

**(Unofficial Translation)**

**Annual Information Disclosure Form 56-1**

**As of October 31, 2015**

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY  
LIMITED**

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**TABLE OF CONTENTS**

<b>Part 1 Business Profile</b>	<b>Page</b>
1. Overview of Business Operation and Policy	1
2. Description of Each Business Operation	11
3. Risk Factors	24
4. Assets for Business Operations	29
5. Legal Dispute	34
6. General Information and Other Information	35
<b>Part 2 Management and Corporate Governance</b>	
7. Shareholder Structure	41
8. Management Structure	45
9. Corporate Governance	56
10. Corporate Social Responsibility	78
11. Internal Control and Risk Management	81
12. Related Party Transaction	83
<b>Part 3 Financial Position and Operating Performance</b>	
13. Financial Information	95
14. Management Discussion and Analysis	102

**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 and Compliance Supervisor
- Attachment 4: Details of Appraised value of assets
- Attachment 5: Report of the Audit Committee

## **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 its stakeholders, society, and the environment. It place 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 through efficient processes and high quality agricultural yields.
2. Continuous improvement on technology and R&D to efficiently increase agricultural yields.
3. Create an environment that mutually benefits our partners of success.
4. Develop down-stream businesses to maximize the usage of raw materials, byproducts, and other resources.

#### **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-product, and value added productions which can be shown in company's sugar policy: "production of 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, power business, and organic fertilizer business, the company has made continuous investments in these sectors which to date has been successful and highly satisfactory.

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 suppliers to our businesses.

## 1.2) Important Changes and Developments During the Past 3 Years

In 2011, the company decided to start the Loei Project that consisted of building 1 sugar factory with capacity to crush 18,000 tons of cane/day and building 1 electricity power plant that can generate 40 MW of electricity. The sugar factory started its test runs during the production season 2012/2013.

In 2012, after performing feasibility study and other required assessments, the company decided to make further investment to expand its electricity power plant and sugar factory in Nampong district of Khon Kaen province. Electricity power plant production capacity will be 65 MW, up from 30 MW and sugar crushing capacity will increased by 8,000 tons of cane sugar/ day, totaling to 35,000 tons of cane sugar/ day. The expansion project was completed in 2014.

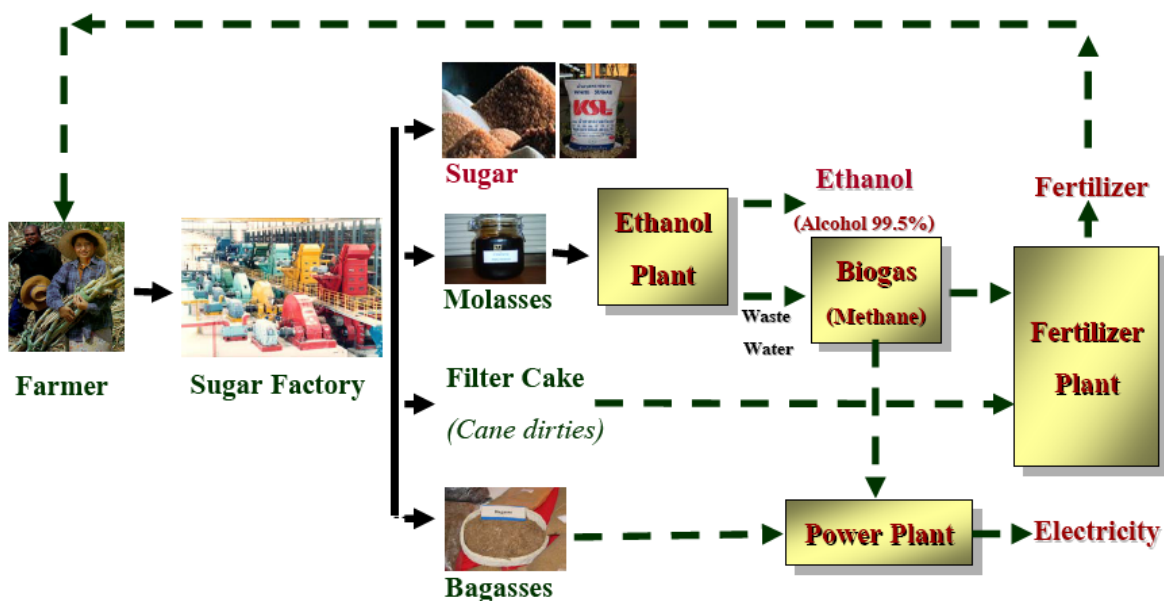
## 1.3) Company Overview

Khon Kaen Sugar Industry Public Company and its subsidiaries, under KSL, are Thailand 4<sup>th</sup> largest sugar producer group. The company has 5 sugar factories in the group, located in three different regions, as follows:

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

The core products which the company produces are sugar which can be categorized to be 4 types: (a) raw sugar (b) high pol sugar (c) white sugar and (d) refined 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
- (2) The biogas plant uses waste water from ethanol production process as a raw material. Biogas produced through fermentation of the raw material is used as a supplementary fuel for the corporate power plant.
- (3) The organic fertilizer plant uses waste from the sugar production process (filter cake) and wastewater from biogas and ethanol production as raw materials.
- (4) The power plant uses waste from the sugar production process (bagasse) and biogas from the biogas plant as fuel sources for producing electricity and steam sold to plants in the Group and the EGAT.

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

As of October 31, 2015, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have the investment in subsidiaries and affiliates, as followings:

Business Unit/Company Name	Paid - Up Capital (THB Million)	Proportion Of Investment	Nature of Main Business
<b><i>Sugar Business</i></b>			
Tamaka Sugar Industry Co.,Ltd.	600.00	90.21%	Produce and distribute sugar
New Krung Thai Sugar Factory Co.,Ltd.	1000.00	95.78%	Produce and distribute sugar
New Kwang Soon Lee Sugar Factory Co.,Ltd	500.00	98.61%	Produce and distribute sugar
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	1167.66	80.00%	Sugar Factory in Cambodia

<b><i>Supporting Business</i></b>			
Thai Sugar Terminal Public Company Limited**	145.20	23.82%	Terminal, Warehouses, Real estate, produce and distribute wheat flour and palm oil
KSL Export Trading Co.,Ltd.	20.00	79.55%	Sugar and Related products Exporting Activities
KSL Agro and Trading Co., Ltd.	300.00	100.00%	Trading domestic sugar and operating agricultural businesses
Wynn In Trading Co., Ltd	487.497	100.00%	International trading and consulting
<b><i>Energy and Chemical Business</i></b>			
Khon Kaen Alcohol Co.,Ltd	610.00	100.00%	Producing and distributing ethanol or agri-fuel and organic fertilizer
Khon Kaen Sugar Power Plant Co.,Ltd	800.00	100.00%	Power Plant (SPP)
KSL Material Supply Co.,Ltd.***	10.00	100.00%	Raw Material Sourcing
<b><i>Other Business</i></b>			
KSL Real Estate Co.,Ltd	840.00	91.02%	Real Estate Development and Training Center
Champion Fermentation Co.,Ltd	200.00	32.50%	A holding company currently looking at investment opportunities in related business

**Note:**

Proportion of investment shown above includes both direct and indirect shareholdings

\* Previously named KSL Chemical Co., Ltd

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

\*\*\* Thai Sugar Terminal Public Company Limited, a KSL subsidiary listed in the Stock Exchange of Thailand as TSTE, has 5 subsidiaries:

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TSG Assets Company Limited operates real estate rentals. TSTE holds 23.11% shares.

TS Oil Industry Company Limited (formerly known as TSG Property Company Limited) trades, leases, develop real estate, and operate a palm oil refinery plant. TSTE holds 28.48% shares.

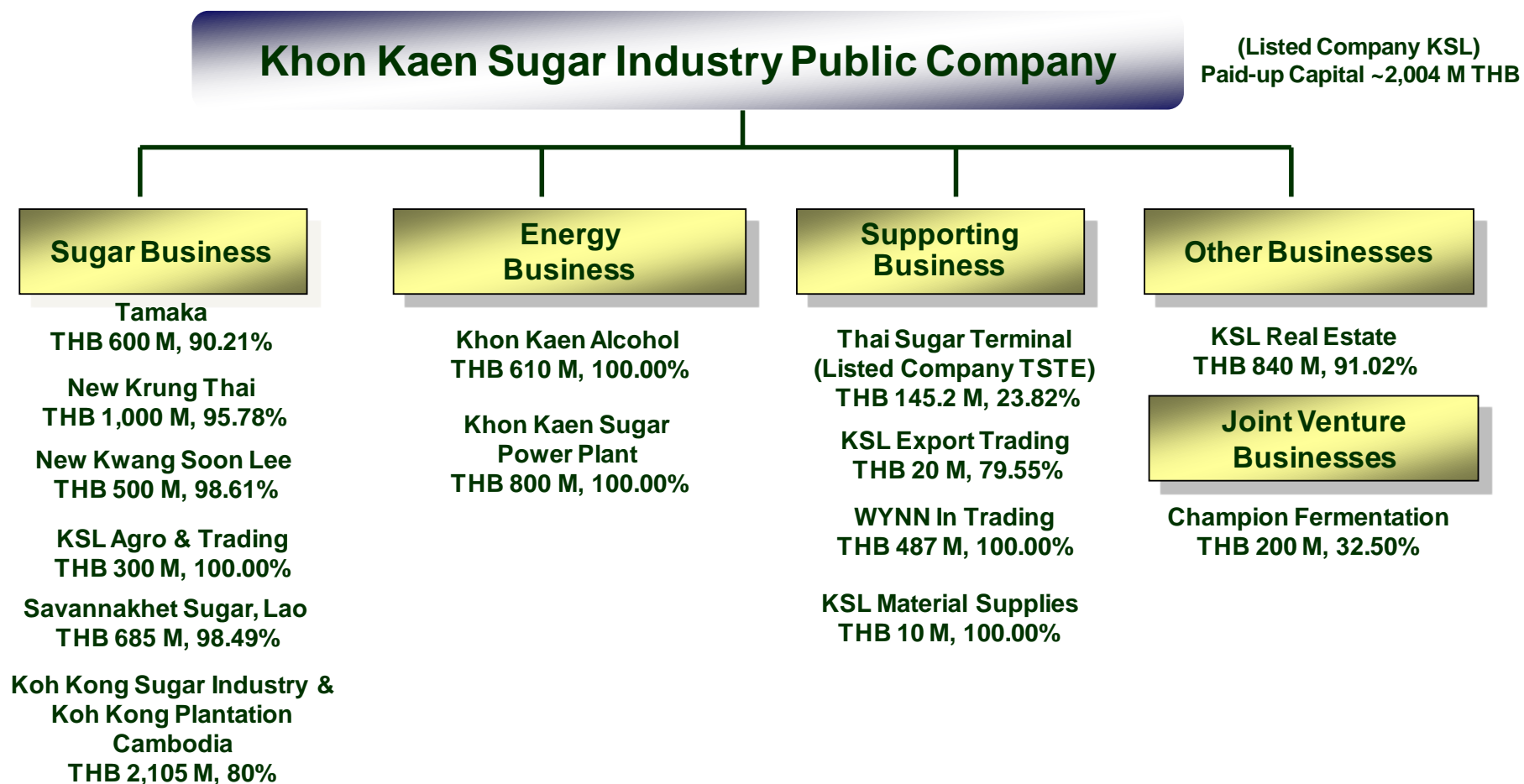
TS Flour Mill Company Public Company Limited rents out real estate and manufactures wheat flour. TSTE holds 16.59% shares and itself was listed in the Stock Exchange of Thailand as TMILL.

TS Warehouse Company Limited stores and transfers goods. TSTE holds 19.30% shares.

TS Transport and Logistics Company Limited provides transport and security services. It also manufactures plastic sacks. TSTE holds 30.58% shares directly and indirectly.

For further details, refer to Listed Company Information on Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Company Public Company Limited (TMILL).

tion of KSL Group on October 31, 2015 shown on the following chart:





The details of Khon Kaen Sugar Industry Public Company Limited, subsidiaries and affiliates are 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, Khon Kaen province. In 2015, improvements were made to increase its maximum crushing capacity to 35,000 ton cane per day. The second branch is located in Wangsapong district, Loei province with the maximum crushing capacity of 18,000 ton cane per day. Both branches have the capability to produce raw sugar, high pol sugar, white sugar and refined 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, Kanchanaburi province with the maximum crushing capacity of 22,000 ton 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, which was originally located in Tamaka district, Kanchanaburi province, was relocated to Bo Ploy district, Kanchanaburi province. The production capacity was expanded to the maximum crushing capacity of 36,000 tons of cane per day. Construction has already completed, the factory is capable of producing raw sugar, white sugar, and refined sugar.

**New Kwang Soon Lee Sugar Factory Co.,Ltd**

The enterprise produces and distributes sugar and other by-products. The factory located in Panutnikom district, Chonburi province, has the maximum crushing capacity of 4,000 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 byproducts.

*Koh Kong Plantation and Koh Kong Sugar Industry*

The company received sugarcane plantation concession that covers approximately 19,100 hectares (119,375 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 Chemical Business**

*Khon Kaen Alcohol Co.,Ltd*

Established in early 2004, the company runs the business of producing alcohol (Ethanol) from molasses, sugarcane and others with the licenses to produce 350,000 liters per day (150,000 at Nampong, Khon Kaen and 200,000 at Boploy, Kanchanaburi) granted by Ministry of Industry for the purpose of producing alcohol for blending with gasoline, so-called “gasohol”, using as fuel in vehicles. In addition, the company produces fertilizers as a downstream project to the alcohol plant, which uses waste water from alcohol plant and filter cake, waste products from sugar processing.

*Khon Kaen Sugar Power Plant Co.,Ltd.*

Established late in 2003, the company 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 (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 Boploy Renewable Energy Project). The third branch is located next to Khon Kaen Sugar Factory in Wangsaphong district of Loei province (The Loei Project). Currently, the total capacity of all three branches can produce up to 160 MW of electricity. The total capacity of the three branches will reach 195 MW of electricity once the plant expansion project in Loei is completed.

*KSL Material Supply Co.,Ltd*

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

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**Supporting Business****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.

**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 bank. 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 TS Flour Mill Public Company Limited (TMILL)).

**KSL Agro and Trading Co., Ltd.**

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

**Wynn In Trading Co., Ltd**

The nature of business is international trading and international investment consulting. Khon Kaen Sugar Industry Public Company held 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.

*Champion Fermentation Co.,Ltd*

The company is a joint venture business between Khon Kaen Sugar Industry Public Company holding 32.5% shares. The company had previously invested in tapioca flour factory, Chantaburi Starch Co.,Ltd, that use cassava as raw material. In 2015, the company has divested its investment in this starch business. Currently, the company is now looking for new investment opportunities.

Regarding the policy to regulate and monitor the operation of subsidiaries and affiliates, Khon Kaen Sugar Industry has categorized its subsidiaries and affiliates which have the similar nature of business to be a group together under the same team of management. 4 sugar companies are under the same board of executive directors. For supporting business, energy and chemical business and other business, Khon Kaen Sugar Industry will assign its own representatives to join as a position of company directors for policy making or as a position of top management for operation directing, which will make consistency in policies from parent company, subsidiaries and affiliates.

## **2. Description of Each Business Operation**

### **2.1) Revenue Structure**

Company	% of Shareholding in 2015	2013 Revenue (Million THB)	%	2014 Revenue (Million THB)	%	2015 Revenue (Million THB)	%
1. Khon Kaen Sugar Industry Public Company	Mother Company	6,022.13	23%	8,668.09	31%	8,370.27	29%
2. Tamaka Sugar Industry Co.,Ltd	90.21%	3,021.98	11%	3,196.84	11%	2,946.99	10%
3. New Krung Thai Sugar Factory Co.,Ltd	95.78%	4,548.89	17%	4,540.44	16%	4,645.78	16%
4. New Kwang Soon Lee Sugar Factory	98.61%	733.42	3%	744.15	3%	550.13	2%
5. Thai Sugar Terminal Public Company	23.82%	2,471.65	9%	1,538.84	6%	1,457.52	5%
6. KSL Export Trading Co.,Ltd	79.55%	15.00	0%	13.15	0%	20.60	0%
7. Khon Kaen Alcohol Co.,Ltd	100.00%	2,437.42	9%	2,472.01	9%	2,600.92	9%
8. Khon Kaen Sugar Power Plant Co.,Ltd	100.00%	2,151.97	8%	2,493.81	9%	2,994.70	11%
9. KSL Material Supplies Co.,Ltd*	100.00%	2.95	0%	20.56	0%	11.61	0%
10. Savannakhet Sugar Corporation	98.49%	246.94	1%	211.21	1%	219.55	1%
11. Koh Kong Plantation Co.,Ltd**	80.00%	136.21	1%	128.73	0%	116.70	0%
12. Koh Kong Sugar Co.,Ltd	80.00%	667.43	3%	89.36	0%	136.92	0%
13. KSL Agro and Trading Co., Ltd.	100.00%	3843.20	15%	3,605.85	13%	4,172.69	15%
14. KSL Real Estate Co.,Ltd	91.02%	102.17	0%	150.34	1%	154.96	1%
15. Wynn In Trading Co.,Ltd	100.00%	-	-	-	-	-	0%
<b>Total</b>		26,401.38	100%	27,873.38	100%	28,399.34	100%
<b>Minus Interrelated items</b>		-7,460.22		-8,688.53		(9,533.50)	
<b>Total Revenues</b>		18,941.16		19,184.84		18,865.84	

\* Formerly name KSL Chemical Co.,Ltd

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

## 2.2) Description of each products

### **Sugar: Production and Characteristics**

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 four 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, and has 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 needed. Generally, the sugar is put 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 needed, such as pharmaceutical industry, carbonated beverage industry, and energy drink industry.

After sugar manufacturing 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 a 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 EGAT. 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.

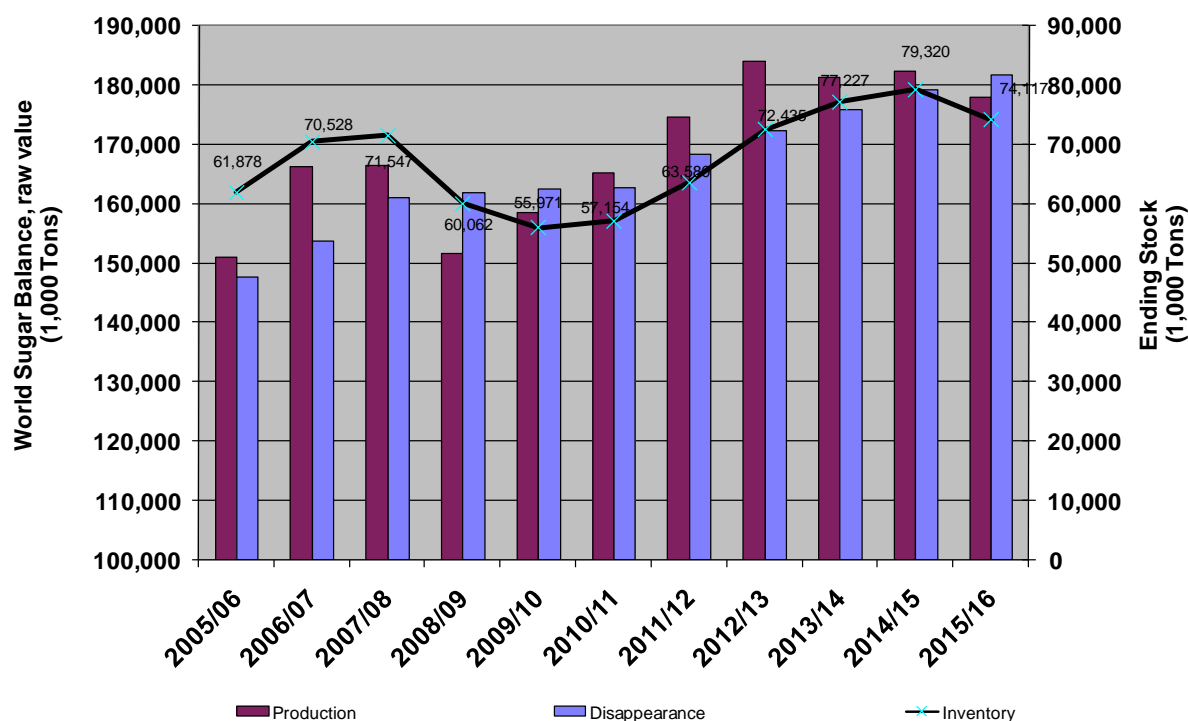
After the company's subsidiary has continuously operated alcohol and chemical production, wastewater from the factory can be mixed with filter cake and bio-decomposed to produce organic fertilizer that is suitable for sugarcane plantation. This completes the corporate value-added product ranges.

## Sugar: Market and Competition

### International Market and Industry Overview

The world sugar market: In 2014/15 approximately 182.3 million tons of raw sugar was produced worldwide, representing a increase of 1 million tons or 0.5% from the 2013/2014. The world's total consumption demand rose to 179.1 million tons, a 3 million tons increase or about 2% growth compared to that of 2013/14. However, the ending stock increases from 77.2 million tons in 2013/14 to 79.3 million tons in 2014/15. The stock represented 44% of the total demand, or an equivalent of 5 months sugar consumption.

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



Note: 2015/16 is forecasted number

Source: F.O.Lichit, updated 27-10-2015

According to F.O. Licht's forecast on October 27, 2015, the 2015/16 output will decrease by 2.4%, from 182.3 million tons to 177.8 million tons. Consumption will increase by 1.5% from 179.1 million tons to 181.7 million tons. Consequently, the world sugar supply will be short, with ending stock for the year 2015/2016 decreasing from 79.3 million tons to 74.1 million tons. In Asia, it is forecasted that in 2015/2016 demand for sugar within the region will overtake supply, causing a shortage of 18.6 million tons. However, this figure is subject to changed in demand, supply, and many other external factors.

The world price of sugar is affected by the quantity of sugar produced each year, the demand, the existing stock, and uncontrollable changes in climates and government regulations. Climate uncertainties such as flooding, drought, or severe cold in countries where sugar is produced can have a significant impact on the quantity of sugar priced and consequently on the price of sugar sold. Similarly, government regulations regarding sugar export license and sugar import quotas can exert pressure on the price of sugar sold.

For a trend in sugar price can also depends on output quantities from Europe and from major producer countries, such as Brazil, Australia and Thailand. As the largest sugar and ethanol producer in the world, Brazil's production level and sugar-ethanol parity can have a significant impact on world sugar price. When Brazilian producers can gain more profit from selling ethanol, they will convert more cane into ethanol production and less for sugar production and vice versa. Nonetheless, the capability for Brazilian producers to switch production between sugar and ethanol is limited between 40-60% as their factories are not designed to run 100% for either product. Other global economic factors affect world sugar price such as slow economic growth in China, the economic problems in Brazil that cause the devaluation of its currency compared to USD, shifting investing strategies from investment funds, changes in oil prices, and falling commodity prices.

Chart 3: World Sugar Price (NYBOT#11) During Last 10 Years





Furthermore, export channels of Thai sugar manufacturers are divided into:

1. Thai sugar manufacturers sell their sugar through major traders such as Cargill, Tate & Lyle, Kerry, etc. The traders then sell the sugar to other overseas buyers. Risk of failure to collect payments and complications in export management are minimized. Thai sugar manufacturers' only responsibility is 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 in production of their exports. When domestic sugar prices are higher than those in international markets, the export manufacturers who use sugar as a production material lose their competitiveness in the world market. To promote investment in the food industry and competitiveness, the government allows those who manufacture exports to buy sugar at the world' market prices conditionally.

#### Domestic Marketing and Industry Overview

Domestic sugarcane and sugar industries are governed by Thai Sugarcane and Sugar Industry Act B.E. 2527. Office of the Cane and Sugar Board is in charge of ensuring adequacy of sugar for the domestic demand. Every year the board estimates the domestic sugar consumption amount and determines quotas for sugar factories according to their capacity. Domestic sugar prices are controlled by Goods and Services Act B.E. 2542. Current domestic sugar price are mandated that:

- (1) Prices of regular white sugar purchased at sugar factories do not exceed Baht 1,900 per 100-kilogram sack.
- (2) Prices of refined white sugar purchased at sugar factories do not exceed Baht 2,000 per 100-kilogram sack.
- (3) Wholesale prices of regular white sugar at all domestic wholesale businesses do not exceed Baht 1,965 per 100-kilogram sack, and those of refined white sugar do not exceed Baht 2,065 per 100-kilogram sack.
- (4) Retail prices of regular white sugar at retail businesses in Bangkok, Nonthaburi, Pathumthani, Samutprakarn, and Samutsakorn do not exceed Baht 21.50 per kilogram; and those of refined white sugar do not exceed Baht 22.50 per kilogram. (included VAT)

The price control does not apply to sugar cubes in boxes or packets that do not weigh over 10 grams.

#### Competition

In 2015, there are 50 operating sugar factories (exclude non-operating and new license sugar factories which is not yet constructed) in Thailand with sugarcane crushing capacity of 106 million tons/year and sugar manufacturing capacity of 11.3 million tons/year (depending on yearly sugarcane

amounts in the crushing process and sugarcane quality). The crushing process lasts about 4 - 6 months each year due to small amounts of sugarcanes entering the process. It begins in November and ends in April or May. 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 2015, all 50 sugar factories are opened for operation. Most of these factories are part of the five major groups of sugar manufacturers and only a handful of small manufacturers operate independently. The KSL Group is the 4<sup>th</sup> largest sugar producer in Thailand, with 8 % market share. It has 5 factories (In 2012, KSL operates 4 factories since the new one just finish construction) located in three regions: the Northeast (2 factories), Central Thailand (2 factories), and the East (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	2015			2014			2013		
	Volume Unit	Avg. Price THB / unit	Value M THB	Volume Unit	Avg. Price THB / unit	Value M THB	Volume Unit	Avg. Price THB / unit	Value M THB
Sugar	923,267	14,008	12,933	836,701	15,721	13,154	720,318	17,226	12,408
Domestic	209,571	19,592	4,106	177,057	19,887	3,521	192,331	19,935	3,834
Export	713,697	12,368	8,827	659,644	14,603	9,633	527,987	16,239	8,574
% Domestic Sale/Total Sale	23%			21%			27%		

## 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”, 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

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providing loans for purchasing trucks; giving them filter cakes for making fertilizers 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

Due to the fact that sugar prices in domestic consumer markets are controlled by the Government, the company emphasizes direct sale to industries with product quality and on-time delivery promises. Most of the customers are businesses in beverage and confectionary industries.

The company, moreover, emphasizes the sale of its sugar products to food product re-exporters, as it allows the sale of C quota sugar which yields better profit than regular exports while requires lower transport cost.

#### 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 -

## Ethanol : Product Characteristics

Khon Kaen Alcohol Co., Ltd., a subsidiary of Khon Kaen Sugar Industry Public Company Limited, produces and sells ethanol to oil companies. The ethanol is combined with gasoline at 10, 20 and 85 % to produce the final product commonly called gasohol.

## Ethanol : Marketing and Competition

### Domestic Marketing and Industry Overview

Domestic demand for ethanol depends on the amount of domestic consumption of gasohol that is a mixture of gasoline and ethanol. Gasohol was first introduced for public use in 2006. The blend contains 10 % of ethanol (E 10). In 2008, oil prices exceeded 100 USD per barrel which prompted the Thai government to support the use of gasohol as car fuels through providing tax relief and contributing fund. These factors made the gasohol prices lower than gasoline, as shown in Table 2.4. The promotion of the use of gasohol as an alternative energy source allowed continuous growth for the ethanol market. Currently, average 3.3 million liters of ethanol per day is mixed in gasoline. The amounts of ethanol used to mix with gasoline for gasohol production is shown in Table 2.5.

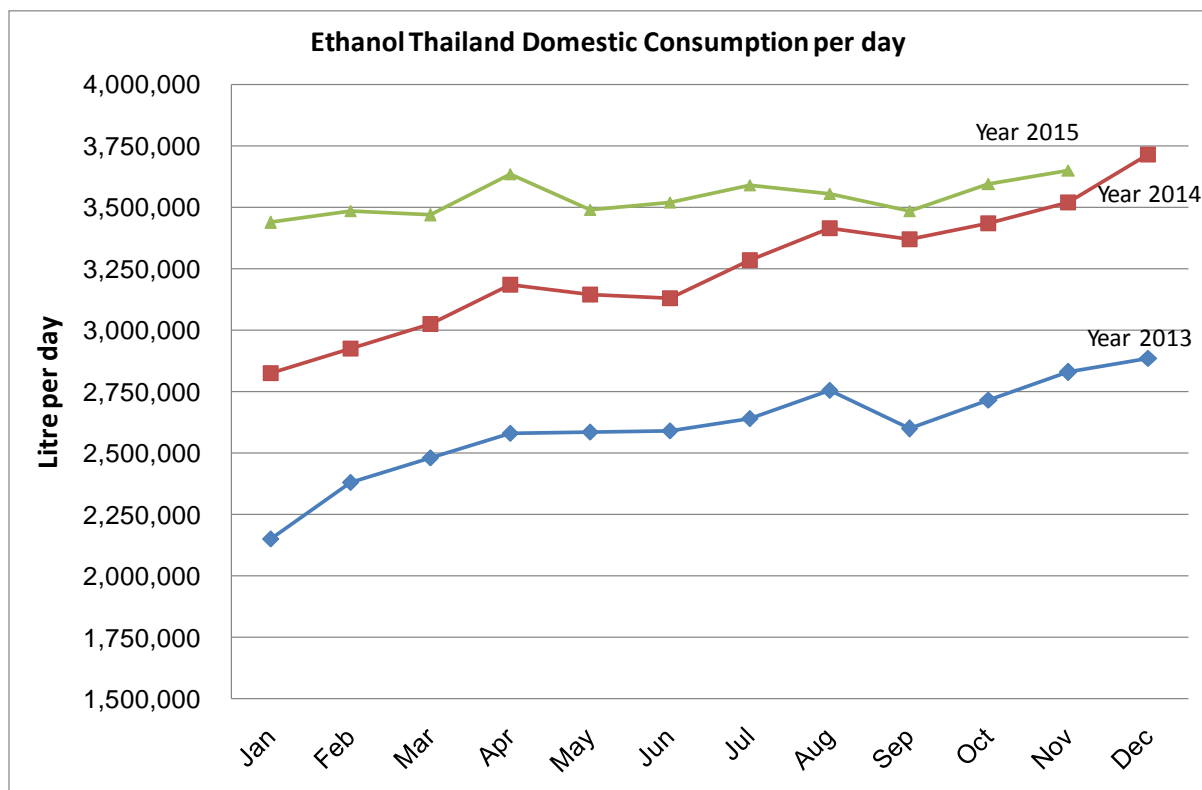
Table 2.4: Selling Price Structure of Gasohol

#### **PRICE STRUCTURE OF PETROLEUM IN BANGKOK, January 05, 2016**

<b>THB / Litre</b>	<b>EX REFIN</b>	<b>TAXES</b>	<b>OIL FUND(1)</b>	<b>CONSV. FUND</b>	<b>WHOLE SALE+VAT</b>	<b>MARKET MARGIN</b>	<b>VAT</b>	<b>RETAIL PRICE</b>
<b>ULG 95 R</b>	<b>13.77</b>	<b>5.60</b>	<b>6.15</b>	<b>0.25</b>	<b>28.18</b>	<b>2.42</b>	<b>0.17</b>	<b>30.76</b>
<b>GASOHOL 95 E10</b>	<b>14.98</b>	<b>5.04</b>	<b>0.05</b>	<b>0.25</b>	<b>22.28</b>	<b>1.42</b>	<b>0.10</b>	<b>23.80</b>
<b>GASOHOL 95 E20</b>	<b>16.09</b>	<b>4.48</b>	<b>-2.40</b>	<b>0.25</b>	<b>20.19</b>	<b>1.17</b>	<b>0.08</b>	<b>21.44</b>
<b>GASOHOL 91 E10</b>	<b>14.73</b>	<b>5.04</b>	<b>0.01</b>	<b>0.25</b>	<b>21.97</b>	<b>1.32</b>	<b>0.09</b>	<b>23.38</b>
<b>GASOHOL E85</b>	<b>22.31</b>	<b>0.84</b>	<b>-9.23</b>	<b>0.25</b>	<b>15.25</b>	<b>3.30</b>	<b>0.23</b>	<b>18.79</b>

Source: Energy Policy and Planning Office, Ministry of Energy

Chart 2.5: Quantity of Ethanol Used to Mix with Gasoline as Gasohol



Source: Department of Energy Business, Ministry of Energy

### International Marketing and Industry Overview

Brazil is the world's major ethanol producer and exporter. Primarily, ethanol is produced from sugarcane. It can be used as fuel for car by mixing with gasoline at the ratio of 20 – 25 % or purely 100 % with specially designed cars. The Brazilian government has a policy to promote the use and manufacture of cars that run with ethanol 100 %. There is a control over the production and demand for ethanol through changing the amount of ethanol content in gasoline.

### Competition

In 2014, domestic consumption of ethanol continues to rise as the government ban the sale of normal gasoline (91 Octane). Most petrol station installed gasohol in their premises, which helps smooth this transition. In 2015, domestic consumption of ethanol increases from 2014 because the price of ethanol is cheaper than normal gasoline and consumers are more confident in ethanol as a reliable car fuel. This trend is in line with the government's plan to encourage ethanol consumption up to 9 million liters per day. Although many factories have the capacity to produce ethanol to satisfy demand, some

factories do not produce at full capacity because the selling price of ethanol is not attractive relative to their raw material cost. As a result, in 2015, the demand and supply of ethanol is somewhat stagnated. However, for the company, we gain competitive advantage over other ethanol producers as our raw material for ethanol is a by-product that is sourced from our sugar factory. Table 2.6 shows the sales volume and average selling price of ethanol.

Table 2.6: Sales Volume and Average Selling Price of Ethanol in the Past 3 Years

	2015	2014	2013
Sale Volume (Liters)	97,116,975	91,606,665	104,651,475
Avg. selling price (Baht/Liter)	25.71	25.92	22.25

### **Ethanol: Product and Service Provision**

#### Raw material provision policy

The company's ethanol plants purchase the raw material, molasses, from sugar factories of KSL (the holding company) at the market price. A one-year agreement is made in advance. If the KSL factories do not have enough molasses, the raw material is purchased from nearby sugar factories. For more flexible raw material management the company invested in facilities that allow the production of ethanol from cassava flour and other cassava-related products. This is to ensure that there is sufficient raw material and that production cost is manageable. If the world's sugar prices drop, sugarcane juice from the KSL group's sugar factories can be used as raw material in ethanol production.

#### Production policy

The company minimizes its costs by ensuring economies of scale, flexibility in using cheap raw materials and cost reduction. Expenses are minimized, such as using wastewater in producing organic fertilizer. Corporate resources are shared, such as personnel of sugar factory, or the Group purchasing energy from its own power plant. Leasing molasses storage tanks reduces the cost of investing them. Purchasing molasses at the factories helps save transport costs.

Being able to produce the raw material, molasses, within the group allows the consistency of the quality of the material and more production effectiveness. Contaminants are reduced. Molasses storage tanks are appropriately temperature controlled, allowing highly effective production.

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### Marketing policy

Ethanol is an industrial product. It is used as a material in producing gasohol. Consistency in quality, standard, and availability are very important. The company ensures that its production meets those requirements by exercising quality assurance. Part of the ethanol produced is stored in tanks for sale during the period when the operation is ceased for annual machinery repair and maintenance.

### Environmental effects

The production of ethanol generates wastewater. The company uses the wastewater from ethanol production process to mix with filter cake from the group's sugar factories to make organic fertilizer. The fertilizer is then sold to farmers. Hence, the company is able to minimize its negative impact on the environment.

### **Ethanol: Works Not Submitted**

- None -

### **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). Currently, the group operates 3 power plant. The first power plant is located near to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. It can produce up to 65 MW, 20 MW of which is sold to EGAT. The second power plant is located near to New Krunghthai Sugar Factory in BoPloy, Kanchanaburi. It can produce up to 90 MW, 30 MW of which is sold to EGAT. The third power plant is located near to Khon Kaen Sugar Factory in Wangsapong, Loei province. It has the capacity to produce 40 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 to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) through advance 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

	2015	2014	2013
Sale Volume (MW-hour)	300,292	324,099	301,136
Avg. selling price (THB/MW-hour)	3,368	3,520	3,416

## 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 policy

#### (1) Cost Management

The 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 economies of scale to reduce its unit cost.

#### (2) Improving and Developing 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 has been registered with CDM Executive Board as a CDM project (under the Kyoto Protocol). The company has the right to sell its carbon credits if and when the UNFCCC officially count and certify the amount of carbon it help reduced.

**Electricity & Steam: Works Not Submitted**

- None -

### **3. RISK FACTORS**

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

#### **3.1) Risk factors in Raw Material Sourcing – Sugarcane**

Khon Kaen Sugar Industry Public Company Limited produces sugar which use 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, viz. (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.

When the quantity of sugarcane crushed reduces, the effect on the company is that the quantity of sugar produced goes down, the unit cost, especially the fixed cost per unit, goes up, the profit per unit reduces and the company's overall profit is reduced. In addition, in those years when the sugarcane crushed is low, there is increased competition among sugar factories to purchase the sugar cane locating in the neighborhood area. Therefore, in order to protect their crushing quantities, sugar factories have to vie by paying more than the price, established by revenue sharing system. This increases the overall raw material cost for the company.

Thailand is one of the world's leading sugar exporters and is the leading sugar supplier to the Asian region. Decreased amounts of cane crushed in Thailand result in lower sugar quantities available for exportation. Export prices, consequently, increase. Such increase relieves the impact of decreased quantities of cane crushed and burden of increased costs. The company, furthermore, values stability of sugarcane supplies. To ensure the sustained supplies, the company offers assistance to sugarcane farmers, such as loans for planting sugarcane crop, support in procuring inputs for farming, providing irrigation systems, introducing technology to increase yields and efficiency in cultivation, and reducing the influence of middle men in sugarcane sales and purchase deals. All the assistance is provided for the farmers in an attempt to help them improve their lives.

#### **3.2) Risk from Sugar Price Fluctuation in the World Market**

While considering sugar trade in the world markets, it can be said that sugar has high price fluctuations when compared with other agricultural products. The world sugar prices depend on several factors, such as demand and supply of countries that are producers, consumers, exporters and

importers. Traders' speculations are in relation to climatic conditions facilitating cultivation in each of the respective countries. Government policies on promoting, interfering, exporting and importing sugar, particularly in developed countries also determine pricing in the industry. At present, sugar prices are also interrelated to oil prices. Both sugarcane and molasses can be used to produce a type of alcohol called ethanol. Ethanol can be blended with gasoline to produce fuel. All the above factors cause high fluctuations in the world sugar prices.

Generally, sugar companies in Thailand are bound 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, called Quota A, and allocates this Quota to all the sugar factories based on their respective sugar production. The ratio of domestic sales to exports of all sugar factories is therefore quite similar, usually in the range of 30:70 to 40:60 depending on the sugarcane available for crushing all over the country. The sales of the sugar industry fluctuate according to world sugar prices in the 65 – 75% range. However, regarding on the cost of production, the cane price is the major cost, calculated by the formula based on the revenue sharing system 70:30. This means that when the sugar price has decreased 100%, the farmer should get the 70% impact in term of lower sugar cane price and the sugar factory should get 30% impact.

During the past 3-4 years, the world sugar price was very volatile. It can be seen from the average future price around 15 cents/lb surged to be around 32 cents/lb and it used to be trade at 25, 20, and 15 cent/lb. Sugar price has fallen to its lowest at 10-11 cent/lb in the second half of 2015. At now at the beginning of 2016, the price has bounced back to 14-15 cent/lbs. With severe price fluctuations, if the company were 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 entered into a sugar futures contract with a financial institution. The risk hedging procedure would allow the company to minimize the dependency of its profitability on the risk posed by sugar price volatility. However, this could affect profit and loss account recording, and there was a risk that the amount hedged through the sugar futures contract could exceed the actual volume of sugar exported. This oversold condition could result in a loss.

Previously, the fluctuations in the world sugar price had a strong influence in the company's operations and profitability as it focused its businesses mainly on sugar and molasses. Since the company invested in other related industries such as ethanol, organic-fertilizer, and power plant, the risks it faced from sugar price fluctuations is drastically reduced and allow the company to operate in businesses that are more profitable and less dependent on world market price.

### **3.3) Risk 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 Board regulates the amount of sugar produced by a quota system (Quota A for domestic sales, Quota B and C for sugar exports), controls the domestic price, regulates on the ratio of distribution of revenue from the sugar business between the

farmers and sugar factories, with the revenues sharing in the ratio of 70:30, controls on the entry of new players in the sugar business etc. It is evident that the rules and regulations enacted by the Cane and Sugar Board have an impact on the production costs and the operations of the company. For example, the revenues sharing system 70:30 ratio determines the sugar cane price which the sugar factories must pay to the farmers. In case, changes in the domestic sugar prices or changes in regulation of entire sugar industry, it will have a definite impact on the operations of the company.

Other overall Government policies also have an impact on the company's business. For example, the decision to promote the renewable energy, such as ethanol, has secured the domestic sale volume. The policy to promote the planting of oil palm trees or price guarantees for cassava have negative impact on the company since the area under sugar cane plantation will reduce and farmers will switch to growing alternative crops with better returns.

The Company realizes the importance of government policies in shaping directions of cane and sugar industry. Hence, it has collaborated with three sugar factories associations and associations of sugarcane farmers to enhance the government understanding of cane and sugar industry and its significance. The industry is a precursor of the food and processed food industries. Ethanol derived from sugar production can be used as fuel energy. Ethanol is a pure alcohol that can also be used as a starting point for production of other chemicals. Exporting sugar brings in foreign income and almost does not require import costs and expenses. This differentiates the sugar industry from other industries.

Sugarcane is Thailand's important economic crop in which every part of it can be utilized. Communication, explanation and understanding between the government and the sugar industry can reduce the risk potentially posed by government policies affecting directions of sugarcane and sugar industries.

### **3.4) Risk of Bad Debts Arising from Credit Given to Farmers (Advance Credit)**

In the running of a sugar factory, the factories extend loans or other kinds of financial support to sugarcane farmers as working capital to plant sugarcane crop, or what is called "sugarcane 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 advanced and other financial support given is deducted. The risks that are generated from such sugarcane credit can come from reduced production 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, by track record, level of bad debt is low because the company not only concerns the above risk factors but also improves in the sugarcane credit system. The company has bought a satellite monitoring system (Global Positioning System – GPS) to survey the sugarcane plantation areas, which helps in reducing the problems of ownership of sugarcane fields. The system is also used to plan for

sourcing more sugarcane. The company also encourages farmers to deposit assets as collateral for the loans advanced. All this has resulted in the company having a low bad debt situation at present and the major debts are adequately covered with the pledged assets.

### **3.5) Exchange Rate Risk**

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 tries to reduce its exchange rate risks by making currency forward contracts. The company has natural hedging mechanism under the 70:30 revenue sharing scheme that links the sugar price (revenue) and cane price (cost) together, thus making both prices move in the same direction and exposing both to the same exchange rate fluctuation. Moreover, the company closely monitors exchange rate fluctuation to be able to react to changes in a timely manner.

### **3.6) Risk of having major shareholders controlling the votes of at the Shareholders' meeting**

The Chinthammit and his company hold more than 60% of total paid up share capital of the company. Therefore, the Chinthammit Group and his company can control all the proceedings of the shareholders meetings whether it is the appointment of Directors or whether it is to seek approvals on other matters that require majority votes, except for special agendas which, by law or by the articles of association of the company, require 75% vote in shareholders' meetings. Therefore, it is difficult for other shareholders to collect enough votes to investigate or counterbalance the issues raised by the majority shareholders.

However, for the company's transparency and power balancing, the company has appointed 4 independent committee members for checking the operations of the company. Thus, power balancing for operation in the company is reasonable. In addition, the company also has also set up an independent internal control team which reports directly to the audit committee.

### **3.7) Risk from the World's Economic and Financial Situations**

The EU financial crises and oil price collapse caused a lot of problems for oil producers and negatively affected economies worldwide. Natural disasters and terrorist attacks also add more pressure to the world's economy. There is no guarantee that these issues and similar circumstances in the future will not affect our businesses, the world's sugar prices and/or ethanol price. The lack of liquidity among financial institutions may also affect the Group's sources of loans and financing costs.

KSL has implemented its financial policies well. Its D/E has been at an appropriate level. The company has maintained good relationships with all the banks that are long-term corporate business partners. All the corporate businesses will be handled carefully in order to minimize the future probable effect of the world's financial and economic conditions on the company.

**3.8) Risk from Laos & Cambodia Projects**

The projects in both countries are part of the first offshore sugar business in which the company is granted the concession area for cane plantation from the government and permitted to construct sugar factories. But land condition in concession area has low quality, lack of technology for large plantation, lack of infrastructure and human resources therefore the projects take longer time for develop than the first plan. Consequently the productions still not reach break-even point and in 2015 both projects had loss. However the company has witnessed and solved various problems throughout the years. The company hired consultants to develop not only planting technology but also management system to control budget. Moreover the company provides loan to local farmers and suppliers to expand more plantation. After continuously developing infrastructures and land condition in the past, the projects show improvement and potential for good return on investment in the future. Additionally, there are risks associated with doing projects abroad which extend beyond agricultural risks relating to cane growing and sugar production and include risks from political turmoil and instability, local community dispute, and different law and regulations that often changes and are somewhat ambiguous. The company is aware of these risks and is trying to manage it efficiently and appropriately.

## **4. Operating Assets**

### **4.1) Core Operating Assets of the company and its subsidiaries**

As of 31 October 2015, the company and its subsidiaries have core operating assets, as followings:

Items	Area (estimated number)	Ownership	Net Book Value (THB Million)	Encumbrance
1. Land & Land Development (Rai)				
Land for factory location.				
- Khon Kaen Sugar Industry	1,619	owner	768.02	
- Tamaka Sugar Industry	239	owner	516.60	
- New Krung Thai Sugar Factory	1,551	owner	464.77	
- New Kwang Soon Lee Sugar	220	owner	62.95	
- Khon Kaen Alcohol	737	owner	198.31	
- Khon Kaen Sugar Power Plant Co., Ltd.	420	owner	111.82	
Cane Plantation Area	10,298	owner	398.52	
Office Lands	-	owner	-	
Other Lands	99,146	owner	1,388.12	Some in Loan Collateral
Total			3,909.11	
2. Factory Building and Construction		Owner	5,478.19	Some in Loan Collateral
3. Machinery and Equipment		Owner	15,480.55	Some in Loan Collateral
4. Motor Vehicle and Labors saving device		Owner	827.96	
5. Furniture and Office Equipment		Owner	67.82	
6. Assets in Construction		Owner	1,212.34	
Total			26,975.97	

## 4.2) Intangible Assets

### Trademarks

Key trademarks of Khon Kaen Sugar Industry Public Company and subsidiaries are registered at The Department of Intellectual Property, as followings:



### BOI Certificates

On 31 October 2013, Three domestic subsidiary companies received 8 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act B.E. 2520. The benefits includes the exception of income tax for profit for the year derived from operation of promoted businesses for the period of 8 years commencing from the first date of income received from the promoted business. 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>	
1929(2)/2547	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	November 2, 2004	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste  - Production of biological fertilizers or organic fertilizers	January 8, 2006  March 30, 2006	January 7, 2014  January 7, 2014
1062(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste  - Production of biological fertilizers or organic fertilizers	Income not yet derived  Income not yet derived	
1063(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste  - Production of biological fertilizers or organic fertilizers  - Production of biological	December 6, 2011  December 30, 2011  February 29, 2012	December 31, .2019  December 31, .2019  December 31, .2019
2364(1)/2554	25, 26, 28, 31, 34, 35(1), 35(2), and 35(3)	September 20, 2011	- Production of biological	February 28, 2013	February 28, 2021



<u>Certificate No.</u>	<u>Sections</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date</u>	<u>Expire date</u>
1258(2)/2548	25, 26, 28, 31(3), 31(4), 34, and 35(3)	March 29, 2005	- Production of electricity power and steams	December 22, 2006	December 21, 2014
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
1657(2)/2552	25, 26, 28, 31(1), 31(3), 31(4) and 34	August 25, 2009	- Production of pure vegetable oil and /or semi- pure vegetable oil	June 5, 2010	June 4, 2018
58-2293-1-001-	25, 26, 28, 31(1), 31(4) and 34	August 31, 2015	- Transfer of goods for cargo ship	Income not yet derived	

Furthermore, in accordance with the Promotion Certificate No.1063(2)/2552, 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 the Promotion Certificate No. 1657(2)/2552, 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.

Three foreign subsidiaries are granted by foreign investment certificate and tax privilege from Lao People's Democratic Republic (the 1<sup>st</sup> Certificate) and from Kingdom of Cambodia (the 2<sup>nd</sup>-4<sup>th</sup> Certificates) which the details are as follows:

- 1) Foreign Investment Certificate No. 017-06/ Khor Lor Tor includes tax privilege for exemption from income tax for 5 years from the date of first receiving revenue from sales of sugar, thereafter, the subsidiary shall pay income tax at the rate of 20%. The revenue is first derived on July 21, 2010 and will expire on July 20, 2015.
- 2) Foreign Investment Certificate No. 4420/06 Ghor. Wor. Ghor. dated December 15, 2006 and No. 4342/07 Ghor. Wor. Ghor. dated November 20, 2007 issued by the Council for the Development of Cambodia, the subsidiary is granted by tax privilege for exemption from import the duties for machinery for manufacturing and construction materials.
- 3) Foreign Investment Certificate No. 1641/09 Ghor. Wor. Ghor. and No. 1642/09 Ghor. Wor. Ghor. dated July 28, 2009 issued by the Council for the Development of Cambodia, the subsidiary is granted tax privilege for exemption from income tax for the period of 8 years, including priority period commencing from the period when subsidiary is operated (year 2006).
- 4) Tax Exemption Certificate for agriculture-industrial (sugar cane) No. 4511 dated July 29, 2009 issued by the Ministry of Economy and Finance, Cambodia, grants the privilege to charge value-added tax at 0% for sales of sugar cane to manufacture sugar for export. This certificate is

Unofficial Translation

valid for the period of 1 year from July 29, 2010 to July 31, 2011. The subsidiary is currently waiting for the renewed certificate covering the period from last expiration date to current fiscal year which it has submitted for.

#### **4.3) Investment and Management Policy for subsidiaries and affiliates**

As of October 31, 2014, the company invests in both direct and indirect 19 subsidiaries and 1 affiliate, 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) KSL Export Trading Co.,Ltd
- 6) Khon Kaen Sugar Power Plant Co.,Ltd
- 7) Khon Kaen Alcohol Co.,Ltd
- 8) KSL Material Supplies Co., Ltd. (formerly KSL Chemicals Co., Ltd.)
- 9) Thai Sugar Terminal Public Company Limited
- 10) KSL Agro and Trading Co., Ltd.
- 11) Savannakhet Sugar Co.,Ltd
- 12) Koh Kong Sugar Industry Co.,Ltd
- 13) Wynn In Trading Co.,Ltd

##### **Subsidiaries (The company holds shares directly and indirectly through Thai Sugar Terminal Public Company Limited.)**

- 14) T S G ASSET CO., LTD.
- 15) T S OIL INDUSTRY CO., LTD.
- 16) T S FLOUR MILL PUBLIC CO., LTD
- 17) TS WAREHOUSE CO., LTD.

18) T S TRANSPORT AND LOGISTIC CO., LTD.

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

19) Koh Kong Plantation Co., Ltd.

**Affiliate**

1) Champion Fermentation Co.,Ltd

For the subsidiaries that the company holds its shares directly, the company has controlling power through holding more than 50 % of shares except Thai Sugar Terminal Public Company Limited and 5 subsidiaries which the company holds directly and indirectly 23.82% of the share but has controlling power in according with the definition of subsidiaries specified in account standard.

The company has the policy to invest in the business related to sugar business, sweetener business or other business that gives the benefit and reasonable return to core business. The criteria for the investment will be based on competitive advantage, reasonable return, the amount of money to invest. In addition, considering the proportionate of investment will be depended on many factors, such as, how significant the expertise of business is. If the business needs 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 investment must be approved by the board of director and there should not be the conflict of interest with the parent company in the future.

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## **5. Legal Dispute**

As of 31 October 2015, 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 as of the latest accounting period and the Company was not involved in any other dispute which would have a significant impact on its business.

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## **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 9<sup>th</sup> Floor, Sriyudhya Road, Rajathevi,  
Bangkok, 10400 Thailand.

Company Registration Number : 0107547000214

Registration Phone number

Tel. : +662-642-6230

Fax : +662-642-6228

Website : <http://www.kslsugar.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 - approximately from 20:80 to 40:60--depending on yearly 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 fixed 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 can be seen 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 seller is satisfied with the price at this level, but receives no interest from any buyer. Buyers expect the price to decrease. 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 times of recording actual sales may be different from those of recording gain/loss from entering into sugar futures contracts. Accounting policies of some companies, for example, 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 in 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 are 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, 2015, the Company's registered capital is THB 2,004,656,261 million, of which there is 4,009,312,522 shares at par value of THB 0.50.

### **7.2) Debentures**

Non-subordinated and non-collateral

Name	Tenor	Expiry Date	Total Value (million THB)
KSL15DA	3 yrs	4-DEC-2015	1,000
KSL172A	3 yrs	27-FEB-2017	1,000
KSL174A	3 yrs	30-APR-2017	1,000
KSL175A	3 yrs	16-MAY-2017	1,000
KSL185A	3 yrs	7-MAY-2018	2,000
KSL189A	3 yrs	25-SEP-2018	1,000
KSL198A	5 yrs	5-AUG-2019	1,000
KSL199A	5 yrs	5-SEP-2019	1,000
KSL203A	5 yrs	13-MAR-2020	2,000
Total			11,000

### 7.3) Shareholders

On October 31, 2015, the top 10 major shareholders of the company in the past 3 years are as follow: (In 2013/2014, calculation excluded treasury stock)

31-Oct-1231-Oct-12					31-Oct-1331-Oct-13					31-Oct-1431-Oct-14					31-Oct-1531-Oct-15				
Rank	Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total			
1	1	KSL Sugar Holding Company Limited	520,000,000	33.00	1	KSL Sugar Holding Company Limited	550,000,000	32.92	1	KSL Sugar Holding Company Limited	553,958,700	33.16	1	KSL Sugar Holding Company Limited	1,330,924,480	32.92			
2	2	Mr.Chanachai Chutimavoraphand	42,533,465	2.70	2	Thai NVDR CO.,LTD	47,913,478	2.87	2	Thai NVDR CO.,LTD	46,999,502	2.81	2	Mr.Chanachai Chutimavoraphand	104,868,636	2.62			
3	3	Thai NVDR CO.,LTD	42,329,343	2.69	3	Mr.Chanachai Chutimavoraphand	44,363,465	2.66	3	Mr.Chanachai Chutimavoraphand	43,695,265	2.62	3	Thai NVDR CO.,LTD	100,341,922	2.50			
4	4	CREDIT SUISSE AG SINGAPORE BRANCH	36,507,900	2.32	4	CREDIT SUISSE AG SINGAPORE BRANCH	38,502,900	2.30	4	CREDIT SUISSE AG SINGAPORE BRANCH	38,409,400	2.30	4	CREDIT SUISSE AG SINGAPORE BRANCH	91,150,560	2.27			
5	5	Ms.Duangkae Chinthammit	36,100,956	2.29	5	Ms.Duangdao Chinthammit	37,720,089	2.26	5	Ms.Duangdao Chinthammit	37,720,089	2.26	5	Ms.Duangkae Chinthammit	90,621,494	2.26			
6	6	Ms.Duangdao Chinthammit	36,038,790	2.29	6	Ms.Duangkae Chinthammit	37,595,956	2.25	6	Ms.Duangkae Chinthammit	37,698,956	2.26	6	Ms.Duangkae Chinthammit	90,545,413	2.26			
7	7	Mr.Kamondanai Chinthammit	34,196,000	2.17	7	Mr.Somchai Chinthammit	36,449,139	2.18	7	Mr.Somchai Chinthammit	37,261,070	2.23	7	Mr.Somchai Chinthammit	89,954,008	2.24			
8	8	Mr.Piripon Chinthammit	33,819,260	2.15	8	Mr.Kamondanai Chinthammit	36,038,870	2.16	8	Mr.Kamondanai Chinthammit	36,449,139	2.18	8	Mr.Kamondanai Chinthammit	87,477,933	2.18			
9	9	Mr.Somchai Chinthammit	31,949,139	2.03	9	Mr.Piripon Chinthammit	35,057,870	2.10	9	Mr.Piripon Chinthammit	35,093,570	2.10	9	Mr.Piripon Chinthammit	84,224,568	2.10			
10	10	Chinnakij Company Limited	30,910,000	1.96	10	Chinnakij Company Limited	32,901,000	1.97	10	Chinnakij Company Limited	32,901,000	1.97	10	Mr.Chamroon Chinthammit	79,672,274	1.99			
		Total for Top ten major shareholders	844,384,853	53.59		Total for Top ten major shareholders	896,542,767	53.67		Total for Top ten major shareholders	900,186,691	53.89		Total for Top ten major shareholders	2,149,781,288	53.35			
11	11	Others	731,383,230	46.41	11	Others	774,004,117	46.33	11	Others	770,360,193	46.11	11	Others	1,870,455,599	46.65			
		Total paid-up registered capital	1,575,768,083	100.00		Total paid-up registered capital	1,670,546,884	100.00		Total paid-up registered capital	1,670,546,884	100.00		Total paid-up registered capital	4,009,312,407	100.00			

Chinnakij Co., Ltd. is owned by the Chinthammit family. The family members hold most of the shares. None of the shareholders holds shares more than 30 % of the authorized share capital.

The registered capital and paid up capital of KSL SUGAR HOLDING COMPANY LIMITED consists of 100 million shares at par value of THB 10.00 per share or THB 1,000 million.

On October 31, 2015, the top 10 major shareholders in company's shareholder record are as followings:

31-Oct-13				31-Oct-14				31-Oct-15			
Rank	Name	No. of Share	%	Rank	Name	No. of Share	%	Rank	Name	No. of Share	%
1	Ms.Nareerat Chinthammit	12,105,268	12.11	1	Ms.Nareerat Chinthammit	12,105,268	12.11	1	Ms.Nareerat Chinthammit	12,105,268	12.11
2	Ms.Duangdao Chinthammit	7,847,944	7.85	2	Ms.Duangdao Chinthammit	7,847,944	7.85	2	Ms.Duangdao Chinthammit	7,847,944	7.85
3	Ms.Duangkae Chinthammit	7,764,650	7.76	3	Ms.Duangkae Chinthammit	7,764,650	7.76	3	Ms.Duangkae Chinthammit	7,764,650	7.76
4	Mr.Chanachai Chutimavoraphand	6,971,788	6.97	4	Mr.Chanachai Chutimavoraphand	6,971,788	6.97	4	Mr.Chanachai Chutimavoraphand	6,971,788	6.97
5	Mr.Chamroon Chinthammit	5,370,580	5.37	5	Mr.Chamroon Chinthammit	5,370,580	5.37	5	Mr.Chamroon Chinthammit	5,370,580	5.37
6	Mr.Somchai Chinthammit	5,169,890	5.17	6	Mr.Somchai Chinthammit	5,169,890	5.17	6	Mr.Somchai Chinthammit	5,169,890	5.17
7	Mr.Sarun Chinthammit	4,246,828	4.25	7	Mr.Sarun Chinthammit	4,246,828	4.25	7	Mr.Sarun Chinthammit	4,246,828	4.25
8	Mr.Kamondanai Chinthammit	2,906,000	2.91	8	Mr.Kamondanai Chinthammit	2,906,000	2.91	8	Mr.Kamondanai Chinthammit	2,906,000	2.91
9	Mr.Piripon Chinthammit	2,906,000	2.91	9	Mr.Piripon Chinthammit	2,906,000	2.91	9	Mr.Piripon Chinthammit	2,906,000	2.91
10	Ms.Yaovanuth Dejvitak	2,900,000	2.90	10	Ms.Yaovanuth Dejvitak	2,900,000	2.90	10	Ms.Yaovanuth Dejvitak	2,900,000	2.90
	Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90		Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90		Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90
	Total for Top 10 Major Shareholders	61,088,948	61.09		Total for Top 10 Major Shareholders	61,088,948	61.09		Total for Top 10 Major Shareholders	61,088,948	61.09
11	Others	38,911,052	38.91	11	Others	38,911,052	38.91	11	Others	38,911,052	38.91
	Total Registered Paid Up Capital	100,000,000	100.00		Total Registered Paid Up Capital	100,000,000	100.00		Total Registered Paid Up Capital	100,000,000	100.00

Note: The 10<sup>th</sup> major shareholders are Ms. Yaovanuth Dejvitak and Ms. Yaovaluck Chutimavoraphand who both hold equal number of shares.

**7.4) Dividend Payment Policy**

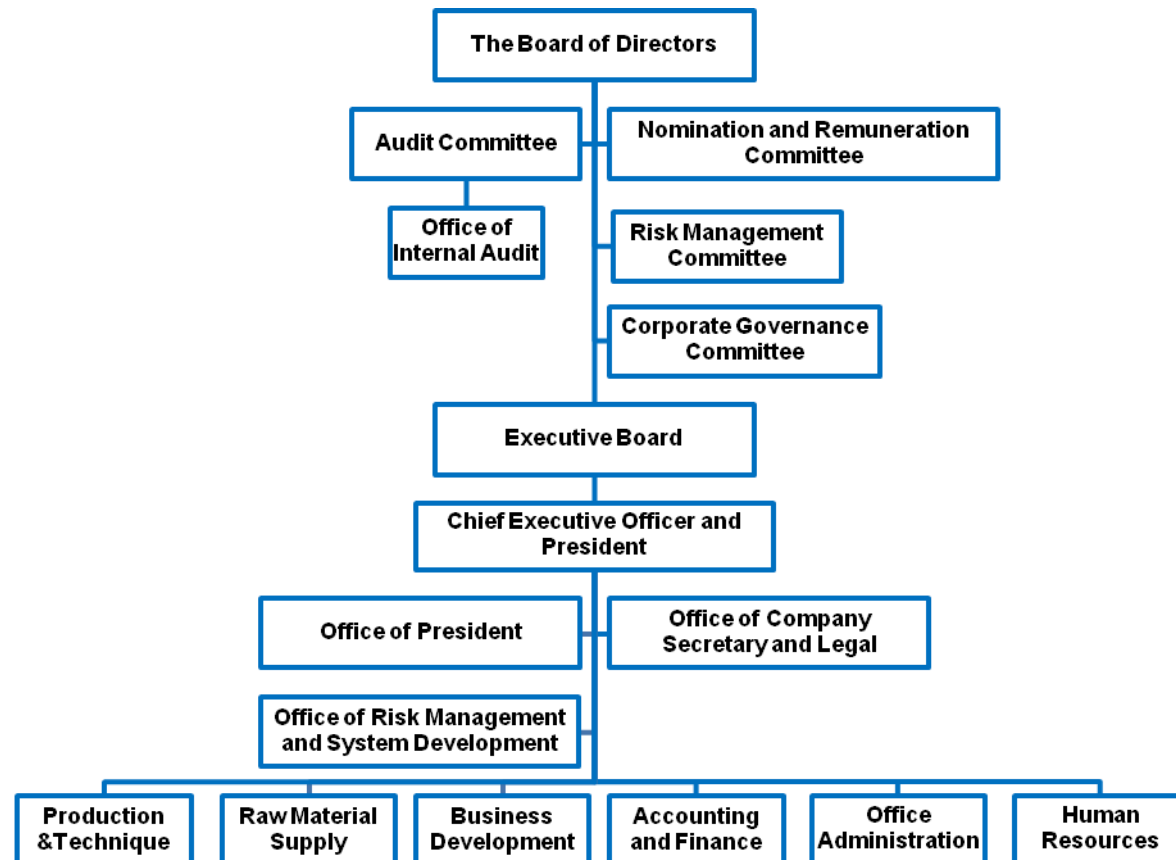
The company pays dividends at a rate of not less than 50 % of its net income after tax and legal reserves of separate financial statement if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans. 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 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**

			2012	2013	2014
1	CASH	(THB per SHARE)	0.50	0.35	0.0811111111
2	DIVIDEND STOCK	(THB PER SHARE)	-	-	0.10

## **8. Management Structure**

### **8.1) Organization Structure To correct Risk Management, CEO position in the text box**



**8.1.1) Board of Directors**

As of October 31, 2015, the Company's Board of Directors comprises of:

1. Mr. Manu Leoparote	Chairman and Independent Director
2. Mr. Chamroon Chinthammit	Director
3. Mr. Prapas Chutimavoraphand	Director
4. Mr. Pornsin Thaemsirichai	Director
5. Mr. Sukhum Tokaranyaset	Director
6. Mr. Thawatchai Rojanachotikul	Director
7. Mrs. Intira Sukhanindr	Director
8. Ms. Duangdao Chinthammit	Director
9. Mr. Somchai Chinthammit	Director
10. Ms. Duangkae Chinthammit	Director
11. Mr. Chalush Chinthammit	Director
12. Mr. Chatri Chinthammit	Director
13. Mr. Somchat Chinthammit	Director
14. Mr. Tachpong Pakornsiriwongse	Director
15. Mr. Pramoon Vichiensin	Independent Director
16. Pol. Gen. Boonpen Bumpenboon	Independent Director
17. Mr. Sitti Leelakasamelurk	Independent Director
18. Mr. Karun Kittisataporn	Independent Director
19. Mr. Worapatr Todhanakasem	Independent Director
20. Ms. Nongluck Phinainitisart	Independent Director
21. Mr. Trakarn Chunharojrit	Director

**8.1.2) The Executives**

As of 31 October 2015, the corporate top executives include:

1. Mr. Chamroon Chinthammit	CEO and President
2. Mr. Prapas Chutimavoraphand	Senior Vice President - Administration
3. Mr. Pornsin Thaemsirichai	Senior Vice President – Production & Technique
4. Mr. Sukhum Tokaranyaset	Senior Vice President – Accounting & Finance
5. Mr. Thawatchai Rojanachotikul	Senior Vice President - Administration
6. Ms. Intira Sukhanindr	Senior Vice President – Business Development
7. Ms. Duangdao Chinthammit	Vice President – Human Resource
8. Mr. Chalush Chinthammit	Vice President – Raw Material Supply
9. Mr. Chanachai Chutimavoraphand	Vice President – Accounting & Finance
10. Mr. Theera Sanguandeekul	Vice President – Office of President
11. Mr. Dhajjai Subhapholsiri	Company Secretary/ Vice President – Office of Company Secretary and Legal



**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 functions and responsibilities of President and CEO shall comply with legislation and the Company's regulations. The approval of President and CEO does not apply to approval of transactions that would allow President and CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

***A summary of approved financial amounts of transactions according to the Company's authorization manual***

	<b>Approved Financial Amounts for Important Transactions</b>	<b>BOD</b>	<b>EXC</b>	<b>PSD</b>
1	Approval of Annual Budget	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million
2	Approval of Changing/Increasing of Annual Budget or Investment Budget	More than THB 100 Million	More than THB 100 Million	Not over THB 100 Million

Note : (1) The power to approve the financial amounts mentioned is governed by legislation and regulations of the company, the Stock Exchange of Thailand and Securities, and Exchange Commission.

(2) BOD : Board of Director, EXC : Executive Board, PSD : President and CEO

**Number of Meeting Attended by Directors**

No.	Name-Surname	Position	Board of Directors		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Governance	
			Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total
1	Mr. Manu Leopaiprote	Chairman	7	7										
2	Mr. Chamroon Chinthammit	Executive Director	7	7	12	12								
3	Mr. Prapas Chutimavoraphand	Executive Director	7	7	12	12								
4	Mr. Pomsin Thaemsirichai	Executive Director	7	7	12	12								
5	Mr. Somchai Chinthammit	Executive Director	7	7	12	12								
6	Mr. Trakarn Chunharojrit	Executive Director	7	7	12	12								
7	Ms. Duangkae Chinthammit	Executive Director	7	7	12	12								
8	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	7	7	12	12			2	2				
9	Mr. Tachpong Pakornsiriwongse	Executive Director	7	7	11	12								
10	Mr. Chattri Chinthammit	Director	7	7										
11	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	6	7	11	12					3	4		
12	Mr. Sukhum Tokaranyaset	Executive Director	7	7	12	12								
13	Mr. Thawatchai Rojanachotikul	Executive Director	7	7	12	12								
14	Mr. Somchart Chinthammit	Independent Director / Nomination & Remuneration	6	7					2	2				
15	Mr. Pramoon Vichiensin	Independent Director / Chairman of Nomination & Remuneration Committee	6	7					2	2				
16	Pol. Gen. Boonpen Bumpenboon	Independent Director / Chairman of Risk Management Committee / CG Committee	6	7							4	4	2	3
17	Mr. Sitti Leelakasamelurk	Independent Director / Chairman of Audit Committee / Risk Management Committee	7	7			4	4			4	4		
18	Mr. Karun Kittisataporn	Independent Director / Audit Committee / Nomination & Remuneration Committee / CG Committee	7	7			3	4	2	2			3	3
19	Mr. Warapatr Todhanakasem	Independent Director / Audit Committee / Risk Management Committee / Chairman of CG Committee	6	7			4	4			3	4	3	3
20	Ms. Nongluck Phinainitisart	Independent Director / Audit Committee / CG Committee	7	7			2	4					3	3
21	Mrs. Intira Sukhanindr	Executive Director	7	7	12	12								

Unofficial Translation

## 8.2) Directors' and Executives' remuneration

### 8.2.1) Directors' Remuneration

The board of directors determines clear policies and guidelines for payment of directors' remunerations. For transparency, the remunerations are proposed to the shareholders' meeting annually for approval. They are adequate and motivational so that the company is able to keep highly qualified directors. Directors serving in committees receive appropriate remunerations based on their duties and responsibilities for those committees. Remunerations are divided into 3 parts:

- 1) Regular remunerations are paid monthly to directors.
- 2) Meeting remunerations are paid for directors who attend a board meeting.
- 3) Annual extra remunerations are paid for directors in accordance with the corporate annual operating results.

### 8.2.2) Managing Director's Remuneration

Currently, the company is considering criteria for determining the managing director's remuneration corresponding with operating results, corporate size, and amounts offered by businesses operating in the same industry. The remuneration is a motive for the managing director's developing the company's continuous and sustainable growth.

### 8.2.3) Directors' Remuneration

The Company has specified remuneration for its directors with approval from the shareholder meeting on February 27, 2015 as follows:

	Not Exceeding The amount of THB per year	
1. Remuneration for Chairman of Board of Directors	540,000	THB
2. Remuneration for Chairman of Audit Committee	540,000	THB
3. Remuneration for 19 directors THB 25,000 / person / month + bonus	8,550,000	THB
4. Meeting allowances for members in audit committee, nomination and remuneration committee, risk management committee, corporate governance committee who attend the meeting Chairman of the Committee THB 6,000 and meeting		

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Each director THB 5,000 and meeting

\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

#### **8.2.4) Remunerations for the Management**

Remunerations for the Management are in line with the Company's procedures and policies, and in relation to corporate operation results and each individual's performance. Amounts of the remunerations are motivational and enable the company to achieve loyalty among the competent Management.

Remuneration in Cash

## 1. Remuneration for directors, paid in year 2015

No.	Name of Directors	Position in Board of Directors	THB in Year 2015				THB in Year 2014			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly Salary	Bonus			Yearly Salary	Bonus		
1	Mr. Manu Leoparote	Chairman	360,000.00	120,000.00	-	480,000.00	360,000.00	120,000.00	-	480,000.00
2	Mr. Chamroon Chinthammit	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
3	Mr. Prapas Chutimavoraphand	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
4	Mr. Pornsin Thaemsirichai	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	5,000.00	405,000.00
5	Mr. Somchai Chinthammit	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	5,500.00	405,500.00
6	Ms. Duangkae Chinthammit	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
7	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	300,000.00	100,000.00	17,000.00	417,000.00	300,000.00	100,000.00	16,000.00	416,000.00
8	Mr. Tachpong Pakornsriwongse	Executive Director	300,000.00	100,000.00	5,500.00	405,500.00	300,000.00	100,000.00	5,500.00	405,500.00
9	Mr. Trakarn Chunharojrit	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	5,500.00	405,500.00
10	Mr. Chatri Chinthammit	Director	300,000.00	100,000.00	-	400,000.00	300,000.00	100,000.00	-	400,000.00
11	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	300,000.00	100,000.00	21,500.00	421,500.00	300,000.00	100,000.00	20,500.00	420,500.00
12	Mr. Sukhum Tokaranyaset	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
13	Mr. Thawatchai Rojanachotikul	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
14	Mr. Somchart Chinthammit	Independent Director / Nomination & Remuneration Committee	300,000.00	100,000.00	11,000.00	411,000.00	300,000.00	100,000.00	5,000.00	405,000.00

No.	Name of Directors	Position in Board of Directors	THB in Year 2015				THB in Year 2014			
			Remuneration		Meeting Allowance	Total (THB)	Remuneration		Meeting Allowance	Total (THB)
			Yearly Salary	Bonus			Yearly Salary	Bonus		
15	Mr. Pramoon Vichiensin	Independent Director / Chairman of Nomination & Remuneration Committee	300,000.00	100,000.00	13,200.00	413,200.00	300,000.00	100,000.00	12,000.00	412,000.00
16	Pol. Gen. Boonpen Bumpenboon	Independent Director /Chairman of Risk Management Committee /CG Committee	300,000.00	100,000.00	38,400.00	438,400.00	300,000.00	100,000.00	28,000.00	428,000.00
17	Mr. Sitti Leelakasamelurk	Independent Director / Chairman of Audit Committee / Risk Management Committee	360,000.00	120,000.00	48,400.00	528,400.00	360,000.00	120,000.00	33,000.00	513,000.00
18	Mr. Karun Kittisataporn	Independent Director /Audit Committee/ Nomination & Remuneration Committee / CG Committee	300,000.00	100,000.00	45,000.00	445,000.00	300,000.00	100,000.00	35,000.00	435,000.00
19	Mr. Warapatr Todhanakasem	Independent Director /Audit Committee/Risk Management Committee/ Chairman of CG Committee	300,000.00	100,000.00	60,600.00	460,600.00	300,000.00	100,000.00	27,000.00	427,000.00
20	Ms. Nongluck Phinainitisart	Independent Director / Audit Committee / CG Committee	300,000.00	100,000.00	29,000.00	429,000.00	300,000.00	100,000.00	25,000.00	425,000.00
21	Mrs. Intira Sukhanindr	Executive Director	300,000.00	100,000.00	6,000.00	406,000.00	300,000.00	100,000.00	6,000.00	406,000.00
	Total		6,420,000.00	2,140,000.00	343,600.00	8,903,600.00	6,420,000.00	2,140,000.00	259,000.00	8,819,000.00

\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

## 2. Remuneration for executives in the past year:

Remunerations for 11 executives (listed as corporate top executives on 8.1.2) include salaries, bonuses and allowances amounted to THB 43.60 million.

### Other Remunerations

-None-

### **Directorships and Executive Development**

The company has provided training and human resources development programs for all of its personal through internal and external training. It allows the board to participate in its operations and ventures. Corporate directors and executives have 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), also 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 2015, some directors and executives have participated in training courses, for example, Ms. Duangdao Chinthammit (Director and Vice President) - Advanced Compensation Management Program, Mr. Chalush Chinthammit (Director and Vice President) Thailand Energy Academy for Executive (TEA 6), Mr. Sinchai Siriratanapolkul (Assistance Vice President) - Anti Corruption : The Practical Guide

New directors are required to complete training and orientation providing important knowledge and skills that are crucial for their directorships. Once there are business expansions or new ventures, the company invites corporate directors to visit the sites and monitor the progress regularly.

### **Succession Plans**

The Board of Directors realizes that succession plans become necessary in case the managing director or top executives are not able to work. To ensure readiness for the circumstance, the Company has prepared its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are unable to take on the responsibilities. The board of directors has assigned the nomination and remuneration committee to research and coordinate with accredited consulting firms and professional institutions during development and revision of succession plans.

### **8.3) Supervision of Use of Inside Information**

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

1. The company informs executives about their obligation to disclose security holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to the Securities and Exchange Act B.E. 2535, article 59 and statutory penalty, article 275.
2. Circular notices are sent to directors and executives advising 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 in security holdings of the company's directors and executives, the changes must be reported to the board of directors in security holdings matter on the agenda.
4. Important inside information and confidential documents saved as hard copies or soft files are protected and access is limited to top executives only when necessary. If any inside information needs to be disclosed to corporate 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 sources.

#### 8.4) Personnel

Information concerning the company's personnel as of October 31, 2015 is as follows:

	Consolidated		Parent company	
	2015	2014	2015	2014
Average Number of Employees (Persons)				
During Production Season	6,862	6,694	2,264	2,158
During Normal Period	5,166	5,280	1,725	1,704
Expenses related to employees (Million THB)	1,608.86	1,508.47	558.35	522.22

As of 31 October 2015, the company had no significant labor disputes that may have a potential negative impact on its operations.

#### Personnel Development Policy

The company has always valued 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 grow 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



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communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the company has focused on developing better quality of life of employees. Also, the company has focused more on developing employees' knowledge and understanding about health and environmental safety in the workplace.

## **9. Corporate Governance**

### **9.1) Policy of Corporate Governance**

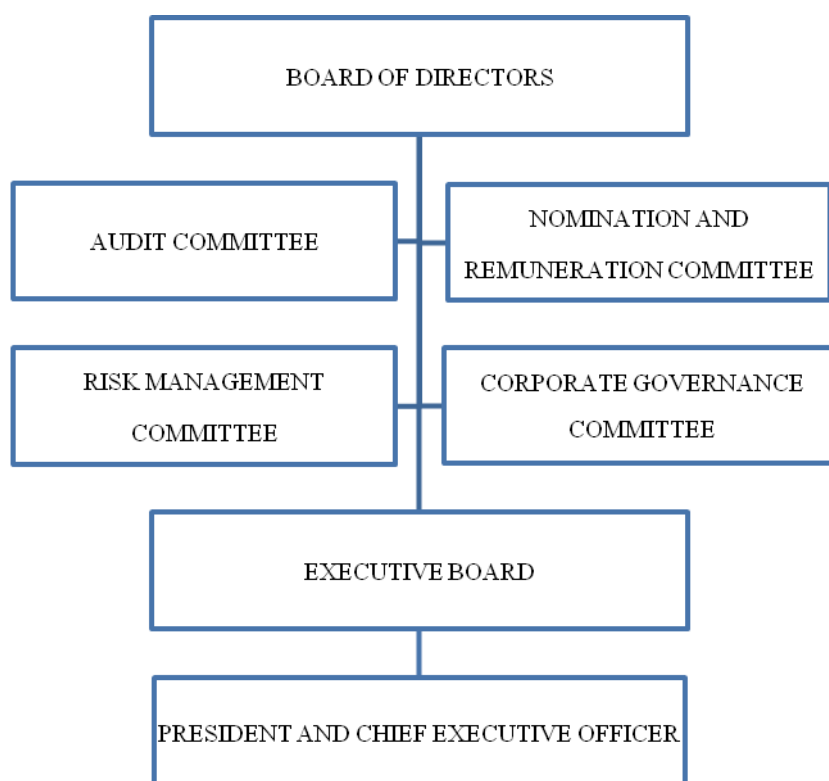
The Board of Directors deems it suitable to revise the Corporate Governance Policy, at its Meeting No. 3/2558 on 26<sup>th</sup> June 2015. The Company set the policy of Corporate Governance in 7 Chapters as follows: 1. Rights of shareholders, 2. Equitable treatment of shareholders, 3. Role of stakeholders, 4. Disclosure and transparency, 5. Role and Responsibilities of the Board of Directors (which include organization structure, qualification and structure of the Board of Directors and other committees such as the Board of Executive Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Governance Committee; this policy covers the board meetings, board self-assessment, and remuneration for directors and executives as well), 6. Anti-Corruption, and 7. Reporting Information on Misconduct and Fraudulent Activities.

### **9.2) Anti-Corruption Process**

On 26 September 2014 the Chairman of the Board of Directors had signed a letter of intent and acknowledged the commitment 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. At the moment, the Company is in the process of improving its manual, documents, and work processes to the alignment of the said commitment terms and its self-assessment guideline. The Company will submit its improvements to the Private Sector Collective Action Coalition Against Corruption Council (CAC) for further consideration and endorsement.

For the purpose of preparing required documentation and references to gain membership to the Private Sector Collective Action Coalition as prescribed by the Private Sector Collective Action Coalition Against Corruption Council (CAC), the Company has hired a specialist consultant for this task and estimated that membership application can be submitted before the Q4 of 2016.

### **9.3) Organization Structure**



### 9.3.1 Board of Directors

As of October 31, 2015, the Company's Board of Directors comprises of:

1. Mr. Manu	Leopairote	Chairman and Independent Director
2. Mr. Chamroon	Chinthammit	Director
3. Mr. Prapas	Chutimavoraphand	Director
4. Mr. Pornsin	Thaemsirichai	Director
5. Mr. Sukhum	Tokaranyaset	Director
6. Mr. Thawatchai	Rojanachotikul	Director
7. Mrs. Intira	Sukhanindr	Director
8. Ms. Duangdao	Chinthammit	Director
9. Mr. Somchai	Chinthammit	Director
10. Ms. Duangkae	Chinthammit	Director
11. Mr. Chalush	Chinthammit	Director
12. Mr. Chatri	Chinthammit	Director
13. Mr. Somchat	Chinthammit	Director
14. Mr. Tachpong	Pakornsiriwongs	Director
15. Mr. Pramoon	Vichiensin	Independent Director
16. Pol. Gen. Boonpen	Bumpenboon	Independent Director
17. Mr. Sitti	Leelakasamelurk	Independent Director
18. Mr. Karun	Kittisataporn	Independent Director
19. Mr. Worapatr	Todhanakasem	Independent Director
20. Ms. Nongluck	Phinainitisart	Independent Director
21. Mr. Trakarn	Chunharojrit	Director

The company has 21 directors, of which 9 are non-executive directors and 7 are independent directors. 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 Board of Directors is appointed by the shareholders' meeting. The Board has established the Corporate Secretary Office to recommend and assist the Board to conduct their duties in compliance with relevant rules, regulations and corporate governance. The office also coordinates and ensures that corporate shareholders receive appropriate treatment.

#### Scope of Duties and Responsibilities

The Board of Directors holds accountability to the shareholders in respect of the Company's business operation and supervision of management so as to be consistent with the policy, guidelines and goals to maximize shareholders' benefit within framework of good ethics and interest of all stakeholders.

1. Supervise the Company's administration for the best interests of the shareholders and perform duties with care, loyalty, obedience to law, avoidance of conflict of interest as well as to abide by laws, objectives, Articles of Association and resolutions of shareholders' meeting and to disclose information to shareholders in an accurate, complete and transparent manner.

2. Review and approve vision, policies, directions, strategies, and management plan including corporate governance policy and other policies relating to the Company's operations for accounting period year end.

3. Supervise the Management to comply with the determined policies, strategies, and directions with effectiveness and efficiency and regularly evaluate the Management's performance.

4. Consider and approve budgets in accordance with the Manual of Operational Power and for significant matters such as big project investment, related transactions, acquisition or disposal of assets, any other transactions prescribed by law, etc.

5. Provide accounting system, financial reporting and reliable accounting audit including evaluation process of internal control and internal audit, risk management, financial reporting and evaluation follow-up.

6. Supervise and take action to avoid conflict of interest among directors, shareholders, stakeholders and the Company.

7. Appoint sub-committees as necessary to help monitor the administration and the governance in various aspects, e.g., Executive Committee, Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee as well as to appoint Company Secretary.

8. Execute a Report of responsibility of the Board of Directors in financial reports by showing along with the report of the Auditor in Annual Report with the coverage on other significant matters according to the SET Code of Best Practice for Directors of Listed Companies.

9. Execute and submit report of shareholding of the Company's securities by the director, the director's spouse, the director's minor children to the Office of Securities and Exchange in accordance with the format and within the stipulated time.

The Board of Directors shall hold at least 6 meetings per year. The Board meeting dates are set in advance and all directors are notified of these dates. In 2015, the Board held 7 meetings. Additionally, non-executive directors held 1 meeting to discuss problems

concerning the management which is an issue of interest and notify the Managing Director of the results of said meeting as well.

### 9.3.2 The Board of Executive Directors

As of October 31, 2015, the Company's Board of Executive Directors consists of:

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

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

#### Scope of the Board of Executive Directors' 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 of attorney given to the Board of Directors must be controlled by related legislation and the Company's regulations. Any activities that benefit/may benefit or affect interest of any executive director or individual, or that may lead to conflicts of interest (according to the SEC), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and interested individuals are not allowed to vote in the Board of Directors' meeting concerning the issue.

In 2015, the committee held twelve meetings, and reports on their work were regularly presented to the Board of Directors.

### 9.3.3 Audit Committee

As of October 31, 2015, the Audit Committee comprises of:

- |                 |                 |          |
|-----------------|-----------------|----------|
| 1) Mr. Sitti    | Leelakasamelurk | Chairman |
| 2) Mr. Karun    | Kittisataporn   | Director |
| 3) Mr. Worapatr | Todhanakasem    | Director |
| 4) Ms. Nongluck | Phinainitisart  | Director |

The Chairman of the Audit Committee shall appoint the secretary of the audit committee.

#### Scope of Duties and Responsibilities:

1. Review to ensure accurate and adequate disclosure of financial statements.
2. Review to ensure the establishment of appropriate and effective internal control and internal audit systems.
3. Review to ensure that the Company's operations are in compliance with the rules and regulations of SEC and SET, as well as relevant laws.
4. Consider, elect and nominate the external auditor and also propose the external auditor's remuneration.
5. Consider the accurate and complete disclosure of related transactions or transactions that may lead to any conflict of interest.
6. Perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as to review the financial management and risk management policy, review compliance with business ethics of the management and review with the management the important reports required for disclosure to the public according to the laws, i.e. Management Discussion and Analysis, etc.
7. Prepare the Audit Committee's Report for disclosure in the company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least :
  - 7.1 opinion on appropriateness and completeness and reliability of the Company's Financial Statement;
  - 7.2 opinion on sufficiency of the Company's internal control system
  - 7.3 opinion on compliance with the rules and regulations of SEC and SET as well as relevant laws;
  - 7.4 opinion on appropriateness of the auditors;
  - 7.5 opinion report which may cause conflict of interest;
  - 7.6 number of Audit Committee Meetings and attendances of each member; opinion or overview observation, which the Audit Committee has obtained by performing its tasks in compliance with the charter;
  - 7.7 Any report which is deemed appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors.

8. Report all activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:

- 8.1 The Audit Committee's minutes of meetings clearly specifying the committee's comment in various issues;
- 8.2 The report of the Committee's comment on financial statement, internal audit and internal audit process;
- 8.3 Any report which is deemed appropriate for acknowledgement of the Board of Directors;

9. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriate.

- 9.1 Transactions in respect of conflict of interest;
- 9.2 Any suspicion or presumption of corruption, abnormality or flaw which are material to internal audit system;
- 9.3 Any suspicion that there are non-compliance with rules and regulation of SEC and SET or relevant laws.

In case that the abovementioned report has been already submitted to the Board of Directors and the discussion among the Board of Directors, the Committee and the Company's management has been made for further improvement and the Committee later finds that the rectification is ignored without appropriate reason, any member of the Committee can further report this matter to SEC and SET.

10. In case that the auditor finds any doubtful acts which are non compliance with the laws done by director, manager or any person who is responsible for the Company's operation and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection, the Committee shall report the outcome of preliminary inspection to the SEC and SET as well as the auditor for acknowledgement within 30 days after being informed by the auditor. Any doubtful acts required to be reported including the procedures to obtain the facts shall be in accordance with the Capital Market Commission's regulation.

11. Invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry.

12. Review the scope of works and responsibility as well as evaluate the Committee's performance on yearly basis.

The Audit Committee is delegated a three-year term and required to hold at least four meetings in a year.

The Audit Committee: Qualifications of the Audit Committee are in line with relevant SET requirements. All Audit Committee members are independent directors. Mr. Sitti Leelakasamelurk, Chairman of the Audit Committee, possesses sound knowledge, understanding, professional experience in accounting and finance. In 2015, the committee held five meetings, and reports on their work were regularly presented to the Board of Directors..

#### 9.3.4 Nomination and Remuneration Committee

As of October 31, 2015, the Nomination and Remuneration Committee consists of:

- |                |                |          |
|----------------|----------------|----------|
| 1) Mr. Pramoon | Vichiensin     | Chairman |
| 2) Mr. Karun   | Kittisathaporn | Director |
| 3) Mr. Somchat | Chinthammit    | Director |

4) Ms. Duangdao      Chinthammit      Director

The Chairman of the Nomination and Remuneration committee shall appoint the secretary of the Nomination and Remuneration committee.

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 Nomination and Remuneration Committee is delegated a three-year term and required to be held at least two meetings in a year.

The Nomination and Remuneration Committee: The Company required that the Remuneration Committee and Nomination Committee be combined. The Chairperson and the majority of the committee members shall be independent directors. Directors serve in this committee have expertise in several fields, such as governance, law, and human resource management. In 2015, the Nomination and Remuneration Committee held two meetings, and reports on their work were regularly presented to the Board of Directors..

### **9.3.5 Risk Management Committee**



As of October 31, 2015, the Risk Management Committee comprises of:

1)	Pol. Gen. Boonpen Bumpenboon	Chairman
2)	Mr. Sitti Leelakasamelurk	Director
3)	Mr. Worapatr Todhanakasem	Director
4)	Mr. Chalush Chinthammit	Director

As its position, the head of Risk Management Office is a secretary of the Risk Management Committee.

Scope of Duties and Responsibilities:

1. Develop risk management policies and prescribe management policy framework 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 and to evaluate, monitor and control the overall risk at acceptable level.
3. Encourage cooperation of overall risk management and review the adequacy of risk management policies and system, as well as effectiveness of the system and policy implementation.
4. Provide systematic and continual evaluation and analysis of probable damage within normal situation and critical circumstances to ensure that the risk survey covers all steps of business operation.
5. Support and develop the establishment of continual risk management within the Company to be consistent with international standards.
6. Report periodically to the Board of Directors the matters that need improvement to be in line with the prescribed policies and strategies.
7. Employ external consultant to give advice with corporate expense with prior approval from the Board of Directors
8. Perform any other tasks as assigned by the Board of Directors

The Risk Management Committee is delegated a three-year term and required to be held at least two meetings in a year.

The Risk Management Committee: The Board requires most of the Risk Management Committee members and the Chairperson to be independent directors. Directors serve in this committee have expertise in several fields, such as accounting and finance, management, investment, and corporate businesses. In 2015, the Risk Management Committee held four meetings, and reports on their work were regularly presented to the Board of Directors.

### **9.3.6 Corporate Governance Committee**

As of October 31, 2015, the Corporate Governance Committee comprises of:

1.	Mr. Worapatr Todhanakasem	Chairman
2.	Pol. Gen. Boonpen Bumpenboon	Director

- |                 |                |          |
|-----------------|----------------|----------|
| 3. Mr. Karun    | Kittisataporn  | Director |
| 4. Ms. Nongluck | Phinainitisart | Director |

**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 is delegated a three-year term and required to hold at least three meetings in a year.

The Corporate Governance Committee: All Corporate Governance members are independent directors. The Chairman has expertise in governance, management, and investment. In 2015, the Corporate Governance Committee held three meetings, and reports on their work were regularly presented to the Board of Directors..

**Responsibilities of the Board of Directors**

1. The structure of the Board consisted of 21 directors. 7 out of 21 are independent directors of which one, who is not the Managing Director, is the Chairman of the Board. The company's Board of Directors possesses skills and expertise in various fields, such as accounting, finance, law, governance, production technology, personnel, purchasing, marketing, real estate, internal audit, and information technology. Detailed profiles, qualifications, experiences, and ownership of directors are included in Form 56-1.

**Category of Directors**

No.	Name-Family Name		Category of Director			
			Shareholder Representatives	Non-Executive Director	Independent Director	Executive Director
1	Mr. Manu	Leopairote		/	/	

2	Mr. Chamroon	Chinthammit	/			/
3	Mr. Prapas	Chutimavoraphand	/			/
4	Mr. Pornsin	Thaemsirichai	/			/
5	Mr. Somchai	Chinthammit	/			/
6	Mrs. Intira	Sukhanindr	/			/
7	Mr. Trakarn	Chunharojrit	/			/
No.	Name-Family Name		Category of Director			
			Shareholder Representatives	Non-Executive Director	Independent Director	Executive Director
8	Ms. Duangkae	Chinthammit	/			/
9	Ms. Duangdao	Chinthammit	/			/
10	Mr. Tachpong	Pakornsiriwongse	/			/
11	Mr. Chatri	Chinthammit	/	/		
12	Mr. Chalush	Chinthammit	/			/
13	Mr. Sukhum	Tokaranyaset	/			/
14	Mr. Thawatchai	Rojanachotikul	/			/
15	Mr. Somchart	Chinthammit	/	/		
16	Mr. Pramoon	Vichiensin		/	/	
17	Pol.Gen. Boonpen	Bumpenboon		/	/	
18	Mr. Sitti	Leelakasamelurk		/	/	
19	Mr. Karun	Kittisataporn		/	/	
20	Mr. Warapatr	Todhanakasem		/	/	
21	Ms. Nongluck	Phinainitisart		/	/	
	Total		14	9	7	12

2. It is required that during the annual general meeting, one third (1/3) or close to one third of corporate directors resign. 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.

3. The Board of Directors has established the following committees: 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. 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, the Chair of the Board is not the chair or a member of those committees. The committees serve 2 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 , that director shall remain in the position as long as the committee's term

4. 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.

5. The company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency. The current corporate vision has been reshaped from being a sugar manufacturer to a producer of alternative energy which is environmentally friendly. The new vision is based on the idea that sugar is an energy source for human beings. Ethanol fuels automobiles. Fertilizer nourishes plants. Electricity energizes appliances. Corporate investments are in line with such vision.

6. The board has established corporate governance policy as follows: "The company is committed to corporate governance to build trust among shareholders, employees, and customers, as well as to create sustainable competitive advantage. It emphasizes internal control, internal audit, and risk management , as well as ensures that managements implement policies effectively in compliance with legislation and business ethics ." The policy has been communicated throughout the Co mpany. The company ensures that its personnel understand and compl y with the corporate governance . The work and corporate policies are always evaluated and reviewed annually.

7. The board has set a written ethics and codes of business conduct for the company's directors and employees, which cover key matters, such as honesty, integrity, conflicts of interest, and compliance with laws. Compliance to the codes is monitored, and penalties are

defined. Each year the Corporate Governance Committee evaluates, reviews, and revises the codes of conduct.

8. Prevention of Conflicts of Interest, The Board of Directors thoroughly considers and deals with transactions with (potential) conflicts of interest. The Audit Committee considers related-party transactions according to the SET legislation and procedure. Stakeholders in the related transactions are not allowed to decide on those particular transactions, which are fully and accurately disclosed in annual reports and from 56-1.

9. Efficient Administrations and Internal Control, 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.

10. Risk Management. 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.

11. 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. In 2015, the Board held 7 meetings, including 1 additional non-executive directors meeting. For the flow of the company's operations, there are monthly executive meetings where the board entitles the meeting to make decisions. In every board meetings, the board of directors is informed about matters that have been approved by the Company's executive meeting to ensure that the board is able to supervise, control, and monitor the work of managements on a regular basis.

In board meetings, the chairman, managing director, and secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently.

The board's secretary sends meeting documents to each director 7 days in advance of the meeting date. The documents are concise but sufficient for consideration. Confidential issues that cannot be disclosed in writing or prior to the meetings are brought to be discussed during the meetings.

In a board of directors meeting, the chairman of the board allocates adequate meeting time for managements' 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's secretary.

Non-executive directors also held meetings amongst themselves without the executive directors so that they may independently express their opinion on the Company's operation and management.

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, names of people preparing minutes, and names of those approving minutes. The minutes are bound and easy to retrieve. They cannot be changed. Numbers of the board meetings and attendance are disclosed. The board sets a meeting every 3 months in a year, and the executive committee has monthly meetings concerning the company's operating results. Information from the executive committee meetings is presented to the corporate board of directors.

In 2015, the board evaluated its works according to the applicable SET evaluation criteria. Also, there were evaluations of directors in groups and individually. The board considered the evaluation results and put forward recommendations for improvement.

#### **9.4) Selection of Directors and Management**

9.4.1 The nomination and remuneration committee has determined that an independent director: (1) must possess an amount of shares that does not exceed 0.5% of the total of voting shares; (2) must not involve in corporate management and must not be an employee or advisor including an audit advisor, a legal advisor, or any other type of advisor receiving salary, or a person with controlling power over the company, its subsidiaries and associates, or a person who may have conflicts of interest or may hold a stake in that manner not less than 2 years; (3) must not have any business relationship, interest or stake both direct and indirectly; (4) must not be a close relative or have other type of relationship with management and major shareholders that might result in lack of independence. Such requirements, which are stricter than other general requirements, have been approved by the company's board.

9.4.2 In the last fiscal year, the independent directors did not have any business relationship or provide any professional services to the Company.

##### **9.4.3 Nomination of Directors and Top Management Executives**

The Nomination and Remuneration Committee has determined policies, regulations, and procedures for nomination of directors in order to select and nominate qualified personnel to the Board of Director and shareholder for consideration in annual general shareholders' meeting. However, the criteria for consideration must be not less than

the qualifications specified in Section 68 of the SEC ACT B.E. 2535 (including the revised version) and related announcements of the SEC. The election of directors is organized in line with the following Company's regulations:

1. The corporate Board of Directors consists of at least five directors, which not less than half of the number of directors must reside in the Kingdom. The directors must be qualified individuals who do not possess characteristics as prohibited by the laws.
2. 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 be granted the final vote.
3. In an annual general meeting, one third of the directors are required to resign. If the total number of directors does not allow such division, the number of directors to resign should be at the closest to one third of the total.

#### **9.5) Company Secretary**

The Board of Directors had appointed Mr. Dhajjai Subhapholsiri as the Company Secretary whose duties includes giving advice to the directors as to the compliance with laws and regulations regarding their responsibilities, arranging board of director meeting, shareholder meeting, and meeting reports and all other works required by the law.

Additionally, the Company supported the Company Secretary to gain more knowledge and training in law and company secretary duties as well as disclosing his qualifications and experiences within the Company's annual report.

#### **9.6) Governance for subsidiaries and associates performance**

- 9.6.1 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.
- 9.6.2 The directors who represent the Company shall participate in decision of policy such as investment in projects, etc.

#### **9.7) Use of inside 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; provided that the trading of company security within one month before the corporate financial statements is to be publicized shall be prohibited in order to avoid conflict of interest.

#### **9.8) Auditor fee**

In 2015, the Auditor fee of the Company and subsidiaries shall be the amount of THB 7,355,000.- and other fees shall be the amount of 200,000 baht

#### **9.9) Good Corporate Governance Practices**

The Board of Directors considers the importance of corporate governance and understands its functions, duties, and responsibilities to the Company, shareholders and stakeholders, as well as observes the Stock Exchange of Thailand's Code of Best Practice for the Director's of Listed Companies as follows:

##### Rights of Shareholders and Equitable Treatments of Shareholders

1. The Company always respects rights of its shareholders: basic shareholder rights as prescribed the law, ownership right through appointment of the Board of Directors, and other rights as appropriate. The Company takes care of its shareholders more than legal requirements, such as provision of information, news, updates through the corporate website. Important news for shareholders is notified by letters. Shareholders are welcome to visit the Company by request.

2. The Company provides shareholders, prior to a meeting, with information on the date, time, venue, and all agenda items concerning issues to be decided. A notice of a meeting and support documents are sent to corporate shareholders at least 7 days in advance. The notice of the Annual General Meeting of Shareholders for the year 2014, No. 1/ 2015 was posted on the Company's website so that shareholders could study all the information prior to receiving the notice in documentation.

3. The Company's website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is [www.kslsugar.com](http://www.kslsugar.com). Inquiries and requests for further information may be e-mailed to [ir@kslgroup.com](mailto:ir@kslgroup.com) and [secretary@kslgroup.com](mailto:secretary@kslgroup.com)

4. The Company facilitates and encourages its shareholders to exercise their rights and votes. There are two closing times of the transfer book. The Shareholders Register is first closed for

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shareholders' right to attend a shareholders' meeting, allowing the shareholders to consider and approve the annual dividend payment. The Register is closed again for shareholders' right to receive dividends, allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company's head office. The meetings are notified in newspapers. Shareholders can register about one hour prior to each meeting. Should a shareholder not be able to physically present at a meeting, they may appoint their proxy or an independent director as their proxy to attend and vote in the meeting.

5. The Company held the Annual General Meeting 2014, No. 1/2015 on February 27, 2015, where all 21 directors were present. Corporate shareholders were given opportunities to directly inquire the corporate directors and committees. The Company does not deprive its shareholders of access to corporate information. All important information, for instance, 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.

6. The Company allows its shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, the proposal may be submitted by one single shareholder or several shareholders holding at least 5% of total shares. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the Board of Directors' meeting will consider and select the proposals. Shareholders will be informed about the Board's meeting resolutions and reasons in detail regarding the proposals through the Company's website and corporate shareholders did not propose any additional matters to be included in the shareholders' meeting agendas. Moreover, the Company encourages its shareholders to electronically submit the Board their inquiries related to shareholders' meeting agendas via its website prior to shareholders' meeting dates.

7. The Company has facilitated nomination of candidates for corporate directors by shareholders. Guidelines for the procedure and criteria have been provided. For instance, registered mail can be used for shareholders' submission of their nominations to the Company's Secretarial Division. Periods of time for accepting shareholders' director nominations are defined. Forms for nominees' profiles are provided. The procedure for nominees' declaration of their consent is explained. Detailed information regarding the nomination is posted on the Company's website. After nominations are accepted, the board of directors' meeting will consider the nominations. However, up to the present there has been no nomination from corporate shareholders.

8. The Company provides information on a shareholders' meeting for its shareholders on the corporate website. Hard copies of the same information are also sent to corporate shareholders. Shareholders' meeting notices and support documents are sent to shareholders at least 14 days in advance.

9. In the annual shareholders meeting notice, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. It nominated corporate independent directors: Mr. Manu Leoparote and Mr. Karun Kittisataporn as the shareholders' proxies. Shareholders were provided with standard proxy forms for indicating their opinions in voting.

10. Agenda of the 2014 Annual Shareholders' Meeting (1/2015) notice covered statement of financial position, profit and loss statement, reduction of unpaid registered capital, change in registered par value, dividend payment, increase of capital to accommodate the share dividend, allocation of ordinary shares to accommodate the share dividend, election of replacement directors whose terms have ended, consideration of remuneration for directors, and approval of auditor for the year 2015.

11. In the AGM 2014, No. 1/ 2015 the Chair informed corporate shareholders about procedures relevant to the meeting including voting procedure. The shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the Company's financial statements and operating results. In director appointment, the shareholders voted on each nominated director. Voting cards were used. The meeting was recorded on video.

12. In minutes of the AGM 2014, No. 1/ 2015, names of all the directors physically present/absent were shown. All corporate directors were present. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the corporate website within 14 days after the AGM.

13. 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.

14. 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.

### 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, for instance, customers, employees, trading partners, 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:** in "Rights of Shareholders and Equitable Treatments of Shareholders" relating to adhering to other good corporate governance principles, the Company aligned its business ethics with its corporate governance policy and guidelines related to shareholder's rights and equal treatment of shareholders.

**Rights of Employees:** The Company aligned its business ethics with its corporate governance policy and guidelines related to employee treatment under the role of stakeholder topic. The Company respects its employees' legal rights according to the Labor Protection Act and related laws. It ensures fair and equal treatment for all employees regardless of their ranks, nationalities, religious beliefs, and gender. Employees are entitled to benefits according to their positions without discrimination. For transparency and fairness in employees' promotions and pay raises, the Company has established a committee comprising of Management of different departments. To support its growth, the Company encourages the development of its employees' knowledge and skill through in-house and outside training. Provident fund has been set for corporate employees' security. The Company upholds Thai Labor Standard (TLS 8001-2553) on human rights and social responsibility. It was given full and highest accreditation by the Department of Labor Protection and Welfare, Ministry of Labor, with the Thai Labor Standard (TLS: 8001-2553) for seven consecutive year.

**Rights of Customers:** Apart from customers' rights specified in contracts, the Company cares about their satisfaction. Follow-up and customer satisfaction evaluating systems have been established. Follow-ups and satisfaction evaluations are done periodically in line with ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER. The aim is to promote long-term relationships between the Company and customers.

**Rights of Trading Partners:** The Company aligns its business ethics with its corporate governance policy and guidelines related to partners treatment under the role of stakeholder topic. The Company shall support fair and ethical competition, equality of the partnerships in operations and mutual benefits. The Company established required criteria for partners/suppliers to qualify for project bidding and made such requirements known publically. The Company transparently and fairly disclose a complete and accurate information and requirements for project bidding to partners/suppliers, keeping price quotations from each suppliers confidential, and do not seek additional gains in exchange for purchasing contract.

Trading partners not only refers to those that hold buying and purchasing contracting with the company but also includes joint venture partners. The Company always respects its trading partners' legal rights and rights as specified in joint venture agreements. It adheres to integrity, equality, and rights of benefits corresponding to their investments.

**Rights of Creditors:** The Company aligns its business ethics with its corporate governance policy and guidelines related to creditor treatment under the role of stakeholder topic. The Company shall respect the agreements made with creditors regarding debt payments, deposit returns and safekeeping, and others requirements such as reporting accurate information about the Company's financial position to creditors and maintain debt to equity ratio. The Company has earned trust among its creditors from ethical operations. Information and updates concerning the Company and its financial status are provided for the Company's creditors.

**Rights of the Community and Environment:** The Company has corporate governance policy and guidelines relating to community treatment under the role of stakeholders. The Company shall support and participate in charitable and community development activities to create good relationships and improve quality of life for communities surrounding our business operations. The Company collaborates with the government sector and agencies, helps developing public infrastructure, provides financial supports, and promotes social activities that bring understanding and sustainable development to the community. Projects supported and developed by KSL in 2015 are as follows: Medical Check-Up for Communities surrounding Khon Kaen Factory, Blanket Giveaway to elderly for Cold Weather Relief in areas around our factories in Khon Kaen and Loei, Smile Library book donation to schools in Khon Kaen and Kanchanaburi, "Long Tun Soon Tarn" Fund, a Philanthropic Investment that focus on using return on investment to fund long term CSR projects, KSL's "Love Nature, Plant Coral" event that brought KSL group employees to help plant corals at around ToeyNgarm Beach, Navikayothin Gulf, Sattahip District, Chonburi Province, fund raising for Rama Thibodi Foundation in order to build

the Chakri Naruebodindra Medical Institute in Samutprakarn Province, completed the 70<sup>th</sup> Year KSL, 70 Sufficiency Programs in 2015 by creating 70 Sufficiency Economy Learning Centers to train communities of such principles, 2015 Annual Scholarships to employee's children, and donation to earthquake disaster relief in Nepal through the Khon Kaen Office of Ministry of Industry.

The Company has always been responsible to the society and environment. It strictly complies with applicable laws, such as environmental laws.

The Company has corporate governance policy and guidelines related to environmental protection. The Company shall use natural resource and power efficiently, protect the quality of the environment and do not emit waste and pollution. For projects that may have a potential impact on the community and environment, the company conducts public hearings and tries to minimize those effects. Specific procedures have been set for environmental and social factor studies, minimizing environmental and social impact, along with feasibility studies.

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 at [ia@ksigroup.com](mailto:ia@ksigroup.com) or fax the at 02-642-6092. 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.

#### Disclosure of Information and Transparency

The company ensures that corporate 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. Annual statements (Form 56-1) and annual reports are disclosed through the SET channels and corporate website, [www.kslsugar.com](http://www.kslsugar.com). There are also updates related to the company and the industry posted on the website to facilitate decision-making of those involved.
2. 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.
3. 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.

4. A statement of the Board of Directors' responsibilities for the company's financial statements is provided along with the auditor's report in the corporate 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 that the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Board Chairman and Managing Director.

5. Contents of the Company's website consist of 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.

6. 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](mailto:ir@ksigroup.com) or the following contacts:

- |    |                                |   |
|----|--------------------------------|---|
| 1. | Mr. Meechai Piyavisadpat       | Telephone: 02-642-6230, ext. 279<br>Email: <a href="mailto:meechai@ksigroup.com">meechai@ksigroup.com</a> |
| 2. | Mr. Chanachai Chutimavoraphand | Telephone: 02-642-6230<br>Email: <a href="mailto:chanachai@ksigroup.com">chanachai@ksigroup.com</a>       |
| 3. | Mr. Chalush Chinthammit        | Telephone: 02-642-6230<br>Email: <a href="mailto:chalush@ksigroup.com">chalush@ksigroup.com</a>           |

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. Additionally, in 2015, the Company participated in the "Opportunity Day" program organized by SET that provides an opportunity for listed companies to present their business, operating results, and give updates on their current and future projects to investors, analysts, and the press.

For foreign investors, the company collaborated with securities companies and financial analysts to prepare for various road shows presenting its operating results and project progress. In the previous year, the company attended conferences presenting corporate operating results and progress in Singapore and Hong Kong in conjunction with the Stock Exchange of Thailand. Visits to the company have been arranged for domestic and foreign investors. Appointments can be made in advance with the company's investor relations team.

## **10. Corporate Social Responsibilities**

Khon Kaen Sugar Industry Public Company Limited is strongly committed to operating its businesses responsibly. The company's corporate social responsibility (CSR) programs are created to continuously support the local communities and the environment that surrounds them. The company believes in respecting human rights and the protecting the interests of its stakeholders including the society and the country at large, through ethical practice and transparent operations.

The company is determined to advance its sugar and related businesses ethically and responsibly. Its commitment towards stakeholders, communities, society, and environments are detailed as follow:

### **1. Corporate Governance**

The company aims to become part of a leading organization in Thailand. To this effect, it looks to promote sustainable growth, to build good reputation and credibility amongst its investors and other stakeholders, to adopt ethical business practices and to strictly follow good corporate governance guidelines.

### **2. Respect for Human Rights**

The company supports the principle of human rights. To this effect, it will conduct activities that support human rights and the right to freedom. The company believes in the principle of equality and will not tolerate discrimination of race, age, and gender. It is also against the use of child labor and any form of corruption. At present, the Company is in the process of applying for no child labor and no force labor workplace certification.

### **3. Fair Employee Treatment**

The company will give fair compensation to its employees at the level that is appropriate to the industrial environment of Thailand and any changes in the organizational structure will be done responsibly and in accordance with the law of Thailand. The company created an Employee Benefit Committee so that its employees can participate in the management of the benefits that they will received. The objectives are to provide further benefits to employees so that they can work happily and more efficiently. The company also created a provident fund that would help employees save and invest money towards their retirement. The company received its TLS 8001-2546 certificate, the highest recognition for businesses that operate with social responsibility from Department of Labor Protection and Welfare of Thailand and has been maintaining the same standard for 8 consecutive year. Additionally, the company created Health and Safety Committee to oversee the health and safety policy and practice at all its factories.

The committee is responsible for regularly testing safety alarms, placing fire extinguishers at appropriate locations, organizing fire drills and related training.

#### **4. Care for the Environment**

The company has in place an environmental policy that strictly follows the government law and regulation as well as other environmental standards such that it may be able to reduce and/or eliminate waste systematically. It also has put in place measures to ensure the efficiency of its waste management and collect data to compare and improve its waste reduction performance. For example, at its sugar mills, the company use the wet scrubber technology to catch dust from heating the steamer; at ethanol plant, the waste water from production is used to mixed with filter cake (by product of making sugar) to make bio-fertilizer that is environmentally friendly and good for local cane farmers. Prior to the start of any new project that may negatively affect the environment and local communities, the company will first conduct an environmental impact assessment (EIA) first so that it may analyze the positive and negative results from the project and set policies to prevent and reduce its environmental impact.

#### **5. Adopt Good Business Ethics**

The company intends to conduct its operations ethically, in compliance with the law and societal practice, and remain politically neutral.

#### **6. Customer and Supplier Care**

The company place great importance in producing high quality sugar that is safe for human consumption. It also aims to continuously provide good service to its customers and suppliers and hope that in return, the company will receive the same high quality and service from them and therefore able to build a longstanding relationships.

#### **7. Community participation and development**

The company considers the needs of the community and the importance of people as vehicle of building strong and ethical communities. It supports activities that help educate people, build strong culture and society, and improve quality of everyone's life. The company encourages its employees to participate and volunteer in all activities that will positively serve society.

Additionally, the company's management strongly supports his majesty King Rama 9<sup>th</sup> "Sufficiency Economy" philosophy. The company established AgriNature Center on its KSL Riverkwai estate located in Kanchanaburi province. This center becomes a member to the AgriNature Foundation that is founded to help people put his majesty's philosophy into practice. The company systematically promotes this philosophy to its employees and to interested individuals from the communities surrounding its factories through hands-on training at the AgriNature Center so that they may adopt his majesty's sufficiency economy philosophy and used it in their daily life.



The company believes that its continuous efforts in its various different CSR programs can help improve the quality of life of its stakeholders and help the company and the society at large to build a sustainable future together.

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

### **Internal Control**

The company values strong internal control system that can adequately protects the interest of all its stakeholders. By applying a suitable internal control model, the company can achieve its corporate goals effectively and efficiently in terms of its operation, financing, risk management, and corporate governance.

The Internal Audit Committee reviewed the sufficiency of the company's internal control system on a quarterly basis with the Internal Control Office and the Certified Public Accountant and considered it to be sufficient to support the company in achieving its goals efficiently and effectively. The company's financial report is reliable and the company is complying with its rules and regulations.

Internal audit is an important part of internal control system. The Internal Audit Committee appointed the Internal Audit Office to review the Company's activities for compliance with the internal control system according to the assessment plan and processes approved by the Audit Committee to assess the sufficiency and effectiveness of the current internal control system and reported to the results to the Audit Committee every quarter. In 2015, the Committee did not find any conflict of interest, fraud, abnormal and/or significant defects in the internal control system or other items that would be in violation of the law or the regulations of the Thailand's Stock Exchange.

### **Risk Management**

The company's Risk Management Committee set the risk management policy and process for the management to execute. The management team is responsible for identifying risk factors and planning effective control systems. By considering the risk factors, the management can develop a better business model and control system that will enable it to manage risk at an acceptable level.

During 2015, the Risk Management Committee and the Office of Risk Management and System Development completed the following tasks:

1. Created Work Manuals for factories' HR department, mechanic room, stockroom, petrol storehouse, sugar and molasses warehouse. For head office, reviews and improvements to internal control system were made to ensure all business units implement the controls consistently.
2. Reviewed the Risk Management Charter, its objectives, and the jurisdiction of the Risk Management Office as well as its manual and operating guidelines for the year 2015/2016.

3. Developed training tools and manual on Business Continuity Management System (BCMS) and anti-corruption measures based on KSL' Corporate Governance Policy & Manual (2015).
4. Conducted training for management and employee levels at all 7 sites of operation.
5. Assessed the Company's internal control and risk management according to CORSO-ERM as well as reviewed possible corruption risks for the Year 2015 at all 7 sites of operation.
6. Identified possible causes of risks and individuals responsible for prevention of such risks in different business units for 2015/2016, having been considered and approved by the Risk Management Committee.
7. Developed new risk analysis and assessment plan for 2015/16 as well as identifying basic guidelines and procedure to mitigate such risks and included it in the risk assessment report for the Risk Management Committee meeting 4/2015.
8. Held preparation meeting for Office of Risk Management and System Development to go train staffs in 7 operation sites according to the new risk analysis and assessment plan above.
9. Produced four risk assessment reports for 2015 that are tailored to each business departments in all 7 sites of operation and distributed them to designated responsible personnel.
10. Presented risk assessment report of 2015 for the Company and subsidiaries to the Board to demonstrate risk items that are constant, decreasing, and increasing and the related causes of such risks so that the management can use it to better plan and mitigate such risks in their business units.

Additionally, the Risk Management Committee reviewed the internal audit assessment and risk management policy according to COSO-ERM and assessed fraudulent risk internal to the organization following the previously mentioned guidelines and policies of anti-fraud and anti-corruption described by the Collective Action Coalition, good corporate governance, ethical business conduct, procedure for reporting misconduct, fraud, investigation of fraudulent activities, and protection of informants. The Committee found that the internal control system of the Company and its subsidiaries are within acceptable level and can be further developed to align with the Company's objectives.

## **12. Related party transactions**

Related party transactions for the year ended 31 October 2015 and 2014 disclosed in this section comprise of transactions between the enterprises and subsidiaries, associated, and individuals that may have the conflict of interest as follows:

### **Related Party Relationship as at October 31, 2015**

#### **Subsidiaries**

<b>Company name</b>	<b>Relationship</b>
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%.
K.S.L. Real Estate Co., Ltd. Housing and land for agriculture estate including holiday resort for training, seminar center and Office building for rent	K.S.L. 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%.
Thai Sugar Terminal Public Company Limited Locating, silo warehouse and property rental	Thai Sugar Terminal Public Company Limited is a subsidiary of and controlled by the company which owns 23.82% of the subsidiary's shares. Major shareholders and directors of the company own 38.36% of the subsidiary's shares. The company also has common directors namely Mr. Prapas Chutimavoraphand, Mr. Somchai Chinthammit and Mr. Chalush Chinthammit.

Company name	Relationship
K.S.L. Export Trading Co., Ltd. Export sugar as exporting agent	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 33.87%, 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.
Savannakhet Sugar Corporation Agricultural Operation, Manufacture and distribution of sugar and molasses	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.
Koh Kong Sugar Industry Co., Ltd. Manufacture and distribution of sugar and molasses which are during investment process	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.
Koh Kong Plantation Co., Ltd. Agricultural Operation	The Company holds shares indirectly 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.

### Associates

Company name	Relationship
Champion Fermentation Co., Ltd. which manufacture and distribute of glutamic acid and glutamate (Present the company has Holding company.)	Champion Fermentation Co., Ltd. is an associate of and controlled by the company which owns 32.50% of the associate's shares. Major shareholders and directors of the company own 18.00% of the subsidiary's shares. Other major shareholders are a group of Taiwanese businessman. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset and Mr. Thawatchai Rojanachotikul.

**Related Companies**

<b>Company name</b>	<b>Relationship</b>
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. Chatri 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 51.31% of Raja Ceramics Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, Mr. Trakarn Chunharojrit 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 47.10% 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.
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 78.50% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkhae Chinthammit, Ms. Duangdao Chinthammit and Mr. Prapas Chutimavoraphand.
K.K. Wood Industry Co., Ltd. Manufacture and distribution of processing products	K.K. Wood Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 93.01% of K.K. Wood Industry Co., Ltd.'s shares. There is no common director.
Amarco Co., Ltd. Distribution of pesticide products	Amarco Co., Ltd. is controlled by the same shareholder group of the company who owns 100% of Amarco Co., Ltd.'s shares. There is no common director.

**12.1 The following transactions were carried out with related parties:****12.1.1 Sales and purchases of goods and services including balance transaction (for the year ended 31 October 2015 and 2014)**

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 15	31 Oct 14	
Thai Fermentation Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of molasses - Other accounts receivable	26,412 9	28,398 -	The Company and its subsidiaries sold molasses to Thai Fermentation Industry as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms. Tamaka Sugar Industry provided a service of modify machine to Thai Fermentation Industry which carried out at cost plus administrative expense.
	Tamaka Sugar Industry Co., Ltd.	- Service fee of modify machine - Other accounts receivable	- 2,589	2,420 2,589	
	KSL Ago & Trading Co., Ltd.	- Sales of sugar	271	265	
	New Kwang Soon Lee Sugar Factory Co., Ltd.	- Sales of sugar and molasses - Trade accounts receivable	- -	28,088 31	
K.K. Wood Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of supply and parts	456	75	The Company sold other product consisted of supplies and spare parts to K.K. Wood Industry Co., Ltd. to put into production process which carried out at cost plus administrative expense.
		- Trade accounts receivable	14	36	
		Sale of sugar			
		- Other accounts receivable Sale of supply and parts	4	3	
Khon Kaen Sugar Industry Public Company Limited	Thai Fermentation Industry Co., Ltd.	- Sale of chemical and water	475	1,104	The Company's group purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The product price of Thai Fermentation Industry Co., Ltd. was less than the others from price comparison because they were by product from production process.
		- Trade accounts payable	-	243	
		- Other accounts payable (Incidental expenses)	74	54	
Tamaka Sugar Industry Co., Ltd.		- Sale of chemical and water	18	23	
		- Other accounts payable (Incidental expenses)	-	-	
New Krung Thai Sugar Factory Co., Ltd.		- Sale of chemical and water	18	23	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Sale of chemical and water	28	84	
		- Other accounts payable (Incidental expenses)	-	2	

Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 14	31 Oct 14	
Khon Kaen Sugar Industry Public Company Limited	K.S.L. Export Trading Co., Ltd.	- Service fees of goods exporting	5,803	4,276	Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugarcane 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	2,723	2,411	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of goods exporting	6,334	4,203	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of goods exporting	771	770	
Savannakhet Sugar Corporation		- Service fees of goods exporting	370	-	
Khon Kaen Sugar Industry Public Company Limited	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer	17,738	32,942	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	1,391	1,333	
		- Other accounts receivable	694	-	
		- Other accounts payable	359	487	
Tamaka Sugar Industry Co., Ltd.		- Service fees for goods custody and transfer	18,072	24,638	
		- Other income	2,391	1,982	
		- Other accounts payable	-	186	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees for goods custody and transfer	13,982	13,433	
		- Other income	1,031	705	
		- Other accounts receivable	3	70	
		- Other accounts payable	110	509	
		- Accured Expenses	228	-	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees for goods custody and transfer	820	11,338	
		- Other income	200	1,719	



Customers	Sellers/ Service providers	Type of Transaction / Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 15	31 Oct 14	
Khon Kaen Sugar Industry Public Company Limited	K.S.L. IT Center Co., Ltd.	- Service fees of computerized activities	5,854	4,310	K.S.L. IT Center Co., Ltd. was established for serve computer service center within the group companies. The said company priced service fees calculated by investment cost and operating expense to allocate according to actual data usages of each company.
		- Prepaid expenses	367	147	
Tamaka Sugar Industry Co., Ltd.		- Service fees of computerized activities	1,876	2,018	
		- Prepaid expenses	204	50	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of computerized activities	2,851	2,995	
		- Prepaid expenses	245	124	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of computerized activities	1,438	1,735	
		- Prepaid expenses	90	46	
K.S.L. Real Estate Co., Ltd.		- Service fees of computerized activities	19	22	
K.S.L. Export Trading Co., Ltd.		- Service fees of computerized activities	164	205	
Savannakhet Sugar Corporation		- Service fees of computerized activities	410	531	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of computerized activities	497	685	
Koh Kong Plantation Co., Ltd.		- Service fees of computerized activities	137	157	

12.1.2 Rental fee (for the year ended 31 October 2015 and 2014)

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Unit : Thousand Baht Necessity and reasonableness of Connected Transaction
			31 Oct 15	31 Oct 14	
Khon Kaen Sugar Industry Public Company Limited	On Nuj Construction Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/09/14-31/08/15)	730	730	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.
	Chengteh Chinaware (Thailand) Co., Ltd.	Office rental area of 495.54 square meters and car park at the rate of Baht 300 and 242 per square meter per month respectively and are allowed to be renewed annually (01/01/15 - 31/12/15)	1,784	1,727	
	K.S.L. IT Center Co., Ltd.	Office rental area of 432.62 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/08/14 – 30/07/15)	1,557	896	
	Amarco Co., Ltd.	Land rental area of 536 square meters at the rate of Baht 1,996 per square meter per month for the period of 20 years (01/02/04-31/01/24) with rental rate will be raised 10% every 3 years.	24	23	

Unit : Thousand Baht

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 15	31 Oct 14	
	K.K. Wood Industry Co., Ltd.	Land rental area of 1,728 square was at the rate of Baht 99,200 per annum and are allowed to be renewed every 3 years (15/01/14-14/01/17) with rental rate will be raised 10% every 3 years.	99	97	
	K.S.L. Export Trading Co., Ltd.	Office rental area of 33.48 square meters at the rate of Baht 300 per square meters per month and is allowed to be renewed annually (01/10/15-30/09/16)	10	-	
Tamaka Sugar Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	Office rental area of 30.00 square meters with furniture at the rate of Baht 300 per square meters per month and is allowed to be renewed annually (01/09/14-31/08/15)	99	108	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.
Champion Fermentation Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	Land rental area of 270 rai at the rate of Baht 740 per rai and is allowed to be renewed every 3 years (04/08/13-03/08/16)	200	200	Land leasing is for a plot of experimental sugar cane plantation and sugar cane research. Rental fees were charged at market prices.

12.1.3 Borrowings from/ Loans to related parties (for the year ended 31 October 2015 and 2014)

Unit : Thousand Baht

For the year ended 31 October 2015							
Borrower	Lender	As at 1 Nov 2014	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2015	Interest paid	Necessity and reasonableness of Connected Transaction
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	3,200	7,900	(5,000)	6,100	166	Khon Kaen Sugar Industry Public Company Limited has got 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 2.05-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

For the year ended 31 October 2014							
Borrower	Lender	As at 1 Nov 2013	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2014	Interest paid	Necessity and reasonableness of Connected Transaction
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	-	3,200	-	3,200	1	Khon Kaen Sugar Industry Public Company Limited has got 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 1.25-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

For the year ended 31 October 2015							
Borrower	Lender	As at 1 Nov 2014	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2015	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	956,645	(956,645)	-	8,343	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. and no fee is charged for the inter-credit facility guarantee.

Unit : Thousand Baht

For the year ended 31 October 2014							
Borrower	Lender	As at 1 Nov 2012	Loan addition during the period	Repayme nt during the period	As at 31 Oct 2013	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	764,480	(764,480)	-	7,014	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. and no fee is charged for the inter-credit facility guarantee.

Unofficial Translation

**Policy on Future Related party transactions**

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

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 and 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 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.

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, and compliance with the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

**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:-

1. Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 38.36% of the TSTE's shares. Mr. Prapas Chutimavoraphand and his family invest in TSTE for its personal interest and do not relate to the company. The company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Consequently, the company could not alter TSTE's capital structure and has no policy forcing the directors of the company to sell their shares to the company. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies because the shareholding proportion in the company of most shareholders and directors is higher than their shareholding proportion in TSTE. 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.

2. Champion Fermentation Co., Ltd.

The individuals having potential conflict of interest own 18.00% of Champion Fermentation Co., Ltd.'s shares. Other major shareholders are a group of Taiwanese businessman. Champion Fermentation Co., Ltd., formerly, has no business transactions except land leasing. However, Champion Fermentation Co., Ltd. has invested in cassava starch industry which does not relate to sugar industry in the end of 2004. The purpose of investment is for dividend received in the future.

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 2013	Miss Wimolporn Boonyusthian, Certified Public Accountant, Registration No. 4067, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Year 2014	Miss Wimolporn Boonyusthian, Certified Public Accountant, Registration No. 4067, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Year 2015	Miss Wimolporn Boonyusthian, Certified Public Accountant, Registration No. 4067, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

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

Year 2013	The Auditor reviewed corporate financial statements and issued unconditional opinions.
Year 2014	The Auditor reviewed corporate financial statements and issued unconditional opinions.
Year 2015	The Auditor reviewed corporate financial statements and issued unconditional opinions.

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

The financial statements for 2013, 2014, and 2015 include a total of 14 subsidiaries (excluding subsidiaries of Thai Sugar Terminal Public Company Limited).

**Table 13.1: Percentage of Direct and Indirect Corporate Shareholding**

	<u>% of Shareholding</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	90.21
New Krung Thai Sugar Factory Co., Ltd.	95.78	95.78	95.78
New Kwang Soon Lee Sugar Factory Co., Ltd.	98.61	98.61	98.61
KSL Real Estate Co., Ltd.	80.31	91.02	91.02

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KSL Export Trading Co., Ltd.	79.55	79.55	79.55
KSL Chemicals Co., Ltd.*	100.00	100.00	100.00
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	100.00
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	100.00
KSL Agro and Trading Co., Ltd.	100.00	100.00	100.00
Savannakhet Sugar Co., Ltd.	98.49	98.49	98.49
Koh Kong Plantation Co., Ltd.**	70.00	80.00	80.00
Koh Kong Sugar Industry Co., Ltd.	70.00	80.00	80.00
Wynn In Trading Co., Ltd.	100.00	100.00	100.00
Thai Sugar Terminal Public Company Limited***	23.82	23.82	23.82

## NOTE:

\* Formerly name KSL Chemicals Co., Ltd.

\*\* Koh Kong Plantation Co., Ltd. holds shares through Wynn In Trading Co., Ltd.

\*\*\* Although the company only has 23.82 % shareholding in Thai Sugar Terminal Public Company Limited, it has controlling power in that particular company. Thai Sugar Terminal Public Company Limited is, therefore, considered a corporate subsidiary. Thai Sugar Terminal Public Company Limited, a KSL subsidiary listed in the SET as TSTE, has 5 subsidiaries:

TSG Assets Company Limited operates real estate rentals. TSTE holds 23.11% shares.

TS Oil Industry Company Limited (formerly name as TSG Property Company Limited) trades, leases, develops real estate, and operates a palm oil refinery plant. TSTE holds 28.48% shares directly and indirectly.

TS Flour Mill Public Company Limited rents out real estate and manufactures wheat flour. TSTE holds 16.59% shares directly and indirectly. It is also listed in the SET as TMILL.

TS Warehouse Company Limited stores and transfers goods. TSTE holds 19.30% shares directly and indirectly.

TS Transport and Logistics Company Limited provides transport and security service. It also manufactures plastic sacks. TSTE holds 30.58% shares directly and indirectly.

*For further details, refer to Listed Company Information on Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Public Company Limited (TMILL).*

**13.3) Profit and Loss Statement**

In 2015, the company generated the revenues from operations of THB 18,866 million, in total, decreasing from that in the previous year by 2%. The revenue from sales amounted to THB 18,378 million and the revenue from services amounted to THB 488 million. Although the sugar price declined 17-21% in 2015 but the company had sales volume increase of 10%. As a result, revenue from sales decreased only 2% compare to previous year. The company's total cost was THB 14,837 million, increasing from that of the previous year by 3% which is derived from sales volume, fixed cost.

Other incomes amounted to THB 661 million, increase by THB 214 million due to gain on derivatives (Sugar hedging) and Processing compensation since final sugarcane price is less than provisional sugarcane price.

.....Certified Accurate

The company had profit before selling and administration expenses totaled THB 4,690 million, decreasing from that of the previous year by 11%.

Regarding the selling and administrative expenses

- (1) The company incurred selling expenses totaled THB 595 million, decreasing by 4% due to decrease in transportation and storage cost.
- (2) Administrative expenses totaled THB 864 million, increasing by 19% which caused by FX losses of THB 110 million. There is also management remuneration cost of THB 197 million
- (3) Fee paid to Sugar Fund, THB 1,157 million from domestic sugar sales volume increase (Quota A).

Subsequently, the company had the profit before financial cost and tax expenses totaled THB 1,877 million, decreasing by 31 %.

In 2015, the company incurred financial cost of THB 849 million, an increase by 2%. The corporate income tax burden amounts to THB 93 million. After deduction of THB 134 million, in minority interests, the company's net profit decreased by 50% from the previous year, from THB 1,626 million to THB 815 million in 2015.

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

Income Statement Highlight (Million THB)	2015	2014	% Change	2013
Sales and Services	18,866	19,185	-2%	18,941
Cost of Sales and Service	(14,837)	(14,358)	3%	(14,961)
Gross Profit from Sales & Services	4,029	4,827	-17%	3,980
Other Incomes	661	447	48%	777
Gross Profit from other Income	4,690	5,274	-11%	4,756
Selling Expense	(595)	(623)	-4%	(474)
Administration Expense	(864)	(727)	19%	(603)
Management Remuneration	(197)	(193)	2%	(182)
Proceeds to Fund	(1,157)	(992)	17%	(1,033)
Loss from Derivatives	-	-		-
Total cost	(2,813)	(2,534)	11%	(2,292)
EBIT	1,877	2,740	-31%	2,464
Financial cost	(849)	(834)	2%	(672)
Share of Profit of Associated Company	14	(11)		(0)
Corporate Income Tax	(93)	(109)	-15%	(132)
Minority and others	(134)	(159)		16
Net Profit	815	1,626	-50%	1,676
EPS	0.20	0.49	-58%	0.50
Gross Margin from Sales & Service	21.36%	25.16%		21.01%
Net Profit Margin	4.32%	8.48%		8.85%

With reference to the company's revenue structure, the total revenues from operations was THB 18,866 million. The company had revenues from sales of sugar and molasses amounted to THB 13,263 million, accounting for 71% of the total revenue. Revenues from sales of ethanol and gasoline totaled THB 2,510 million, representing 13% of the total revenue. Electricity sales, which the

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corporate power generation facilities had distributed to the Electricity Generating Authority of Thailand according to the firm contract, amounted to THB 1,011 million, accounting for 5% of the total revenue. Revenues from sales of wheat flour, palm oil, and sacks totaled THB 1,161 million, accounting for 6% of the total revenue. The rest of the revenue were generated from the sales of fertilizer, service provision, and other sources.

**Table 13.3 : Consolidated Revenue Structure in the past 3 years**

Revenue Structure (Million THB)	2015	2014	% Change	2013
<b>Sales and Services</b>				
Sugar Sales	12,933 69%	13,154 69%	-2%	12,408 66%
Molasse Sales	330 2%	190 1%	74%	30 0%
Other Income from sugar & molasses	113 1%	136 1%	-17%	83 0%
Electricity Sales	1,011 5%	1,141 6%	-11%	1,029 5%
Ethanol and Benzene Sales	2,510 13%	2,391 12%	5%	2,344 12%
Fertilizer Sales	17 0%	28 0%	-38%	11 0%
Wheat Flour, Palm oil and Sacks	1,059 6%	1,161 6%	-9%	2,142 11%
Service	488 3%	466 2%	5%	357 2%
Other	404 2%	518 3%	-22%	538 3%
<b>Total</b>	<b>18,866 100%</b>	<b>19,185 100%</b>	<b>-2%</b>	<b>18,941 100%</b>
<b>Other Incomes</b>				
Rental Income	48 7%	47 10%	4%	53 7%
Sales of Electricity (Non Firm)	- 0%	43 10%	-100%	35 5%
Gain on Sales of Assets	1 0%	16 4%	-93%	39 5%
Gain on Derivatives	171 26%	57 13%	199%	246 32%
Gain on Currencies Exchange	- 0%	- 0%	#DIV/0!	183 24%
Other Incomes	441 67%	283 63%	56%	221 28%
<b>Total</b>	<b>661 100%</b>	<b>447 100%</b>	<b>48%</b>	<b>777 100%</b>

#### 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)	2015	2014	% Change	2013
Cash & Short Term Investment	294	256	15%	212
Account Receivable	1,226	1,657	-26%	881
Farmers Account Receivable	1,041	993	5%	696
Short Term Loan to Farmers	809	889	-9%	1,027
A/R sugarcane & sugar fund	-	-	n/a	-
Inventories	4,109	4,348	-6%	3,647
Deferred Cane Plantation Cost	518	543	-5%	480
Net PP&E	26,976	27,088	0%	25,138
Net Asset not used in Operation	-	-	n/a	-
<b>Total Asset</b>	<b>40,176</b>	<b>40,134</b>	<b>0%</b>	<b>36,017</b>
Current Liabilities	9,156	14,322	-36%	13,466
Non-Current Liabilities	15,532	10,979	41%	8,848
<b>Total Liabilities</b>	<b>24,688</b>	<b>25,301</b>	<b>-2%</b>	<b>22,315</b>
<b>Total Shareholder's Equity</b>	<b>15,488</b>	<b>14,833</b>	<b>4%</b>	<b>13,703</b>
Book Value per share	3.34	3.96		3.68
D/E Ratio	1.59	1.71		1.63
IBD/E Ratio	1.45	1.48		1.39

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In 2015, the company and its subsidiaries had the total assets of THB 40,176 million, closed to the total assets of previous year of THB 40,134 million. Total liabilities decreased from THB 25,301 million to THB 24,688 million in 2015 or decreased by 2% which affected total debt to equity ratio decrease from 1.71 to 1.59 and interest-bearing debt to equity ratio also decreased from 1.48 to 1.45 in 2015. The accounts that changed significantly are as follow;

(1) Account receivables decreased 26% from 2014, since customers take sugar delays. As a result, the storage of goods in warehouses and account receivables in 2014 at levels high. However, in 2015, accounts receivable remained at a high level not because the same reason but in 2015, since final sugarcane price is less than provisional sugarcane price at the beginning of the year therefore Sugar Fund would repay excess sugarcane price and compensation to company. However this compensation has not been paid as of October 31, 2015 (our fiscal year end).

(2) Company has increased in capacity, our farmers required more loans for plantation cause the increase in farmers account receivable.

(3) Short term loan to farmers decreased due to the company bought less post-date cheques.

(4) Inventory decreased by 6% due to less sugar stock compare to 2014 inventory

(5) Current liabilities decreased while non-current liabilities increased due to rebalancing in debt tenor which improve current ratio.

### 13.5) Cash Flow Statement

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

Cash Flow Highlight (Million THB)	2015	2014	% Change	2013
Net Profit + Depre. + Non Cash	3,135	3,875	-19%	3,370
Change in Working Capital	(1,743)	(2,278)		(1,604)
<i>from Operating Activities</i>	1,392	1,598	-13%	1,766
Invest in PP&E	(965)	(2,650)	-64%	(4,242)
<i>from Investing Activities</i>	(931)	(3,195)	-71%	(6,294)
<i>from Financing Activities</i>	(314)	1,708	-118%	4,431
Change in Cash Flow	31	57		(91)
Ending Cash	287	256		199
EBIT	1,877	2,740	-31%	2,464
Depreciation	1,252	1,131	11%	950
EBITDA	3,129	3,871	-19%	3,414

In 2015, the company and its subsidiaries the company and its subsidiaries received cash flows from their operations before change in working capital totaled THB 3,135 million, a 19% decreased from the previous year due to decrease from the sugar price. As a result, the company and its subsidiaries have THB 1,392 million of cash flow from operating activities or decreased by a 13% from the year 2014.

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For cash flows from investing activities, the company and its subsidiaries had cash paid in (net) totaled THB 931 million, of which THB 965 million was mainly invested in lands, buildings, properties, plants and equipment (net) from annual maintenance and investment in container port by Thai Sugar Terminal Public Company Limited, one of subsidiaries.

Regarding financing activities in 2015, the company and its subsidiaries paid the net cash of THB 314 million debt repayment.

### 13.6) Financial Ratios

**Table 13.6 : Financial Ratios**

Financial Ratios	2015	2014	2013
Short term liquidity ratios			
Current Ratio	0.88	0.58	0.47
Acid Test Ratio	0.44	0.27	0.20
Collection period	48	34	25
Days of inventory	103	100	86
Capital Structure and Solvency ratios			
D/E Ratio	1.59	1.71	1.63
IBD/E Ratio	1.45	1.48	1.39
LTD to equity	0.96	0.69	0.58
Times interest earned	2.21	3.28	3.67
Return on Investment ratios			
ROA	5%	7%	7%
ROE	5%	11%	12%
Operating performance ratios			
Gross Profit Ratio	21%	25%	21%
Operating Profits to sales	10%	14%	13%
Pretax profit to sales	6%	10%	9%
Net income to Sales	4%	8%	9%
Asset Utilization ratios			
Sales to cash	69.43	84.38	77.60
Sales to accounts receivables	7.54	10.44	14.43
Sales to inventory	4.5	4.8	5.3
Sales to fixed assets	0.6	0.7	0.8
Sales to total assets	0.5	0.5	0.6
Market Measures			
Book Value per Share	3.34	3.96	3.68
Earning Per Share	0.20	0.49	0.50

According to the 2015 financial ratios, liquidity ratios that is part of Current ratio and Acid test ratio had improved. This is because the company restructured some of its debts from sort-term to long-term tenor. In past few year the company managed by using short-term credits as working capital for its investment projects. Once the long-term loan contract periods were due, the company switched to use the long-term credits. The purpose was to relieve the interest burden on loans. Subsequently, the company's current ratio and acid test ratio decreased.

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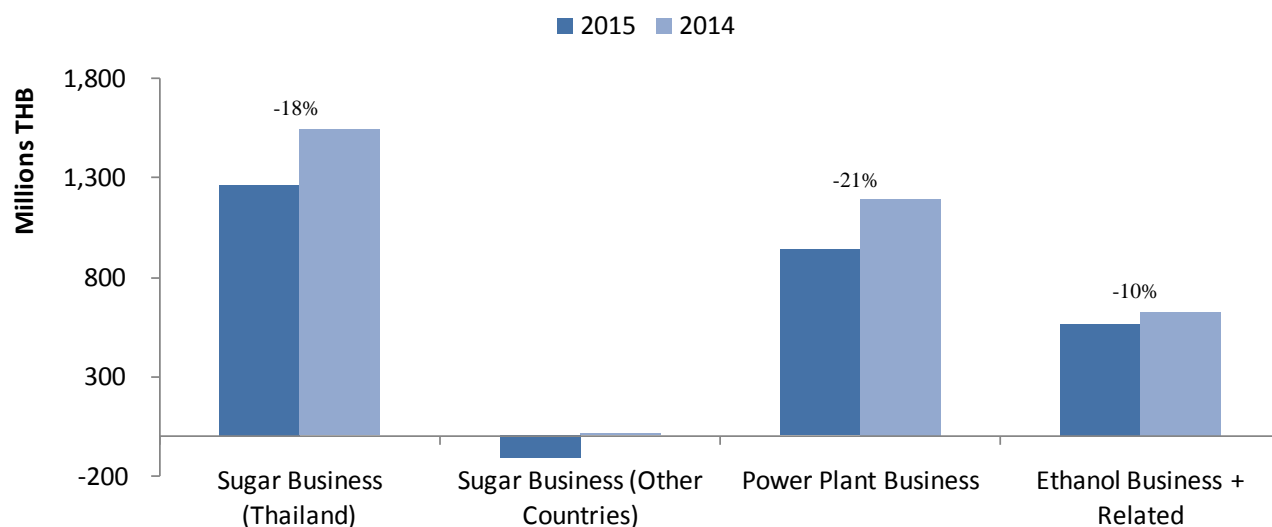
Regarding solvency ratios, it can be seen that the D/E ratio, IBD/E ratio and LTD to equity had decreased as a result of debt repayment and decrease of capital expenditure.

In terms of profitability ratios, the ROE, ROA decreased due to the decrease in overall operation.

## 14. Management Discussion and Analysis

By considering the operating profit before administrative expense, interest and tax in each business sector, the company recorded 18% profit decrease in sugar business in Thailand, 21% profit decrease in power plant business sector, 10% profit decrease in ethanol and related business sector and recorded loss in sugar business in Laos and Cambodia. (shown in chart 1) The main reasons for the decrease in our performance were as follow;

*Chart 1 : Operating Profit before admin expense, interest and tax in each business sector*

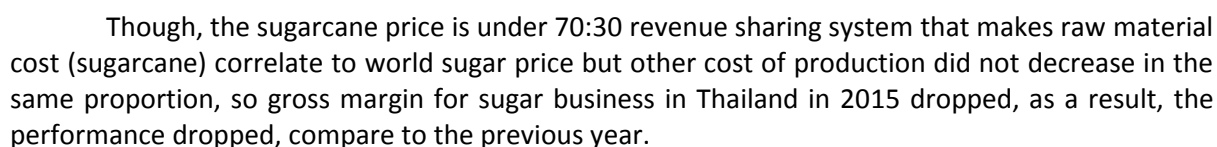


### Sugar Business in Thailand

*Chart 2 : World sugar price – cents/lbs*



*Chart 3 : BRL/USD Exchange Rate*



The performance decreased due to the world sugar price dropped. Most of the sugarcane crushed came from company own plantation which the plantation cost incurred 1 year in advanced (Sugarcane matures at 12-14 months). In 2015, because of the decrease in sugar price, the recorded cost exceeded the expected selling sugar price. As a result, the sugar business in Other Countries (Laos and Cambodia) incurred loss.

Page 103



Power Business

Power business performance decreased due to

- (1) In the fourth quarter of this year, the power plant in BoPloy, Kanchanaburi had a maintenance shutdown for 2 months which affected power sales to EGAT declined from 324,099 MW-hr in 2014 to 300,292 MW-hr in 2015. They caused the revenue decrease and the cost per unit increase from the maintenance cost, raw material cost and the fixed cost.
- (2) The company incurred more taxes since BOI privilege for the power plant in Nampong site, Khon Kaen, expired after 8 year operation
- (3) The average selling price to grid per unit decreased from 3,520 THB/MW-hr in 2014 to 3,368 THB/MW-hr in 2015

Ethanol business and Related business

Ethanol business performance decreased due to decrease in production volume and ethanol cost per unit also increased since increasing molasses cost and waste water management cost. Although sales volume increased from 91.61 million liters to 97.12 million liters.

Overall, 2015 performance, the Company recorded a net profit of THB 815 million this year compared to the net profit of THB 1,626 million in the previous year, representing a decrease of 50%. In term of EBITDA, the Company recorded EBITDA of THB 3,129 million decreased from THB 3,872 million last year, representing 19% decrease.

**Table 14.1 Sales Revenue from Ethanol (exclusive of petroleum) and Electricity**

Sales Volume & Price	2015			2014			2013		
	Volume Units	Avg. Price THB / Unit	Value M THB	Volume Units	Avg. Price THB / Unit	Value M THB	Volume Units	Avg. Price THB / Unit	Value M THB
Sugar	923,267	14,008	12,933	836,701	15,721	13,154	720,318	17,226	12,408
Ethanol (1,000 Litres)	97,117	25.71	2,497	91,607	25.92	2,374	104,651	22.25	2,328
Power	300,292	3,368	1,011	324,099	3,520	1,141	301,136	3,416	1,029

Our expectation for 2016 is that our sugar business operation will improve due to the world sugar price is in a uptrend compare to previous year as concerns the weather conditions affecting production volumes. But the world economy holds back, may affect commodities price. However, the company expects compensation from lower sugar price by the weaken Thai Baht against US dollars. For ethanol and power business are expected to perform quite stable since the drought may affect sugarcane production. In 2016 since increase in crushing capacity, so the company expects the same sugarcane volume, bagasses and molasses.

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## Information Certification

We have reviewed the information contained in the Annual Information Disclosure Form and, with carefulness in our capacity of the company's Executive Directors or as top executives in charge of accounting, hereby certify that the information is correct, complete and true and does not cause any misunderstanding or concealment. We further certify 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) We are responsible for having the company put in place a reliable disclosure system to ensure the company has correctly and completely disclosed material information of the company and its subsidiaries and has complied with the disclosure regulations.

(3) We are responsible for having the company put in place a good internal control system and ensuring its compliance with this system. We have duly reported to our external auditor and Audit Committee the internal control assessment as of Oct 31, 2015 which also involved the significant errors and changes in our internal control system as well as any misconduct that may affect the financial transactions of the company and its subsidiaries.

As evidence of our making of certification of information accuracy, we have authorized Mr. Chalush Chinthammit to initial all the pages of this document. Any information without Mr. Chalush Chinthammit's signature will be treated as non-certified information.

Name - Surname		Position	Signature
1. Mr.Chamroon	Chinthammit	Chief Executive Officer	.....
2. Mr.Prapas	Chutimavoraphand	Executive Director	.....
3. Mr.Pornsin	Thaemsirichai	Executive Director	.....
4. Mr.Sukhum	Tokaranyaset	Executive Director	.....
5. Mr.Thawatchai	Rojanachotikul	Executive Director	.....
6. Mrs.Intira	Sukanindr	Executive Director	.....
7. Ms.Duangdao	Chinthammit	Executive Director	.....
8. Mr.Somchai	Chinthammit	Executive Director	.....
9. Ms.Duangkae	Chinthammit	Executive Director	.....
10. Mr.Chalush	Chinthammit	Executive Director	.....

Unofficial Translation

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Name - Surname	Position	Signature
11. Mr.Tarkarn Chunharojrit	Executive Director	.....
12. Mr.Tachpong Pakornsiriwongse	Executive Director	.....

Name - Surname	Position	Signature
Authorized Person		
Mr.Chalush Chinthammit	Executive Director	.....

We have reviewed the information contained in the Annual Information Disclosure Form, and with carefulness in our capacity of the company's Directors, have no grounds for believing that the information is incorrect, incomplete and false or causes any misunderstanding or represents any concealment.

As evidence of our making of certification of information accuracy, we have authorized Mr. Chalush Chinthammit to initial all the pages of this document. Any information without Mr. Chalush Chinthammit's signature will be treated as non-certified information.

Name - Surname		Position	Signature
1. Mr.Manoo	Liawpairot	Chairman	.....
2. Mr.Somchat	Chinthammit	Director	.....
3. Mr.Chattri	Chinthammit	Director	.....
4. Mr.Pramoon	Vichiensin	Independent Director	.....
5. Pol.Lt.Gen Boonpen	Bumpenboon	Independent Director	.....
6. Mr.Sitti	Leelakasemlurk	Independent Director	.....
7. Mr. Karun	Kittisataporn	Independent Director	.....
8. Mr. Warapatr	Todhanakasem	Independent Director	.....
9. Ms. Nongluck	Phinainitisart	Independent Director	.....

Name - Surname		Position	Signature
Authorized Person			
Mr.Chalush	Chinthammit	Executive Director	.....

## Details of Company's Directors, Executives, Authorized Person and Company Secretary

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
1. Mr.Manu Leopairote - Chairman of the Board of Directors - Independent Director  Since 15 October 2004	72	- B.Sc. in Economics (Honours), Thammasat University - M.Sc.(Economics) University of Kentucky, USA -Honorary Degree of Doctor of Business Administration, Thammasat University, Thailand - Diploma Industrial Development, Nagoya , Japan - Diploma, National Defence College Class 34 - Diploma, Chairman 2000 (3/2001) - Director Certification Program (DCP) (30/2003) -IOD Chairman Forum 2014	-None-	-None-	2004 – Present	<u>Position in listed Companies</u> - Chairman	- Khon Kaen Sugar Industry PLC.
					2004 – Present	<u>Non-Listed Companies</u> - Chairman	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
					1999 - 2004	<u>Positions in other organizations</u> - Permanent Secretary	- Ministry of Industry
					2002 – 2006	- Chairman	- SME Bank
						<u>Position in other listed Companies</u>	
					Present	- Chairman	-TMC Industrial PLC.
					Present	- Chairman	- ARIP PLC.
					Present	- Chairman	- Polyplex (Thailand) PLC.
					Present	- Chairman	- Jubilee Enterprise PLC.
					Present	- Audit committee	-Thai Beverage PLC. (Singapore Stock Market)

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
2. Mr.Chamroon Chinthammit  - Chief Executive Officer and President  (Authorized Director)  Since 26 February 2004	65	- BBA in Faculty of Commerce and Accountancy Honours) (Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD - Chairman 2000 Program (10/2004) by IOD	1.987	- Brother-in-law of Mr. Prapas Chutimavoraphand	2004 - Present	<u>Positions in Listed companies</u> - Chief Executive Officer and President	- Khon Kaen Sugar Industry PLC.
				- Brother-in-law of Mr. Pornsin Thaemsirichai	1996 – Present	<u>Positions in Non Listed Companies</u> - Director	- New Krung Thai Sugar Factory Co., Ltd.
				- Brother of Mrs. Intira Sukhanindr	1996 – Present	- Director	- Tamaka Sugar Industry Co., Ltd.
				- Brother of Mr. Somchai Chinthammit	1996 – Present	- Director	- New Kwang Soon Lee Sugar Factory Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	1989 – Present	- President	- Champion Fermentation Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	1996 – Present	- President	- KSL Real Estate Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	1996 – Present	- Director	- Onnuch Construction Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	1997 - Present	- President	- Chengteh Chinaware (Thailand) Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	1997 – Present 2000 – Present	- Director	- Thai Sugar Millers Corp. Ltd.
				- Brother of Miss Duangkae Chinthammit	2001 – Present	- President	- Thai Fermentation Industry Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2002 - Present	- President	- TFI Green Biotech Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2003 – Present	- President	- KSL Export Trading Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2003 – Present	- President	- Khon Kaen Sugar Power Plant Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2004 - Present	- President	- KSL Material Supply Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2004 – March 2015	- President	- Khon Kaen Alcohol Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2006 - Present	- President	- Chantaburi Starch Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2006 - Present	- Director	- Koh Kong Sugar Industry Co., Ltd.
				- Brother of Miss Duangkae Chinthammit	2006 – Present	- President	- Savannakhet Sugar Corporation
				- Brother of Miss Duangkae Chinthammit	2009 – Present	- President	- KSL. Agro and Trading Co., Ltd.
				- Brother of Miss Duangkae Chinthammit		- President	- Rajasolar Material Co., Ltd.

M.L. Charuvadhana Chinthammit	63		1.197	Spouse	2004 - Present	<u>Positions in other Organizations</u> - Director	- The Federation of Thai Industry (Sugar Industry Group)
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Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
3. Mr.Prapas Chutimavoraphand - Director and Executive Director - Senior Vice President – Administration (Retirement 31 October 2015)  (Authorized Director) Since 26 February 2004	77	- Vocational Certificate, Chonradsadornumrung School - Director Accreditation Program (DAP) (17/2004) by IOD	0.544	Brother in law of President & CEO	2004 - Present	<u>Position in listed Companies</u> - Director and Senior Vice President	- Khon Kaen Sugar Industry PLC.
					1976 – Present	<u>Positions Non-Listed Companies</u>	
					1976 – Present	- Director	- New Krung Thai Sugar Factory Co.,Ltd.
					1976 – Present	- Director	- Tamaka Sugar Industry Co.,Ltd.
					1976 – Present	- Director	- New Kwang Soon Lee Sugar Factory Co.,Ltd.
					1976 – 31 Oct 2015	- Senior Vice President	- New Krung Thai Sugar Factory Co.,Ltd.
					1976 – 31 Oct 2015	- Senior Vice President	- Tamaka Sugar Industry Co.,Ltd.
					1976 – 31 Oct 2015	- Senior Vice President	- New Kwang Soon Lee Sugar Factory Co.,Ltd.
					2003 - Present	- Director	Khon Kaen Sugar Power Plant Co.,Ltd.
					1996 -Present	-Managing Director	-Onnuch Construction Co.,Ltd
Mrs. Sumitra Chutimavoraphand			0.489	Spouse	2000 - Present	<u>Position in other listed Companies</u> - CEO & Managing Director	- Thai Sugar Terminal PLC. and Affiliate companies
					2000 - Present	- CEO	- TS Flour Mill PLC.



Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
4. Mr. Pornsin Thaemsirichai - Director and Executive Director - Senior Vice President – Production & Technique  (Authorized Director)  Since 26 February 2004	71	- B.Eng. in Civil Chulalongkorn University - MS in Engineering North Dakota State University, USA. - MBA.,The University of Southern Queensland, Australia - Director Accreditation Program (DAP) (18/2004) by IOD - Director Certification Program (DCP) (50/2004)	0.666	Brother in law of President & CEO	2004 - Present	<u>Position in listed Companies</u> - Director and Senior Vice President <u>Positions Non-Listed Companies</u>	- Khon Kaen Sugar Industry PLC.
					1983 – Present	- Director and Senior Vice President	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
Mrs. Montanut Thaemsirichai			0.696	Spouse	2003 - Present	- Director	- KSL Material Supplies Co., Ltd.
					2003 - Present	- Managing Director	- Khon Kaen Sugar Power Plant Co., Ltd.
					2004 – Present	- Managing Director	- Khon Kaen Alcohol Co., Ltd.
					2007 - Present	- Director	- Savannakhet Sugar Corporation
					2010 - Present	- Chairman	- Koh Kong Plantation Co., Ltd.
					2006 - Present	- Director	- Koh Kong Sugar Industry Co., Ltd.
					1974 – August 2011 May 2013 - Present	<u>Position in other listed Companies</u> - Director	- Sahamit Machinery PLC.
						- Director	- Sahamit Machinery PLC.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
5. Mr. Somchai Chinthammit - Director and Executive Director - Assistant Vice President  Since 26 February 2004	63	- Diploma, Computer College, Germany - Certificate Mini MBA., Thammasat University - Director Accreditation Program (DAP) (17/2004) by IOD	2.182	Brother of President & CEO	2004 - Present	<u>Position in listed Companies</u> - Director and Assistant Vice President	- Khon Kaen Sugar Industry PLC.
					1980 - Present	<u>Position in non-listed companies</u> - Director and Assistant Vice President	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
Miss Natamont Chinthammit			0.399	Minor Children	2003 - Present 2004 - Present 2003 - Present 1981 - Present 2008 - 2010	- Director - Director - Director - Director - Director	- Khon Kaen Alcohol Co., Ltd. - Champion Fermentation Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - Thai Fermentation Industry Co., Ltd. - KSL. Agro and Trading Co., Ltd.
					2008 - Present	<u>Position in other listed Companies</u> - Director	- Thai Sugar Terminal PLC and subsidiaries

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
6. Ms. Duangkae Chinthammit - Director and Executive Director - Assistant Vice President  Since 26 February 2004	59	- Diploma from Katinka School, United Kingdom - Certificate Modern Managers Program (MMP), Chulalongkorn University - Director Accreditation Program (DAP (17/2004) by IOD	2.260	Sister of President & CEO	2004 - Present	<u>Position in listed Companies</u>  - Director and Assistant Vice President	- Khon Kaen Sugar Industry PLC.
					2004 – Present	<u>Position in Non-Listed Companies</u>  - Director and Assistant Vice President	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
					2005 - Present	<u>Position in other listed Companies</u>  - Director	- Sub Sri Thai Warehouse PLC.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
7. Ms.Duangdao Chinthammit - Director and Executive Director - Vice President – Human Resources - Director of Nomination and Remuneration Committee  (Authorized Director)  Since 26 February 2004	57	-Bachelor of Business Administration, Faculty of Economics and Business Administration. Kasetsart University - Bachelor of Science, Computer Information System, Western Michigan University, USA. - MS in Agricultural Economics, University of Saskatchewan, Canada - BS in Computer Information System, Western Michigan University, USA. - BBA in Business Administration, Kasetsart University - Director Accreditation Program (DAP) (17/2004) by IOD - Director Accreditation Program (DAP) (71/2006) by IOD	2.258	Sister of President & CEO	1995- 2004	<u>Positions in listed companies</u>  - Director and Assistant Managing Director	- Khon Kaen Sugar Industry PLC.
					2004 - Present	- Director and Vice President	- Khon Kaen Sugar Industry PLC.
					2012-Present	-Director	Director of Nomination and Remuneration Committee
						<u>Positions in Non-Listed Companies</u>	
					1995- 2004	- Director and Assistant Managing Director	Khon Kaen Sugar Industry Co.,Ltd.
					2004 - Present	- Director and Vice President	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
					1999 - Present	- Director	- KSL Real Estate Co.,Ltd.
					1996 – Present	- Director	- Onnuch Construction Co.,Ltd.
					2006 - Present	- Director	- KSL Material Supplies Co.,Ltd.
					2006 – Present	- Director	- KSL Agro and trading Co., Ltd.
					2005 – Present	<u>Position in other listed Companies</u>  - Director	- Sub Sri Thai Warehouse PLC.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
8. Mr.Tachpong Pakornsiriwongse - Director and Executive Director  Since 26 February 2004	67	- Certificate in Financial Management, Chulalongkorn University - Director Accreditation Program (DAP) (21/2004) by IOD	0.004	-None-	1976 - Present	<u>Positions in listed companies</u> - Director	- Khon Kaen Sugar Industry PLC.
					2004 – Present	<u>Positions in Non-Listed Companies</u> - Director	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. - Koh Kong Plantation Co., Ltd.
					2007 – 2009	- Director and Managing Director	- Koh Kong Plantation Co., Ltd
					2009 – Present	- Director	- Koh Kong Sugar Industry Co., Ltd.
					2009 – May 2010	- General Manager	- KSL Sugar Holding Co.,Ltd.
					2007 – Present	- Director	

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
9. Mr.Trakarn Chunharojrit - Director and Executive Director - Assistant Vice President  Since 26 February 2004	75	- Certificate in Accounting - Director Accreditation Program (DAP) (17/2004) by IOD	0.309	-None-	2004 - Present 24 Jan 2008 - 28 March 2014	<u>Positions in listed companies</u> - Director Company Secretary  <u>Positions in Non-Listed Companies</u> - Director - Director - Director - Director - Director - Director - Director - Executive Director - Executive Director - Director	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.  - New Krung Thai Sugar Factory Co.,Ltd. - Tamaka Sugar Industry Co.,Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. - Khon Kaen Alcohol Co.,Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd. - KSL Material Supplies Co.,Ltd. - KSL. Agro and Trading Co., Ltd. - Chenteh Chinaware (Thailand) Co.,Ltd. - KSL Real Estate Co.,Ltd. - KSL Sugar Holding Co.,Ltd.
Mrs. Rattana Chunharojrit	68		0.113	Spouse			

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
10. Mr. Chatri Chinthammit - Director  (Non – Executive Director)  Since 26 February 2004	42	- BBA in Economics, University of The Thai Chamber of Commerce - Master of Science, Computer Science, Bellevue University, USA. - Director Accreditation Program (DAP) (21/2004) by IOD - Successful FORMULATION & Execution Program (SFE) (9/2010) by IOD - TLCA Executive Development Program (EDP) (1/2008) by TLCA	1.303	Nephew of President & CEO	2004 - Present	<u>Position in listed companies</u> - Director	- Khon Kaen Sugar Industry PLC.
					2004 – Present	<u>Position in Non-Listed Companies</u> - Director	- New Krung Thai Sugar Factory Co., Ltd.
					2000 – Present	- Deputy Managing Director (DMD) – Software Department	- Tamaka Sugar Industry Co., Ltd.
					1999 – 2000	- Information System Officer	- New Kwang Soon Lee Sugar Factory Co., Ltd. - KSL IT Center Co.,Ltd. - Tamaka Sugar Industry Co., Ltd.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
11. Mr.Chalush Chinthammit - Director and Executive Director - Vice President- Business Development - Risk Management Committee  (Authorized Director) Since 26 February 2004	46	- BBA in Finance and Banking, Assumption University - MBA in Finance and Banking, Mercer University, USA. - Director Accreditation Program (DAP) (21/2004) by IOD - Capital Market Academy Program 10	0.981	Nephew of President & CEO	2004 – November 2013	<u>Position in Listed Companies</u> - Director and Assistant Vice President	- Khon Kaen Sugar Industry PLC.
					2004- Present	- Director and Vice President	- Khon Kaen Sugar Industry PLC.
					1994 – November 2013	<u>Positions non – listed Companies</u> - Director and Assistant Vice President	- New Krung Thai Sugar Factory Co.,Ltd. - Tamaka Sugar Industry Co.,Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd
						- Director and Vice President	- New Krung Thai Sugar Factory Co.,Ltd. - Tamaka Sugar Industry Co.,Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd
					2003 - Present	- Director	- Khon Kaen Alcohol Co.,Ltd.
					2003 – Present	- Director	- Khon Kaen Sugar Power Plant Co.,Ltd.
					2003 - Present	- Director	- KSL Material Supplies Co.,Ltd.
					2006 - Present	- Director	- KSL. Agro and Trading Co., Ltd.
					2006 - Present	- Director	- Savannakhet Sugar Corporation
					2002 - Present	- Director	- KSL Export Trading Co.,Ltd.
					1997 – Present	- Managing Director	- KSL Real Estate Co.,Ltd.
					1996 – Present	- Director	- Onnuch Construction Co.,Ltd.

Unofficial Translation



1.Mr. Chayapat Chinthammit 2.Mr. Chatchapee Chinthammit 3.Miss. Chollapim Chinthammit					2003 - Present	<u>Positions in other Organizations</u> -Director	- The Cane and Sugar Act B.E.2527 Committee - Thai Sugar and Bio-Energy Producers Association - Thai Sugar Miller Co.,Ltd.  <u>Positions in other Listed Companies</u> - Thai Sugar Terminal PLC. And subsidiaries - TS Flour Mill PLC.
					2007 - Present	-Deputy Secretary-General	
					2001- Present	- Director	
					Jul 2007- Present	- Director	
					2007- Present	- Director	
			0.251	Minor Children			
			0.251	Minor Children			
			0.008	Minor Children			

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
12. Mr. Sukhum Tokaranyaset - Director and Executive Director - Senior Vice President – Accounting & Finance  Since 26 February 2004	68	- Vocational Certificate , Kitti Commerce College - Director Accreditation Program (DAP) (18/2004) by IOD	1.434	-None-	2004 - Present	<u>Position in Listed Companies</u> - Director and Senior Vice President	- Khon Kaen Sugar Industry PLC.
					1972 - Present	<u>Position Non-Listed Companies</u> - Director and Senior Vice President	- New Krung Thai Sugar Factory Co.,Ltd. - Tamaka Sugar Industry Co.,Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd
					2002 – Present	- Vice Chairman	- KSL Export Trading Co.,Ltd.
					2002 - Present	- Director	- TFI Green Biotech Co.,Ltd.
					2000 – Present	- Director/ Assistant Managing Director	- Thai Fermentation Industry Co.,Ltd.
					2000 - Present	- Vice Chairman	- Rajaporcelain Co.,Ltd.
					1998 – Present	- Vice Chairman	- Chengteh Chinaware (Thailand) Co.,Ltd.
					1989 - Present	- Executive Director	- KSL Real Estate Co.,Ltd.
					1989 - Present	- Executive Director	- Champion Fermentation Co.,Ltd.
					2006 - Present	- Director	- KSL. Agro and Trading Co., Ltd.
					2004 – March 2015	- Managing Director	- Chantaburi Starch Co., Ltd
					2008 – March 2015	- Managing Director	- Chantaburi Starch and Power Co., Ltd
					2006 – Present	- Director	- Koh Kong Sugar Industry Co., Ltd.
					2002 – Present	- Executive Director	- Raja Product Co., Ltd.
					2010 - Present	- Executive Director	- Raja Solar Material Co., Ltd.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
13. Mr.Thawatchai Rojanachotikul - Director and Executive Director - Senior Vice President – Administration  Since 26 February 2004	62	- BBA in Business Administration, Auckland Technical institute, New Zealand - Director Accreditation Program (DAP) (17/2004) by IOD	1.268	-None-	2004 - Present	<u>Position in Listed Companies</u> - Director and Senior Vice President	- Khon Kaen Sugar Industry PLC.
					1974 - Present	<u>Position Non-Listed Companies</u> - Director and Senior Vice President	- New Krung Thai Sugar Factory Co.,Ltd. - Tamaka Sugar Industry Co.,Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd
					2006 - Present	- Director	- Savannakhet Sugar Corporation
					2006 - Present	- Director	- KSL. Agro and Trading Co., Ltd.
					2002 - Present	- Director	- TFI Green Biotech Co.,Ltd.
					2000 – Present	- Director/ Assistant Managing Director	- Thai Fermentation Industry Co.,Ltd.
					1998 - Present	- Director	- KSL Export Trading Co.,Ltd.
					1989 – Present	- Director	- Champion Fermentation Co.,Ltd.
					1989 – Present	- Director	- KSL Real Estate Co.,Ltd.
					1987 - Present	- Director	- Chengteh Chinaware (Thailand) Co.,Ltd
Mrs. Korakot Rojanachotikul			0.404	spouse			.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
14.Mr. Somchat Chinthammit - Director - Risk Management Committee  (Non – Executive Director)  Since 26 February 2004	57	- B.Eng in Mechanical, King Mongkut's University of Technology Thonburi - MIM in Marketing, Thammasat University - MBA./Marketing, Chulalongkorn University - Director of Accreditation Program (DAP) (17/2004) by IOD - Directors Certification Program (DCP) (55/2005) by IOD - Audit Committee Program (ACP) (8/2005) by IOD	0.519	-None-	2004 - Present 2007 – 31 October 2012 1 Nov 2013 – Present  2004 - Present 2000 – Present 2000 – Present  2005 - Present	<u>Position in Listed Companies</u> - Director - Chairman of Risk Management Committee - Remuneration Committee  <u>Position Non-Listed Companies</u> - Director  - Director - Director  <u>Position in other listed Companies</u> - Independent Director	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.  -Khon Kaen Sugar Industry PLC. Subsidiary  - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.  - UOB Kay Hian Securities (Thailand) PLC.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
15. Mr. Pramoon Vichiensin - Independent Director - Nomination and Remuneration Committee  Since 26 February 2004	85	- LL.B., Thammasat University - Certificate in Executive Development from NIDA - Director of Accreditation Program (DAP) (11/2004) by IOD - Certificate in Audit Committee Program (ACP) (10/2005) by IOD - Improving The Quality of Financial Reporting (GFR) (4/2006) by IOD	-None-	-None-	2004 - 23 Sep 2010 24 Sep 2010- OCT 2012 1 Nov 2012 - Present	<u>Position in Listed Companies</u> - Chairman of Audit Committee - Audit Committee -Chairman of Nomination and Remuneration Committee	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.
					1998 - Present 2002 -2003 2001 – 2002 1998 -2000 1989 – 1990 1987 - 1998	<u>Position in other Organization</u> - Qualify person in Law - Advisor on President - Secretary on President - Secretary on Judges - Tax Law Specialist - Subcommittee	- Bangkok Metropolitan Administration - The Constitutional Court - The Constitutional Court - The Constitutional Court - Revenue Department of Thailand - Office of The National Counter Corruption Commission

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience 5 years up		
					Period	Position	Company/Type of Business
16.Pol.Gen.Boonpen Bumpenboon  - Independent Director  - Chairman of Risk Management Committee  - Corporate Governance Committee   Since 26 February 2004	70	- LL.B., Sukhothai Thammathirat University  - BBA in Public Administration, Royal Police Cadet Academy  - Diploma, National Defence College (37)  - MPA./ Public Administration, NIDA  - Director Accreditation Program (DAP) (11/2004) by IOD	-None-	-None-	2004 – Oct 2012  2006 – Oct 2012  Nov 2012 - Present  1 July 2013 - Present  2004 – 2005  2006 - Present	<u>Position in Listed Companies</u>  - Audit Committee  - Chairman of Nomination and Remuneration  - Chairman of Risk Management Committee  -Corporate Governance Committee  <u>Position in other Organization</u>  - Deputy Commissioner - General  - Council of State	- Khon Kaen Sugar Industry PLC.  - Khon Kaen Sugar Industry PLC.  - Khon Kaen Sugar Industry PLC  - Khon Kaen Sugar Industry PLC   - Royal Thai Police  - Office of the Council of State

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
17. Mr. Sitti Leelakasamelurk - Independent Director - Chairman of Audit Committee - Risk Management Committee  Since 26 February 2004	62	- BA in Accounting, Chulalongkorn University - Director Accreditation Program (DAP) (11/2004) by IOD -Audit Committee Forum 2014 (IOD)	-None-	-None-	2004 – Present	<u>Position in Listed Companies</u>	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.  - Noble Development PLC. - Noble Development PLC. - Noble Development PLC. - Noble Development PLC.
					2004 – Sep 2010	- Independent Director	
					2007 – Present	- Audit Committee	
					24 Sep 10 – Present	- Risk Management Committee	
						- Chairman of Audit Committee	
						<u>Position in other listed Companies</u>	
					1991 – Nov 2014	- Executive Vice President Support Line1	
					1994 – Present	- Vice Chairman	
					2009 – Present	- Member of the Nomination Committee and Member of the Remuneration Committee	
					Nov 2014 - Present	- Deputy Chief Executive Officer	
						<u>Position in Non-Listed Companies</u>	
					1995 – Present	- Director	- Continental City Co.,Ltd.
					2005 – Present	- Director	- BAN SUK SABAI Co., Ltd.
					2012 - Present	- Director	- NK Energy Co., Ltd.
					2013 – Present	- Director	-S&P Property Management Co.,Ltd.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
18. Mrs. Intira Sukhanindr - Director and Executive Director - Vice President – Business Development  Since 25 June 2010	69	- Certificate of Secretary, Melbourne, Australia - Director Accreditation Program (DAP) (50/2006) by IOD	0.578	Elder Sister of President & CEO	2004 – 2010	<u>Position in Listed Companies</u> - Vice President Business Development	- Khon Kaen Sugar Industry PLC.
					25 Jun 2010 –Present	-Director / Vice President – Business Development	- Khon Kaen Sugar Industry PLC.
					2005 - Present	<u>Position in other listed Companies</u> - Director	- Sub Sri Thai Warehouse PLC.
					1968 – Present	<u>Position Non-Listed Companies</u> - Senior Vice President	- New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd.
					2003 – Present 2004 – Present Present 2010 - Present 2010 – Present	- Director - Director - General Manager - Director - Director	- Champion Fermentation Co.,Ltd. - Thai Fermentation Industry Co.,Ltd. - KSL Export Trading Co.,Ltd. - KSL. Agro and Trading Co.,Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd.



Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
19. Mr. Karun Kittisataporn - Independent Director - Nomination and Remuneration Committee - Audit Committee - Corporate Governance Committee  Since 26 February 2010	68	- Bachelor of Commerce & Administration Victoria University of Wellington, N.Z. (under Colombo Plan Scholarship) - M.A. (International Trade) , Syracuse Univ. USA. (under USAID Scholarship) - Commercial Policy Course, GATT, Geneva - National Defense College, Class 388 - Director Certificate Programme, Institute of Directors (DEP) 2006 - Role of the Compensation Committee Program (RCC) 2008 - Financial Statements for Directors Program (FSD) 2009 - Audit Committee Program (ACP) 2013 -Financial Institutions Governance Program (FGP) 2011 -Monitoring the Internal Audit Function (MIA) 2013 -Anti-Corruption for Executive Program (ACEP) 2014	-None-	-None-	2003 – Present	<u>Positions in Listed Companies</u> - Director	- Khon Kaen Sugar Industry PLC.
					27 Feb 2010 – Present	- Independent Director	- Khon Kaen Sugar Industry PLC.
					1 Nov 2012 - Present	- Nomination and Remuneration Committee	- Khon Kaen Sugar Industry PLC.
					1 Nov 2012 - Present	- Audit Committee	- Khon Kaen Sugar Industry PLC.
					26 June 2013 - Present	- Corporate Governance Committee	- Khon Kaen Sugar Industry PLC.
						<u>Positions in other Listed Companies</u>	
					2008 – Present	- Independent Director / - Chairman of Nomination and Remuneration Committee	- Bank of Ayuthaya PLC. - Bank of Ayuthaya PLC.
					2009 – Present	- Independent Director	- Central Pattana PLC.
					2009 - Mar 2015	- Nomination and Remuneration Committee	- Central Pattana PLC.
					April 2015 – Present	- Chairman of Nomination and Remuneration Committee	- Central Pattana PLC.
					2011 – Present	- Audit Committee	- Central Pattana PLC.
					2008 - Present	-Audit Committee	- Sahamit Machinery PLC.
						<u>Positions in other Organizations</u>	
					2001 – 2007	- Permanent Secretary	- Ministry of Commerce
					2006 – Present	- Member	- Council of State

					2008 – Present	- Executive Chairman	- The Support Art and Crafts International Centre of Thailand
					2007 – 2 Sep 2014	-Commissioner	- The Insurance Commission

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
20. Mr. Warapatr Todhanakasem - Independent Director - Risk Management Committee - Audit Committee - Chairman Corporate Governance Committee  Since 26 February 2010	66	- LL.B. Thammasat University - B.Econ. (1 <sup>st</sup> Class Honor) Thammasat University - M.B.A. in Finance Kellogg School of Management, Northwestern University, Evanston, Illinois, USA. - M.S. in Economics University of Illinois, Urbana-Champaign, USA. - Ph.D. in Business Economics University of Illinois, Urbana-Champaign, USA - Directors Certification Program DCP 0/2000 by IOD - The Executive Director Course EDC 1/2012 by IOD	-None	-None-	Feb 2010 – Present Nov 2012 – Present Nov 2012 – Present June 2013 - Present       2009 - Present  Aug 2012 - Present Feb 2012 - Present       Jun 2012 – Present	<u>Positions in Listed Companies</u>  - Independent Director - Risk Management Committee - Audit Committee - Chairman Good Corporate Governance Committee  <u>Positions in other Listed Companies</u> - Chairman and Independent Director - Director - Director  <u>Positions in Non- Listed Companies</u>  - President	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.       - Prinsiri PLC.  - Amata VN PLC. - True Corporation Public Co., Ltd       - Institute of Research and Development for Public Enterprises of Thailand (IRDPE)

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
21. Ms. Nongluck Phinainitisart - Independent Director - Audit Committee - Corporate Governance Committee  Since 26 February 2010	56	- Bachelor Degree in Electrical Engineering, Chulalongkorn University - Master Degree in Electrical Engineering, University of Missouri, U.S.A. - Doctorate Degree in Electrical Engineering, Chulalongkorn University - Director Accreditation Program (DAP) Class 4/2003 by IOD - Director Certification Program (DCP) Class 71/2006 by IOD -Executive Program, Harvard University, USA -Stanford Executive Program 2013	-None	-None-	Feb 2010 – Present Feb 2010 – Present 28 June 2013 - Present   Dec.2012- July 2014  Feb. 2012- July 2014 Jan 2012 – July 2014 2011 – March 2014 2007 - March 2014	<u>Positions in Listed Companies</u> - Independent Director - Audit Committee - Good Corporate Governance Committee <u>Positions in other Listed Companies</u> - Independent Director /CHM of the risk management committee - Independent Director - Chairman Board - Chief Commercial Officer - Executive Director	- Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Industry PLC.   - Government Savings Bank  - Thailand Post Co., Ltd. - Thailand Post Co., Ltd. - Thaicom PLC. - Thaicom PLC.

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience during past 5 years		
					Period	Position	Company/Type of Business
22. Mr. Chanachai Chutimavoraphand - Vice President – Accounting & Finance  Since 1 Nov 2012	43	- Bachelor Degree Electrical Engineering Chulalongkorn University. - Bachelor of Law, Chulalongkorn University. - Master Degree of Business Administration, Tennessee University, U.S.A. - Master Degree of Arts, Business Law. Chulalongkorn University. - CFA Charterholder, Association for Investment Management and Research (AIMR) - Certificate of Director Accreditation Program (DAP 37/2005)	2.616	Sons of Mr.Prapas Chutimavoraphand Senior Vice President - Administration SVP	2003 - November 2012	<u>Positions in Listed Companies</u> - AVP Accounting & Finance	- Khon Kaen Sugar Industry PLC. and subsidiaries
					November 2012- Present	- VP Accounting & Finance	- Khon Kaen Sugar Industry PLC. and subsidiaries
						<u>Positions in other Listed Companies</u>	
					2000 - Present	- Executive Director /Nomination & Remuneration Committee	- Thai Sugar Terminal PCL
					2000 - Present	- Director Executive	- T S Flour Mill PCL
						<u>Position in Non-Listed Companies</u>	
					17March 2014 - Present	- Director	-KSL Real Estate Co.,Ltd.
					2004 - Present	- Director	- Khon Kaen Alcohol Co., Ltd.
					2006 - Present	- Director	- Koh Kong Sugar Industry Co., Ltd.
					2006 - Present	- Director	- Savannakhet Sugar Corporation
					2006 - Present	- Director	- KSL. Agro and Trading Co.,Ltd.
					2003 - Present	- Executive Director	- KSL Material Supplies Co., Ltd.
					1996 -Present	-Director	- Onnuch Construction Co.Ltd.
					2000 - Present	- Executive Director	- T S Warehouse Co., Ltd.
					2000 - Present	- Executive Director	-T S G Asset Co., Ltd.
					2000 - Present	- Executive Director	-T S Oil Industry Co., Ltd.
					2000 - Present	- Executive Director	-T S Transport and Logistics Co., Ltd

Name/Position	Age	Education Background	% of share holding	Relation among family within company	Work experience 5 years up		
					Period	Position	Company/Type of Business
23. Mr. Theera Sanguandeeikul  Vice President and Regional Director – Western Plant  since 1 November 2012	65	Bachelor BSc. Chemical Technology, Faculty of Science ,Chulalongkorn University 1974 Master MSc. Chemical Engineering ,University of Wisconsin ,Madison, USA, 1975 Executive MBA , Kasetsart University , 1996	0.038	None	1 Nov 2012 – Present	<u>Position in listed Companies</u>  Vice President and Regional Director – Western Plant	Khon Kaen Sugar Industry PLC
					15 Sep 2009	Regional Director – Western Plant	Khon Kaen Sugar Industry PLC
					2003 – Present	<u>Non-Listed Companies</u> Director	Khon Kaen Alcohol Co.,LTD
					2003 – Present	Director	KSL Material Supplies Co.,LTD.
					2007 – Present	Director	Koh Kong Sugar Industry Co., LTD (Cambodia)
					2006 – Present	Director	Savannakhet Sugar Corporation (Lao PDR)

Name/Position/Date of Appointment	Age	Education Background	% of share holding	Relation among family within company	Work experience 5 years up		
					Period	Position	Company/Type of Business
24. Mr. Dhajjai Subhapholsiri  - Vice President , Office of Company Secretary and Legal  - Company Secretary  since 28 March 2014	58	Bachelor In Law ,Chulalongkorn University  -Institute of Legal Education, Thai Bar Association  - Master Degree Harvard University  <u>Training Records</u>  - UFS 12/2007 by IOD  - Fundamental Practice for Corporate Secretary (FPCS) 29/2014  - Corporate Governance for Executives (CGE) 2014  - Company Secretary Program (CSP 59/2014)	None	None	1 March 2014 - Present           28 March 2014 - Present   <		

Remark: Affiliate KSL Sugar Factories:

(1) Tamaka Sugar Industry Co.,Ltd. (2) New Krung Thai Sugar Factory Co.,Ltd. (3) New Kwang Soon Lee Sugar Factory Co.,Ltd.

## Name of Directors in Subsidiaries and Associates of Khon Kaen Sugar Industry PCL. on Oct 31,2015

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



Name		Position													
		Khon Kaen Sugar Industry PCL.	Subsidiaries and Associates												
			1	2	3	4	5	6	7	8	9	10	11	12	13
26. Mr. Piripon	Chinthammit	Assistant Vice President								/		/	/	/	
27. Mr. Thirapong	Nacasaksevee	Assistant Vice President / Managing Director										/			

## \*\*NOTE :

- |    | Symbols | Position           |
|----|---------|--------------------|
| 1) | X       | Chairman           |
|    | /       | Director           |
|    | //      | Executive Director |
- 2) Name of Subsidiaries and Associates
1. Tamaka Sugar Industry Co., Ltd.
  2. New Krung Thai Sugar Factory Co., Ltd.
  3. New Kwang Soon Lee Sugar Factory Co., Ltd
  4. Thai Sugar Terminal Plc.
  5. KSL Export Trading Co., Ltd.
  6. Khon Kaen Sugar Power Plant Co., Ltd.
  7. Khon Kaen Alcohol Co., Ltd.
  8. KSL Material Supplies Co., Ltd.
  9. KSL Real Estate Co., Ltd.
  10. Champion Fermentation Co., Ltd.
  11. KSL Agro and Trading Co., Ltd.
  12. Savannakhet Sugar Corporation
  13. Koh Kong Plantation Co., Ltd.
  14. Koh Kong Sugar Industry Co., Ltd.

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

EDUCATION : BACHELOR BUSINESS ADMINISTRATION ACCOUNTING KASEM BUNDIRT 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**

- None -

## **Report of the Audit Committee**

The Audit Committee was appointed by the Board of Directors to be responsible for internal auditing, financial report auditing, and to promote and ensure the Company's compliance with the Code of Best Practices for Listed Companies enabling good corporate governance and the efficiency and effectiveness of the corporate risk management and internal audit system.

The Audit Committee members includes Mr. Sitti Leelakasemlurk as Chairman and three independent directors: Ms. Nongluck Phinainitisart, Mr. Karun Kittisataporn , and Mr. Worapat Todhanakasem. None of the Audit Committee members hold executive positions that involved in the daily management of the Company, its subsidiaries, and its associated businesses. They are not consultants or partners of the Company, its subsidiaries, or its associated businesses. In 2015, the meeting date for the Audit Committee has been changed to January 1, 2015 to October 31, 2015 and 4 meetings were held. A summary of the important work performed by the Audit committee during the year are as follow:

### **1. Reviewed the Company's Quarterly and Annual Financial Reports**

Before the management presented the financial reports to the Board of Directors for approval, the Audit Committee reviewed all financial reports in conjunction with the auditor and in the absence of the executive directors. This is to allow auditors to freely and independently audit the reports, inquire and inform the details of the financial report, explain the accounting method, and express any concerns to ensure that the financial information is sufficiently disclosed a timely manner and according to the customary accounting practice and standard. The auditor did not find any inconsistency within the company's financial report. The Committee deemed the financial reports for 2015 to be accurate, adequate, reliable, and in line with generally accepted accounting standards.

### **2. Good Corporate Governance**

The Audit Committee supervised the Company's compliance to the Good Corporate Governance policy and guidelines of the Securities and Exchange Commission of Thailand and other related laws and regulations in order to ensure the transparency of the Company's operation and gain the confidence of the shareholders and investors.

### **3. Reviewed Risk Management**

The Audit Committee reviewed the Company's risk management system by focusing on significant risk factors and monitoring risk status reports from the Risk Management Committee on a quarterly basis. The Committee deems that in 2015, the Company's risk management system is at appropriate level.

### **4. Reviewed the Sufficiency of Internal Control and Internal Audit Systems**

The Audit Committee examined the corporate internal control system by reviewing internal audit reports that includes the Company's significant work processes. The Committee also gave advice to the Internal Audit Unit to improve its work effectiveness and efficiency, considered and approved the annual internal audit plan, and supported the Company's effort to develop the knowledge of internal auditors so that they may perform their duties

according to international standard and improve the overall quality of the Company's Internal Audit System.

5. Reviewed the appropriateness of the list of potential conflict of interests

The Audit Committee had examined the company's list of transactions and interrelated items and the disclosure of such information in accordance with the guidance and requirements set by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The Committee deemed that the list of transactions and interrelated items were in accordance with the normal business practice and pricing and that the information disclosed was transparent, sufficient, accurate and complete.

6. Compliance with the law and regulations of the Securities & Exchange Commission, the Stock Exchange of Thailand, and the laws related to the Company's operation

The Audit Committee reviewed and verified the Company's compliance with applicable laws and requirements of the Securities & Exchange Commission, and the Stock Exchange of Thailand. This ensures transparency of the Company's operation to shareholders and all stakeholders.

7. Suitability of the Auditors

The Audit Committee reviewed and selected auditors and remuneration based on the experience and performance of the auditor from the previous year. Deloitte Touche Tohmatsu (Thailand) Co. Ltd has the expertise and good knowledge of the Company. It operates independently, justly, and consistently delivers its work on time. Consequently, the Committee recommends the Board propose the shareholder's meeting to continue appointing Deloitte Touche Tohmatsu (Thailand) Co., Ltd as its auditor for the 6th year in 2016.

Additionally, the Audit Committee and its members conducted a self-assessment of its performance for the year 2015 based on the criteria set out by the Audit Committee Charter for good practice. The individual and group assessment results indicate that the Audit Committee has sufficiently and responsibly performed its duty within the scope assigned by the corporate Board with due diligence and independence. It is the Audit Committee's opinion that the Company had provided correct financial reports, operated under the efficient internal control system, had implemented effective risk management, complied with the laws, regulations, and requirements pertaining to corporate business operations, appropriately disclosed related party transactions, and sufficiently, transparently, and reliably operated according to good corporate governance guidelines.

On behalf of the Audit Committee,  
Mr. Sitti Leelakasamelerk  
Chairman of the Audit Committee