporate Social Responsibility Policy

The Company is aware of the importance of continuing business operation within the context of corporate social responsibility. Therefore, the Company shall monitor, evaluate and revise the current projects and shall consider future CSR projects with care on regular basis.

The Company renders a Sustainability Report within the framework of Global Reporting Initiative (GRI) (Standard) by disclosing information at "core" level comprising economic, environmental, social aspects. The report has been made a separate part in the Annual Report since 2016 and shows reporting topics and indicating units pursuant to GRI and also reports activities regarding corporate social responsibility in the previous year.

11. Internal Control and Risk Management

Internal Control

The company sets focus on internal control covering finance, operation and compliance with relevant laws and regulations as well as appropriate risk management that is efficient enough to prevent or mitigate risks which may cause damage to assets or reputation. The Company evaluates the operation of work in accordance with good corporate governance.

The Company is certified a membership of the Private Sector Collective Action Coalition against Corruption (CAC). The Board of Directors clearly defines roles and duties of each committee and the management and monitors the performance pursuant to the roles and duties and the organization structure and line of command designed to create balance of power and internal control. Goals and key performance indicators are established to evaluate efficiency and to monitor the work result in comparison to the corporate objectives regularly.

The Board of Directors annually evaluates the sufficiency of internal control system in accordance with the guidelines provided by the Securities Exchange Commission and the framework set by the Stock Exchange of Thailand with reference to the 5 elements and 17 principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Board of Directors and the Audit Committee consider that the Company has sufficient and appropriate internal control system suitable to the business characteristics.

1. Internal Control

The Company clearly sets measurable business goals and action plans. The goals are revised while the actual results are compared with the goals regularly. The organization structure is made with the concept to allocate duties and to establish line of command with responsibility so as to achieve objectives with the supervision of the Board of Directors. The Company prescribes business ethics, corporate governance policy, anti-corruption practices and conflict of interest policy to express its commitment to integrity and business ethics. List of authorities and operational manuals are made and regularly revised to be in line with new standards.

The Board of Directors is independent from the management. The Board is empowered to govern and develop the internal control system. The Board also promotes the development of personnel so that they shall be capable to administer and take responsibility for the internal control effectively.

As regards anti-corruption matters, the Company provides manual of anti-corruption measurement and risk evaluation of internal fraud.

2. Risk Evaluation

The Company is aware of the evaluation of the risks that may cause adverse effect to business operation. The Risk Management Committee together with the Risk Management Office evaluate risk factors both from outside and inside the organization that may have impact upon the business. The Office identifies and analyses all types of relevant risks including fraud and corruption and categorizes material risks pursuant to the effects and probability of occurrence in each business process and establishes risk management plans. The risk factors are revised every year.

3. Operational Control

The Company has internal control that is consistent with the risks and types of business. The control is clearly allocated to each functional unit as defined in the manual of authorities and the manuals of operation which are made and revised to suit the organization structure and present operation. Each functional unit is designed to balance the power and to cross-examine appropriately, particularly the task that incurs significant risks so as to mitigate or reduce errors such as financial transactions, sales, procurement, asset supervision, personnel management, etc. The internal audit office is set up to audit each operation regularly in accordance with rules, regulations, manual of authorities and manual of operation to ensure sufficient and appropriate internal control. There is efficient operation of work including the use of information technology to help conduct the work more rapidly and efficiently.

4. Information technology and communications

The Company strengthens information technology system and communication, promotes and supports continuous system development so that the information is correct and updated. The Company uses the information technology system that is up-to-date, efficient and data-secured to collect data, process data, store data and monitor data so that the administration, the decision-making, policy regarding information technology security and the use of information by directors, executives and staff can be done safely and correctly within reasonable time.

The Company provides appropriate communication channels to convey messages regarding duties, responsibility and other matters to personnel and specifies secured channels for submitting clues or complaints regarding fraud and corruption. Also, there is communication in respect of issues that may cause impact to internal control between internal functional units and between the Company and third parties.

5. Monitoring system

The Audit Committee, by the Office of Internal Audit, audits the internal control system. The internal audit office examines, monitors and evaluates the operation to ensure that the findings arising from audit process are rectified in reasonable time. The independent Auditor evaluates the internal control regarding finance and accounting and submits the audit result to the Audit Committee on a quarterly and yearly basis. In the previous year, there is no significant flaw as to the internal control audit.

Risk Management

The Risk Management Committee stipulates risk management policy, risk factors and risk management process for the management to bring to practice so as to help the management to consider control points to manage the risks to the acceptable level. The management is responsible for the business planning, the operation, the specification, analysis and evaluation of work structure by taking into consideration the internal and external risk factors.

In 2019, the Risk Management Committee and the Office of Risk Management implemented the Risk Management Activity Plans as follows:

1. The Committee revised Charter of the Risk Management Committee, objectives, scope of authority and responsibility, manual on risk management and operational manual of the risk management office year 2019/2020

2. The Committee specify causes of organizational risk and the responsible persons in each division for each risk for the year 2019/2020 as approved by the Risk Management Committee.

3. The Committee provided plans to support analysis and evaluation of new risks in 2019/2020 and make preliminary guidelines with measures to respond the risks.

4. The Committee held preparatory meeting for the risk management office to work on various sites pursuant to the supporting plans.

5 The Committee supported the making of 2019 report stating risk status by the responsible person of each division in 7 sites with head office.

6. The Committee reported the risk status in 2019 to the Board of Directors showing information as to risks that are stable, decreasing and increasing together with causes so that the management can use for planning and operation on quarterly basis respectively.

By virtue of dedication and cooperation of all parties concerned, the internal control system and the risk management of the group of companies are regarded acceptable by the Company and can be developed to serve the objectives and goals of each department.

12. Related party transactions

The related parties' transactions for the year ended October 31, 2018 and 2017 were previously disclosed in the Annual Registration Statements (Form 56-1) of the previous years as referred by the link below:

2018 : <http://www.ksigroup.com/files/pdf/form561/form561-2018EN.pdf>

2017 : <http://www.ksigroup.com/files/pdf/form561/56-1EN.pdf>

Related party transactions for the year ended October 31, 2019, 2018 and 2017 disclosed in this section comprise of transactions between the company and subsidiaries, associates, and individuals that may have the conflict of interest as follows:

Related Party Relationship as of October 31, 2019

Subsidiaries

| Company name | Relationship |
|--|---|
| Tamaka Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses | Tamaka Sugar Industry Co., Ltd. is controlled by the company which owns 90.21% of the subsidiary's shares. Individuals that relate to directors of the company own 9.79% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%. |
| New Krung Thai Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses | New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 95.78% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%. |
| New Kwang Soon Lee Sugar Factory Co., Ltd. Manufacture and distribution of sugar and molasses | New Kwang Soon Lee Sugar Factory Co., Ltd. is controlled by the company which owns 98.61% of the subsidiary's shares. Individuals that relate to directors of the company own 1.39 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%. |

| Company name | Relationship |
|--|---|
| <p>KSL Real Estate Co., Ltd.</p> <p>Housing and land for agriculture estate including holiday resort for training, seminar center and Office building for rent</p> | <p>KSL Real Estate Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd. which owns 40.77% and 50.25% of the subsidiary's shares, respectively. Individuals that relate to directors of the company own 8.98 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.</p> |
| <p>K.S.L. Export Trading Co., Ltd.</p> <p>Export sugar as exporting agent</p> | <p>K.S.L. Export Trading Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd., New Krung Thai Sugar Factory Co., Ltd. and New Kwang Soon Lee Sugar Factory Co., Ltd. which own 33.88%, 20.85%, 15.36% and 9.47% of the subsidiary's shares, respectively. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Thawatchai Rojanachotikul, Mr. Sukhum Tokaranyaset and Mr. Chalush Chinthammit.</p> |
| <p>Savannakhet Sugar Corporation</p> <p>Agricultural Operation, Manufacture and distribution of sugar and molasses</p> | <p>Savannakhet Sugar Corporation is controlled by the company which owns 98.49% of the subsidiary's shares. None of major shareholders and directors of the company own the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose.</p> |
| <p>Koh Kong Sugar Industry Co., Ltd.</p> <p>Manufacture and distribution of sugar and molasses which are during investment process</p> | <p>Koh Kong Sugar Industry Co., Ltd. is controlled by the company which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.</p> |
| <p>Koh Kong Plantation Co., Ltd.</p> <p>Agricultural Operation</p> | <p>The Company holds shares indirectly through Wynn In Trading Co., Ltd. which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.</p> |

Associates

| Company name | Relationship |
|--|---|
| Thai Sugar Terminal Public Company Limited Locating, silo warehouse and property rental | Thai Sugar Terminal Public Company Limited is an associate of and controlled by the company which owns 23.82% of the associate's shares. Major shareholders and directors of the company own 18.03% of the subsidiary's shares. The company also has common directors namely Mr. Somchai Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand. |
| BBGI Public Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce | BBGI Company Limited is an associate of and controlled by the company which owns 40.00% of the associate's shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit and Mr. Chanachai Chutimavoraphand. |

Related Companies

| Company name | Relationship |
|--|---|
| K.S.L. IT Center Co., Ltd. Provide computerized and database services to parent company and related parties | K.S.L. IT Center Co., Ltd. is controlled by Raja Ceramics Co., Ltd., and Thai Fermentation Industry Co., Ltd., whose stakes individually equal to 50% of K.S.L. IT Center Co., Ltd.'s shares. The company also has common directors namely Mr. Chattri Chinthammit. |
| On Nuj Construction Co., Ltd. Hotel and real estate agent | On Nuj Construction Co., Ltd. is controlled by the same shareholder group of the company who owns 70.38% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkae Chinthammit and Ms. Duangdao Chinthammit. |
| Raja Ceramics Co., Ltd. Manufacture and distribution of ceramic products | Raja Ceramics Co., Ltd. is controlled by the same shareholder group of the company who owns 49.10% of Raja Ceramics Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul and Mr. Chalush Chinthammit. |
| Thai Fermentation Industry Co., Ltd. Manufacture and distribution of seasoning powder | Thai Fermentation Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 42.76% of Thai Fermentation Industry Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, and Mr. Somchai Chinthammit. |
| KSL Green Innovation Public Company Limited Manufacture and distribution of alcohol or fuel from agricultural produce | The company also has common directors namely Mr. Chalush Chinthammit. |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd. Manufacture and distribution of ethanol alcohol and biogas | The company also has common directors namely Mr. Chalush Chinthammit. |

12.1 The following transactions were carried out with related parties:

12.1.1 Sales and purchases of goods and services including its outstanding balance at the end of fiscal year (for the year ended October 31, 2019, 2018 and 2017)

| Customers | Sellers/ Service providers | Type of Transaction / Conditions | Amount (Thousand Baht) | | | Necessity and reasonableness |
|---|--|----------------------------------|---------------------------|-----------|-----------|---|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Thai Fermentation Industry Co., Ltd. | Tamaka Sugar Industry Co., Ltd. | - Sale of sugars | 28 | 28 | 29 | The Company and its subsidiaries sold sugar to Thai Fermentation Industry as welfare for employees. The transactions arose in ordinary course of business which carried out at market price on normal terms. |
| | New Krung Thai Sugar Factory Co., Ltd. | - Sale of sugars | 28 | 30 | 29 | |
| Khon Kaen Sugar Industry Public Company Limited | Thai Fermentation Industry Co., Ltd. | - Purchase of chemical | 1,331 | 2,179 | 2,241 | The Company purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The price charged between each other is the market price which has conditions according to the general normal trade. |
| | | - Other accounts payable | 228 | 199 | 115 | |

| Customers | Sellers/ Service providers | Type of Transaction / Conditions | Amount (Thousand Baht) | | | Necessity and reasonableness |
|--|---|---|------------------------------|-------------------------------|-----------------------|---|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| KSL Green Innovation Public Company Limited | Khon Kaen Sugar Industry Public Company Limited | - Sale of molasses - Trade accounts receivable - Advances received for sales of goods | 1,013,327 1,821 14,593 | 824,633 186,844 119,129 | 647,122 5,697 - | The Company and its subsidiaries sold molasses to KSL Green Innovation Public Company Limited as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms. |
| | Tamaka Sugar Industry Co., Ltd. | - Sale of molasses - Trade accounts receivable - Advances received for sales of goods | 224,589 45,220 15,344 | 239,043 74,637 42,505 | 310,878 - - | |
| | New Krung Thai Sugar Factory Co., Ltd. | - Sale of molasses - Trade accounts receivable - Advances received for sales of goods | 164,689 1,760 49,451 | 453,011 52,419 13,403 | 318,101 813 - | |
| | New Kwang Soon Lee Sugar Factory Co., Ltd. | - Sale of molasses | - | - | 70,960 | |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd. | New Kwang Soon Lee Sugar Factory Co., Ltd. | - Sale of raw sugars - Trade accounts receivable - Advances received for sales of goods | 146,781 13,951 18 | 46,690 20,615 - | - - - | The subsidiaries sold raw sugar to Bangchak Bioethanol (Chachoengsao) Co., Ltd. as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms. |

| Customers | Sellers/ Service providers | Type of Transaction / Conditions | Amount (Thousand Baht) | | | Necessity and reasonableness |
|---|---------------------------------|-----------------------------------|---------------------------|-----------|-----------|--|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Khon Kaen Sugar Industry Public Company Limited | K.S.L. Export Trading Co., Ltd. | - Service fees of goods exporting | 5,006 | 9,650 | 5,120 | Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugar cane and sugar act. The Company's group and Prachaup Industry Co., Ltd. therefore established K.S.L. Export Trading Co., Ltd. to only be export agent and documental support. K.S.L. Export Trading Co., Ltd. will charge service fees at cost plus administrative expenses according to volume of goods. |
| Tamaka Sugar Industry Co., Ltd. | | - Service fees of goods exporting | 1,742 | 1,836 | 1,221 | |
| New Krung Thai Sugar Factory Co., Ltd. | | - Service fees of goods exporting | 2,125 | 3,664 | 2,243 | |
| New Kwang Soon Lee Sugar Factory Co., Ltd. | | - Service fees of goods exporting | 385 | 665 | 683 | |
| Savannakhet Sugar Corporation | | - Service fees of goods exporting | 400 | 330 | 360 | |

| Customers | Sellers/ Service providers | Type of Transaction / Conditions | Amount (Thousand Baht) | | | Necessity and reasonableness |
|---|---|---|---------------------------|-----------|-----------|--|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Khon Kaen Sugar Industry Public Company Limited | Thai Sugar Terminal Public Company Limited and its subsidiaries | - Service fees for goods custody and transfer | 4,951 | 3,049 | 178 | The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market. |
| | | - Other income (i.e. discount) | - | - | 320 | |
| | | - Other accounts payable | 480 | - | - | |
| Tamaka Sugar Industry Co., Ltd. | | - Service fees for goods custody and transfer | 21,572 | 20,908 | 12,706 | |
| | | - Other income (i.e. discount) | - | 370 | 704 | |
| | | - Other accounts payable | 1,815 | 932 | 1,050 | |
| New Krung Thai Sugar Factory Co., Ltd. | | - Service fees for goods custody and transfer | 32,944 | 27,527 | 7,500 | |
| | | - Other accounts payable | 7,780 | 4,650 | 3,586 | |

| Customers | Sellers/ Service providers | Type of Transaction / Conditions | Amount (Thousand Baht) | | | Necessity and reasonableness |
|---|----------------------------|---|---------------------------|-----------|-----------|--|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Khon Kaen Sugar Industry Public Company Limited | K.S.L. IT Center Co., Ltd. | - Service fees of computerized activities | 7,132 | 5,557 | 5,302 | K.S.L. IT Center Co., Ltd. was established as computer service center in serving the group companies. The service fee pricing is calculated based on its investment cost and related operating costs and allocated to charge each company based on the actual data usage volume. |
| | | - Prepaid expenses | 437 | 159 | 175 | |
| Tamaka Sugar Industry Co., Ltd. | | - Service fees of computerized activities | 2,070 | 1,931 | 2,012 | |
| | | - Prepaid expenses | 102 | 49 | 56 | |
| New Krung Thai Sugar Factory Co., Ltd. | | - Service fees of computerized activities | 3,308 | 2,872 | 2,815 | |
| | | - Prepaid expenses | 188 | 121 | 133 | |
| New Kwang Soon Lee Sugar Factory Co., Ltd. | | - Service fees of computerized activities | 1,626 | 1,488 | 1,662 | |
| | | - Prepaid expenses | 73 | 45 | 49 | |
| KSL Real Estate Co., Ltd. | | - Service fees of computerized activities | 135 | 106 | 172 | |
| K.S.L. Export Trading Co., Ltd. | | - Service fees of computerized activities | 200 | 164 | 167 | |
| Savannakhet Sugar Corporation | | - Service fees of computerized activities | 602 | 517 | 635 | |
| Koh Kong Sugar Industry Co., Ltd. | | - Service fees of computerized activities | 266 | 436 | 461 | |
| Koh Kong Plantation Co., Ltd. | | - Service fees of computerized activities | 101 | 98 | 143 | |

12.1.2 Rental fee (for the year ended October 31, 2019, 2018 and 2017)

| Lessor | Lessee | Significant transaction | Amount (Thousand Baht) | | | Necessity and reasonableness of Connected Transaction |
|---|--------------------------------------|---|------------------------|-----------|-----------|---|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Khon Kaen Sugar Industry Public Company Limited | On Nuj Construction Co., Ltd. | Office rental area of 202.84 square meter and car park at the monthly rate of Baht 300 per square meter allowed to be renewed annually (01/11/16 - 31/10/17). As at September 1, 2017, The company required for decreased office rental area to 196.69 square meter at the monthly rate of Baht 300 per square meter. Agreement is allowed to be renewed every 3 years (01/11/18 - 31/10/21). | 708 | 708 | 727 | The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company. |
| | Thai Fermentation Industry Co., Ltd. | Warehouse rental area of 200 square meter at the monthly rate of Baht 100 per square meter allowed to be renewed annually (01/08/19 - 31/07/20). | 240 | 240 | 240 | |

| Lessor | Lessee | Significant transaction | Amount (Thousand Baht) | | | Necessity and reasonableness of Connected Transaction |
|---|---------------------------------|--|------------------------|-----------|-----------|--|
| | | | 31-Oct-19 | 31-Oct-18 | 31-Oct-17 | |
| Khon Kaen Sugar Industry Public Company Limited | Raja Ceramics Co., Ltd. | Office rental area of 495.54 square meter and car park at the monthly rate of Baht 300. It is allowed to be renewed annually (01/01/19 - 31/12/19). In the 2017, there was a temporary rental space of 202.84 square meter at the monthly rate of Baht 200 per month (01/11/17 - 31/12/17). | 1,784 | 1,865 | 1,784 | The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade at agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company. |
| | K.S.L. IT Center Co., Ltd. | Office rental area of 432.62 square meter and car park at the monthly rate of Baht 300 per square meter and are allowed to be renewed every 3 years (01/08/18 - 31/07/21). | 1,557 | 1,557 | 1,557 | |
| | K.S.L. Export Trading Co., Ltd. | Office rental area of 33.48 square meter at the monthly rate of Baht 300 per square meter allowed to be renewed every 3 years (01/10/17 - 30/09/20). | 121 | 121 | 121 | |
| Champion Fermentation Co., Ltd. | Tamaka Sugar Industry Co., Ltd. | Land rental area of 270 rai at the rate of Baht 740 per rai is allowed to be renewed every 3 years (04/08/16 - 31/07/17) and has canceled the rental on July 31, 2017. | - | - | 200 | Land leasing is for a plot of experimental sugar cane plantation and sugar cane research. Rental fees were charged at the agreed prices by counter part. |

12.1.3 Borrowings from/ Loans to related parties (as at October 31, 2019, 2018 and 2017)**Unit : Thousand Baht**

| For the year ended 31 October 2019 | | | | | | | |
|---|------------------------------------|--------------------------|--|------------------------------------|---------------------------|----------------------|---|
| Borrower | Lender | As at Nov 1, 2018 | Loan addition during the period | Repayment during the period | As at Oct 31, 2019 | Interest paid | Necessity and reasonableness of Connected Transaction |
| Khon Kaen Sugar Industry Public Company Limited | K.S.L Tower Juristic Person office | 3,800 | - | (400) | 3,400 | 66 | Khon Kaen Sugar Industry Public Company Limited has obtained financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 1.80%-1.95% per annum and the interest is payable at the end of each month. |

Unit : Thousand Baht

| For the year ended 31 October 2018 | | | | | | | |
|---|------------------------------------|-------------------|---------------------------------|-----------------------------|--------------------|---------------|--|
| Borrower | Lender | As at Nov 1, 2017 | Loan addition during the period | Repayment during the period | As at Oct 31, 2018 | Interest paid | Necessity and reasonableness of Connected Transaction |
| Khon Kaen Sugar Industry Public Company Limited | K.S.L Tower Juristic Person office | 5,000 | 300 | (1,500) | 3,800 | 80 | Khon Kaen Sugar Industry Public Company Limited has obtained financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 1.80-1.84% per annum and the interest is payable at the end of each month. |

Unit : Thousand Baht

| For the year ended 31 October 2017 | | | | | | | |
|---|------------------------------------|-------------------|---------------------------------|-----------------------------|--------------------|---------------|--|
| Borrower | Lender | As at Nov 1, 2016 | Loan addition during the period | Repayment during the period | As at Oct 31, 2017 | Interest paid | Necessity and reasonableness of Connected Transaction |
| Khon Kaen Sugar Industry Public Company Limited | K.S.L Tower Juristic Person office | 6,900 | - | (1,900) | 5,000 | 112 | Khon Kaen Sugar Industry Public Company Limited has obtained financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 1.97-2.05% per annum and the interest is payable at the end of each month. |

Unit : Thousand Baht

| For the year ended 31 October 2018 | | | | | | | |
|------------------------------------|---------------------------------|-------------------------|--|-----------------------------------|--------------------------|------------------|--|
| Borrower | Lender | As at Nov 1, 2017 | Loan addition during the period | Repayment during the period | As at Oct 31, 2018 | Interest paid | Necessity and reasonableness of Connected Transaction |
| Prachaup Industry Co., Ltd. | K.S.L. Export Trading Co., Ltd. | - | 278,100 | (278,100) | - | 1,039 | The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. without fee charged for the inter-credit facility guarantee. |

Unit : Thousand Baht

| For the year ended 31 October 2017 | | | | | | | |
|------------------------------------|---------------------------------|------------------|---------------------------------|-----------------------------|-------------------|---------------|--|
| Borrower | Lender | As at Nov1, 2016 | Loan addition during the period | Repayment during the period | As at Oct 31,2017 | Interest paid | Necessity and reasonableness of Connected Transaction |
| Prachaup Industry Co., Ltd. | K.S.L. Export Trading Co., Ltd. | - | 552,339 | (552,339) | - | 3,243 | The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. without fee charged for the inter-credit facility guarantee. |

Policy on future related party transactions

The Audit Committee passed the resolution of related party transactions as follows: -

The Audit Committee has reviewed the related party transactions described in the table above and given the view that it was in accordance with normal business practice and carried out at market price.

Policy on future related party transactions**1. Normal Business Transactions**

Normal business transactions include transfer and transport services and warehouse rental from Thai Sugar Terminal Public Company Limited and sales and purchases of sugar between the Company and the subsidiaries. These connected transactions will firstly be brought to the Company's consideration in respect of the Company's interests and be ensured that they will be carried out at market price.

2. Rental Service Transactions

Rental service transactions will be carried out at market price and the same rate given to third parties.

3. Sales and Purchases of Assets and Investments

Sales and purchases of assets and investments are an increase of capital in order to maintain the same shareholding proportion as previously held. It is also an investment for the current business expansion and the future business growth. The policy of sales and purchases of assets and investments will firstly be brought to the Company's consideration in respect of the Company's interests and the justification for entering into the transaction, the necessity and appropriateness of such transactions.

4. Borrowings from/ Loan to persons having potential conflict of interest

Borrowings from/ Loan to persons having potential conflict of interest will firstly be brought to the Company's consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions.

5. Other Related Transactions

Other related transactions are transactions other than 1-4 stated above.

Related party transactions between the Company or the subsidiaries and the persons having potential conflict of interest, having a stake in or possibly having a conflict of interest in the future shall be subject to the opinion of the Audit Committee for their consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions. In case that the Audit Committee considers it lack expertise required for the consideration of possible transactions, it is empowered to recruit experts as needed. Experts, for example, could be an auditor or an independent appraisal officer, which is independent from both the Company and persons having

potential conflict of interest. The opinion of these recruited experts will be used in the decision-making of the Audit Committee and/or the Board of Directors of the Company and/or shareholders as the case may be.

Regarding the potential related party's transactions incurred in the future, the Board of Directors of the Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand, including compliance with regulations on the disclosure of information on connected transactions and the acquisition or disposal of important assets of the Company or its subsidiaries; In addition, the Company will disclose related transactions in notes to financial statements in compliance with Thai Financial Reporting Standards as audited by the certified public accountant and further disclose those information in the Annual Registration Statements (Form 56-1) in future years.

Capital structure of individuals having potential conflict of interest over 10%

Capital structure of individuals having potential conflict of interest over 10% is as the followings:-

Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 18.03% of the TSTE's shares. The Company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies. In addition, Thai Sugar Terminal Public Company Limited has many directors from other sugar companies; thus, power balancing in TSTE is reasonable for both companies. To conclude, the related transactions between the Company and TSTE are in line with the characteristics of normal trading in the market which will maximize highest value to both companies.

In conclusion, the shareholding structure of the Company and the subsidiaries, which is owned by the individuals having potential conflict of interest over 10% in some companies, is the result from the past. Currently, the Company has an intention changing its structure in order to minimize those conflicts. In addition, the Company has the policy to directly invest in subsidiaries and associates in the future. Also, there will be the limitations in shareholding proportion for the individuals having potential conflict of interest except it will be done to maximize the Company's value. Furthermore, the persons having potential conflict of interest will not make any investments in business that may constitute the conflicts of interest to the Company or in competitive business to the Company.

13. Financial Information

The corporate accounting period begins on November 1 and ends on October 31 of every year.

13.1) Report of Independent Auditor

1) Auditor

| | |
|-----------|--|
| Year 2017 | Mr. Niti Jungnitnirundr, Certified Public Accountant, Registration No. 3809, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. |
| Year 2018 | Ms. Juntira Juntrachaichoat, Certified Public Accountant, Registration No. 6326, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. |
| Year 2019 | Ms. Juntira Juntrachaichoat, Certified Public Accountant, Registration No. 6326, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. |

2) Summary of the audit reports over the past three years

| | |
|-----------|---|
| Year 2017 | The Auditor audited corporate financial statements and issued unqualified opinions. |
| Year 2018 | The Auditor audited corporate financial statements and issued unqualified opinions. |
| Year 2019 | The Auditor audited corporate financial statements and issued unqualified opinions. |

13.2) Percentage of Shareholding in the Subsidiaries and Consolidated Financial Statements Preparation Criteria

The financial statements for the fiscal year of 2017 - 2019 include a total of 13 subsidiaries. The shareholding percentage as of October 31 is as follows:

Table 13.1: Percentage of Direct and Indirect Corporate Shareholding

| | <u>Percentage of Shareholding</u> | | |
|--|-----------------------------------|-------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Tamaka Sugar Industry Company Limited | 90.21 | 90.21 | 90.21 |
| New Krung Thai Sugar Factory Company Limited | 95.78 | 95.78 | 95.78 |
| New Kwang Soon Lee Sugar Factory Company Limited | 98.61 | 98.61 | 98.61 |
| KSL Real Estate Company Limited* | 91.02 | 91.02 | 91.02 |
| K.S.L. Export Trading Company Limited** | 79.55 | 79.55 | 79.55 |
| KSL Material Supplies Company Limited | 100.00 | 100.00 | 100.00 |
| Khon Kaen Sugar Power Plant Company Limited | 100.00 | 100.00 | 100.00 |
| KSL. Agro and Trading Company Limited | 100.00 | 100.00 | 100.00 |
| WSP Logistic Company Limited | 100.00 | 100.00 | 100.00 |
| Savannakhet Sugar Corporation | 98.49 | 98.49 | 98.49 |
| Koh Kong Plantation Company Limited*** | 80.00 | 80.00 | 80.00 |
| Koh Kong Sugar Industry Company Limited | 80.00 | 80.00 | 80.00 |
| Wynn In Trading Company Limited | 100.00 | 100.00 | 100.00 |

NOTE:

* The Company holds shares indirectly through Tamaka Sugar Industry Company Limited

** The Company holds shares indirectly through New Krung Thai Sugar Factory Company Limited, Tamaka Sugar Industry Company Limited and New Kwang Soon Lee Sugar Factory Company Limited.

*** The Company holds shares indirectly through Wynn In Trading Company Limited.

13.3) Profit and Loss Statement

In 2019, the company generated the revenues from operations of THB 17,855 million that slightly increased from the previous year by THB 43 million. The total revenue consists of revenue from sales amounted to THB 17,490 million and the revenue from services amounted to THB 365 million. Although average selling price of sugar was decreased by 13% as a result of declining in world sugar price in 2019, the company's sugar sale volume of both domestic sales and export sales were totally increased by 15% as well as the revenue from electrical and steam sales were increased. As a result, revenue in total, was slightly increased from that in the previous year.

The company's costs of goods sold of THB 14,230 million which decreased by 3% from previous year, was mainly due to the reduction of raw material costs. The gross profit increased by 16% from THB 3,131 million to THB 3,625 million.

Other incomes and other loss in 2019 compared 2018 are shown as follows:

Unit: Million THB

| Type of income/expenses | 2019 | 2018 |
|--|-------|-------|
| (1) Other incomes | 770 | 475 |
| (2) Revenue from compensation of sugar production and distribution | 101 | 441 |
| (3) Gain (loss) from exchange rate | (16) | 57 |
| (4) Loss on fair value adjustments of biological asset | (26) | (33) |
| (5) Gain on fair value adjustments of investment property | 207 | 241 |
| (6) Gain (loss) on sales and disposal of assets | 27 | (3) |
| (7) Loss on impairment of assets | (62) | (4) |
| Total | 1,001 | 1,174 |

As a result, the company had the profit before the selling and administrative expenses of THB 4,626 million that was increased by 7% comparison with the previous year.

Selling and administrative expenses consist of:

- (1) Selling expenses of THB 944 million increased by 23% was mainly due to increase in transportation costs and other related selling expenses in line with export sale volume of sugar.
- (2) Administrative expenses of THB 681 million decreased by 5% was mainly due to decrease in employee costs and other expenses.
- (3) Remuneration to executives THB 151 million
- (4) Fee paid to Sugar Fund of THB 1,262 million was increased by 13% due to increase in domestic sale volume of sugar.

Subsequently, the company had the profit before financial cost and tax expenses totaled THB 1,588 million, increasing by 2%.

In 2019, the company incurred financial cost of THB 710 million, decreased by 2%, and its corporate income tax expense amounted to THB 149 million. In addition, the company has obtained THB 101 million of profit sharing from affiliated companies and reported THB 8 million of non-controlling interest. As the result, the company's net profit decreased by 3% from the previous year, from THB 848 million to THB 822 million in 2019.

Table 13.2 : Consolidated Profit and Loss in the past 3 years

| Income Statement Highlight (Million THB) | 2019 | 2018 | % Change | 2017 |
|---|----------|----------|-------------|----------|
| Sales and Services | 17,855 | 17,812 | 0% | 15,623 |
| Cost of Sales and Service | (14,230) | (14,681) | -3% | (13,180) |
| Gross Profit from Sales & Services | 3,625 | 3,131 | 16% | 2,443 |
| Other Incomes - net | 1,001 | 1,174 | -15% | 3,119 |
| Gross Profit from Other Income | 4,626 | 4,305 | 7% | 5,562 |
| Selling Expense | (944) | (770) | 23% | (424) |
| Administration Expense | (681) | (720) | -5% | (833) |
| Management Remuneration | (151) | (142) | 6% | (151) |
| Proceeds to Fund | (1,262) | (1,116) | 13% | (1,096) |
| Total Expense | (3,038) | (2,748) | 11% | (2,504) |
| EBIT | 1,588 | 1,557 | 2% | 3,058 |
| Share of Profit of Associated Company | 101 | 145 | -30% | 121 |
| Financial cost | (710) | (728) | -2% | (668) |
| Corporate Income Tax | (149) | (144) | 3% | (560) |
| Minority and others | (8) | 18 | -144% | 19 |
| Net Profit | 822 | 848 | -3% | 1,970 |
| Earnings per Share (EPS) | 0.19 | 0.19 | -3% | 0.45 |
| Gross Margin from Sales & Service | 20.3% | 17.6% | | 15.6% |
| Net Profit Margin | 4.6% | 4.8% | | 12.6% |

The company's operating revenue structure in 2019, the total revenue was THB 17,855 million. The company's operating revenue consisted of (1) revenues from sales of sugar and molasses in the total amount of THB 15,413 million, representing 86% of the total operating revenue, (2) revenue from electricity and Steam sales, which electricity distributed to Grid (EGAT & PEA) and steam distributed to a related party, in the total amount of THB 1,326 million, representing 7% of the total operating revenue and (3) revenues from other service amounted to THB 365 million and revenues from trading business amounted to THB 665 million. The rest was other income amounted to THB 86 million.

Table 13.3 : Consolidated Revenue Structure in the past 3 years

| Revenue Structure (Million THB) | 2019 | | 2018 | | % Change | 2017 | |
|------------------------------------|---------------|-------------|---------------|-------------|-------------|---------------|-------------|
| Sales and Services | | | | | | | |
| Sugar Sales | 13,688 | 77% | 13,669 | 77% | 0.1% | 11,929 | 76% |
| Molasse Sales | 1,496 | 8% | 1,620 | 9% | -8% | 15 | 0% |
| Other Income from sugar & molasses | 229 | 1% | 64 | 0% | 258% | 98 | 1% |
| Electric and Steam Sales | 1,326 | 7% | 1,211 | 7% | 9% | 751 | 5% |
| Ethanol and Benzene Sales | - | 0% | - | 0% | | 2,100 | 13% |
| Services | 365 | 2% | 405 | 2% | -10% | 252 | 2% |
| Others | 86 | 0% | 93 | 1% | -8% | 11 | 0% |
| Total | 17,190 | 96% | 17,062 | 96% | 1% | 15,156 | 97% |
| Trading Activities | | | | | | | |
| Sales of fuels | 362 | 2% | 440 | 2% | | 242 | 2% |
| Sales of fertilizer | 242 | 1% | 273 | 2% | -11% | 197 | 1% |
| Sales of Supplies | 61 | 0% | 37 | 0% | 65% | 28 | 0% |
| Total | 665 | 4% | 750 | 4% | -11% | 467 | 3% |
| Total Sales and Services | 17,855 | 100% | 17,812 | 100% | 0% | 15,623 | 100% |

13.4) Statement of Financial Position of the Company and its Subsidiaries**Table 13.4 : A Summary of the Consolidated Statement of Financial Position in the past 3 years**

| Statement of Financial Position Highlight (Million THB) | 2019 | 2018 | % Change | 2017 |
|--|--------|--------|-------------|--------|
| Cash and cash equivalents | 2,430 | 129 | 1784% | 153 |
| Trade and other current receivables | 1,287 | 2,476 | -48% | 1,198 |
| Short-term loans | 926 | 1,533 | -40% | 1,569 |
| Inventories | 2,774 | 4,089 | -32% | 3,100 |
| Biological assets | 52 | 61 | -15% | 112 |
| Other current assets | 45 | 46 | -2% | 65 |
| Investments in associates | 3,965 | 3,879 | 2% | 3,747 |
| Other long-term investments | 245 | 335 | -27% | 406 |
| Long-term loans | 146 | 243 | -40% | 393 |
| Investment property | 5,637 | 5,167 | 9% | 4,917 |
| Property, plant and equipment | 25,868 | 26,183 | -1% | 26,354 |
| Other non-current assets | 746 | 1,401 | -47% | 977 |
| Total Asset | 44,121 | 45,542 | -3% | 42,991 |
| Current Liabilities | 11,818 | 13,924 | -15% | 14,819 |
| Non-Current Liabilities | 13,282 | 12,979 | 2% | 10,080 |
| Total Liabilities | 25,100 | 26,903 | -7% | 24,899 |
| Total Shareholder's Equity | 19,021 | 18,639 | 2% | 18,092 |
| Total Equity Attributable to Owners of the Parent | 18,606 | 18,210 | | 17,650 |
| D/E Ratio | 1.32 | 1.44 | | 1.38 |
| IBD/E Ratio | 1.16 | 1.26 | | 1.20 |

In 2019, the company had the total assets of THB 44,121 million, 3% decreased from THB 45,542 million of total amount of assets at the end of previous year. The total liabilities decreased by 7% from THB 26,903 million in 2018 to THB 25,100 million in 2019 which partially caused the decrease in debt to equity ratio from 1.44 in 2018 to 1.32 in 2019 and interest-bearing debt to equity ratio also decreased from 1.26 in 2018 to 1.16 in 2019. The significant changes are as follows;

(1) A significant increase in cash and cash equivalents of THB 2,301 million or 1,784% was mainly due to increase in deposits in transit derived from high volume of export sale of sugar and its collection near the end of October 2019.

(2) Trade and other current receivables decreased by 48% as the result of debt collection from oversea trade receivable as well as there is an offset between “receivables from the Office of the Cane and Sugar Fund” and “short-term loans from the Office of the Cane and Sugar Fund” amounting to THB 1,029 million for the year 2019.

(3) Short-term loans and long-term loans decreased by 40% due to reduction of loans to cane farmers and loan collection during the year.

(4) A significant decrease in inventories of THB 1,315 million or 32% decrease was mainly due to selling of large amount of sugar stocks in 2019. Those sold stocks were partially produced in the current year and partially remained from the previous year. The sale volume was increased by 15% compared to the previous year.

(5) Other non-current assets decreased by 47% was mainly due to reclassification of “the assets not yet used in operation” to be part of “property, plant and equipment account” as those will be used in operation according to the company's business plan.

13.5) Cash Flow Statement

Table 13.5 : Cash Flow Statements of the Company in the past 3 years

| Cash Flow Highlight (Million THB) | 2019 | 2018 | % Change | 2017 |
|---|--------------|--------------|--------------|----------------|
| Net Profit + Depreciation + Non Cash | 2,546 | 2,449 | 4% | 2,185 |
| Change in Working Capital | 76 | (3,145) | 102% | (1,948) |
| <i>cash flow from Operating Activities</i> | 2,622 | (696) | 477% | 237 |
| Invest in PP&E | (414) | (1,132) | 63% | (3,098) |
| <i>cash flow from Investing Activities</i> | 117 | (863) | 114% | (3,320) |
| <i>cash flow from Financing Activities</i> | (457) | 1,512 | -130% | 3,149 |
| Change in Cash Flow | 2,301 | (24) | | 71 |
| Ending Cash | 2,430 | 129 | | 153 |
| EBIT | 1,689 | 1,702 | -1% | 3,179 |
| Depreciation and Amortization | 1,205 | 1,264 | -5% | 1,182 |
| EBITDA | 2,894 | 2,966 | -2% | 4,361 |

In 2019, the company and its subsidiaries received net cash inflows from their operations of THB 2,622 million, a 477% increased from year 2018. The major reasons are that the significant amount of stocks remained from the previous years were sold in 2019 and the debt collection term can be remained. In addition, the expediting of debt collection of oversea clients near the end of 2019 was caused increase in cash inflows and decrease in receivables balance compared to the previous year's.

Regarding the cash flows from investing activities, the company and its subsidiaries had net cash inflows from investing activities in the total amount of THB 117 million. The net cash inflow was mainly from repayment of short-term loans and long-term loans in the total amount of THB 688 million and cash received from dividend income and interest income in the total amount of THB 94 million, whereas net cash outflows of investment in properties, plants and machine was THB 414 million and investment in investment properties was THB 263 million.

Regarding financing activities, the company and its subsidiaries had net cash outflows in the total amount of THB 457 million. It was mainly from dividend payment and cash payment for short-term borrowings from financial institutions using the cash inflows of current year's operating activities.

13.6) Financial Ratios

Table 13.6 : Financial Ratios

| Financial Ratios | 2019 | 2018 | 2017 |
|--|------|------|-------|
| Short-term liquidity ratios | | | |
| Current Ratio | 0.64 | 0.60 | 0.42 |
| Acid Test Ratio | 0.39 | 0.30 | 0.20 |
| Collection period - trade receivables (days) | 21 | 19 | 17 |
| Days of inventory | 88 | 89 | 78 |
| Capital Structure and Solvency ratios | | | |
| D/E Ratio | 1.32 | 1.44 | 1.38 |
| IBD/E Ratio | 1.16 | 1.24 | 1.20 |
| LTD to equity | 0.62 | 0.61 | 0.47 |
| Return on Investment ratios | | | |
| ROA | 2% | 2% | 5% |
| ROE | 4.3% | 4.5% | 10.9% |
| Operating performance ratios | | | |
| Gross Profit Margin | 20% | 18% | 16% |
| Operating Profits Margin | 9% | 9% | 20% |
| Pre-tax Profit Margin | 5% | 5% | 16% |
| Net Profit Margin | 5% | 5% | 13% |
| Market Measures | | | |
| Book Value per Share | 4.31 | 4.13 | 4.00 |
| Earning Per Share | 0.19 | 0.19 | 0.45 |

According to the 2019 financial ratios above, liquidity ratios are improved in overall since the better current ratio and acid test ratio are derived from increase in sale volume by maintaining credit term offered to clients. The 2019 sale volume was selling of both current year's stocks and previous year's outstanding stocks. Therefore, the cash inflows from this operating activity is caused ability to pay short-term loans during the fiscal year 2019. In addition, the higher liquidity is resulted from issuance of new debenture to finance investing in new fixed assets and repayment plan of the certain amount of long-term debts.

Regarding solvency ratios, the D/E ratio and IBD/E ratio had slightly decreased or improved as a result of repayment of short-term debts using the cash inflows derived from higher volume of sugar sales and the overall operating profits.

In terms of profitability ratios, the gross profit margin was slightly increased comparison with the previous year. The decrease in raw materials costs was compensated the average sale price declined from world sugar price pressure. However, other profitability ratios such as the operating profit to sales ratio, pre-tax profit to sales ratio, and net income to sales ratio were similar to previous year's and not increased in line with increase in the gross profit margin due to that shipping costs and other selling expenses were mainly increased according to the increase in sale volume as mentioned above.

14. Management Discussion and Analysis

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (“KSL”) would like to report our financial performance for the year 2019 (from November 1, 2018 to October 31, 2019). The Company had net profit attributed to owners of the parent of THB 822 million, a decrease of 3% compared to the fiscal year 2018. The operating performance is summarized as follows:

Revenues from Sales and Rendering of Services

In the year 2019, total revenues from sales and service of THB 17,855 million was slightly increased from THB 17,812 million in the year 2018. The increase in total revenue of THB 43 million was resulted from increase in sugar sales volume compensated the result of decrease in average selling price.

The company sold higher volume of sugar, both domestic sales and export sales. The total sugar sales volume for the year 2019 was 1.26 million tons or increased by 15.06% compared to the year 2018. However, the average selling price was decreased from 12,526 THB/ton in the year 2018 to 10,902 THB/ton in 2019 or decreasing by 12.97%.

Gross Profit

In the year 2019, the company had gross profit of THB 3,625 million, representing 20.30% of total revenue from sales and service, which increased from THB 3,131 million or 17.58% of total revenue from sales and service in the year 2018. The increase in gross profit was mainly due to the reduction of raw material costs.

Other Income

Other income decreased by THB 44 million was mainly due to the following details:

- Decrease in revenue from compensation for sugar productions and distributions of THB 340 million. The revenue in the year 2019 was THB 101 million, whereas the revenue in the year 2018 was THB 441 million. It is the compensation that would be reimbursed from the Cane and Sugar Fund (“The Fund”) as a result that the final sugar cane price and the final compensation for the production and distribution of sugar were lower than the initial sugar cane price of each year. The Fund has to compensate the sugar mills price difference and the compensation since the overpayment of sugar cane price is not directly required for refund from cane farmers.
- Increase in refund from the Office of the Cane and Sugar Fund according to the assistance project to support sugar cane planter and sugar plants of THB 154 million.
- Increase in gain on sugar futures contracts of THB 98 million was incurred from the hedging of sugar selling price due to the declining of the world sugar selling prices during the year 2019.

Distribution Costs

Distribution costs increased from THB 1,886 million in the previous year to THB 2,206 million in the year 2019 due to increase in sugar sales volume as mentioned above.

Administrative Expenses

Administrative expenses decreased from THB 720 million in the previous year to THB 681 million in the year 2019, or decreasing by 5.47% due to decrease in employee costs and other expenses.

Financial Costs

In the year 2019, financial costs decreased by 2.38% or THB 17 million was mainly due to repayment of certain amount of working capital loans as the result that the company had better cash flow received from sales of goods during the year.

For the year 2019 financial status overview, the company had total assets of THB 44,121 million, total liabilities of THB 25,100 million and total shareholders' equity of THB 19,021 million. Interest bearing debt to equity ratio represented at 1.16.

Details of Directors, Executives, Controlling Persons and Company Secretary In 2019

As of 31 October 2019

| | |
|--|--|
| 1. Mr. Manu Leopairote Age 76 years Director qualified as an independent director | |
| Position Independent director Chairman of the Board of Directors Date of Appointment as a Director - 18 March 2004 Education/Training - Honorary Degree of Doctor of Business Administration, Thammasat University, Thailand - M.Sc. (Economics) University of Kentucky, USA - B.Sc. in Economics (Honours), Thammasat University - Diploma Industrial Development, Nagoya, Japan - Diploma, National Defence College Class 34 Expertise - Strategic Planning & Risk Management - Corporate Governance - Government & Government Relations Director Training - Diploma of Chairman 2000, Class 3/2001, Thai Institute of Directors Association - Director Accreditation Program (DAP) 30/2003, Thai Institute of Directors Association (IOD) | Board Member/Management in Other Listed Company (4) Since 2017, Chairman, SVOA PCL Since 2011, Chairman, TMC Industrial PCL Since 2010, Chairman, Jubilee Enterprise PCL Since 2004, Chairman, Polyplex (Thailand) PCL Position in Other Company/Organization/Institution (3) Since 2004, Affiliate KSL Sugar Factories - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. 5-year Past Experiences and / or Remarkable position 2002 - 2006, Chairman, Small and Medium Enterprise Development Bank of Thailand 1999 - 2004, Permanent Secretary, Ministry of Industry Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 2. Mr. Chamroon Chinthammit | |
|---|---|
| Age 69 years | |
| Position CEO and President (Authorized signatory) Date of Appointment as a Director - 26 February 2004 Education/Training - Honorary Degree of Doctor of Arts (Geosocial-Based Management), Srinakharinwirot University - BBA in Faculty of Commerce and Accountancy (Honours), Chulalongkorn University Expertise - Business Management - Strategic Planning & Risk Management - Corporate Governance Director Training - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) - Diploma of Chairman 2000, Class 10/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (14) Since 1996, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since October 2017, Director, BBGI PCL Since 2006, President, KSL Agro and Trading Co., Ltd. Since 2006, President, Koh Kong Sugar Industry Co., Ltd. Since 2006, President, Savannakhet Sugar Corporation Since 2003, President, Khon Kaen Sugar Power Plant Co., Ltd. Since 2002, President, KSL Export Trading Co., Ltd. Since 2000, President, Thai Fermentation Industry Co., Ltd. Since 1997, President, Chengteh Chinaware (Thailand) Co., Ltd. Since 1997, Director, Thai Sugar Millers Co, Ltd. Since 1996, President, KSL Real Estate Co., Ltd. Since 1996, Director, Onnuch Construction Co., Ltd. 5-year Past Experiences and / or Remarkable position 2004 - June 2018, Director, KSL Green Innovation PCL 2003 - June 2016, President, KSL Material Supply Co., Ltd. 2001 - June 2016, President, TFI Green Biotech Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 108,818,031 shares (2.47%) - Spouse: M.L.Charuvadhana Chinthammit 52,775,901 shares (1.20%) Family Relationship among Directors and Executives - Brother-in-Law of person number 3 - Brother of person number 6 - Brother of person number 7,9 and 10 - Uncle of person number 8,11 and 12 - Father of person number 24 |

| 3. Mr.Pornsir Thaemsirichai | |
|---|--|
| Age 74 years | |
| Position Director and Executive Director (Authorized signatory) Senior Vice President - Office of Innovation Date of Appointment as a Director - 26 February 2004 Education/Training - Honorary Degree of Doctor of Philosophy (Business Management), Ramkhamhaeng University - MBA., The University of Southern Queensland, Australia - MS in Engineering North Dakota State University, USA. - B.Eng. in Civil Engineering, Chulalongkorn University Expertise - Business Management - Strategic Planning & Risk Management - Food & Beverage Director Training - Director Accreditation Program (DAP) 18/2004, Thai Institute of Directors Association (IOD) - Director Certification Program (DCP) 50/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company(1) Since 2013, Director, Sahamit Machinery PCL | Position in Other Company /Organization/Institution (6) Since 1983, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. - Since 2010, Chairman, Koh Kong Plantation Co., Ltd. - Since 2007, Director, Savannakhet Sugar Corporation - Since 2006, Director, Koh Kong Sugar Industry Co., Ltd. 5-year Past Experiences and / or Remarkable position 2003 - June 2016, President, KSL Material Supply Co.,Ltd. 2003 - October 2019, Managing Director, Khon Kaen Sugar Power Plant Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 29,390,196 Shares (0.67%) - Spouse: Ms.Montanut Thaemsirichai 30,688,231 Shares (0.70%) Family Relationship among Directors and Executives -Brother-in-Law of person number 2 |

| | |
|---|--|
| 4. Mr. Sukhum Tokaranyaset Age 72 years | |
| Position Director and Executive Director (Authorized signatory) Senior Vice President - Accounting & Finance Date of Appointment as a Director - 26 February 2004 Education/Training - Vocational Certificate Kitti Commerce College Expertise - Accounting - Finance - Food & Beverage Director Training - Director Accreditation Program (DAP) 18/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (14) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since 2015, Director, Raja Transfer Co., Ltd. Since 2006, Director, Koh Kong Sugar Industry Co., Ltd. Since 2006, Director, KSL Agro and Trading Co., Ltd. Since 2002, Director, KSL Export Trading Co., Ltd. Since 2002, Director, KSL Real Estate Co., Ltd. Since 2002, Director, Champion Fermentation Co., Ltd. Since 2000, Director, TFI Green Biotech Co., Ltd. Since 2000, Vice Chairman, Raja Porcelain Co., Ltd. Since 2000, Director, Thai Fermentation Industry Co., Ltd. Since 1998, Director, Chengteh Chinaware (Thailand) Co., Ltd. Since 1989, Director and Executive Director, Raja Product Co., Ltd. 5-year Past Experiences and / or Remarkable position 2004 - March 2015, Director, Chantaburi Starch Co., Ltd Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 2,640,000 Shares (0.06%) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 5. Mr.Thawatchai Rojanachotikul | |
|--|--|
| Age 66 years | |
| Position Director and Executive Director (Authorized signatory) Senior Vice President – Administration Date of Appointment as a Director - 26 February 2004 Education/Training - BBA in Business Administration, Auckland Technical institute, New Zealand Expertise - Business Management - Food & Beverage - Marketing & Business Development Director Training - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (11) Since 1996, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since 2006, Director, Savannakhet Sugar Corporation Since 2006, Director, KSL Agro and Trading Co., Ltd. Since 2002, Director, TFI Green Biotech Co., Ltd. Since 2000, Director, and Deputy Managing Director (DMD) Thai Fermentation Industry Co., Ltd. Since 1998, Director, KSL Export Trading Co., Ltd. Since 1989, Director, Champion Fermentation Co., Ltd. Since 1989, Director, KSL Real Estate Co., Ltd. Since 1987, Director, Chengteh Chinaware (Thailand) Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 55,937,112Shares (1.27%) - Spouse: Ms.Korakot Rojanachotikul 3,166,748 Shares (0.07%) Family Relationship among Directors and Executives (None) |

| 6. Ms. Intira Sukhanindr Age 72 years | |
|---|--|
| <p>Position</p> <p>Director and Executive Director (Authorized signatory)</p> <p>Vice President - Business Development</p> <p>Date of Appointment as a Director</p> <p>- 25 June 2010</p> <p>Education / Training</p> <p>- Certificate of Secretary, Melbourne, Australia</p> <p>Expertise</p> <p>- Business Management</p> <p>- Food & Beverage</p> <p>- Marketing & Business Development</p> <p>Director Training</p> <p>- Director Accreditation Program (DAP) 50/2006, Thai Institute of Directors Association (IOD)</p> <p>Board Member/Management in Other Listed Company (1)</p> <p>Since 2005, Director, Sub Sri Thai Warehouse PCL</p> | <p>Position in Other Company /Organization/Institution (8)</p> <p>Since 2010, Affiliated KSL sugar companies</p> <ul style="list-style-type: none"> - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. <p>Since 2010, Director, KSL Agro and Trading Co., Ltd.</p> <p>Since 2010, Director, Khon Kaen Sugar Power Plant Co., Ltd.</p> <p>Since 2007, General Manager, KSL Export Trading Co., Ltd.</p> <p>Since 2004, Director, Thai Fermentation Industry Co., Ltd.</p> <p>Since 2003, Director, Champion Fermentation Co., Ltd.</p> <p>Shareholding (Ordinary Shares) (as of 31 October 2019)</p> <ul style="list-style-type: none"> - Own: 25,471,699 shares (0.58%) - Held by Spouse or minor children : (None) <p>Family Relationship among Directors and Executives</p> <ul style="list-style-type: none"> - Elder Sister of person number 2 |

| 7. Ms.Duangdao Chinthammit | |
|---|--|
| Age 61 years | |
| Position Director and Executive Director (Authorized signatory) Nomination and Remuneration Committee Vice President - Human Resources Date of Appointment as a Director - 26 February 2004 Education/Training - Master of Science, Agricultural Economics, University of Saskatchewan, Canada - Bachelor of Science, Computer Information System, Western Michigan University, USA. - Bachelor of Business Administration, Faculty of Economics and Business Administration, Kasetsart University - SD Forum 2/2017: Sustainability Strategy Key Blueprint for Business Growth, SET Expertise - Human Resources Management - Corporate Governance - Marketing & Business Development Director Training - Director Certification Program (DCP) 71/2006, Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (1) Since 2005, Director, Sub Sri Thai Warehouse PCL | Position in Other Company /Organization/Institution (7) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since 2006, Director, KSL Agro and trading Co., Ltd. Since 2004, Director, KSL Sugar Holding Co., Ltd. Since 1999, Director, KSL Real Estate Co., Ltd. Since 1996, Director, Onnuch Construction Co., Ltd. 5-year Past Experiences and / or Remarkable position 2006 - June 2016, Director, KSL Material Supplies Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 99,799,954 Shares (2.26%) Family Relationship among Directors and Executives - Younger Sister of person number 2 |

| 8. Mr. Chalush Chinthammit | |
|---|---|
| Age 50 years | |
| Position Director and Executive Director (Authorized signatory) Risk Management Committee Vice President - office of President Date of Appointment as a Director - 26 February 2004 Education / Training - MBA in Finance and Banking, Mercer University, USA. - BBA in Finance and Banking, Assumption University - Capital Market Academy Program 10 - Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 6, Thailand Energy Academy - Top Executive in Industrial Development and Investment, Class 3, Institute of Business and Industrial Development (IBID) - Business Revolution and Innovation Network (BRAIN) Class 2, The Federation of Thai Industries Expertise - Diversification - Marketing & Business Development - Corporate Governance Director Training - Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (3) - Since 2014, Director and Audit Committee, Master Ad PCL - Since 2007, Director and Executive Director, TS Flour Mill PCL - Since 2007, Director, Thai Sugar Terminal PCL | Position in Other Company /Organization/Institution (20) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd. Since 2019, Director, Kerry Express PCL Since 2018, Director, Bangchak Bioethanol PCL Since 2017, Chairman, DAD SPV Co., Ltd. Since October 2017, Director, BBGI PCL Since 2016, Director, WSP Logistics Co., Ltd. Since 2015, Director and Chairman of the Audit Committee, Dhanarak Asset Development Co., Ltd. Since 2006, Director, KSL. Agro and Trading Co., Ltd Since 2006, Director, Koh Kong Plantation Co., Ltd. Since 2006, Director, Savannakhet Sugar Corporation Since 2006, Director, KhonKaen Sugar Power Plant Co., Ltd. Since 2004, Director, KSL Green Innovation PCL. Since 2002, Director, KSL Export Trading Co., Ltd. Since 2001, Director, Thai Sugar Miller Co., Ltd. Since 1997, Director, Onnuch Construction Co., Ltd. Since 1997, Director and Chairman, Colossal International Co., Ltd. Since 1997, Director, MMP Corporation Co., Ltd. Since 1996, Director, KSL Real Estate Co., Ltd. 5-year Past Experiences and / or Remarkable position 2014 - 1 August 2019, Director and Executive Director, Mudman PCL 1996 - 1 July 2019, Managing Director, KSL Real Estate Co., Ltd. |

| | |
|--|--|
| | <p>Shareholding (Ordinary Shares) (as of 31 October 2019)</p> <ul style="list-style-type: none">- Own: 43,279,926 Shares (0.98%)- Minor children:<ol style="list-style-type: none">1. Mr.Chayapat Chinthammit 11,088,000 Shares (0.25%)2. Mr.Chatchapee Chinthammit 11,088,000 Shares (0.25%)3. Ms.Chollapim Chinthammit 374,000 Shares (0.01%) <p>Family Relationship among Directors and Executives</p> <ul style="list-style-type: none">- Nephew of person number 2 |
|--|--|

| 9. Mr.Somchai Chinthammit | |
|---|--|
| Age 67 years | |
| Position Director and Executive Director Assistant Vice President - Office of President Date of Appointment as a Director - 26 February 2004 Education/Training - Certificate Mini MBA, Thammasat University - Diploma, Computer College, Germany Expertise - Business Management - Food & Beverage - Finance Director Training - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company(2) Since 2008, Director, TS Flour Mill PCL Since 2008, Director, Thai Sugar Terminal PCL | Position in Other Company /Organization/Institution (10) Since 1996, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd Since 2008, Director, TS Warehouse Co., Ltd. Since 2008, Director, TS G Trading Co., Ltd. Since 2008, Director, TS Oil Industry Co., Ltd. Since 2008, Director, TS Transport and Logistic Co., Ltd. Since 2004, Director, Champion Fermentation Co., Ltd. Since 2003, Director, Khon Kaen Sugar Power Plant Co., Ltd. Since 1981, Director, Thai Fermentation Industry Co., Ltd. 5-year Past Experiences and / or Remarkable position 2003 - 2015, Director, KSL Green Innovation PCL Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 96,475,726 Shares (2.19%) - Spouse: Ms.Somjit Somsukcharoen 279,206 shares (0.01%) - Minor children: 1. Ms.Natamon Chinthammit 17,733,759 Shares (0.40%) Family Relationship among Directors and Executives - Younger Brother of person number 2 |

| 10. Ms.Duangkae Chinthammit | |
|---|---|
| Age 64 years | |
| Position Director and Executive Director Assistant Vice President - Office of President Date of Appointment as a Director - 26 February 2004 Education/Training - Diploma from Katinka School, United Kingdom - Certificate Modern Managers Program (MMP), Chulalongkorn University Expertise - Business Management - Finance - Human Resources Management Director Training - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company(1) Since 2005, Director, Sub Sri Thai Warehouse PCL | Position in Other Company /Organization/Institution (6) Since 1996, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd Since 2004, Director, KSL Sugar Holding Co., Ltd. Since 1993, Director, Chavananthakij Co., Ltd. Since 1976, Director, National Enterprises Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 99,683,643 Shares (2.26%) Family Relationship among Directors and Executives -- -Younger Sister of person number 2 |

| 11. Mr. Chanachai Chutimavoraphand | |
|---|--|
| Age 47 years | |
| Position Director and Executive Director (Authorized signatory) Date of Appointment as a Director - 1 April 2017 Education/Training - Bachelor of Law, Chulalongkorn University - Master Degree of Business Administration, Tennessee University, U.S.A. - Master Degree of Arts, Business Law, Chulalongkorn University - Bachelor Degree, Electrical Engineering, Chulalongkorn University - Orientation Course - CFO Focus on Financial Federation of Accounting Professions - CFA Charter holder, Association for Investment Management and Research (AIMR) Expertise - Accounting - Finance - Legal & Tax Director Training - Director Accreditation Program (DAP) 37/2005, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (2) Since 2000, CEO, Thai Sugar Terminal PCL Since 2000, Director and Executive Director, TS Flour Mill PCL | Position in Other Company /Organization/Institution (9) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since October 2017, Director BBGI PCL Since 2016, Director, WSP Logistics Co., Ltd Since March 2014, Director, KSL Real Estate Co., Ltd. Since 2006, Director, Koh Kong Sugar Industry Co., Ltd. Since 2006, Director, Savannakhet Sugar Corporation Since 1996, Director, Onnuch Construction Co., Ltd. 5-year Past Experiences and / or Remarkable position 2003 - June 2016, Director, KSL Material Supplies Co., Ltd. 2002 - April 2019, Director, KSL Green Innovation PCL Shareholding (Ordinary Shares) (as of 31 October 2019) - Own:115,355,499 shares (2.62%) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives - - - Nephew of person number 2 |

| 12. Mr.Chattri Chinthammit | |
|--|---|
| Age 46 years | |
| Position Director (Non - Executive Director) Date of Appointment as a Director - 26 February 2004 Education/Training - Master of Science, Computer Science, Bellevue University, USA. - BBA in Economics, University of The Thai Chamber of Commerce Expertise - Information Technology - Business Management - Marketing & Business Development Director Training - Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors Association (IOD) - TLCA Executive Development Program (EDP)1/2008, by TLCA - Successful FORMULATION & Execution Program (SFE) 9/2010, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (4) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd Since 2000, Deputy Managing Director - Software Department, KSL IT Center Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 57,467,546 Shares (1.30%) Family Relationship among Directors and Executives - Nephew of person number 2 |

| 13. Mr. Somchat Chinthammit | |
|---|---|
| Age 61 years | |
| Position Director (Non - Executive Director) Corporate Governance Committee Date of Appointment as a Director - 26 February 2004 Education/Training - MIM in Marketing, Thammasat University - MBA./Marketing, Chulalongkorn University - B.Eng in Mechanical, King Mongkut's University of Technology Thonburi Expertise - Food & Beverage - Marketing & Business Development - Corporate Governance Director Training - Director of Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) - Directors Certification Program (DCP) 55/2005, Thai Institute of Directors Association (IOD) - Audit Committee Program (ACP) 8/2005, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company(1) Since 2005, Independent Director and Audit Committee, UOB Kay Hian Securities (Thailand) PCL | Position in Other Company /Organization/Institution(9) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd Since 2018, Director, Chinpongsawat Co., Ltd. Since 2005, Director, Boathouse Huahin Co., Ltd. Since 2005, Managing Director, Top Blend International Co., Ltd. Since 1989, Director, Phongwilai Co., Ltd. Since 1988, Director, Deputy Managing Director, Bangkok Interfood Co., Ltd. Since 1988, Managing Director, Thai Flour Industry Co., Ltd. Shareholding (Ordinary Shares)(as of 31 October 2019) - Own: 22,907,921 Shares (0.52%) - Spouse: Ms.Darunee Lertdamronglak 2,194,852 Shares (0.05%) Family Relationship among Directors and Executives (None) |

| | |
|---|--|
| 14. Mr. Tachpong Pakornsiriwongse Age 69 years | |
| Position Director and Executive Director Assistant Vice President – Office of President Date of Appointment as a Director - 26 February 2004 Education/Training - Certificate in Financial Management, Chulalongkorn University Expertise - Business Management - Food & Beverage - Marketing & Business Development Director Training - Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (5) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co.,Ltd Since 2007, Director, KSL Sugar Holding Co., Ltd. Since 2004, Director, Koh Kong Plantation Co.,Ltd Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 158,162 Shares (0.004%) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 15. Mr. Trakarn Chunharojrit | |
|--|--|
| Age 79 years | |
| Position Director and Executive Director Date of Appointment as a Director - 26 February 2004 Education/Training - Certificate in Accounting Expertise - Food & Beverage - Government & Government Relations - Corporate Governance Director Training - Director Accreditation Program (DAP) 17/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (None) | Position in Other Company /Organization/Institution (7) Since 2004, Affiliated KSL sugar companies - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. Since 2006, Director, KSL Agro and Trading Co., Ltd. Since 2003, Director, Khon Kaen Sugar Power Plant Co., Ltd. Since 1997, Director, Chengteh Chinaware (Thailand) Co., Ltd. Since 1989, Director, KSL Real Estate Co., Ltd. 5-year Past Experiences and / or Remarkable position 2003 - June 2016, Director, KSL Material Supplies Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 13,621,766 Shares (0.31%) - Spouse: Ms.Rattana Chunharojrit 4,944,720 Shares (0.11%) Family Relationship among Directors and Executives (None) |

| | |
|---|--|
| 16. Pol.Gen.Boonpen Bumpenboon Age 74 years Director qualified as an independent director | |
| Position Independent Director Chairman of Nomination and Remuneration Committee Corporate Governance Committee Date of Appointment as a Director - 26 February 2004 Education/Training - MPA./ Public Administration, NIDA - Diploma, National Defence College (37) - LL.B., Sukhothai Thammathirat University - BBA in Public Administration, Royal Police Cadet Academy Expertise - Government & Government Relations - Corporate Governance - Strategic Planning & Risk Management Director Training - Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (1) Since 18 December 2013, Independent Director, The Platinum Group PCL | Position in Other Company /Organization/Institution (2) Since 2006, Council of State Office of the Council of State Since 14 October 2005, Independent Director, Sahaphandh Construction PCL Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| | |
|---|---|
| 17. Mr. Sitti Leelakasamelek Age 66 years Director qualified as an independent director | |
| Position Independent Director Chairman of Audit Committee Risk Management Committee Date of Appointment as a Director - 26 February 2004 Education/Training - BA in Accounting, Chulalongkorn University Expertise - Accounting - Finance - Marketing & Business Development Director Training - Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors Association (IOD) - Audit Committee Forum 2014, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (2) Since 2009, Member of the Nomination Committee and Member of the Remuneration Committee, Noble Development PCL. | Position in Other Company /Organization/Institution (None) 5-year Past Experiences and / or Remarkable position Since 2014 - 28 September 2018, Deputy Chief Executive Officer, Noble Development PCL. Since 1994 - 28 September 2018, Vice Chairman, Noble Development PCL. Since 1991 - Nov 2014, Executive Vice President- Support Line1, Noble Development PCL. Since 2013 - 26 April 2019, Director, S&P Property Management Co., Ltd. Since 2012 - 26 April 2019, Director, N.K.Energy Conservation Co., Ltd. Since 2005 - 26 April 2019, Director, Ban Suk Sabai Co., Ltd. Since 1995 - 26 April 2019, Director, Continental City Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

18. Mr. Karun Kittisataporn

Age 72 years (Resigned, July 1, 2019)

Director qualified as an independent director

Position

Independent Director

Chairman of Nomination and Remuneration Committee

Risk Management Committee

Date of Appointment as a Director

- 26 February 2010

Education/Training

- M.A. (International Trade), Syracuse University, USA (under USAID Scholarship)
- Bachelor of Commerce & Administration Victoria University of Wellington, N.Z. (under Colombo Plan Scholarship)
- Financial Statements for Directors Program (FSD) 2009
- Audit Committee Program (ACP) 2009

Expertise

- Human Resources Management
- Government & Government Relations
- Corporate Governance

Director Training

- Director Certificate Programme, Institute of Directors (DEP) 2006
- Role of the Compensation Committee Program (RCC) 2008, Thai Institute of Directors Association (IOD)

Board Member/Management in Other Listed Company (4)

Since April 2018, Chairman of Nomination and Remuneration Committee, Central Pattana PCL

Since 2011, Audit Committee, Central Pattana PCL

Since 2008, Independent Director /

Chairman of Nomination and Remuneration Committee, Bank of Ayutthaya PCL

Since 2008, Audit Committee, Sahamit Machinery PCL.

Position in Other Company /Organization/Institution (1)

Since 2006, Member, Council of State

5-year Past Experiences and / or Remarkable position

2009 - March 2015, Independent Director / Nomination and Remuneration Committee, Central Pattana PCL

2008 - October 2017, Executive Chairman, The Support Art and Crafts International Centre of Thailand

2007 - 2 September 2014, Commissioner, The Insurance Commission

Shareholding (Ordinary Shares) (as of 31 October 2019)

- Own: (None)
- Held by Spouse or minor children : (None)

Family Relationship among Directors and Executives

(None)

| 19. Mr. Warapatr Todhanakasem | |
|---|--|
| Age 70 years | |
| Director qualified as an independent director | |
| Position Independent Director Chairman of Corporate Governance Committee Audit Committee Date of Appointment as a Director - 26 February 2010 Education/Training <ul style="list-style-type: none"> - Ph.D. in Business Economics University of Illinois, Urbana-Champaign, USA - M.S. in Economics University of Illinois, Urbana-Champaign, USA. - M.B.A. in Finance Kellogg School of Management, Northwestern University, Evanston, Illinois, USA. - B.Econ.(1st Class Honor) Thammasat University - LL.B. Thammasat University - Capital Market Academy Program, Class 5 - The Executive Director Course of Process of Judgment, Class 15 - Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 9 - Institute of Metropolitan Development Class 4 - TEPCOT Class 2 Expertise <ul style="list-style-type: none"> - Corporate Governance - Finance - Strategic Planning & Risk Management | Director Training <ul style="list-style-type: none"> - Directors Certification Program DCP 0/2000, Thai Institute of Directors Association (IOD) - The Executive Director Course EDC 1/2012, Thai Institute of Directors Association (IOD) - Certificate of International Corporate Governance, Yale University, U.S.A. - Director Certificate Program, Australian Institute of Corporate Directors (Class Train the Trainers), Bangkok Board Member/Management in Other Listed Company (3) Since June 2013, Director, True Corporation PCL Since August 2012, Director, Amata VN PCL Since 2009, Chairman and Independent Director, Prinsiri PCL Position in Other Company /Organization/Institution Since Jun 2012, President, Institute of Research and Development for Public Enterprises of Thailand (IRDP) Shareholding (Ordinary Shares) (as of 31 October 2019) <ul style="list-style-type: none"> - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 20. Ms. Nongluck Phinainitisart Age 60 years Director qualified as an independent director | |
|---|--|
| Position Independent Director Chairman of Risk Management Committee Audit Committee Nomination and Remuneration Committee Date of Appointment as a Director - 26 February 2010 Education/Training - Doctorate Degree in Electrical Engineering, Chulalongkorn University - Master Degree in Electrical Engineering, University of Missouri, U.S.A. - Bachelor Degree in Electrical Engineering, Chulalongkorn University - Executive Program, Harvard University, USA - Stanford Executive Program 2013 Expertise - Strategic Planning & Risk Management - Marketing & Business Development - Business Management Director Training - Director Accreditation Program (DAP) 4/2003, Thai Institute of Directors Association (IOD) - Director Certification Program (DCP) 71/2006, Thai Institute of Directors Association (IOD) | Board Member/Management in Other Listed Company (1) Since 1 September 2019, Director and Executive Director, Mudman PCL Position in Other Company /Organization/Institution (None) 5-year Past Experiences and / or Remarkable position 2007 - March 2014, Chief Commercial Officer/ Executive Director, Thaicom PCL December 2012 - July 2014, Independent Director/ Chairman of the Risk Management Committee, Government Savings Bank January 2012 - July 2014, Chairman/ Independent Director, Thailand Post Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) Family Relationship among Directors and Executives (None) |

| 21. Ms. Anchalee Pipatanasern Age 67 years Director qualified as an independent director | |
|--|---|
| Position Independent Director Audit Committee Corporate Governance Committee Date of Appointment as a Director - 29 September 2017 Education/Training - Continuing Education Program in AIS, University of Texas at Austin, USA. - MS. (Accounting), Thammasat University - BBA. (Accounting) (second class Honours), Thammasat Business School, Thammasat University - Thammasat Leadership Program (for social) Class2, Thammasat University Expertise - Accounting - Finance - Corporate Governance Director Training - Director Certification Program (DCP) 124/2009, Thai Institute of Directors Association (IOD) - Audit Committee and Continuing Development Program (ACP) Class30/2010, Thai Institute of Directors Association (IOD) - Advanced Audit Committee Program (Advanced ACP) 2/2010, Thai Institute of Directors Association (IOD) - Role of Chairman 25/2011, Thai Institute of Directors Association (IOD) | - Board Matters and Trends (BMT) 7/2019 ,Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (3) Since 2010, Audit Committee/Independent Director, AIRA Capital PCL Since 2009, Audit Committee/Independent Director, AIRA Securities PCL Since 2009, Chairman of Audit Committee/ Independent Director, Prinsiri PCL Position in Other Company /Organization/Institution (2) Since 2012, Subcommittee, University Council on Finance and Property, Thammasat University Since 2012, Committee of Real Estate Business Program, Thammasat Business School, Thammasat University 5-year Past Experiences and / or Remarkable position 2008 – 2010, Head, Department of Accounting, Thammasat Business School, Thammasat University 2004 – 2007, Vice Rector for Finance, Thammasat University Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 22. Mr.Theera Sanguandeeikul | |
|---|---|
| Age 68 years | |
| Position Vice President - Sugar Production Education/Training - MSc.Chemical Engineering ,University of Wisconsin, Madison, USA - Executive MBA , Kasetsart University - Bsc.Chemistry, Faculty of Science, Chulalongkorn University | Board Member/Management in Other Listed Company (None) Position in Other Company /Organization/Institution (5) Since 2007, Director, Koh Kong Sugar Industry Co., Ltd. Since 2006, Director, Savannakhet Sugar Corporation Since 2003, Director, Royal Place Realty Co., Ltd. Since 1992, Director, Chareonlarp Development Co., Ltd. Since 2010, Director, Royal Residence Development Co., Ltd. 5-year Past Experiences and / or Remarkable position 2003 - June 2016, Director, KSL Material Supplies Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: 1,650,000 Shares (0.04%) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| | |
|---|--|
| 23. Mr. Dhajjai Subhapholsiri Age 62 years | |
| Position Vice President - Office of Company Secretary and Legal, Company Secretary Education/Training <ul style="list-style-type: none"> - Master of Laws, Harvard University, USA - Institute of Legal Education, Thai Bar Association - Bachelor of Laws, Chulalongkorn University Director Training <ul style="list-style-type: none"> - Director Accreditation Program (DAP) 133/2017, Thai Institute of Directors Association (IOD) - Ethical Leadership Program (ELP) 6/2016, Thai Institute of Directors Association (IOD) - Fundamental Practice for Corporate Secretary (FPCS) 29/2014, Thai Listed Companies Association (TLCA) - Corporate Governance for Executives (CGE) 2014 Thai Institute of Directors Association (IOD) - Company Secretary Program (CSP) 59/2014, Thai Institute of Directors Association (IOD) Board Member/Management in Other Listed Company (1) Since 2016, Chairman of the Board of Directors, Wattanapat Hospital Trang PCL | Position in Other Company /Organization/Institution (2) Since September 2016, Independent Director, Chamni's eye Co., Ltd. Since April 2019, Director Thai Sugar And Bioenergy Producers Association (TSEA) Shareholding (Ordinary Shares) (as of 31 October 2019) <ul style="list-style-type: none"> - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

| 24. Mr.Piripon Chinthammit | |
|--|---|
| Age 39 years | |
| Position Vice President - Raw Material Supply Education/Training <ul style="list-style-type: none"> - Master Degree in Business Administration (Organization Leadership), University of Findlay, Ohio, U.S.A. - Bachelor Degree in Business Administration (Marketing), Bangkok University - Competency For Executive Management, 2018 - Key Successors Development Program, 2017 - Leadership Development Program, 2016 - Energy Literacy for the world, 2015 | Board Member/Management in Other Listed Company (None) Position in Other Company /Organization/Institution(3) Director, KSL Real Estate Co., Ltd. Director, WSP Logistics Co., Ltd. Director, KSL Agro and Trading Co., Ltd. Since January 2019, Director, Thai Sugar Millers Co., Ltd. Since April 2019, Director, Thai Sugar And Bioenergy Producers Association (TSEA) Since April 2019, Director, Office of Cane and Sugar Board Shareholding (Ordinary Shares) (as of 31 October 2019) <ul style="list-style-type: none"> - Own: 92,647,024 shares (2.10%) - Spouse : Ms.Wikanda Chinthammit 64,900 shares (0.00%) Family Relationship among Directors and Executives <ul style="list-style-type: none"> - Son of person number 2 |

| 25. Mr. Dhanapat Na Chiangmai | |
|--|---|
| Age 70 years (In Position Until 31 May 2019) | |
| Position Vice President - Administration Education/Training - B.Sc. In Economics, Wharton School, University of Pennsylvania, USA | Board Member/Management in Other Listed Company (None) Position in Other Company /Organization/Institution(1) Since 1 June 2019 General Manager, KSL Real Estate Co., Ltd. 5-year Past Experiences and / or Remarkable position 2002 – 2015, Assistant Vice President - Logistics and Administration, Thaicom Public Company Limited 1991 – 1998, Executive Director, Glaxo Wellcome Thailand Co., Ltd. 1984 – 1998, Director of Operations, Glaxo Wellcome Thailand Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own: (None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |
| 26. Mr.Sommanus Potisat | |
| Age 57 years | |
| Position Vice President - Office of President Education/Training - B.Sc. in Economics, Thammasat University, 1983 - Master of Business Administration (Marketing), Chulalongkorn University, 1986 Director Training - Director Certification Program (DCP) 105/2008, Thai Institute of Directors Association (IOD) | Board Member/Management in Other Listed Company (None) Position in Other Company /Organization/Institution (1) Since 22 January 2019, Director Thai Sugar Millers Co., Ltd. Shareholding (Ordinary Shares) (as of 31 October 2019) - Own:(None) - Held by Spouse or minor children : (None) Family Relationship among Directors and Executives (None) |

27. Mr. Meechai Piyavisadpat

Age 38 years (Resigned, August 1, 2019)

Position(Acting) Assistant Vice President - Accounting & Finance
(CFO)**Education/Training**

- Master of Science in Finance, Chulalongkorn University
- Bachelor of Science (Mathematics), Mahidol University
- Strategic CFO in Capital Markets No.7
- Orientation Course - CFO Focus on Financial Reporting No. 2
- Professional Controller No. 6

Board Member/Management in Other Listed Company

(None)

Position in Other Company/Organization/Institution

(None)

Shareholding (Ordinary Shares) (as of 31 October 2019)

Own: (None)

Family Relationship among Directors and Executives

(None)

28. Mr. Sinchai Sirirattanaphonkun

Age 56 years (Appointment August 1, 2019)

Position(Acting) Senior Assistant Vice President - Accounting
& Finance (CFO)**Education / Training**

- Bachelor of Finance, Dhurakij Pundit University
- Orientation Course - CFO Focus on Financial Reporting No. 8

Board Member/Management in Other Listed Company

(None)

Position in Other Company /Organization/Institution

(None)

Shareholding (Ordinary Shares) (as of 31 October 2019)

- Own: (None)

- Held by Spouse or minor children : (None)

Family Relationship among Directors and Executives

(None)

| | |
|---|--|
| 29. Ms.Sirikwan Lerttaweewut 43 years old | |
| Position Senior Group Accounting Manager (supervising accounting) Education / Training - Master of Business Administration (Accounting), Ramkhamhaeng University - Bachelor of Business Administration (Accounting), First-Class Honors, Rajamangala Institute of Technology, Bangkok Technical Campus - Certified Public Accountant (CPA) 7158 - Get Ready for Robotic Process Automation (RPA) for Digital Accountants - Penetrate the new accounting standard TFRS 9, TFRS 15 and TFRS 16 Essence, impact, guidelines, and case studies | Work experience/ Listed Company (None) Work experience/ Company Limited (None) Number of company shares (as of 31 October 2019) (None) Relation among family within company (None) |

Directors in subsidiaries and Affiliated companies of Khon Kaen Sugar Industry PCL. as of October 31, 2019

| Name | | Position | | | | | | | | | | | | | |
|--------------------|------------------|--|-----------------------------|----|----|---|---|---|---|---|---|----|----|----|----|
| | | Khon Kaen Sugar Industry PCL. | Subsidiaries and Associates | | | | | | | | | | | | |
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1.Mr.Manu | Leopairote | Chairman | X | X | X | | | | | | | | | | |
| 2.Mr.Chamroon | Chinthammit | Director / Chief Executive Officer and President | // | // | // | X | X | X | X | X | | X | | | / |
| 3.Mr.Pomsin | Thaemsirichai | Director / Executive Director | // | // | // | | / | | | / | X | | | | |
| 4.Mr.Sukhum | Tokaranyaset | Director / Executive Director | // | // | // | / | | / | / | | | / | | | |
| 5.Mr.Thawatchai | Rojanachotikul | Director / Executive Director | // | // | // | / | | / | / | / | | | | | |
| 6.Ms.Intira | Sukhanindr | Director / Executive Director | // | // | // | | / | | / | | | | | | |
| 7.Ms.Duangdao | Chinthammit | Director / Executive Director / Nomination and Remuneration Committee | // | // | // | | | / | / | | | | | | |
| 8.Mr.Chalush | Chinthammit | Director / Executive Director/Risk Management Committee | // | // | // | / | / | / | / | / | / | | / | / | / |
| 9.Mr.Somchai | Chinthammit | Director / Executive Director | // | // | // | | / | | | | | | | / | |
| 10.Ms.Duangkae | Chinthammit | Director / Executive Director | // | // | // | | | | | | | | | | |
| 11.Mr.Chanachai | Chutimavoraphand | Director / Executive Director | // | // | // | | / | / | / | / | | / | / | // | / |
| 12.Mr.Chatri | Chinthammit | Director | / | / | / | | | | | | | | | | |
| 13.Mr.Somchat | Chinthammit | Director /CG Committee | / | / | / | | | | | | | | | | |
| 14.Mr.Tachpong | Pakomsiriwongse | Director / Executive Director | // | // | // | | | | | | / | | | | |
| 15.Mr.Trakarn | Chunharojrit | Director / Executive Director | // | // | // | | / | / | / | | | | | | |
| 16.Pol.Gen.Boonpen | Bumpenboon | Independent Director/Chairman of Nomination and Remuneration Committee/CG Committee | | | | | | | | | | | | | |
| 17.Mr.Sitti | Leelakasemlerk | Independent Director/Chairman of Audit Committee/Risk Management Committee | | | | | | | | | | | | | |
| 18.Mr.Karun | Kittisataporn | Independent Director/Chairman of Nomination and Remuneration Committee/Risk Management Committee | | | | | | | | | | | | | |
| 19.Mr.Warapatr | Todhanakasem | Independent Director/Chairman of CG Committee/Audit Committee/ | | | | | | | | | | | | | |
| 20.Ms.Nongluck | Phinainitisart | Independent Director/Chairman of Risk Management Committee/Audit Committee/Nomination and Remuneration | | | | | | | | | | | | | |
| 21.Ms.Anchalee | Pipatanasern | Independent Director/Audit Committee/CG Committee | | | | | | | | | | | | | |
| 22.Mr.Theera | Sanguandeekul | Vice President | | | | | | | | / | | / | | | |
| 23.Mr.Piripon | Chinthammit | Vice President | | | | | | / | / | / | / | | / | | |
| 24.Mr.Wiraj | Chunfong | Assistant Vice President | | | | | | | | / | | | | | |
| 25.Mr.Thirapong | Nacasaksevee | Assistant Vice President / Managing Director | | | | | | | / | | | | | | |

**** NOTE :**

- 1) Symbols and Position
x Chairman, / Director, // Executive Director

- 2) Name of Subsidiaries and Associates

Name of Subsidiaries

-

- 1 Tamaka Sugar Industry Co., Ltd.
- 2 New Krung Thai Sugar Factory Co., Ltd.
- 3 New Kwang Soon Lee Sugar Factory Co., Ltd
- 4 KSL Export Trading Co., Ltd.
- 5 Khon Kaen Sugar Power Plant Co., Ltd.
- 6 KSL Real Estate Co., Ltd.
- 7 KSL Agro and Trading Co., Ltd.
- 8 Savannakhet Sugar Corporation
- 9 Koh Kong Plantation Co., Ltd.
- 10 Koh Kong Sugar Industry Co.,Ltd.
- 11 WSP Logistics Co., Ltd.

Name of Associates

-

- 12 Thai Sugar Terminal PCL.
- 13 BBGI PCL.

- 3) Mr.Chanachai Chutimavoraphand , Director of KSL Green Innovation PCL.,resigned effective April 2019

Details of Internal Audit Supervisor**MR. CHARTCHAI POOWONG**

EDUCATION : BACHELOR BUSINESS ADMINISTRATION ACCOUNTING
KASEM BUNDIT UNIVERSITY

WORK EXPERIENCE :2547 – CURRENT INTERNAL AUDIT MANAGER KHON
KAEN SUGAR INDUSTRY PUBLIC COMPANY EXPERIENCE
IN INTERNAL AUDIT FOR KRUNG THAI PROPERTY
DEVELOPMENT CO .,LTD 2546 – 2547 AND PHATRA
INSURANCE PUBLIC COMPANY 2536 – 2546

TRAINING : PROFESSIONAL INTERNAL AUDITOR OF THAILAND
(CPIAT 21)
TOOLS AND TECHNIQUES FOR THE AUDIT MANAGER
INTERNAL QUALITY ASSESSMENT
AUDITING INFORMATION SYSTEM
RISK BASED AUDIT
VALUE ADDED BUSINESS CONTROL THE RIGHT WAY TO
MANAGE RISK

Details of Appraised value of assets

In 2018, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have engaged an independent professional appraisers to perform a revaluation of investment property, as have adopted the accounting policies is fair value method, to reflect the current existing value of assets and the evaluates the assets that generate future cash inflows for assessment of impairment loss to investment in subsidiaries. The appraisal value of assets by an appraiser using the market approach, income approach and cost approach, make an investment property have gain on fair value adjustments of investment property amount of Baht 206.67 million.

Note : The Company disclosed the appraised value of assets, consisted of :

| Types and characteristics of assets | Appraisal (Million Baht) | Name of who role appraiser | Name of operational control or the main appraiser | Objective | The reporting date |
|-------------------------------------|--------------------------|----------------------------------|--|-----------|--------------------|
| Investment Property - Land | 3,414 | UK VALUATIONS & AGENCY CO., LTD. | Mrs. UDOMSRI NATHIKANCHANALAB Qualified Senior Valuer 026 Mr. NATEE TANGTIDTHAM Qualified Senior Valuer 346 | Public | September 30, 2019 |
| - Building | 1,949 | UK VALUATIONS & AGENCY CO., LTD. | Mrs. UDOMSRI NATHIKANCHANALAB Qualified Senior Valuer 026 Mr. NATEE TANGTIDTHAM Qualified Senior Valuer 346 | Public | September 30, 2019 |

Report of Audit Committee

The Audit Committee is appointed under a resolution of the Board of Directors and comprises 4 committee members who are independent directors. In 2019, the Audit Committee held five meetings, in which the meeting attendance is shown below.

| <u>Name and Surname</u> | <u>Position</u> | <u>Number of Attendance</u> |
|--------------------------------|---------------------------|------------------------------------|
| 1.Mr. Sitti Leelakasamelek | Chairman of the Committee | 5/5 |
| 2.Mr. Warapatr Todhanakasem | Committee Member | 5/5 |
| 3.Ms. Nongluck Phinainitisart | Committee Member | 5/5 |
| 4.Ms. Anchalee Pipatanasern | Committee Member | 5/5 |

All 4 committee members possess good expertise and experience in accounting, finance, law and business. Particularly, Mr.Sitti Leelakasamelek and Associate Professor Anchalee Pipatanasern fulfill the required knowledge and experience in reviewing the trustworthiness of financial reports. All committee members are well qualified, pursuant to the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to perform their various duties.

The Audit Committee duly performs its duties in compliance with the Charter of the Audit Committee and as assigned by the Board of Directors, by placing importance to the reviewing of financial reports, related transactions, and internal auditing works. The Committee also promotes and encourages the Company to comply with the best practices of listed companies so that the Company achieves good corporate governance, good risk management, and effective internal control. The issues which were considered by the Audit Committee in the past year are summarized as follows:

1. Review of Financial Reports

The Audit Committee duly reviewed the quarterly financial statements and the annual financial statements of 2019 of the Company and its subsidiaries, covering all material issues relating to the accounting policy and the financial statements. The Committee also had discussion with the external auditors, the Management, and the Internal Audit Office, to ensure that the preparation of financial reports and the notes therein was done and disclosed correctly and completely according to law and the financial reporting standards. The Audit Committee had an opinion that the financial statements, which were reviewed and audited by the external auditors without reservation, was prepared in accordance with the Thai Financial Reporting Standards and contained accurate, complete, correct, transparent and reliable information with sufficient disclosure therein. The Committee did not discover any misstatements which would materially affect the financial reports. Moreover, the Audit

Committee also held meetings with the external auditors without the presence of the Management so as to ensure that the auditor performed his duties freely and independently in giving opinions, acquiring and examining required information for preparing the financial statements, disclosing material matters in accordance with the relevant laws and relevant financial reporting standards as well as beneficial to investors and users of the financial reports.

2. Review of Connected Transaction and Transaction which might result in Conflict of Interest

The Audit Committee reviewed the financial reports and significant financial activities of the Company and its subsidiaries with attention to connected transactions or transactions which might cause conflict of interest by justifying the compliance with law and regulations of the Securities Exchange of Thailand. The Committee instructed the personnel concerned to report the transactions on quarterly basis and disclosed the information to SET timely. The Committee had opinion that the reported transactions in 2019 were normal business under general commercial conditions without conflict of interest and were fair, reasonable, beneficial to the Company and in full conformity with the regulations of SET. The Committee found that the disclosure of information was correct and sufficient and discovered no any misstatement.

3. Review of Good Corporate Governance, Compliance with Related Laws and Regulations

The Audit Committee had duly reviewed the compliance under the policy on corporate governance and ethics of the Company, including the compliance with related laws and regulations including the Securities Commission Act, regulations proclaimed by SET and laws related to the Company's business. It was found that the directors, the executives and the staff conducted the compliance in all respects. The Committee considered and found that the Company had appropriate and effective corporate governance procedures. The Company provided channels for complaints so that the staff, customers and other stakeholders could give information or clues concerning fraud, misconduct or defiance of business ethics and established a functional unit to handle the complaints with transparency and appropriateness.

Since the Company had been certified a member of Private Sector Collective Action Coalition against Corruption in 2016, the Audit Committee paid more attention to the governance on anti-fraud and corruption. It assigned the Internal Audit Office to review the compliance with the Company's Manual on Anti-Fraud and Corruption and reported to the Committee. The Committee considered the normal practices were appropriate and efficient for transparent business operation and found no material issues of violation against any laws and regulations.

4. Review of Risk Management

The Audit Committee also considered and reviewed the policy and practices, pursuant to the risk management principles of the Company and its subsidiaries, to ensure that the

Company had appropriate and effective risk management procedures. The review on risk at organization level was considered in accordance with the COSO-ERM Guidelines. The Committee also monitored assessment of risks which might occur from changing circumstances or business environment so as to assess risk factors which might have short-term and long-term impact upon business operation.

5. Review of Internal Control System

The Audit Committee supervised and reviewed the sufficiency of internal control system to ensure that the internal auditing activities were conducted with appropriateness, effectiveness and independence. The Committee approved the annual risk-based audit plan that was prepared pursuant to the analysis of material risks; and considered the assessment result of internal control system through “Assessment of Internal Control System Form” introduced by the Securities and Exchange Commission which was made within the framework of the Committee of Sponsoring Organizations of Treadway Commission (COSO 2013) before reporting to the Board of Directors and disclosing the outcome in Report Form 56-1 and the Annual Report.

The Audit Committee reviewed and monitored the audit outcome of the Internal Audit Office regularly on quarterly basis so as to assess the practices and work quality of the Office whether they followed the approved audit plans and internal control standards. The Committee concluded that the internal control system was appropriate and efficient enough for the business operation and bore no material issues which might affect the normal business of the Company.

6. Selection and Appointment of the External Auditors

The Audit Committee has a duty to select and propose for appointment the external auditors and audit fee by taking into account the performance, scope of work, experience, capability and work quality of the external auditors in the previous year, status of the auditors, material limitations and relevant regulations of the Stock Exchange of Thailand to ensure that the external auditors were independent and non-partisan as well as the appropriateness of audit fee comparing to the scope of work.

The Committee reviewed the performance of the auditors of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited in the previous financial year together with the proposed audit fee for the year 2019-2020. The Committee found the performance of the auditors satisfactory as they possessed capability, good experience and understanding of the Company’s business and performed the task in accordance with professional auditing standards with independence and timely delivery of work. Therefore, the Committee recommended that the Board of Directors agree to seek approval of the Shareholders’ Meeting to appoint the named auditors, all of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, as the Company’s auditors for the year 2019-2020 and to accept the audit fee as reviewed by the Committee.

(Mr. Sitti Leelakasemlerk)
Chairman of Audit Committee