



The World's Leading Lime Producer

# Transforming For The Future



ANNUAL REGISTRATION STATEMENT  
ANNUAL REPORT 2021  
(FORM 56-1 ONE REPORT)

Human Chemical

**CHEMAMAN**





Total Installed Production Capacity 2021: > 1,000,000 TPY

# Thailand

## Tubkwang Quarry

Mineable Reserves:

> 80 million MT Limestone

## Kangkoi Plant

Production Capacity:

> 500,000 TPY (Quicklime)

## Prabuddhabaht Plant

Production Capacity:

> 350,000 TPY (Quicklime)

## Rayong Plant

Production Capacity:

> 87,000 TPY (Hydrated Lime)

# India

## Siriman Chemicals India Plant

Production Capacity:

> 50,000 TPY (Quicklime)

> 35,000 TPY (Hydrated Lime)

## Easternbulk Lime Products Plant

Production Capacity:

> 50,000 TPY (Quicklime)

# Vietnam

## Hoanh Bo Quarry

Mineable Reserves:

> 75 million MT Limestone

## Ha Long QN Lime Plant

Production Capacity:

> 180,000 TPY (Quicklime)

> 100,000 TPY (Hydrated Lime)

# Australia

## Hope Valley Distribution Center

Distribution Capacity:

> 500,000 TPY

## Henderson Distribution Center

## Kalgoorlie Distribution Center

Distribution Capacity:

> 140,000 TPY



Quarry



Production Facility



Distribution Center

# Operations Thailand



 Tubkwang Quarry  Saraburi



 Kangkoi Plant  Saraburi

# Operations Thailand



 Prabuddhabaht Plant  Saraburi



 Rayong Plant  Rayong

# Operations India

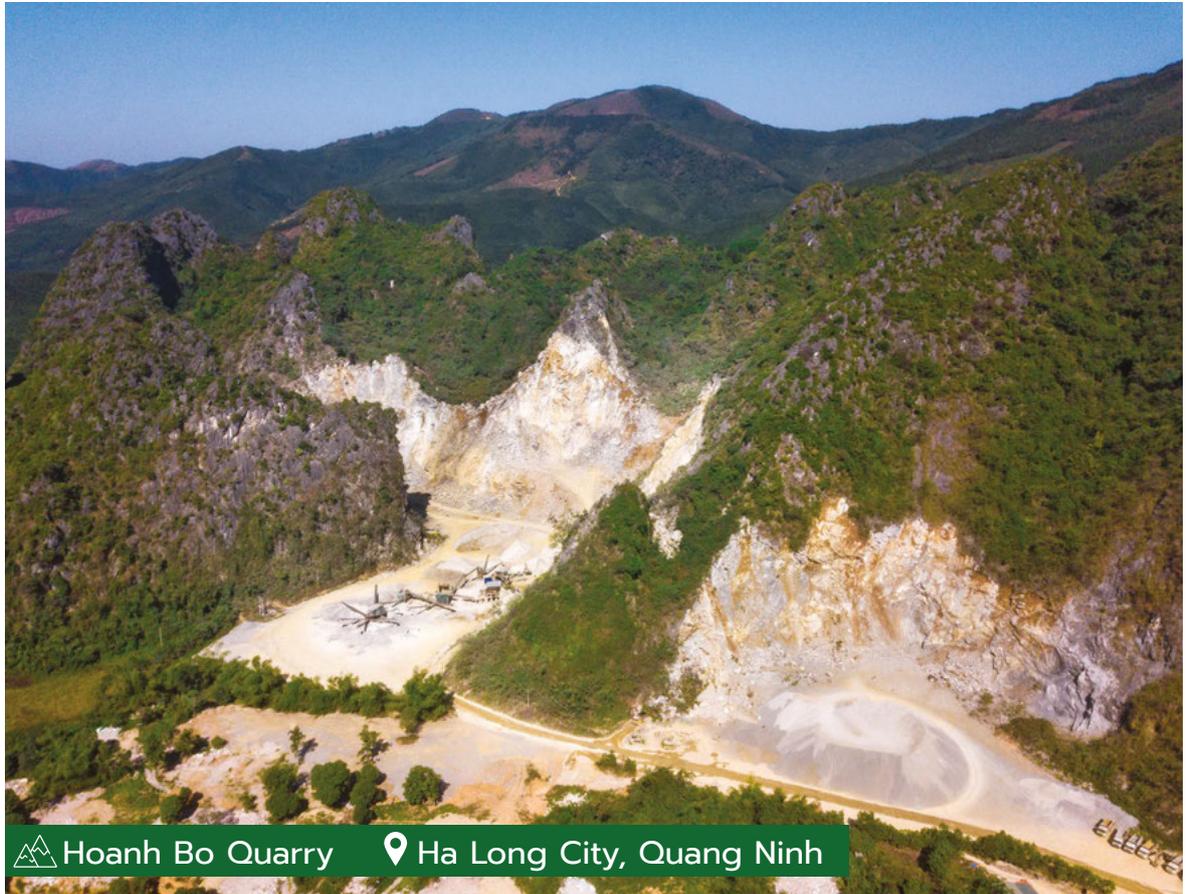


 Siriman Chemicals India Private Limited  Visakhapatnam



 Easternbulk Lime Products Private Limited  Tuticorin

# Operations Vietnam



 Hoanh Bo Quarry  Ha Long City, Quang Ninh



 Ha Long QN Lime Plant  Ha Long City, Quang Ninh

# Operations Australia



Kangkoi Plant, Saraburi, Thailand





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## Vision

To be a global and vertically integrated leader in the lime and lime-related industries through highly efficient operations and sustainable business practices

## Mission

To provide lime and lime derivative chemical products and other solutions and services to our target customers through adoption of modern technologies and innovations and establishment of strategic partnerships to create “win-win” solutions for all stakeholders under good business governance principles



## Business Objective

Chememan aims to achieve lime sales and production of more than 2,000,000 TPY within 2025

# Strategic Focuses



Analyze and develop appealing solutions to meet customers' changing needs by enhancing our business capabilities in every area in terms of quality, cost, and reliability



Strengthen competitive advantages through new upstream and/ or downstream strategic partnerships, additional capacity expansion and adoption of latest innovation and technologies to enhance business efficiency across all key dimensions



Increase the agility and flexibility at which our organization and systems can respond to the challenges of doing business in highly dynamic and volatile environments



Build platforms to ensure long-term business sustainability, including environment, social and governance aspects

# Financial Highlights

Unit: Million Baht

Financial Highlights	2021	2020	2019
<b>Statement of Comprehensive Income</b>			
Revenue from Sales and Services	3,002	2,240	2,372
Gross Profit	725	567	769
EBITDA	553	232	258
Net Profit	92	(137)	(4)
<b>Statement of Financial Position</b>			
Total Assets	7,022	6,103	5,800
Total Liabilities	4,730	4,007	3,555
Total Shareholders' Equity	2,292	2,096	2,245
<b>Information on Ordinary Shares</b>			
No. of issued and paid up shares / Million Shares	960.00	960.00	960.00
Par value / Baht	1.00	1.00	1.00
Book value per share / Baht	2.39	2.18	2.34
Earnings per share / Baht	0.10	(0.12)	(0.00)
Dividends per share / Baht	0.00	0.00	0.04

## Financial Ratios

Current Ratio (Times)

2019 2020 2021

0.66x  
0.59x  
0.62x

Gross Profit Margin (%)

2019 2020 2021

32.33%  
31.83%  
33.86%

Net Profit Margin (%)

2019 2020 2021

0.00%  
(5.24%)  
3.13%

Return on Equity (%)

2019 2020 2021

(0.00%)  
(6.00%)  
4.49%

Debt to equity ratio (Times)

2019 2020 2021

1.67x  
2.01x  
2.16x

Interest bearing debt to equity ratio (Times)

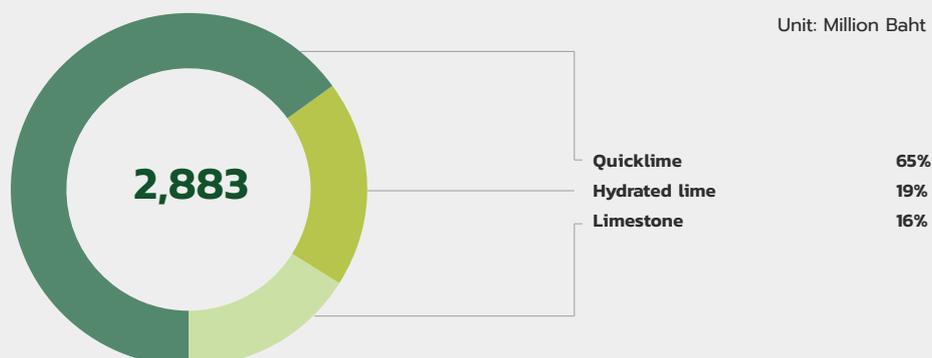
2019 2020 2021

1.24x  
1.71x  
1.81x

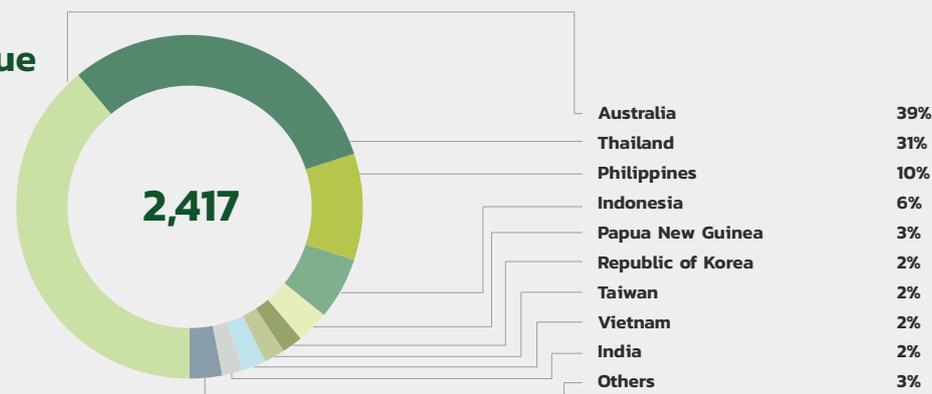
# 2021 Financial Highlights

## Sales Revenue by Product

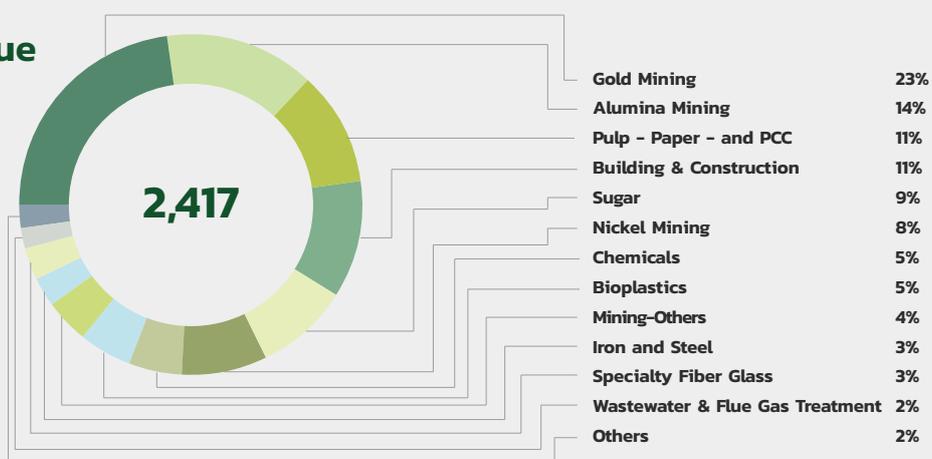
Unit: Million Baht



## Lime Sales Revenue by Country



## Lime Sales Revenue by Industry



Unit: Million Baht

### Statement of Financial Position

Total Assets  
7,022

Total Liabilities  
4,730

Total Shareholders' Equity  
2,292

### Statement of Comprehensive Income

Revenue  
3,002  
(+34.0% YoY)

Gross Profit  
725  
(+28.0% YoY)

EBITDA  
553  
(+137.8% YoY)

Net Profit  
92  
(+167.5% YoY)





## Message from Chairman and Chief Executive Officer

**“CMAN has taken proactive risk management steps to manage through the volatile business environment. In the midst of global supply chain challenges in 2021, CMAN was able to generate higher net profit from the previous year, due to strong lime demand and higher average prices across our balanced customer portfolio and production process improvements that allowed high capacity utilization levels during the year.”**

The global economy in 2021 had a bifurcated recovery, as highly developed countries, such as the United States, China, United Kingdom, and Japan, experienced higher growth rates than developing countries, such as Thailand. During the COVID-19 pandemic, highly developed countries provided subsidy packages that generally maintained their citizens' personal income levels. At the same time, countries around the world restricted their citizens' work, social and travel activities, so they purchased less goods and services than normal times.

As these lifestyle restrictions eased in late 2020 and early 2021, pent-up consumer demand plus high savings levels created significantly higher demand while the global economy was not functioning normally. Situations where factories could not hire enough workers to run full shifts or ports could not recruit enough workers to quickly discharge cargoes became the norm and resulted in lower supply of goods.

The results were an unbalanced global economy, where overall demand outstripped overall supply. Demand for key commodities soared globally, which stimulates increase in energy prices, such as oil, coal, and ores, in line with the economic recovery. Chememan Public Company Limited (“CMAN”) benefited from the global commodities boom, as our major clients increased production levels and commodity prices, which in turn led to strong demand for our lime products. CMAN’s lime exports increased 35% to Baht 1,897 million in 2021, which represented approximately 60% of our consolidated revenues.

While CMAN experienced strong tail winds in 2021, we expect stronger headwinds and downside risk to our business in 2022. We continue to operate in a period of high inflation (some even call it hyperinflation), which has further worsened due to the severe economic sanctions imposed on Russia. US interest rates are expected to increase further to combat high inflation, and many government subsidy programs are expiring in 2022, which should slow down economic growth.

Looking at home, Thailand has experienced lower growth rates than many of its neighbors, as its economy is heavily reliant on international tourism. Export levels remain strong, but without a large inflow of international tourists, economic activities are not expected to return to pre-pandemic levels any time soon.

**CMAN expects 2022 to be another challenging year. Considering the overall business conditions, CMAN is not prioritizing capacity expansion in 2022. Instead, CMAN is focused on maximizing sales of our lime products, achieving consistently high capacity utilization levels, and optimizing cost efficiency at all plants to deliver another profitable year.**

All businesses have experienced “disruption” in one form or another, so **CMAN has taken proactive risk management steps to manage through the volatile business environment. In the midst of global supply chain challenges in 2021**, CMAN generated its highest-ever annual revenues of THB 3,002 million and THB 92 million of net profit, an increase of 34% and 167.5% YoY, respectively. **CMAN was able to achieve its highest annual revenues due to strong lime demand and higher average prices across our balanced customer portfolio and production process improvements that allowed high capacity utilization levels during the year.**

CMAN’s operational highlights included:

1. CMAN sold 685,000 tons of quicklime and hydrated lime products, an increase of 22% YoY. We could have sold more lime products if we had more container shipping availability, as customer demand was there.
2. Hope Valley, our large distribution center in Western Australia with annual handling capacity of 500,000 tons, started commercial operations in June 2021.
3. Siriman Chemicals India Private Limited in Visakhapatnam of India, with annual capacity of 54,750 tons of quicklime, commenced commercial operations in January 2021.
4. Easternbulk Lime Products Private Limited constructed its second lime kiln and expects commercial operations in the second quarter of 2022.

CMAN’s profitability would have been higher, if we had not experienced two breakbulk shipping incidents, which have not been completely resolved to date. In 2021, CMAN absorbed THB 38 million of shipping-related damages, and further losses are expected in 2022. Significantly higher short-term and long-term loan repayments plus potential damages from these two incidents have affected our short-term liquidity situation, which we are proactively managing with our banks at this time.

As CMAN continues to grow, we have launched key organizational developments as follows:

1. Introduced a new organization structure, whereby each business unit would have greater autonomy to manage its performance, while operating under clear group-wide policies and guidelines
2. Developed people strategy to promote CMAN's new core values, efficient communication and collaboration, knowledge sharing and foster best practices across the entire group

CMAN places great value on the principles of good corporate governance and social and environmental responsibility. With the diverse skills and experiences of our Board of Directors, management team, and hard-working colleagues, we are confident in our ability to overcome all challenges, to deliver positive financial performances, and to develop a long-term sustainable business.

On behalf of our entire company, we would like to express our sincere gratitude to all shareholders, customers, business partners, management, employees and all stakeholders for your valuable trust and support. We are committed to deliver higher returns and operate with high morals and ethics and a focus on social and environmental protection for many years to come.



**M.L. Chandchutha Chandratat**  
Chairman of the Board of Directors



**Mr. Adisak Lowjun**  
Chief Executive Officer

# Board of Directors

**1. M.L. Chandchutha Chandratat**

Chairman of the Board of Directors

**2. Mr. Adisak Lowjun**

Director and Chief Executive Officer

**3. Mr. Chai Srivikorn**

Director

**4. Mr. Suthep Uacherdkul**

Director

**5. Mrs. Rajjaneepen Ungpakorn**

Director

**6. Mr. Charoen Churekanont**

Director

**7. Mr. Pornprom Karnchanachari**

Chairman of Audit Committee and  
Independent Director

**8. Ms. Amata Issarangura Na Ayudhaya**

Audit Committee Member and  
Independent Director

**9. Mr. Yarnsak Manomaiphiboon**

Audit Committee Member and  
Independent Director

1



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9



# Management Team

1. Mr. Adisak Lowjun  
Chief Executive Officer

2. Mr. Apichat Laochinda  
Chief Technology Officer

3. Mr. Komgrit Panom-Upatam  
Chief Operating Officer

4. Mr. Boonlert Thungkatikajonkit  
Chief Commercial Officer

5. Mr. Lerssak Boonsongsup  
Chief Strategy Officer

6. Mr. Kamol Sowattanaskul  
Chief Affiliate Officer



# Profiles of the Directors and Management Team

## M.L. Chandchutha Chandratat

Chairman of the Board of Directors (Since 26 Aug 2016)

**Age (years) :** 55

### Education / Training :

1. MBA, University of California at Berkeley, USA
2. Bachelor of Science (Magna Cum Laude) in Economics, University of Minnesota, Twin Cities, USA
3. Director Certification Program (DCP) 70/2006, Thai Institute of Directors Association
4. The Role of Chairman (RCM) 46/2563, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 0.58

**Family Relationship with other executives :** None

### Work Experience :

2017 - Present	Chairman	Chememan PLC
2021 - Present	Advisor	Chememan PLC
2016 - 2017	Chairman of Audit Committee	Chememan PLC
2014 - 2021	Managing Director	Boonrawd Brewery Co., Ltd.
2015 - 2021	Director	Singha International Headquarter Co., Ltd.
2014 - Present	Managing Director	Akin Land Co., Ltd.
2014 - 2019	Managing Director	Boonrawd Trading International Co., Ltd.
2014 - 2019	President and Director	Singha North America, Inc.
2005 - 2014	President and Chief Executive Officer	Thoresen Thai Agencies PLC
2009 - 2012	Chairman	Unique Mining Services PLC
2007 - 2012	Chairman	Mermaid Maritime PLC
2009 - 2014	Director	UMS Coal Briquette Co., Ltd.
2009 - 2014	Director	UMS Lighter Co., Ltd.
2009 - 2014	Director	UMS Transport Co., Ltd.
2009 - 2014	Director	UMS Port Services Co., Ltd.
2009 - 2014	Director	Baconco Co., Ltd.
2008 - 2014	Director	Soleado Holdings PTE LTD
2007 - 2014	Director	JSSI Holdings, LLC
2005 - 2014	Director	Thoresen & Co. (Bangkok) Ltd. and 46 Thai Shipping Companies
2005 - 2014	Director	Thoresen Shipping and Logistics Limited
2005 - 2014	Director	Chidlom Marine Services & Supplies Limited
2005 - 2014	Director	Fearnleys (Thailand) Limited
2005 - 2014	Director	Gulf Agency Company (Thailand) Limited
2005 - 2014	Director	Thoresen (Indochina) S.A.
2005 - 2014	Director	Thoresen Chartering (HK) Limited
2005 - 2014	Director	Thoresen Shipping Singapore Pte. Ltd.
2005 - 2014	Director	GAC Thoresen Logistics Co., Ltd.

## Mr. Adisak Lowjun

Director and Chief Executive Officer

Director position (Since 3 Mar 2003)

Management position (Since 1 Sep 2003)

**Age (years) :** 60

### Education / Training :

1. MBA (Finance), University of Texas at Arlington, USA
2. Bachelor of Engineering, Chulalongkorn University
3. Director Certification Program (DCP) 12/2001, Thai Institute of Directors Association
4. Role of the Chairman Program (RCP) 38/2016, Thai Institute of Directors Association
5. Executive Program, Class 28, Market Academy (CMA)
6. Executive Development Training Program, Royal Thai Police, Fiscal Year 2020
7. E-Learning CFO's Orientation Course (Thai Version), Oct 2020, The Stock Exchange of Thailand
8. CFO Professional Development Program 6/2021, Thai Listed Company Association
9. CFO Professional Development Program 7/2021, Thai Listed Company Association
10. E-Learning CFO's Refresher Course, Feb 2022, The Stock Exchange of Thailand

**Shareholding Percentage (%) :** 7.54

**Family Relationship with other executives :** Mrs. Rajjaneepen Ungpakorn (Spouse)

### Work Experience :

2017 - Present	Director	Chememan PLC
2003 - Present	Chief Executive Officer Acting Chief Financial Officer, Acting Chief Operating Officer	Chememan PLC
2003 - 2017	Chairman	Chememan PLC
2021 - Present	Chairman	Ha Long QN Lime Co., Ltd.
2019 - Present	Director	CaIMix Co., Ltd.
2017 - Present	Director	Easternbulk Lime Products Private Limited
2016 - Present	Director	Siriman Chemicals India Private Limited
2016 - Present	Director	Chememan India Private Ltd.
2015 - Present	Director	Chememan Lao Co., Ltd.
2010 - Present	Director	Northman Co., Ltd.
2008 - Present	Director	Chememan Australia Pty. Ltd.
2004 - 2020	Chairman	Tubkwang Co., Ltd.
2003 - Present	Chairman	Buranachart Co., Ltd.
2003 - Present	Chairman	Buranalux Co., Ltd.
2010 - 2018	Director	Chememan International Pte. Ltd.

## Mr. Chai Srivikorn

Director (Since 3 Sep 2003)

**Age (years) :** 60

### **Education / Training :**

1. MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University
2. Bachelor of Engineering (HON), Bradford University, London, England
3. Director Certification Program (DCP) 225/2016, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 31.33

**Family Relationship with other executives :** None

### **Work Experience :**

2003 - Present	Director	Chememan PLC
2008 - Present	Director	Chememan Australia Pty. Ltd.
2004 - 2020	Director	Tubkwang Co., Ltd.
2010 - 2018	Director	Chememan International Pte. Ltd.
2017 - Present	Director	CCM Spirit Co., Ltd.
2016 - Present	Director	CCM Group Co., Ltd.
1991 - Present	Director	Gaysorn Private Equity Co., Ltd.
1981 - Present	Director	Gaysorn Holding Co., Ltd.

## Mr. Suthep Uacherdkul

Director (Since 3 Sep 2003)

**Age (years) :** 60

### **Education / Training :**

1. MBA, University of Dallas, USA
2. Bachelor of Engineering, Chulalongkorn University
3. Director Certification Program (DCP) 226/2016, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 3.92

**Family Relationship with other executives :** None

### **Work Experience :**

2003 - Present	Director	Chememan PLC
2003 - Present	Director	Buranachart Co., Ltd.
2018 - Present	Managing Director	Hardware King Co., Ltd.
2013 - Present	Director	Subpana Property Co., Ltd.
2009 - Present	Director and Manager	J T Estate Co., Ltd.
2002 - Present	Director	Thanaphumnakorn Co., Ltd.
2002 - Present	Director and Manager	Master Max Industry Co., Ltd.
1995 - Present	Managing Director	Rayong Mongkolchai Co., Ltd.

## Mrs. Rajjaneepen Ungpakorn

Director (Since 3 Sep 2003)

**Age (years) :** 56

### **Education / Training :**

1. MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University
2. Bachelor of Science in Business Administration and Accountancy, University of the Philippines
3. Director Certification Program (DCP) 224/2016, Thai Institute of Directors Association
4. Director Diploma Examination 2016

**Shareholding Percentage (%) :** 7.54

**Family Relationship with other executives :** Mr. Adisak Lowjun (Spouse)

### **Work Experience :**

2003 - Present	Director	Chememan PLC
2008 - Present	Director	Buranalux Co., Ltd.

## Mr. Charoen Churekanont

Director (Since 3 Mar 2003)

**Age (years) :** 60

### **Education / Training :**

1. Bachelor of Engineering (Mining Engineering), Chulalongkorn University
2. Director Certification Program (DCP) 223/2016, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 4.39

**Family Relationship with other executives :** None

### **Work Experience :**

2003 - Present	Director	Chememan PLC
2003 - Present	Director	Buranachart Co., Ltd.
2019 - Present	Director	CMT Corp Co., Ltd.
2012 - Present	Managing Director	Siriphornjaroen Co., Ltd.
2010 - Present	Managing Director	Pacharapat Development Co., Ltd.
2009 - Present	Managing Director	Pomsirisub Co., Ltd.
2003 - Present	Managing Director	Thanaphumnakorn Co., Ltd.
2002 - Present	Managing Director	Issarapongcharoen Co., Ltd.
2002 - Present	Managing Director	Tiahongha Siripanich Co., Ltd.
1994 - Present	Director	Akarakorn Development Co., Ltd.
1992 - Present	Managing Director	Juriganont Co., Ltd.

## Mr. Pornprom Karnchanachari

Chairman of Audit Committee and Independent Director (Since 20 Dec 2016)

**Age (years) :** 58

### Education / Training :

1. Master of Comparative Law, University of Illinois at Urbana - Champaign, USA
2. Bachelor of Law, Chulalongkorn University
3. Director Accreditation Program (DAP) 141/2017, Thai Institute of Directors Association

**Shareholding Percentage (%) :** None

**Family Relationship with other executives :** None

### Work Experience :

2017 - Present	Chairman of Audit Committee and Independent Director	Chememan PLC
2016 - 2017	Audit Committee and Independent Director	Chememan PLC
2020 - Present	Director	Arkitektura Co., Ltd.
1994 - Present	Director	Legal Advisory Council Limited
1994 - 2015	Director	Thonburi Healthcare Group PLC

## Miss Amata Issarangura Na Ayudhaya

Audit Committee Member and Independent Director (Since 20 Dec 2016)

**Age (years) :** 54

### Education / Training :

1. MBA (Corporate Finance) Golden Gate University, USA
2. Bachelor of Arts in Political Science (Public Finance), Chulalongkorn University
3. Director Accreditation Program (DAP) 137/2017, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 0.02

**Family Relationship with other executives :** None

### Work Experience :

2016 - Present	Audit Committee and Independent Director	Chememan PLC
2010 - 2014	Group Treasury	Thoresen Thai Agencies PLC

## Mr. Yarnsak Manomaiphiboon

Audit Committee Member and Independent Director (Since 29 Mar 2017)

**Age (years) :** 58

### Education / Training :

1. MBA (Finance), Indiana University at Bloomington, USA
2. Bachelor of Engineering, Chulalongkorn University
3. Director Accreditation Program (DAP) 23/2004, Thai Institute of Directors Association
4. Director Certification Program (DCP) 60/2005, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 0.02

**Family Relationship with other executives :** None

### Work Experience :

2017 - Present	Audit Committee and Independent Director	Chememan PLC
2021 - Present	Director	CMDF Digital Infrastructure Co., Ltd.
2018 - Present	Director	ASCO Business Promotion Co., Ltd.
2018 - Present	Director	National Digital ID Co., Ltd.
2012 - Present	Audit Committee and Independent Director	Sahaviriya Steel Industries PLC
2012 - Present	Secretary General	Association of Securities Companies (Thailand)

## Mr. Apichat Laochinda

Chief Technology Officer (Since 1 Jan 2021)

**Age (years) :** 60

### Education / Training :

1. Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
2. Director Accreditation Program (DAP) 37/2005, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 4.36

**Family Relationship with other executives :** None

### Work Experience :

2021 - Present	Chief Technology Officer	Chememan PLC
2007 - 2020	Vice President of Engineering & Project	Chememan PLC
2013 - Present	Director	Buranachart Co., Ltd.

## Mr. Komgrit Panom-Upatam<sup>1</sup>

Chief Operating Officer (Since 1 Jan 2021)

**Age (years) :** 57

### **Education / Training :**

1. Bachelor of Engineering (Mechanical Engineering), King Mongkut's University of Technology Thonburi

**Shareholding Percentage (%) :** 0.13

**Family Relationship with other executives :** None

### **Work Experience :**

2021 - Present	Chief Operating Officer	Chememan PLC
2006 - 2020	Vice President of Lime Operations	Chememan PLC
2019 - Present	Director	Ha Long QN Lime Co., Ltd.

## Mr. Boonlert Thungkatikajonkit

Chief Commercial Officer (Since 1 Jan 2021)

**Age (years) :** 61

### **Education / Training :**

1. MBA, Thammasat University
2. Bachelor of Engineering, Chulalongkorn University
3. Bachelor of Commerce, Ramkhamhaeng University

**Shareholding Percentage (%) :** 0.05

**Family Relationship with other executives :** None

### **Work Experience :**

2021 - Present	Chief Commercial Officer	Chememan PLC
2016 - 2020	Vice President of Commercial Market 2	Chememan PLC
1992 - 2014	Country Customer Delivery Leader	Alcatel-Lucent (Thailand) Co., Ltd.

<sup>1</sup> Mr. Komgrit Panom-Upatam has been assigned to work at Ha Long QN Lime Co., Ltd. since 2019, therefore Mr. Adisak Lowjun has been appointed as Acting Chief Operating Officer.

## Mr. Lerssak Boonsongsup

Chief Strategy Officer (Since 1 Aug 2021)

**Age (years) :** 53

**Education / Training :**

- 1. MBA, Chulalongkorn University
- 2. M.Sc. in Chemical Engineering, Oregon State University, USA
- 3. Bachelor of Chemical Engineering, Chulalongkorn University
- 4. Director Certification Program (DCP) 2015, Thai Institute of Directors Association

**Shareholding Percentage (%) :** None

**Family Relationship with other executives :** None

**Work Experience :**

2021 - Present	Chief Commercial Officer	Chememan PLC
2008 - 2020	Chief Supply Chain Officer	Minor Food Group, Thailand
1996 - 2008	Partner, Senior Executive	Accenture, Thailand

## Kamol Sowattanaskul

Chief Affiliate Officer (Since 1 Jan 2021)

**Age (years) :** 59

**Education / Training :**

- 1. MBA, Thammasat University
- 2. Bachelor of Engineering, Chulalongkorn University
- 3. Director Certification Program (DCP) 15/2002, Thai Institute of Directors Association

**Shareholding Percentage (%) :** 0.80

**Family Relationship with other executives :** None

**Work Experience :**

2021 - Present	Chief Affiliate Officer	Chememan PLC
2004 - 2020	Vice President of Business Development	Chememan PLC
2011 - Present	Director	Chememan Australia Pty. Ltd.

**Information of Directors, Executives and Controlling person of the Subsidiaries, Affiliates, and related Companies as of 31 December 2021**

Companies	ML Chandratha	Mr. Adisak Lowjun	Mr. Charoen	Mr. Suthep	Mr. Rajjaneepen	Mr. Chai Srivikorn	Mr. Pornprom	Ms. Amata	Mr. Yarnsak	Mr. Apichat	Mr. Komgrit	Mr. Boonlert	Mr. Kamol	Mr. Lerssak
Chememan PLC	X	/,M,O	/	/	/	/	//,///	//,///	//,///	O	O	O	O	O
Chememan Australia Pty Ltd.		/				/							/	
Northman Co., Ltd.		/												
Chememan Lao Co., Ltd.		/												
Chememan India Private Ltd.		/												
Siriman Chemicals India Private Limited		/												
Easternbulk Lime Products Private Limited		/												
CalMix Co., Ltd.		/												
Ha Long QN Lime Co., Ltd.		X									/			
Akin Land Co., Ltd.	M													
Buranachart Co., Ltd.		X	/	/						/				
Buranalux Co., Ltd.		X			/									
Siriphornjaroen Co., Ltd.			/,M											
Pornsirirub Co., Ltd.			/,M											
Pacharapat Development Co., Ltd.			/,M											
Thanaphumnakorn Co., Ltd.			/,M	/										
Issarapongcharoen Co., Ltd.			/,M											

Companies	M.L. Chandchutha Chandratat	Mr. Adisak Lowjun	Mr. Charoen Churekanont	Mr. Suthep Uacherdkul	Mrs. Rajjaneepen Ungpakorn	Mr. Chai Srivikom	Mr. Pornprom Karnchanachari	Ms. Amata Issarangura Na Ayudhaya	Mr. Yarnsak Manomai-phiboon	Mr. Apichat Laochinda	Mr. Komgrit Panom-Upatam	Mr. Boonlert Thungkatikajonkit	Mr. Karnol Sowattanasukul	Mr. Lerssak Boonsongsup
Tiahongha Siripanich Co., Ltd			/, M											
Akarakorn Development Co., Ltd.			/											
Juriganont Co., Ltd			/, M											
Subpana Property Co., Ltd.				/										
J T Estate Co., Ltd.				/, O										
Master Max Industry Co., Ltd.				/, O										
Rayong Mongkolchai Co., Ltd.				/, M										
Hardware King Co., Ltd.				/, M										
Gaysorn Holding Co., Ltd.						/								
Gaysorn Private Equity Co., Ltd.						/								
CCM Group Co., Ltd.						/								
CCM Spirit Co., Ltd.						/								
Advisory Council Limited							/							
CMDF Digital Infrastructure Co., Ltd.									/					
Sahaviriya Steel Industries PLC									//, ///					
ASCO Business Promotion Co., Ltd.									/					
National Digital ID Co., Ltd									/					
Arkitektura Co., Ltd.							/							

Remarks: Symbols for the Position of Directors and Management team

X Chairman of the Board / Director // Independent Director  
M Managing Director // Audit Committee O Executive

## Information of Directors of the Subsidiaries and Affiliates as of 31 December 2021

Directors	Mr. Chai Srivikorn	Mr. Adisak Lowjun	Mr. Panom Prayontip	Mr. Kosol Pittayprasertkul	Kamol Sowattanasakul	Mr. Komgrit Panom-Upatam	Mr. Anousak Phiangam	Mr. Sakhone Phiangam	Mr. SrikanthPalakurthi	Mr. Yaratapalli Rajiv Reddy	Mr. Vivek Yaratapalli Reddy	Mr. Tajudeen Mohamed Kaizer	Mr. Tajudeen Mohamed Ilyas	Mr. Friedbert Anton Scharfe	Mr. Bui Tuan Ngoc	Ms. Vu Thi Phuong
<b>Subsidiaries and Affiliates Companies</b>																
Chememan Australia Pty. Ltd.	/	/		/	/											
Northman Co., Ltd.		/														
Chememan India Private Ltd.		/		/					/							
Chememan Lao Co., Ltd.		/	M				/	/								
Ha Long QN Lime Co., Ltd.		X				/									/	/
Siriman Chemicals India Private Limited		/							/	/	/					
Easternbulk Lime Products Private Limited		/							/			/	/			
CalMix Co., Ltd.		/												/		

Remarks: Symbols for the Position of Directors and Management team

X Chairman  
M Managing Director  
/ Director

# Business Operations and Performance

## Vision, Mission and Strategic Focus

Chememan Public Company Limited (“Company”) was established in Thailand in 2003 for the production and distribution of lime and lime derivative chemical products for use as raw materials in the production processes of customers in various industries. The Company has been accepted by a wide range of customers across Asia, Australia, and Africa.

The Company’s vision is to be a global and vertically integrated leader in the lime and lime-related industries through highly efficient operations and sustainable business practices following the mission of providing lime and lime derivative chemical products and other solutions and services to our target customers through the adoption of modern technologies and innovations and establishment of strategic partnerships to create “win-win” solutions for all stakeholders under good business governance principles.

Amid the changes and the impacts of the COVID-19 pandemic that has been taking place since 2020, the Company has to speedily adapt and adjust its strategies to prepare the organization to be able to cope with changes in the future sustainably. The business objective is to achieve lime sales and production of more than 2,000,000 tons per year within 2025.

### **To achieve the stated business objective, the Company focuses on 4 strategic focuses as follows:**

1. Analyze and develop appealing solutions to meet customers’ changing needs by enhancing our business capabilities in every area in terms of quality, cost, and reliability
2. Strengthen competitive advantages through new upstream and/ or downstream strategic partnerships, additional capacity expansion and adoption of the latest innovation and technologies to enhance business efficiency across all key dimensions
3. Increase the agility and flexibility at which our organization and systems can respond to the challenges of doing business in highly dynamic and volatile environments
4. Build platforms to ensure long-term business sustainability, including environmental, social and governance aspects

# Structure and Operations of the Group of Companies

## Business Overview

The Company and its subsidiaries (collectively referred to as “Group of Companies”) engage in the production and distribution of quicklime, hydrated lime, and limestone and ground limestone. The Group of Companies’ total lime production capacity is currently over 1,000,000 tons per year, with customer bases in various industries across Asia, Australia, and Africa.

In Thailand, the Company owns lime production facilities and a concession of industrial mining of a limestone (for cement industry and lime production) at Tubkwang sub-district, Kangkoi district, Saraburi province. The concession is valid for 25 years and will be expired on 23 June 2040. With a mining concession, the Company has its own source of chemical-grade limestone for its lime production process. At present, the Company has 3 lime production facilities in Thailand being 1) Kangkoi plant located at Kangkoi district, Saraburi province, with an installed capacity of 528,500 tons per year 2) Prabuddhabaht plant located at Prabuddhabaht district, Saraburi province, with an installed capacity of 365,000 tons per year and 3) Rayong plant located at Pluak Daeng district, Rayong province, with an installed capacity of 87,600 tons per year.

In addition to business operations in Thailand, the Company also has a concession for industrial mining of limestone at Hoanh Bo quarry and operated Ha Long QN lime plant, located in Ha Long city, Quang Ninh province, Vietnam, together with another 2 lime production facilities in India; namely 1) Easternbulk Lime Products plant in Tuticorin, with an installed capacity of 54,750 tons per year and 2) Siriman Chemicals India plant in Visakhapatnam, which has started its commercial operation since January 2021 with an installed capacity of 54,750 tons per year. Moreover, in June 2021, a new Hope Valley distribution center in Kwinana, Australia, has commenced its operation with a handling capacity of approximately 500,000 tons per year. The distribution center is strategically designed and built, employing state-of-the-art concept that utilizes modern supply chain innovations and automation systems to enhance efficiency of incoming and outgoing process flow as well as other supporting functions.

With a commitment to continually improving lime production stability, availability of chemical-grade raw materials, implementation of modern technology to the production process, effective management and a team of highly professional and experienced personnel, these enable the Company to deliver products that match the needs of customers in various industries, especially mining, e.g., Gold, Aluminium, Copper, Nickel, Lithium, pulp and paper, sugar, and bioplastics industry. The Company has grown to become one of the leading lime producers in Thailand and throughout Asia.

## Significant Changes and Developments

Summary of significant changes and developments of the Group of Companies in the past 3 years are as follows:

	Details
<b>2019</b>	<ul style="list-style-type: none"> <li>- Quicklime kiln (KK4) with an installed capacity of 73,000 tons per year commenced commercial operations in January 2019</li> <li>- Entered into a joint venture with 2 German partners, namely BERGMANN KALK HOLDING GmbH and KALKWERKE H. OETELSHOFEN GmbH &amp; Co. KG, to establish CalMix Company Limited in Thailand to develop, manufacture and distribute construction materials in Thailand and to other countries in Southeast Asia. The Company is holding 51% stake in this joint venture</li> <li>- Easternbulk Lime Products Private Limited, a joint venture in India, had completed the construction of its production plant and had commenced commercial operations in July 2019</li> <li>- Purchasing 80 percent portion of capital contribution in Ha Long QN Lime Company Limited – a lime producer in Vietnam with limestone mining concession. The aim of the investment was to expand the Company’s production base to a strategic location to penetrate into new markets</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>- Tubkwang Company Limited a subsidiary, completed the liquidation process for its dissolution on 14 December 2020</li> <li>- The Company was awarded the Green Mining Award 2020 under a category of “Mineral Dressing” from the Department of Primary Industries and Mines, Ministry of Industry</li> <li>- The Company was awarded the CSR-DPIM Award 2020 for an establishment that meets the standard of Department of Primary Industries and Mines, at an excellent level</li> <li>- The Company received Certificate of Achievement on Labour Relation and Welfare, 15<sup>th</sup> consecutive years 2006-2020 (Prabuddhabaht plant) from the Department of Labour Protection and Welfare, Ministry of Labour</li> </ul>
<b>2021</b>	<ul style="list-style-type: none"> <li>- Siriman Chemicals India Private Limited, a joint venture in Visakhapatnam of India, commenced its operations in January 2021</li> <li>- A large Hope Valley distribution center in Western Australia commenced its operation in June 2021</li> <li>- The Company was awarded the CSR-DPIM Award 2021 for an establishment that meets the standard of Department of Primary Industries and Mines, at an excellent level</li> <li>- The Company was awarded the Green Mining Award 2021 under a category of “Mine and Mineral Dressing” from the Department of Primary Industries and Mines, Ministry of Industry</li> <li>- The Company received Certificate of Achievement on Labour Relation and Welfare, 16<sup>th</sup> consecutive years 2006-2021 (Prabuddhabaht plant) from the Department of Labour Protection and Welfare, Ministry of Labour</li> <li>- The Company received Certificate of Achievement on Labour Relation and Welfare, 11<sup>th</sup> consecutive years 2011-2021 (Kangkoi plant) from the Department of Labour Protection and Welfare, Ministry of Labour</li> </ul>

## Use of Funds from Fundraising

- None -

## Business Scope

In 2021, the Group of Companies generated 34% higher revenue from sales and services amounting Baht 3,002 million, compared with the previous year, which is the highest ever recorded by the Company. Such increase was driven by higher sales volume arising from the global economic recovery, which enables many industry sectors to increase their production capacity and therefore increase demand for lime products, along with the weakening of the Thai Baht against the US Dollar. EBITDA equaled Baht 553 million, a 137.8% increase from the previous year, owing to higher capacity utilization and efficient internal cost management.

Lime industry has encountered challenges, arising from volatile global economic conditions due to the COVID-19 pandemic, leading the Company to speedily adapt and adjust its business model to cope with various changing trends and drive key organizational developments as follows:

The Company introduced a new organization structure to enhance clarity and adopt new management principle to transform the Company toward agility and flexibility, whereby each Business Units would have greater autonomy to manage its performance, while operating towards the Company's stated vision, mission, business objective, and strategic focuses.

The Company has taken many key initiatives with focus on cost optimization, production stability, and energy consumption efficiency, for example, developing electricity usage plan within quarry and plants, continuously improving production process by adopting advanced technologies. The Company also adjusted its selling prices scheme that reflects movement of energy cost to minimize impact on energy cost fluctuation. The adjustment has already been implemented on customers with committed orders in 2022. In terms of procurement of energy, the Company has entered into an energy supply agreement that addresses specified price, quality, price adjustment formulas, as well as delivery conditions to mitigate the risk of delayed delivery or off-specification. The Company also set short-term and long-term energy procurement policy from local and international suppliers to reduce supplier concentration and increase the Company's purchasing bargaining power.

The Company was able to control logistic cost by adjusting term of sales that pass on transportation expenses to customers, which has already been successfully with majority of customers. However, port congestion that lead to vessel delays, labor shortages in the transportation industry as well as declining container turnover to Thailand remains a challenge. The Company has continually improved its cost management and is confident that its operating results will recover in the future according to the improving economic outlook.

In term of investment project, the Company was able to commence a commercial operation of Siriman Chemicals India plant in India in January 2021 (installed capacity of 54,750 tons per year) and Hope Valley Distribution Center in Australia in June 2021 (handling capacity of 500,000 tons per year). For Kangkoi plant, the capacity utilization rose to 85% in the fourth quarter to support customers' demand for lime during the peak period of sugar season. Also, capacity utilization of hydrated lime at our Rayong production facility peaked at 100% due to strong demand from bioplastics industry.

The Company has also adjusted working style to reduce the risk of infection for employees and their families while the Company continues to operate efficiently to continuously deliver quality products and services to customers.

The Company has initiated people strategy to develop employees to be equipped with necessary skills for the future, such as digital literacy, strategic planning, productivity, etc. as the business grows. The Company has also promoted efficient communication within the organization by giving employees opportunities to participate in a variety of the Company's activities and events.

The Company has established strategic committees to formally focus on key strategic topics, being Finance and Investment, Global Supply Chain, Energy and Environment, and People. These strategic committees will also monitors critical risk factors that could adversely impact on the Company's ability to achieve its stated vision, mission, business objectives, and strategic focuses, through providing consultancy, screening, and recommendations to Chief Executive Officer and/ or the Company's Board of Directors for consideration and approval.

The Company has also developed initiatives that promote sustainability, such as investing in solar farm, piloting the use of electric vehicles to reduce CO<sub>2</sub> emissions, and managing CO<sub>2</sub> emissions from both the Company and the production facilities by collaborating with the qualified external advisor to create a good foundation for better CO<sub>2</sub> and dust management.

## Revenue Structure

The Company's revenue structure by product type is as follows:

	2019		2020		2021	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
1) Quicklime	1,809.1	75.4	1,534.6	67.2	1,864.1	59.2
Domestic	573.6	23.9	444.3	19.5	579.2	18.4
International	1,235.5	51.5	1,090.3	47.8	1,284.9	40.8
1) Hydrated Lime	263.8	11.0	386.1	16.9	553.0	17.6
Domestic	115.7	4.8	126.3	5.5	160.6	5.1
International	148.1	6.2	259.9	11.4	392.5	12.5
3) Limestone and Ground Limestone	299.4	12.5	319.0	14.0	466.2	14.8
Domestic	272.1	11.3	269.1	11.8	246.5	7.8
International	27.3	1.1	49.9	2.2	219.7	7.0
4) Total Sale Revenue	2,372.3	98.9	2,239.7	98.1	2,883.3	91.6
5) Service Revenue	0.0	0.0	0.0	0.0	117.9	3.7
6) Other Revenue	25.7	1.1	43.0	1.9	147.6	4.7
7) Total Revenues	2,398.0	100.0	2,282.7	100.0	3,148.8	100.0

In 2021, the percentage of revenue from sales of quicklime, hydrated lime, and limestone and ground limestone to total revenue were 59.2%, 17.6% and 14.8% respectively. Service revenue was 3.7% and other revenue, which comprised of tax and other fees, sales of by-products, such as crushed rocks and stone waste, etc and others, which accounted for 4.7% of total revenue.

## Product Information

### Product Characteristics

The Group of Companies produces and sells Quicklime or Calcium Oxide ( $\text{CaO}$ ), Hydrated Lime or Calcium Hydroxide ( $\text{Ca(OH)}_2$ ) and Limestone and Ground Limestone or Calcium Carbonate ( $\text{CaCO}_3$ ) under the trademark of “CHEMEMAN”

#### “CHEMEMAN” Trademark



### Quicklime

Quicklime or Calcium Oxide (chemical formula  $\text{CaO}$ ) is made through the thermal decomposition of limestone mined from the quarry. The Group of Companies' quicklime is of high quality with high calcium oxide content and low impurities. Its physical appearance is solid, white and in different sizes according to the customers' requirements from different industries.



Quicklime

### Hydrated Lime

Hydrated Lime or Calcium Hydroxide (chemical formula  $\text{Ca(OH)}_2$ ) is obtained by mixing quicklime and water in appropriate proportion through the Hydrator. Its physical appearance is in fine powder form and white in color similar to flour.



Hydrated Lime

### Limestone and Ground Limestone

Limestone or Calcium Carbonate (chemical formula  $\text{CaCO}_3$ ) is a product derived from open-cast mining at Tubkwang quarry and Hoanh Bo quarry – the sources of limestone with high calcium carbonate content. The ultra-high calcium limestone is of high demand in various industries which require products of high calcium carbonate content at different physical sizes.



Limestone

The 3 products are essential basic chemical products used as raw materials or ingredients in production process of various industries as follows:

Industry	Products			Application
	Quicklime	Hydrated Lime	Lime-stone and Ground Limestone	
1. Ferrous and Non-ferrous Metal Mining Industry	✓	✓		<ul style="list-style-type: none"> <li>Adjust the acidity of wastewater and used as chemical in mineral dressing process</li> </ul>
2. Pulp and Paper Industry	✓		✓	<ul style="list-style-type: none"> <li>Separate chemicals in recovery process of pulp making</li> <li>Mineral dressing for paper production</li> <li>Raw material used in production of Precipitated Calcium Carbonate (PCC)</li> </ul>
3. Sugar Industry	✓	✓		<ul style="list-style-type: none"> <li>Remove impurities found in raw sugar and white sugar</li> </ul>
4. Bioplastics Industry		✓		<ul style="list-style-type: none"> <li>Component in the fermentation of sugar or tapioca which are the basic ingredients in making bioplastic</li> </ul>
5. Iron and Steel Industry	✓		✓	<ul style="list-style-type: none"> <li>Remove minerals and impurities during process of metal smelting and production of high quality steel that uses a furnace</li> </ul>
6. Chemical and Petrochemical Industry	✓	✓	✓	<ul style="list-style-type: none"> <li>Ingredient in production of basic chemicals such as soda ash and calcium carbide</li> </ul>
7. Agricultural Industry	✓	✓	✓	<ul style="list-style-type: none"> <li>Improve soil quality, adjust soil acidity</li> <li>Neutralize acidity of shrimp farms</li> <li>Added to increase calcium in animal feed</li> </ul>
8. Flue Gas and Water Treatment Industry	✓	✓	✓	<ul style="list-style-type: none"> <li>Expel sulfur dioxide gas that arises from electric power and waste incineration plants</li> <li>Aid in the flocculation of small particles of sediments and eliminate or lessen hard water to produce clear water</li> </ul>
9. Construction and Construction Materials Industry	✓	✓	✓	<ul style="list-style-type: none"> <li>Used as raw materials in the manufacturing of cement, autoclaved aerated concrete and other construction materials</li> <li>Used as ingredient to improve the qualification of plaster/mortar</li> <li>Adjust soil condition before construction work</li> </ul>
10. Glass and Bottle Industry			✓	<ul style="list-style-type: none"> <li>Remove minerals or impurities in the production of glass, bottle and mirror</li> </ul>
11. Specialty Fiber Glass Industry	✓			<ul style="list-style-type: none"> <li>Ingredient in the production process</li> </ul>

### Investment Promotion Certificate from BOI

The Company was granted promotional privileges in accordance with the Investment Promotion Act B.E. 2520 (including amendments) from the Board of Investments (BOI) under conditions set out in the Investment Promotion Certificate for quicklime and hydrated lime production plant, with general privileges as follows:

- 1) Permission to bring into the Kingdom of Thailand, foreign nationals who are skilled workers or experts, as well as spouses and dependents of such foreign nationals, in such numbers and for such periods as the BOI may deem appropriate
- 2) Permission for the foreign skilled workers or experts who have been granted permission to stay in the Kingdom as in 1) to receive work permits for specific positions approved by the BOI for the period of permitted stay in the Kingdom
- 3) Import duties exemption on imported machinery approved by the BOI
- 4) Corporate income tax exemption on net profit from the promoted operations, with aggregate exemption of not exceeding 100 percent of the investment cost, excluding cost of land and working capital
- 5) In case of operation losses during the corporate income tax exemption period, the Company is allowed to carry forward such losses and deduct against the net profits for up to 5 successive years after the expiry of the corporate income tax exemption period, where deduction from net profit can be in any one year or many years.
- 6) Dividends paid out from profits made by the promoted business with corporate income tax exemption shall be excluded from calculation of income tax throughout the period that the business receives exemption from corporate income tax

The Company received Investment Promotion Certificates for the lime production at Kangkoi plant and Rayong plant. Currently, there are 5 certificates that are still valid with full corporate income tax exemption as summarized below:

Plant / Product	Issue Date of Promotional Certificate	Date of First Revenue Generated from the Promoted Business	Period of Full Income Tax Exemption <sup>1</sup>	Period of 50% Income Tax Exemption <sup>2</sup>	Conditions / Privileges for Specific Project
Kangkoi Plant (KK3 and KK5) / Quicklime	10 April 2015	2 September 2016	6 years <sup>3</sup>	5 years <sup>3</sup>	- Production capacity of approximately 182,500 tons per year
Kangkoi Plant (KK4) / Quicklime	19 August 2015	1 February 2019	3 years	None	- Production capacity of approximately 73,000 tons per year
Kangkoi Plant (KK6) <sup>4</sup> / Quicklime	19 August 2016	20 January 2018	3 years	None	- Production capacity of approximately 113,150 tons per year
Kangkoi Plant / Hydrated Lime (Future project)	6 October 2016	No income yet	3 years	None	- Production capacity of approximately 87,600 tons per year

Plant / Product	Issue Date of Promotional Certificate	Date of First Revenue Generated from the Promoted Business	Period of Full Income Tax Exemption <sup>1</sup>	Period of 50% Income Tax Exemption <sup>2</sup>	Conditions / Privileges for Specific Project
Rayong Plant / Hydrated Lime	23 December 2011	15 February 2013	8 years	5 years	<ul style="list-style-type: none"> <li>- Production capacity of approximately 87,600 tons per year</li> <li>- Double deduction of cost of transportation, electricity and water supply as expenses for 10 years<sup>1</sup></li> <li>- 25% deduction of investment in construction of facilities as expenses, in addition to normal depreciation deduction</li> <li>- Exemption of import duty on imported raw materials used in the production of export products, for 5 years from date of first import</li> <li>- Exemption on import duty on imported goods for export, for a period of 5 years from date of first import</li> </ul>

Remarks: <sup>1</sup> Starting from the date of first revenue generated from the promoted business

<sup>2</sup> Starting from the expiration date of full income tax exemption

<sup>3</sup> Received additional privileges according to the extra investment incentives (Board of Investment 's resolution passed on 23 March 2017)

<sup>4</sup> Expiration date of full income tax exemption was on 19 January 2021

## Marketing and Competition

### Competition Strategies

#### Production of products that match with customers' requirements

It is the policy of the Group of Companies to deliver products and services according to customers' requirements through the use of technology from experts with internationally accepted production standards, work closely with customers to fully understand the important characteristics of the products that are appropriate for customers in each industry while having a quality control system throughout the production process, from the quality of raw materials, quality inspection during production process to delivery of products. Along with the product distribution, the Company also provides technical solutions such as designing and constructing silos for lime storage on customer's premises, helping to reduce the customer's cost, increase transportation efficiency, rendering the company as an essential part of the customer's supply chain.

#### Production cost management

The Group of Companies emphasizes on efficient production cost management. Operating limestone quarries in Thailand and Vietnam, the Group of Companies have gained competitive advantages in terms of raw material cost, security of raw material supply, and quality consistency. Furthermore, the Group of Companies has continually improved the production process to ensure production efficiency and stability in order to reduce per-unit cost of productions.

### Create Satisfaction and Positive New Experiences for Customers

The Group of Companies has determined to build and maintain long-term relationship with customers and assure them in the capability to deliver high quality products to meet their requirements in a timely manner. This is through close coordination between the Group of Companies and customers in planning the delivery process and analyzing customers' ordering behaviors and requirements. The Company also emphasizes on providing integrated solutions to ensure that the products are used by the customers as efficiently and effectively as possible.

### Customer Characteristics and Target Customers

The Group of Companies' customers are manufacturers in various industries with main industries being ferrous and non-ferrous metal mining, sugar, and pulp and paper industries. The majority sales revenues are from major customers with long-term contracts, who require supply reliability, and on-time delivery. For domestic market, the Company focuses on building a larger customer base in various industries, especially those with high growth potential or with government support, or S-curve industries. For international markets where high quality limestone supply is not readily available, the Company focuses on exporting products from competitive sources or study the feasibility of setting up a subsidiary or joint venture company to supply to that local area. As for other international markets with high quality limestone supply availability, the Company forms a joint venture company with a local partner to set up production base and distribution of lime products in such market.

### Distribution and Distribution Channels

The Group of Companies distributes the products directly to domestic and international customers in the countries where the Company's subsidiary or joint venture company is not established. The Company sells the products to its subsidiary and joint venture for further distribution to the customers in the countries where a subsidiary and a joint venture company are located.

For most domestic distribution, the Company delivers products to the customers who are responsible for the transportation cost. As for international distribution, the products are delivered both directly from Thailand and through the subsidiaries and joint ventures that act as overseas distribution centers. The Group of Companies shall wisely plan for the most appropriate transportation in terms of cost and delivery time.

### Sales Breakdown by Product

In 2021, domestic and international sales portion were 40% and 60% respectively, as detailed below:

Unit : thousand tons	2019	2020	2021
Domestic - Quicklime	202.6	168.0	216.4
International - Quicklime	354.5	294.5	339.6
<b>Total Sales Volume - Quicklime</b>	<b>557.1</b>	<b>462.5</b>	<b>556.1</b>
Domestic - Hydrated Lime	37.4	41.7	54.3
International - Hydrated Lime	27.3	58.1	74.7
<b>Total Sales Volume - Hydrated Lime</b>	<b>64.7</b>	<b>99.7</b>	<b>128.9</b>
Domestic - Limestone and Ground Limestone	738.4	705.5	614.6
International - Limestone and Ground Limestone	103.2	393.6	931.4
<b>Total Sales Volume - Limestone and Ground Limestone</b>	<b>841.6</b>	<b>1,099.0</b>	<b>1,546.0</b>

In 2021, the Group of Companies' major export markets of quicklime were Australia, Indonesia, Papua New Guinea, South Korea, Taiwan and Philippines, representing 94% of the total quicklime export volume. Major export markets of hydrated lime were Philippines, Australia, Vietnam, India and Laos, representing 94% of total hydrated lime export volume. Nevertheless, there were no sales to any particular customer, accounting for more than 30% of the annual sales revenue during the year 2019 – 2021.

## **Competition**

### **Competition in Domestic Market**

In 2021, as the ongoing COVID-19 pandemic situation has begun to improve, customers in various industries, such as bioplastics, pulp and paper, sugar, construction materials, and iron and steel industries, started to ramp up their production capacity to correspond with higher demand for their products and higher demand for lime accordingly. Customers' confidence in high quality products and services as well as the capabilities in product delivery resulted in higher domestic sales volume by 30% in 2021, compared with the previous year. Moreover, the Company anticipates that lime demand will remain high, as a result of the continuing economic recovery, despite strong competition in domestic market.

Competition in the domestic lime market is still between local producers, as importing lime requires higher cost since lime is heavy and bulky, making transportation cost an important factor and also a barrier to competition for foreign producers. Major domestic lime producers are Chememan Public Company Limited, Suthakan Public Company Limited, Lime Master Company Limited and United Lime Company Limited. Chememan Public Company Limited is the lime producer with largest production capacity in Thailand and Asia, with quicklime and hydrated lime production capacity of over 1,000,000 tons per year. By far, the Company owns the largest market share of quicklime and hydrated lime with approximately one-third of the total local market.

### **Competition in International Market**

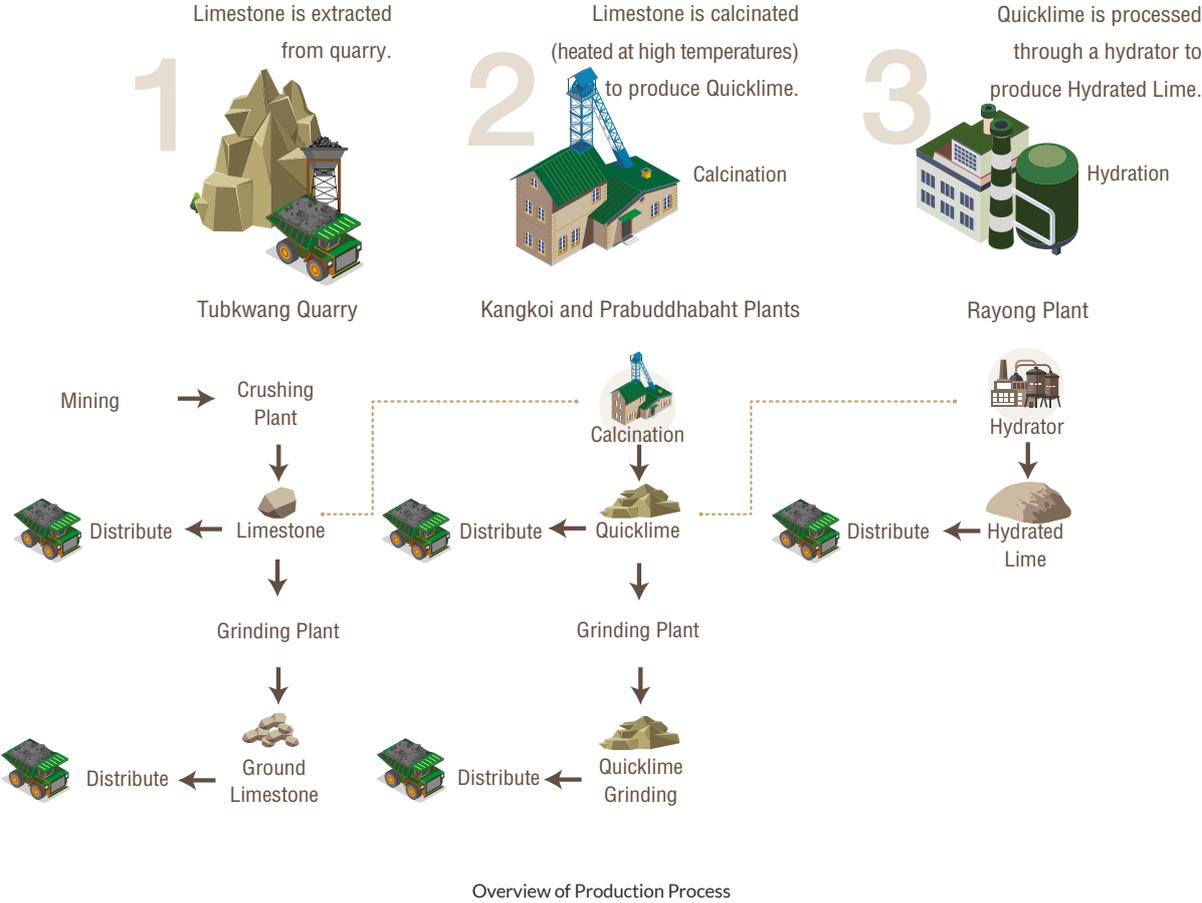
Competitors in international markets include producers from Vietnam, Malaysia, Indonesia, Australia and Oman. There were fierce competition in 2021 due to shrinking demand for lime from the COVID-19 pandemic, price pressure from customers, container and freight supply shortage, drastic increase in energy cost, as well as exchange rate fluctuation. Nevertheless, the Company's commitment to offer high quality products, to maintain high level of services that meet customers' satisfaction, as well as the ability to complete product delivery have paid off. The Group of Companies was therefore able to gain new customers from other new markets such as Australia, Indonesia, Philippines, Taiwan and Papua New Guinea, etc. In the long run, the Company anticipates demand for lime will keep up with the growth in industries and countries that use lime products.

### **Standing Potential and Competitiveness**

The Group of Companies has a strong competitive edge by possessing its own lime production plant and limestone quarry with high-quality limestone as raw materials, enabling continuous production of various products with quality suitable to customers' requirements. With strong network of supply in different locations, the Group of Companies benefits from Economies of Scale and gain customers' confidence in the Group of the Companies' ability to fulfil large orders. The Group of Companies also recognizes the importance of service and cooperation with customers to efficiently support their work, resulting in customer satisfaction and trust in doing business with the Group of Companies in the long term. In addition, the Group of Companies possesses lime production bases in various regions, resulting in stronger competitive advantages in each specific region.

# Product Sourcing

## Lime Production Process



Lime production process consists of 3 steps as follows:

- 1) Mining to produce limestone and ground limestone
- 2) Producing quicklime
- 3) Producing hydrated lime

### Mining to Produce Limestone and Ground Limestone (CaCO<sub>3</sub>)

The mining process begins with drilling exploration to determine the quantity and quality of limestone for further planning of limestone mining and to ensure that the limestone has desired characteristics. Extracted limestone is then transported to the crushing plant to select appropriate sizes needed for quicklime production process. The inappropriate sizes will be crushed, screened and sold. A portion of limestone from the Company’s crushing plant is sold to customers and some portions are ground for value added and sold as ground limestone.

Summary of limestone produced from Tubkwang quarry was as follows:

		2019	2020	2021
Limestone produced from Tubkwang quarry	(tons)	1,996,243	1,656,190	2,167,247
Limestone used for production of ground limestone and quicklime	(tons)	1,260,605	1,035,171	1,406,544
Limestone sold without passing through processes of ground limestone and quicklime production	(tons)	735,638	621,019	760,704

Summary of limestone produced from Hoanh Bo quarry was as follows:

		2019	2020	2021
Limestone produced from Hoanh Bo quarry	(tons)	-	588,155	897,302
Limestone used for production of ground limestone and quicklime	(tons)	-	205,025	344,382
Limestone sold without passing through processes of ground limestone and quicklime production	(tons)	-	383,130	552,920

## Production of Quicklime or Calcium Oxide (CaO)

Limestone that has been screened for proper size from the crushing plant will be transported to quicklime plant. Another size screening will be conducted to ensure appropriate size before sending the limestone into quicklime kiln for calcination until it decomposes to quicklime. The production rate is approximately 1 ton of quicklime per 1.8 tons of limestone used. A portion of quicklime produced will be transported to Rayong Plant for production of hydrated lime. The remaining portion will be stored in silos as inventory for sales. In case that customers require different sizes of quicklime, the quicklime will then be crushed and screened to meet required sales order. Quality control and inspection is done throughout the production process starting from the quicklime produced from the kiln, before storing in the silos and before distribution to customers.

**The Company has 2 quicklime production plants in Thailand, as follows:**

### 1) Prabuddhabaht plant, located in Prabuddhabaht district, Saraburi

Prabuddhabaht plant consists of 2 gas-fired quicklime kilns which use natural gas as fuel. The total installed production capacity of these 2 kilns are approximately 365,000 tons per year. Annual capacity utilization of Prabuddhabaht Plant has been summarized as follows:

	Prabuddhabaht Plant		
	2019	2020	2021

#### PB 1 Quicklime Kiln

Installed capacity	(tons)	182,500	182,500	182,500
Actual production	(tons)	104,169	101,170	60,304
Capacity utilization rate	(percentage)	57.1	55.4	33.04

#### PB 2 Quicklime Kiln

Installed capacity	(tons)	182,500	182,500	182,500
Actual production	(tons)	-	-	56,699
Capacity utilization rate	(percentage)	-	-	31.07

## 2) Kangkoi plant, located in Kangkoi district, Saraburi

Kangkoi plant consists of 6 coal-fired quicklime kilns which use sub-bituminous coal with low sulphur as fuel. Total installed production capacity of the 6 kilns are approximately 528,500 tons per year. Annual capacity utilization of Kangkoi plant in the past 3 years has been summarized as follows:

		2019	2020	2021
<b>KK 1 Quicklime Kiln</b>				
Installed capacity	(tons)	54,750	54,750	54,750
Actual production	(tons)	43,146	28,651	42,959
Capacity utilization rate	(percentage)	78.8	52.3	78.46
<b>KK 2 Quicklime Kiln</b>				
Installed capacity	(tons)	109,500	109,500	109,500
Actual production	(tons)	104,554	59,766	91,518
Capacity utilization rate	(percentage)	95.5	54.6	83.58
<b>KK 3 Quicklime Kiln</b>				
Installed capacity	(tons)	73,000	73,000	73,000
Actual production	(tons)	54,437	55,791	62,605
Capacity utilization rate	(percentage)	74.6	76.4	85.76
<b>KK 4 Quicklime Kiln</b>				
Installed capacity	(tons)	67,200	73,000	73,000
Actual production	(tons)	58,427	19,360	28,859
Capacity utilization rate	(percentage)	86.9	26.5	39.53
<b>KK 5 Quicklime Kiln</b>				
Installed capacity	(tons)	109,500	109,500	109,500
Actual production	(tons)	110,853	57,952	100,148
Capacity utilization rate	(percentage)	101.2	52.9	91.46
<b>KK 6 Quicklime Kiln</b>				
Installed capacity	(tons)	113,150	113,150	113,150
Actual production	(tons)	109,480	101,618	99,787
Capacity utilization rate	(percentage)	96.8	89.8	88.19

**The Company has 3 quicklime production plants overseas, as follows:**

1) Ha Long QN Lime plant, located in Quang Ninh province, Vietnam. Annual capacity utilization has been summarized as follows:

		Ha Long QN Lime Plant		
		2019	2020	2021
Installed capacity	(tons)	216,000	216,000	182,500 <sup>1</sup>
Actual production	(tons)	-	85,681	130,915
Capacity utilization rate	(percentage)	-	39.67	60.00

Remark:

<sup>1</sup> Ha Long QN Lime's installed capacity was 216,000 tons per year before kiln recondition. After kiln recondition, the installed capacity was revised to 182,500 tons per year

2) Easternbulk Lime Products plant, located in an Industrial zone in Tuticorin, India. Annual capacity utilization has been summarized as follows:

		Easternbulk Lime Products Plant (50:50 JV)		
		2019	2020	2021
Installed capacity	(tons)	54,750	54,750	54,750
Actual production	(tons)	18,187	50,283	49,650
Capacity utilization rate	(percentage)	33.22	91.84	90.68

3) Siriman Chemicals India plant, located in an industrial zone in Visakhapatnam, India. Annual capacity utilization has been summarized as follows:

		Siriman Chemicals India plant (50:50 JV)
		2021
Installed capacity	(tons)	54,750
Actual production	(tons)	37,881
Capacity utilization rate	(percentage)	69.19

## Production of Hydrated Lime or Calcium Hydroxide (Ca(OH)<sub>2</sub>)

A portion of quicklime produced from Kangkoi plant will be transferred to Rayong plant, where it is stored in silos as raw materials for hydrated lime. The quicklime will be processed in a hydrator by mixing with water in proper chemical proportion to produce hydrated lime with specifications according to the customers' requirements. The production rate is approximately 1 ton of hydrated lime per 0.76 tons of quicklime used. Quality inspection process is done since the product is out from the hydrator and before delivery to customers.

In Thailand, the Company has 1 hydrated lime plant, Rayong plant, located in Amata City Industrial Estate, Rayong province. Annual capacity utilization of Rayong plant for the 3 historical years has been summarized as follows:

		Rayong plant		
		2019	2020	2021
Installed capacity	(tons)	87,600	87,600	87,600
Actual production	(tons)	63,637	64,389	74,816
Capacity utilization rate	(percentage)	72.6	73.50	85.41

The Company also operates 1 hydrated lime plant at Ha Long Lime plant in Quang Ninh province, Vietnam, which the annual capacity utilization has been summarized as follows:

		Ha Long QN Lime plant		
		2019	2020	2021
Installed capacity	(tons)	172,800	172,800	146,000 <sup>1</sup>
Actual production	(tons)	-	37,781	50,081
Capacity utilization rate	(percentage)	-	21.86	34.3

Remark: <sup>1</sup>Ha Long QN Lime's installed capacity had been adjusted from 172,800 tons per year to 146,000 tons per year

## Raw Materials Sourcing

### Limestone Sourcing

Limestone, main raw material used for production of lime and lime derivative chemical products, has been procured from the Company's 2 owned quarries in Thailand and Vietnam.

**Thailand:** Tubkwang quarry currently has approximately 80 million tons of mineable reserves, which is expected to be sufficient to produce lime for at least 50 years.

**Vietnam:** Hoanh Bo quarry currently has over 75 million tons of mineable reserves, which is expected to be sufficient for more than 25 years of lime production.

## Fuel Sourcing

**Thailand:** The Company uses natural gas and coal as fuel in the calcination process at Prabuddhabaht and Kangkoi Plant, respectively.

1. The Company procures natural gas from PTT Public Company Limited (“PTT”) under a 10-year supply agreement, which will be expired in 2029. Summary of natural gas consumption at Prabuddhabaht plant in the past 3 years is as follows:

		Prabuddhabaht plant		
		2019	2020	2021
Cost of natural gas	(Million Baht)	137.06	108.60	159.42
Natural gas consumed	(Million BTU)	0.48	0.47	0.55
Cost of natural gas per unit	(Baht per BTU)	286	231	288

2. The Company planned to procure coal from more than one coal supplier by taking the most reasonable commercial terms and conditions into consideration, to reduce supplier concentration risk in the event that one of the suppliers cannot deliver coal on the agreed terms and conditions. Nevertheless, coal price of each shipment may vary depending on coal quality indicators, being calorific value, moisture and Sulphur content. Summary of annual coal consumption at Kangkoi plant in the past 3 years is as follows:

		Kangkoi plant		
		2019	2020	2021
Cost of coal	(Million )	257.58	156.16	207.15
Coal consumed	(Million Tons)	0.07	0.06	0.08
Cost of coal per unit	(Baht per Ton)	3,597	2,690	2,680

**Vietnam:** Ha Long QN Lime plant procures coal from reliable international suppliers. Summary of annual coal consumption at Ha Long Lime plant is as follows:

		Ha Long QN Lime plant		
		2019	2020	2021
Cost of coal	(Million VND)	-	33,973	67,212
Coal consumed	(Tons)	-	15,598.32	19,613.93
Cost of coal per unit	(VND per Ton)	-	2,178,018	3,426,797

## Water Sourcing for Hydrated Lime Production

Water is an important raw material in the production of hydrated lime.

**Thailand:** Water is being used as main raw materials for producing hydrated lime at Rayong plant. Being located in Amata City Industrial Estate, which is owned by Amata City Company Limited (“Amata City Co., Ltd.”), Amata City Co., Ltd. Under the land purchase agreement, Amata City Co., Ltd. or its affiliates agrees to supply tap water, conforming to the standards set by the Provincial Waterworks Authority, to the Company under the existing land purchase agreement.

**Vietnam:** Local authorities in Vietnam is the supplier of water that is being used in Ha Long QN Lime plant.

## Operating Assets

### The Company and Subsidiaries' Operating Assets

As of 31 December 2021, the Group of Companies has operating assets as follows:

Item	Net amount (Million Baht)				
	The Company	Chememan Australia Pty. Ltd.	Ha Long QN Lime Co., Ltd.	Other Subsidiaries <sup>1</sup>	Total
<b>1. Major Fixed Assets</b>					
Land	178.78	-	-	-	178.78
Land improvement	46.23	-	-	-	46.23
Building and building improvements	601.12	-	839.58	-	1,440.70
Machinery and equipment	1,563.86	8.80	121.70	-	1,694.36
Furniture, fixtures and office equipment	8.12	0.94	34.11	0.12	43.29
Motor vehicles	2.61	2.48	72.48	0.42	77.99
Assets under installation and under construction	16.57	1,000.58	9.38	-	1,026.53
<b>Total Fixed Assets</b>	<b>2,417.29</b>	<b>1,012.80</b>	<b>1,077.25</b>	<b>0.54</b>	<b>4,507.88</b>
<b>2. Intangible Assets</b>					
Ore reserve <sup>2</sup>	<b>81.58</b>	-	-	-	<b>81.58</b>
Other intangible assets	33.77	-	-	344.40	378.17
<b>Total Intangible Assets</b>	<b>115.35</b>	-	-	<b>344.40</b>	<b>459.75</b>

Remarks:

<sup>1</sup> Other subsidiaries consist of Northman Co., Ltd., Chememan India Private Limited, and Chememan Lao Co., Ltd.

<sup>2</sup> Ore reserve consists of cost of the concession and related development costs which are presented at cost less accumulated depletion. Depletion of the ore is calculated from the percentage of units of limestone produced to the estimated total limestone reserves assessed by an independent geologist.

The Group of Company's operating assets are assets which the Group of Companies has ownership or other rights such as lease rights, contract rights, etc. Certain assets have been used as collateral as follows:

- (1) Land at Kangkoi plant and Prabuddhabaht plant totaling 312 rai 1 ngan 36 square wah, value Baht 115.05 million has been used as collateral for long term loan from financial institutions
- (2) Building and partial building improvements at the value of Baht 546.09 million has been used as collateral for long term loan from financial institutions
- (3) Machinery and some equipment at the value of Baht 875.44 million has been used as collateral for long term loan from financial institutions
- (4) Some vehicles at a value of Baht 65.54 million is under financial leasing obligations

## Trademark

The Company has registered trademark with Department of Intellectual Property, Ministry of Commerce with details as follows:

	Trademarks	Product details	Registration No.	Registration Date	Expiry Date
1.		Construction materials, natural rocks and artificial rocks, cement, lime, plaster, gravel, soil pipe, and cement pipe, limestone materials	Kor394764	24 January 2013	23 January 2023
2.		Chemicals for usage in industrial, scientific, photographic, agricultural, gardening, forestry, artificial resin, lime	Kor394765	24 January 2013	23 January 2023

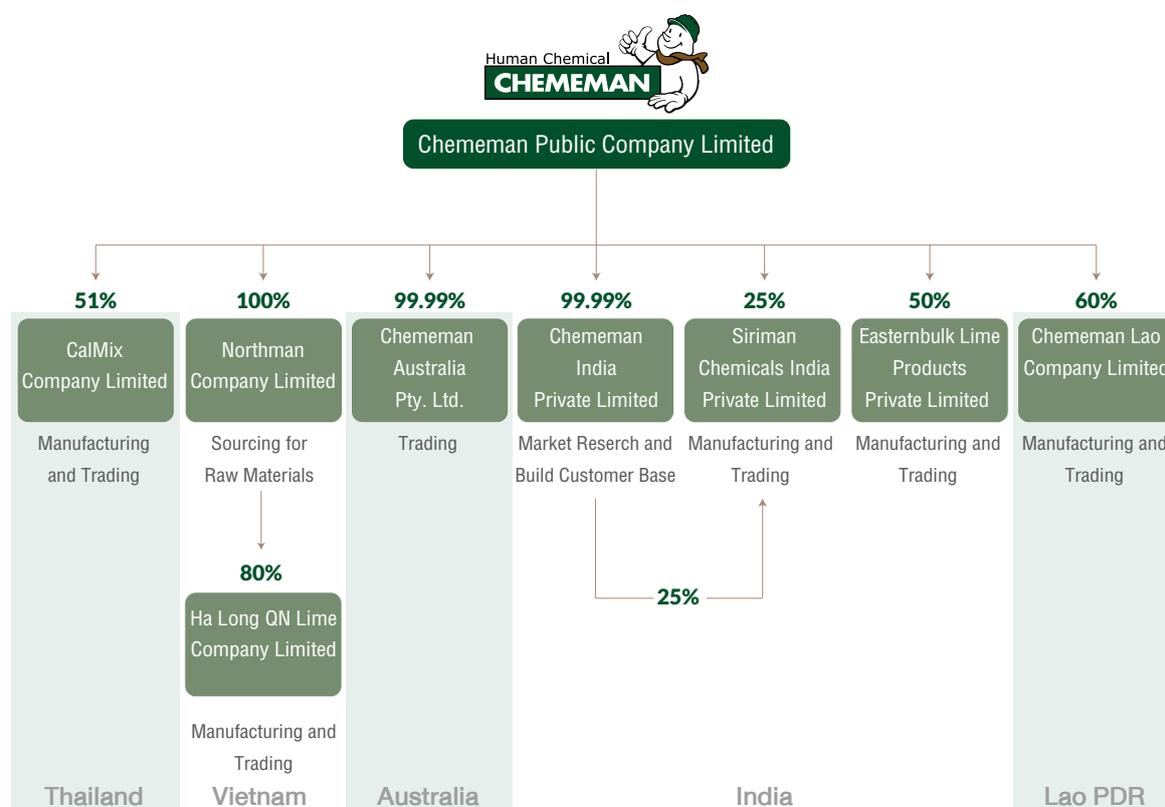
## Investment Policy related to Subsidiary and Joint Venture Company

The Company will diligently consider to invest in subsidiary and joint venture company that has business model that relate, benefit, and align with core business of the Company, taking into consideration of long-term growth potential and capability to strengthen the Company's stability and financial return in the long run. The Company also provides a detailed investment policy related to subsidiary and joint venture company on the Company's website ([www.chememan.com](http://www.chememan.com))



## Shareholding Structure of the Group of Companies

Shareholding Structure of the Group of Companies as of 31 December 2021



	Company	Country	Paid-up Capital <sup>1</sup> (Million Baht)	Percentage Holding	Year Established	Business Characteristics
1	CalMix Company Limited	Thailand	30.60	51.00	2019	Produce and distribute construction materials
2	Northman Company Limited	Vietnam	553.84	100.00	2010	Source raw materials, conduct market research and build customer base in Vietnam, including evaluate quality of products sourced in Vietnam
3	Ha Long QN Lime Company Limited	Vietnam	537.43	80.00	2019 <sup>2</sup>	Produce and distribute limestone and lime
4	Chememan Australia Pty. Ltd.	Australia	95.67	99.99	2008	Distribute limestone and lime
5	Chememan India Private Limited	India	85.30	99.99	2016	Conduct market research and build customer base in India

	Company	Country	Paid-up Capital <sup>1</sup> (Million Baht)	Percentage Holding	Year Established	Business Characteristics
6	Siriman Chemicals India Private Limited	India	96.54	50.00	2016 <sup>2</sup>	Produce and distribute limestone and lime
7	Easternbulk Lime Products Private Limited	India	174.27	50.00	2017 <sup>2</sup>	Produce and distribute limestone and lime
8	Chememan Lao Company Limited <sup>3</sup>	Lao PDR	10.74	60.00	2015 <sup>2</sup>	Produce and distribute limestone and lime

Remarks:

<sup>1</sup> Paid-up capital portion of Group of Companies

<sup>2</sup> Year that Group of Companies entered into Joint Venture Agreement

<sup>3</sup> In the liquidation process for its dissolution

### A person with a potential conflict of interest holds shares of a subsidiary or associated company at an amount exceeding 10 percent of the voting shares of such company

-None -

### Relationship with major shareholders' business

-None -

## Shareholders

Top 10 shareholders of the Company as of 19 March 2021 (latest share register book closing date for the rights to receive interim dividend) were as follows:

Shareholders	As of 19 March 2021	
	Number of Shares	Percentage Holding
1. Mr. Chai Srivikorn	267,805,900	27.90
2. Buranachart Company Limited <sup>1</sup>	252,116,700	26.26
3. Miss Korakot Srivikorn	18,186,500	1.89
4. Mrs. Songsri Sengsakul	12,807,810	1.33
5. B-Senior Citizen Mixed Fund	12,767,600	1.33
6. Mr. Norachet Sangruji	9,999,000	1.04
7. Mr. Sukit Wongdecha	9,750,000	1.02
8. Mr. Chan Srivikorn	9,258,000	0.96
9. Mr. Apichat Laochinda	9,125,000	0.95
10. Mr. Chatiquit Tunchatharapong	8,961,210	0.93
Others	349,222,280	36.38
<b>Total</b>	<b>960,000,000</b>	<b>100.00</b>

Remark:

<sup>1</sup>Buranachart Company Limited was established on 5 March 2003. Its main business is to act as a holding company with no investment in financial business

Top 10 shareholders of Buranachart Company Limited as of 31 December 2021 were as follows:

Shareholders	Number of Shares	Percentage Holding
1. Lowjun Family	7,678,376	27.04
1.1 Mr. Adisak Lowjun	7,678,375	27.04
1.2 Mrs. Rajjaneepen Ungpakorn	1	0.00
2. Mr. Charoen Churekanont	4,000,000	14.08
3. Mr. Chai Srivikorn	3,709,160	13.06
4. Mr. Apichat Laochinda	3,691,825	13.00
5. Mr. Suthep Uacherdkul	3,501,686	12.33
6. Mr. Suwat Tunlayadechanont	2,658,953	9.36
7. Mr. Chaichana Pimlikitsak	800,000	2.82
8. Mr. Sukit Wongdecha	640,000	2.25
9. Miss Piengkamol Kraidej	500,000	1.76
10. Mr. Kamol Sowattanaskul	400,000	1.41
<b>Total shares of top 10 shareholders</b>	<b>27,580,000</b>	<b>97.11</b>
11. Other Shareholders	820,000	2.89
<b>Total Shares</b>	<b>28,400,000</b>	<b>100.00</b>

### Shareholder Agreement

-None -

## Amounts of Registered Capital and Paid-up Capital

Approved by the Extraordinary General Meeting of Shareholders No. 2/2017 held on 8 August 2017, the Company had resolved its ordinary shares listed on the Stock Exchange of Thailand and increased its registered capital Baht 280 million, from Baht 720 million to Baht 1,000 million with a par value of Baht 1 per share. In 2018, the Annual General Meeting approved issuing up to 280,000,000 recapitalization shares for the initial public offering. The Company allocated 240,000,000 recapitalization shares for the initial public offering on March 14-16, 2018. Such registered capital and paid-up capital after the public offering increased from Baht 720,000,000 to Baht 960,000,000, consisting of 960 million ordinary shares at Baht 1 per share.

Registered Capital : Baht 1,000,000,000 (Baht one billion)  
consisting of 1,000 million ordinary shares at Baht one per share  
Issued and Paid-Up Capital : Baht 960,000,000 (Baht nine hundred sixty million), consisting  
of 960 million ordinary shares at Baht 1 per share, as of 31 December 2021

### Restriction on Transfer of Shares

Ordinary shares of the Company can be transferred with no restriction unless it results in foreign ownership to exceed 49% of total paid-up ordinary shares.

### Other types of share whose rights or terms differ from those of ordinary share

- None -

### Shares or convertible securities

- None -

### Issuance of other securities

- None -

## Dividend Policy of the Company

The Company has a dividend policy to pay shareholders dividends of at least 40% of consolidated net profit after deduction of corporate income tax and all reserves required by law or rules and regulations of the Company, taking into consideration the Company's cashflow, operating results, financial structure, investment plans, conditions and obligations of the Company in different contracts, future requirements, and consistency of the dividend payments. Dividend payments must not exceed the Company's retained earnings based on its separate financial statements, and the dividend will not be paid if the Company has a deficit in its separate financial statements.

Dividend payments must be approved by the shareholders' meeting unless it is an interim dividend which the board of directors may approve occasionally when the Company has enough profits. Interim dividend payment must be reported in the next shareholders' meeting.

### Dividend Policy of the Subsidiaries

Dividend payments of the subsidiaries are to be approved by the board of directors and shareholders' meeting of each subsidiary. The dividend payment is to be at least 40% of the subsidiary's net profits based on its separate financial statements or consolidated financial statements if the subsidiary has investments in other companies, after corporate income tax and reserves required by law or the rules and regulations of each subsidiary. Dividend payments must not exceed the subsidiary's retained earnings based on its separate financial statements, and the dividend will not be paid if the subsidiary has a deficit based on its separate financial statements. However, such dividend payment may vary according to the subsidiary's cash flow, operating results, financial structure, investment plans, conditions and obligations of the subsidiary in different contracts, and future requirements.

In order that dividend payments of the subsidiary are in accordance with corporate governance, transparent and verifiable, after dividend is paid by each subsidiary, the subsidiary's board of directors shall report such dividend payment in the Board of Directors' meeting of the Company.

### Information on the Company's Dividend Payment in the past 3 years

Year	2019	2020	2021
Earning per share (Baht per share)	(0.00)	(0.12)	0.10
Dividend per share (Baht per share)	0.04	N/A	Proposed to AGM 2565 for omission*
Dividend payout ratio (%)	N/A	N/A	Proposed to AGM 2565 for omission*

Remark:

\* The Board of Directors Meeting No. 1/2022 held on February 28, 2022 resolved to propose to the 2022 Annual General Meeting of Shareholders to consider approving the omission of dividend payment for the year 2021 due to the need for cash reserves. It is to be used as working capital for business operations, repayment of outstanding loans and investment in various projects according to plan



# Risk Management

## **Risk Management Policy and Plan**

The Company realizes the importance of risk management which is an essential factor for the Company's operation to achieve its goals. The Board of Directors Meeting No. 5/2017 held on 20 July, 2017 therefore, has laid down a risk management policy as follows:

1. Risk Management is one of the main strategies of the Company and is a part of business planning
2. The determination of vision and mission must be clear and achievable both in corporate level and business unit level, with annual review to address the appropriate objectives
3. Risk management procedure has to be determined and various risks have to be monitored and managed to an acceptable level, in order to ensure the achievement of the Company's objectives
4. Risk management is the responsibility of employees in all levels to be aware of risks arising from their own duties
5. Each functional group is responsible for identifying and managing risks in their responsibilities
6. Ensuring to regularly conduct the process of auditing, monitoring, evaluating and reporting the results of risk management

**The Company has published the full version of Risk Management Policy on its website [www.chememan.com](http://www.chememan.com)**

To perform risk management operations under the policy, the Company has established a risk management working group, in August 2017, consisting of executives and set the duties of the departments related to risk management and risk management framework as follows:

### **Relevant Departments in Risk Management**

1. The management and/or the risk management working group are responsible for preparing and amending the Risk Management Manual in accordance with the Risk Management Policy, supervising and encouraging employees to gain knowledge and awareness of the importance of risk management, promoting and monitoring all departments to continuously analyze, assess and manage risk, analyzing and tracking changes in environment and risk that may result in a review of current risk management and consolidating the risks and the risk management of each department and the Company to be presented to the Board of Directors
2. Heads of departments and employees are responsible for identifying, analyzing, evaluating, and prioritizing risks in their departments. This also includes determining appropriate measures to manage risks, obtaining approvals for the measures, then implementing and reporting risk management performance to the management and/or the risk management working group
3. The internal audit is responsible for reviewing, evaluating risk management results through an audit of the sufficiency of the internal control system and reporting the results to the Audit Committee

### **Risk Management Framework**

1. Define the environment, policies, and criteria for risk management
2. Establish objectives that enable the Company to reduce the causes that may negatively affect the Company to an acceptable, controllable, and auditable level. There must be communication and understanding creation for all departments to follow to bind risk management with business plans systematically and continuously

3. Identify risks and uncertainty factors, both internally and externally, that may cause the Company or department to fail to achieve its intended objectives
4. Analyze and assess risks to classify the level of risk by considering the likelihood and impact of the risks and evaluating the adequacy of existing control activities
5. Manage risks by considering and selecting a risk management approach based on the assessed level of risk
6. Follow up and evaluate

In this regard, the management and/or the risk management working group, which consists of executives, is responsible for risk management and reporting the results to the Board of Directors at least once a year, except for significant risks which must be reported immediately.

In the fourth quarter of 2021 to January 2022, the Company has established 4 strategic committees comprising of executives and advisors, namely Investment and Finance Committee, Supply Chain Committee, Energy and Environment Committee and People Committee, to perform strategic management and cope with risks that are critical to achieving the Company's vision, mission, business objectives, or strategic focuses, through providing consultancy, screening, and recommendations to the Chief Executive Officer and/or the Company's Board of Directors for consideration and approval. Progress must be reported to the Board of Directors at least once a year except for critical risks, which must be reported immediately.

In addition, the executives of each department have a responsibility to report the performance to the Executive Meeting on a monthly basis. The results of risk management operations will be followed up in the meeting, along with considering the issues that may cause the departments and the Company to fail from business objectives, determining solutions to reduce the impact of such risks and continuous monitoring and evaluation. The management is responsible for pooling all risks and managing enterprise risks, hence presenting to the Board of Directors at least once a year, except that there are critical risks that must be reported immediately.



## **Risk Factors to the Company's Business Operations**

The Company has identified significant risks that may affect the Company's business operations and established measures to mitigate such risks to an appropriate level. The primary business risks of the Company are as follows:

### **Business Operations Related Risks**

#### **Risk from Revocation of Mining Concession**

The Company has been granted a mining concession No. 27328/16133 for limestone mining (for cement industry and lime production) at Tubkwang quarry, Tubkwang sub-district, Kangkoi district, Saraburi province. The concession period is valid for 25 years, ending on 23 June 2040. However, the Company may be at risk of having the concession revoked upon its failure to comply with the conditions stated in the addendum to the concession and may also be at risk of not being able to extend the concession. Such risks may cause the suspension of mining operations for raw materials sourcing. The Company may then have to source raw materials from other suppliers, which may cause cost fluctuation and inconsistent quality.

Nonetheless, the Company managed to obtain the mining concession on the same plot of mining area that the Company used to operate mining. This indicates that the Company is capable of and qualified to operate the mining business as well as has strictly complied with all the regulations pertaining to the conditions of the concession.

Moreover, the Company realizes that there may be risks arising from changes in governmental policies, laws, and regulations, which may affect the operation of the Company. In this regard, the Company continually studies and monitors the changes in governmental policies, laws, and related regulations to ensure accurate and timely compliance.

#### **Risk on Raw materials Sourcing**

Limestone is the main raw material for the production of lime products. The resource analysis carried out by GMT Corporation Company Limited as of October 2016 reported an estimation of 115 million tons of mineable limestone reserve at Tubkwang quarry. This reserve amount is sufficient to support the Company's production plan which requires 45 million tons of limestone over the concession period of 25 years. In the case that the limestone output reaches 45 million tons before the concession expires, the Company is allowed to submit a new mining plan to revise the limestone production volume for the remaining concession period. In addition, the Company reserves the right to apply for a new concession on the same mining area before the expiration of the existing concession. While the Company still holds the concession rights, no other entity can apply for the concession rights on the same mining area indicated on the concession.

Notwithstanding the above, the Company may have a risk of not being able to obtain raw materials on time or with desired quality resulting from the mining operation at Tubkwang quarry due to certain risks such as the risk of not being able to obtain raw materials with required quality, risk on technical problems of mining machinery leading to operation interruption as well as risk on incorrect estimation of mineable limestone reserve at each extraction location, which may result in higher costs and affect the Company's performance. To prevent these risks, the Company has coordinated closely with the mining contractor to develop monthly limestone production plan and has detailed and precise quality inspection of limestone right at the quarry face. The Company also maintains a sufficient level of qualified limestone as raw materials inventories for approximately one month of production in case of mining operation interruption. In estimating the quantity of limestone and available mining reserve for mining operation plan, the Company regularly hires experts to conduct detailed geological study at the quarry to identify the precise location, type, quantity, and quality of limestone. The Company has never encountered problems relating to the untimely delivery or inadequate sourcing of raw materials for production.

In November 2019, Northman Company Limited, a wholly owned subsidiary of the Company, has invested in Ha Long QN Lime Company Limited in Vietnam, a lime producer and distributor with limestone mining concession at Son Duong Commune, Ha Long city, Quang Ninh province, Vietnam. The transaction brought the Company another source of high-quality limestone to be used as raw materials in lime production. This investment is in line with the main objective of the Company which is to be the leader in lime industry with the strategy of expanding production bases to appropriate locations both in Thailand and overseas.

### **Risk on Fuel Procurement and Flue Price Fluctuation**

The Company plans to participate in coal purchase agreement for the period of 3 months or more, that clearly specifies the price, quality, price adjustment conditions (if any), delivery period and delivery guarantee conditions. The Company only considers purchasing from several suppliers with potential and reliability which allows the Company to reduce the risk of coal shortage in the case that any coal supplier encounters problems or is unable to deliver coal with the quantity, quality, and conditions as agreed under the agreement. Moreover, the Company reserves a sufficient level of coal for 2-3 weeks of production to prevent interruption caused by delayed coal delivery or unqualified grade of coal received. The Company has also studied the preventive approach on the risk of the futures reference price under appropriate circumstances.

The Company has secured a 10-year natural gas supply agreement with PTT Public Company Limited (“PTT”), which will be expired in 2029, with specified price, quantity, quality of natural gas and price adjustment conditions. The contract price of natural gas shall rely on several factors affecting the price such as calorific value of fuel oil, exchange rates and Thailand’s Producer Price Index for manufactured products. The Company can predict the change in natural gas price by considering the above-mentioned factors. The Company has gas pipelines connected from PTT to Prabuddhabaht plant. In case that PTT could not deliver natural gas to the Company, production at Prabuddhabaht plant may be interrupted or the Company may incur higher cost of production which adversely affects the performance of the Company. Despite so, the Company has never faced problem of non-delivery from PTT.

### **Risk on Shipping Logistics and Shipping Cost Fluctuation**

The Company mainly exports goods to foreign countries by sea freight. Thus, there is a risk that the goods will be delivered to the port of destination later than scheduled due to the shortage of containers, port congestion, labor insufficiency, etc. The Company has procedures to manage the said risk, such as planning the delivery with customers in advance, allowing time for the event that shipping carrier delays the delivery of goods, closely following up with the responsible person and planning vessel booking based on the terms agreed with the shipping carrier to reduce the risk of booking cancellations, etc.

In addition, due to the rapidly changing situation of sea freight, the Company, therefore, has a sales policy to avoid the risk of shipping costs by proposing an agreement of a selling price that excludes shipping costs to customers. Customers are responsible for arranging the vessels and containers to collect the goods at the agreed location. In the case that customers request the Company to provide vessels and containers, the actual shipping costs will be charged to the customers.

### **Risk from Dependency on Only One Contractor at Tubkwang Quarry**

The Company contracted only one external quarry work contractor with agreement on price and minimum limestone production volume. The contract is valid for 4 years and extendable on a 2-year basis upon mutual agreement. Therefore, the Company is at risk if the contractor could not perform according to the contract which may result in the interruption of operation at Tubkwang quarry and affect the operating performance of the Company.

The Company realizes the importance of such risk and has arranged a team of mining engineers and geologists to closely supervise, regulate and monitor the work of the contractor. The Company is also well prepared to look for alternative contractor if the existing contract could not perform their work as agreed. Given the fact that the process complexity of mining is low, replacement of contractor could be done effortlessly.

### **Risks Relating to Environmental, Occupational Health and Safety**

The operation of the Company may have an impact on the environment, surrounding communities and the safety of its employees. Therefore, the Company recognizes the importance of environmental, occupational health and safety management as part of its business operations by implementing measures to reduce the risk such as an inspection of air quality, noise, vibration, water quality, and industrial waste. The Company also promotes energy conservation and efficient utilization of resources, strictly adheres to the law related to environmental protection, and proactively controls and develops production processes and work in accordance with health and safety as well as environmental standards. The Company has never been prosecuted or has paid significant legal fines related to environmental pollution. Furthermore, the Company has organized activities for the environment and responsibility to communities and society by continuously allocating human resources and budget for support, closely coordinating with communities around the area, and regularly conducting public relations activities with neighboring communities to assist and support the development of the communities in numerous ways. This also includes hearing and sharing opinions with the surrounding communities regarding the business operation to prevent adverse impacts on the community.

### **Risk Relating to Human Resources Management**

Since the Company continuously and rapidly expands the business both domestically and internationally together with business restructuring, the Company relies on specialists such as mining exploration team, mining engineering team, geologists who supervise the operations at the quarry, plant engineers who control the lime production process, marketing team with good relationship with customers as well as management and personnel with knowledge, skills, and experience in lime industry. Therefore, the Company gives importance to human resources management and development by promoting a culture of team working, organizing a variety of personnel trainings to boost up their potentials and encouraging the middle level managers to get involved in managerial planning of the Company, emphasizing on employees' job satisfaction, and enhancing employees' knowledge and work experiences to lower the risk of relying on any individual. The Company also promotes employees' sense of ownership to build up unity which is the key driver for the Company to achieve its goals.

## **Financial Risks**

### **Foreign Exchange Risk**

The Thai Baht currency fluctuated in the past year as a result of both internal and external factors, causing increase in exposure to foreign exchange risk for the Company following the growth of exported products denominated in foreign currencies. However, some of the Company's expenditures are denominated in foreign currencies such as transportation cost, import of machinery and spare parts and overseas investment, etc. Therefore, the

Company laid down measures by creating natural hedge to balance the receivables and payables denominated in foreign currencies, as well as foreign currencies loan from financial institutions and loan to subsidiaries. Moreover, the Company has closely monitored the exchange rate movements to assess the situations and considered appropriate hedging instruments. However, the Company has no policy on currency speculation.

### **Interest Rate Risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, inter-company loans, short-term loans from financial institutions, liabilities under lease agreements and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates. The Thai Baht denominated long-term loans are based on Minimum Loan Rate (MLR) quoted for major prime customers, which fluctuates according to the Policy Rate set by the Bank of Thailand. U.S. Dollar denominated long-term loans are based on LIBOR, which is London Interbank Offer rate. As of 31 December 2021, the outstanding of interest-bearing debt, which is the loan from financial institutions with floating interest rate, was Baht 2,855 million. The Company closely monitored movement of interest rate as well as its implications, to ensure the interest rate volatility was in acceptable level.

### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to complete its contractual obligations and arises principally from the Company's receivables from customers - trade and other current receivables.

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates is based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade and other current receivables are written-off in accordance with the Company's policy.

### **Liquidity Risk**

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

### **Risk from Foreign Investment**

The Company has operations in foreign countries through its subsidiary in Australia as a distribution center, a subsidiary in Vietnam as a producer and distributor of lime with limestone mining concession at Son Duong Commune, Ha Long city, Quang Ninh province, Vietnam, valid until 11 May 2046, and through two 50%-owned joint ventures in India as producers and distributors of lime products. The operations of the subsidiaries and joint ventures may be affected by the external factors such as economic conditions, political situations, industrial competition, laws and regulations, business tax rate and any other changes in the invested countries as well as the exchange rate fluctuation that may affect the structure and have an adverse impact on the Company's investment.

However, the Company has carefully studied and reviewed the risks and returns of each overseas investment project before making investment decision. The Company foresees the demand growth in the countries where the Company invested in, and the partners in such countries are knowledgeable, capable, and experienced in operating the businesses.

Moreover, The Company realizes that there may be risks arising from changes in governmental policies, laws, and regulations of the countries that the Company has investment, which may affect the operation of the Company. In this regard, the Company continually studies and monitors the changes in governmental policies, laws, and related regulations to ensure accurate and timely compliance.

In terms of corporate governance, the Board of Directors has considered and appointed individuals to be directors and executives in subsidiaries and joint ventures to perform supervisory and management duties. This is to ensure that the subsidiaries and joint ventures operate in accordance with the plans, policies and goals appointed by the Company.

## **Management Risk**

### **Risk on Recruiting and Developing Top Management**

As the Company is constantly expanding its business locally and internationally, hence, it may cause a negative impact on the Company's operation if the Company is unable to recruit or retain knowledgeable and high potential top management to support business expansion. On realizing such risk, the Company has set up guidelines for recruiting and developing top management and personnel management as a principle in the Corporate Governance Policy. This is to ensure that the Company has an adequate number of knowledgeable and high potential top management to drive the Company towards its goals.

## **Emerging Risk**

### **Risk of Rapid Digital Technology Transformation**

In present days, business operations are highly competitive to better serve the ever-changing needs of customers. Hence, new technologies are developed to meet the needs of businesses in various fields more rapidly, including production, sales and service, management, etc. Such changes may pose risks to the Company and cause significant consequences, such as loss of market share due to failure to adapt and respond to customer needs promptly, or loss of competitiveness as competitors implement technology to help optimize their costs.

The Company has a strategy to handle this risk by structuring a team that monitors the movements of the major technological changes and assesses the suitability of the utilization as well as allocating resources to ensure continuous operation at the level appropriate to the situation of the industry.

### **Cyber Security Risk**

The current working manner requires more use of digital technology, such as working remotely, connection to customers' systems, etc. The Company, therefore, has a higher need to connect the Company's network with external systems in conjunction with the number of users, communication channels and devices used to connect. These factors create cyber security risks that can cause an impact on several aspects, such as the leakage or loss of sensitive information, systems disruption and unable to function, resulting in a loss on income and opportunities of the Company, etc. As a result, the Company has established measures to manage cyber security risk by defining an information system security policy that covers system administration and promotes the safe use of the system, as well as creating a governance structure to be consistent with the policy on an ongoing basis.

### **Risk Related to the COVID-19 Pandemic**

The uncertainty of the COVID-19 pandemic is likely to affect the Company's business operations, potentially resulting in business disruption. However, in 2021, the impact of the COVID-19 pandemic on the Company was reducing due to increase in the COVID-19 vaccines supply, causing the pandemic to ease. Consequently, the world economy gradually recovered, and customers' demand for lime products increased accordingly. In this regard, the Company has determined measures to mitigate risks from the spread of the COVID-19 that may lead to business interruption as follows:

1. Establish a committee, who manages the situation of the COVID-19 pandemic, to;
  - Determine policies and urgent measures to prevent the spread within the Company
  - Assign and/or request cooperation from department within the Company to ensure that operations are in accordance with the policies and urgent measures specified
  - Supervise, control, and monitor the operations of the relevant departments to ensure that the operations and corrective actions are carried out promptly and efficiently
  - Manage the information reported from various departments, both within and outside the Company, to assess the current situation and future tendencies
  - Clarify and publicize to employees to create a coherent understanding of the situation
2. Continuously provide appropriate measures to take care of employees and the Company's business, such as establishing a Work-from-home approach, determining procedures for employees and visitors to enter the Company's areas, procuring and encouraging employees to receive the COVID-19 vaccinations thoroughly, supporting necessary protective equipment for employees, providing the COVID-19 insurance for employees, etc.

# Driving Business Towards Sustainability

## **Sustainability Management Policy and Goals**

### **Sustainability Management**

The Company realizes the importance of conducting business sustainably with the purpose to enhance corporate governance level and respond to all stakeholders equally, as well as ensure that social development, and environment will grow concurrently with the Company. The Company is in the process of developing sustainability management policy, guidelines, and goals, which shall be published on the Company's website within the first half of 2022.

In this regard, the Company has assigned a Sustainability Development Department to supervise and monitor the implementation of the Company's sustainability policy in order to ensure effectiveness and goals achievement. The Company's sustainability policy shall cover corporate, social and environment aspects, according to the framework of sustainable development goals at both national and international levels.

### **Roles and Responsibilities of Sustainability Development Department**

- 1) Carry out community tasks with proactive data preparation as a database used to analyze to fulfil the needs of the community
- 2) Manage problems and complaints related to the operations of the Company
- 3) Represent the Company in communications with internal and external stakeholders regarding sustainable development of the Company
- 4) Represent the Company in participation in activities hosted by both the public and private sectors within the operational areas
- 5) Manage and supervise activities that create good relations with all sectors
- 6) Oversee and verify the Company's licenses in compliance with the laws

### **Environment**

The Company has established Energy and Environment Committee to develop strategy and policies related to energy consumption and environment protection as well as apply the concept of circular economy into business operations under good corporate governance while taking the needs of all stakeholders throughout the entire business value chain into careful considerations such as 1) waste reduction by following "Reduce-Reuse-Recycle" concept to maximize the efficiency of the limited resources. 2) manage energy and utilities consumption to reduce and maximize the efficiency of existing resources.

### **Social**

The Company values social responsibility, human rights, community, and public relation activities in the surrounding communities to help and develop communities and society continuously. The Company always conducts its business with respect for human rights and encourages all stakeholders to fully comply with human rights requirements. The Company has also established complaint channels for those who have been infringed by the Company's operations.

During the COVID-19 pandemic, the Company supports CU positive pressure vehicles which are 100% sterile vehicles for facilitating healthcare workers, the COVID-19 prevention partitions for public service, the establishment of the COVID-19 checkpoint in both the community and at the subdivision level, the COVID-19 test kits and masks, as well as provision of funds for healthcare workers for vaccination services.

### **Governance**

The Company realizes the importance of overseeing that the Company's business conduct is in line with its objectives, main goals, strategies, policies, plans and specified budget, with appropriate performance monitoring, evaluation, and reporting. This is performed through ethical business practices, respecting the rights and being responsible to the shareholders and stakeholders, with consideration to social benefits, environmental impacts and being resilience to changing circumstances.

## **Management of Impact on Stakeholders in the Business Value Chain**

### **Business Value Chain**

The Company operates its business with responsibilities in accordance with good corporate governance principles. The Company realizes the importance of conducting business for sustainable growth by operating with care for all stakeholders in related activities from upstream to downstream to reflect the Company's commitment in creating value for products and services to meet the expectations of stakeholders in all sectors with morality and ethics.

Activities related to the Company's value chain are as follows:

#### **1. Main Activities**

##### **Raw Material Sourcing**

Sourcing key raw material, i.e. limestone, from the Company-owned efficient and professional mining operations in Thailand and Vietnam creates a competitive advantage in cost management and quality control throughout the entire process. Energy procurement plan with more than 1 supplier minimize the risk of shortage of key raw material and energy supply raw materials, thus further increase the competitiveness of the Company.

##### **Production and Quality Control**

Production of limestone, ground limestone, quicklime and hydrated lime are operated with international standards technology and consistent quality control and inspection throughout the entire process.

##### **Storage and Packaging**

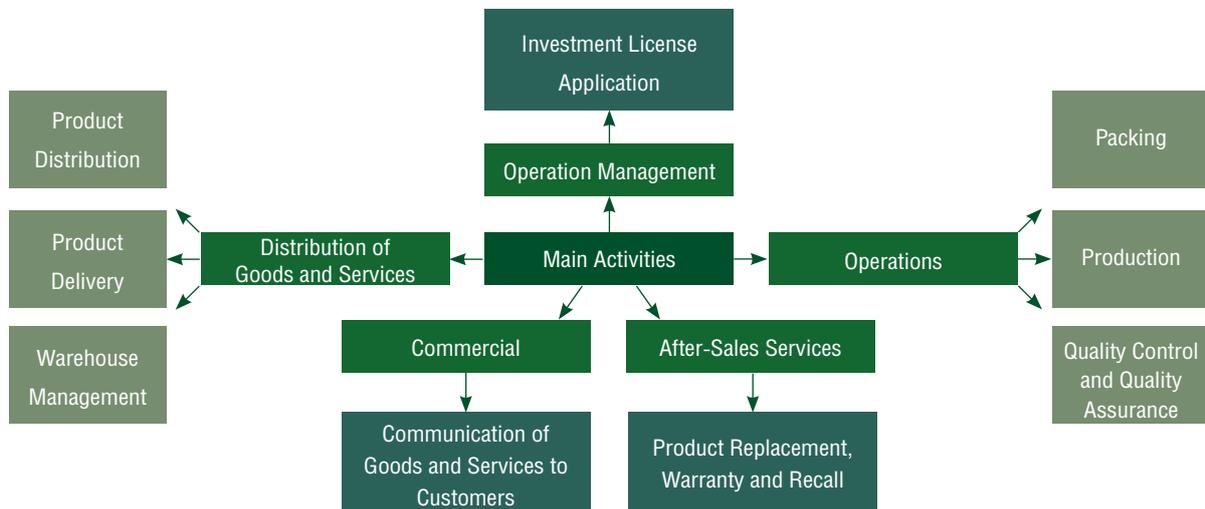
Products in bags and silos are stored in storage facilities with efficient storage management system and ready to be delivered to the customers.

##### **Logistics and Supply Chain**

Products are delivered either by Company-owned truck fleet or by third-party logistics providers for effective management and to support the needs of the customers. The Company sets strict logistics guidelines in compliance with government regulations across the entire supply chain; from receiving the products, to delivering at final destinations. Safety of stakeholders who may be affected by the transportation of products such as local communities, drivers, operators is taken into consideration. For overseas shipments, the Company commissions leading logistics providers to cover a wide range of countries to ensure the effectiveness and quality of each shipment.

### Marketing and After-sales Services

In addition to producing quality products that meet the needs of customers, the Company also collaborates with customers to offer solid and sustainable solutions that fulfil customers' long-term needs as well as providing after-sales services from the commercial team. The Company also values and gathers customer opinions via the Customer Satisfaction Assessment Form to continuously improve the operational processes and systems.



## 2. Support Activities

### Procurement

The Company has procurement procedure to meet the operational needs of various divisions in the Company by purchasing and agreeing to terms and conditions for goods and services from several trusted partners with competitive prices and strict compliance with the agreed terms, in conjunction with listening and exchanging ideas with partners to satisfy both parties sustainably, as well as develop and improve the collaborative processes.

### Community Relations

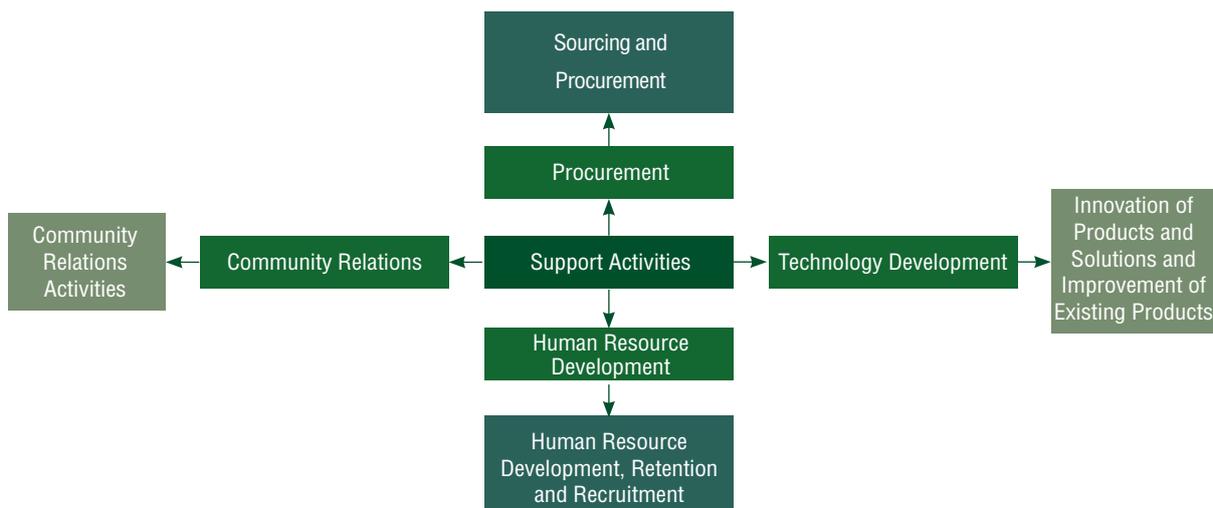
The Company supports community activities to create public benefits, opportunities and seek ways to continuously increase income for surrounding communities, as well as conduct business activities by integrating community and social dimensions into the preparation of action plans to prevent impact on communities and society.

### Human Resources Development

The Company has recruitment and personnel development system in accordance with business operations by developing and adding new skills and capabilities to employees to prepare them to grow concurring with the Company, covering occupational health, safety, and wellbeing care, as well as determining compensation and benefits. The Company also focuses on engaging sense of ownership to create unity, which is integral to driving the Company towards its goals.

### Technology Development

The Company adopts modern technology and digitalization to improve processes in various dimensions to develop innovations and solutions that meet the Company's long-term operational direction.



### Analysis of Stakeholders in the Business Value Chain

The Company values contribution and involvement of all internal and external stakeholders, by considering and applying recommendations where appropriate from all stakeholders to improve processes, including in evaluating issues important to the sustainability of the Company. The Company separates stakeholders into 7 categories, where each category has varying channel of appropriate communications and contributions.

Stakeholders	Communication Channels	Expectations	Responses to Expectations
1. Shareholders	<ul style="list-style-type: none"> <li>Annual General Meeting of shareholders</li> <li>Annual Registration Report / Annual Report</li> <li>Complaints channels</li> <li>Direct communication with the Company</li> <li>Website</li> <li>Site visit</li> <li>Other activities such as Opportunity Day, Roadshow, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Return on Investment</li> <li>The Company's growth</li> <li>Transparency and accuracy of information</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with relevant department to improve operational efficiency and product quality</li> <li>Open opportunities for shareholders to directly express opinions and complaints to the Company</li> <li>Expand investments both domestically and internationally</li> <li>Establish policies to prevent conflict of interests and transparent information according to national standards</li> </ul>

Stakeholders	Communication Channels	Expectations	Responses to Expectations
Customers	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Site visit</li> <li>• Customer visit</li> <li>• Communications via electronic media and telephone</li> <li>• Complaints channels</li> <li>• Other Company activities/ other activities hosted by the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction in products and services</li> <li>• Receiving quality products and services within a timely manner</li> <li>• Effective troubleshooting within a timely manner</li> <li>• Quick response to customer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure consistent quality control</li> <li>• Maintain good delivery standards in a timely manner</li> <li>• Provide advice and solutions in a professional manner</li> </ul>
3. Business Partners	<ul style="list-style-type: none"> <li>• Partner visit</li> <li>• Communications via electronic media and telephone</li> <li>• Complaints channels</li> <li>• Other Company activities/ other activities hosted by the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Receiving products and services in accordance with the agreed terms and conditions</li> <li>• Competitive price of products and services</li> <li>• Maintaining a good relationship between seller and buyer</li> </ul>	<ul style="list-style-type: none"> <li>• Strictly comply with agreed terms and conditions</li> <li>• Listen and exchange opinions with partners to meet the need of both parties sustainably as well as develop and improve collaborative processes</li> </ul>
4. Employees	<ul style="list-style-type: none"> <li>• Internal communication</li> <li>• Line /Website/Email</li> <li>• Suggestion box</li> <li>• Complaints channels</li> <li>• Other company activities/ other activities hosted by the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Stability and advancement in work</li> <li>• Appropriate welfare and compensation</li> <li>• Opportunities to learn, grow and develop knowledge and abilities</li> <li>• Occupational health, safety, and quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously develop the potential of employees</li> <li>• Emphasize on safety and occupational health</li> <li>• Provide proper welfare and compensation for employees</li> </ul>
5. Community and Society	<ul style="list-style-type: none"> <li>• Activities with local communities</li> <li>• Regularly meetings with community leaders</li> <li>• Community visit</li> <li>• Complaints channels</li> <li>• Survey</li> <li>• Line/Facebook/Website</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible on environment by reducing emission</li> <li>• Support community activities</li> <li>• Contribute to public benefit and increase quality of life of surrounding communities</li> <li>• No complaints from local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct business with prudence to prevent impacts on local communities, society, and environment</li> <li>• Strictly comply with relevant laws and regulations</li> </ul>
6. Non-profit organizations and local authorities	<ul style="list-style-type: none"> <li>• Regular meetings with representatives</li> <li>• Support local activities</li> <li>• Complaints channels</li> <li>• EIA report</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce emission</li> </ul>	<ul style="list-style-type: none"> <li>• Strictly comply with relevant laws and regulations</li> </ul>

Stakeholders	Communication Channels	Expectations	Responses to Expectations
7. Government Agencies	<ul style="list-style-type: none"> <li>Regular meetings with representatives</li> <li>Summit relevant reports</li> <li>Support government activities</li> </ul>	<ul style="list-style-type: none"> <li>Comply with relevant laws and regulations</li> <li>Reduce and mitigate effects to communities and environment</li> </ul>	<ul style="list-style-type: none"> <li>Strictly comply with relevant laws and regulations</li> <li>Establish and assign dedicated department for communicating with government authorities</li> </ul>
8. Media	<ul style="list-style-type: none"> <li>Regular meetings with representatives</li> <li>Complaints channels</li> <li>Communications via electronic media and telephone</li> <li>Line/Facebook/Website</li> </ul>	<ul style="list-style-type: none"> <li>Disclose information which is clear, accurate, relevant, and timely</li> </ul>	<ul style="list-style-type: none"> <li>Completely communicate and disclose information on the Company's operations</li> </ul>
9. Creditors	<ul style="list-style-type: none"> <li>Quarterly Report</li> <li>Regular meetings with representatives</li> <li>Communications via electronic media and telephone</li> </ul>	<ul style="list-style-type: none"> <li>Build confidence to creditors to ensure the repayment in full and on time</li> </ul>	<ul style="list-style-type: none"> <li>Strictly comply with terms and conditions in the loan agreement, collateral contract and/or related contracts including complying with the laws related to debt repayment</li> </ul>

## Sustainability Management in Environmental Aspect

The Company is Thailand's producer of lime and lime derivate chemicals with philosophy and ethics to conduct business with environmental and social responsibilities. The Company recognizes and focuses on environment protection by maximizing efficiency of energy and resources to develop business and improve environment in parallel, while reducing environmental impact throughout the supply chain. Considering that the environment is important for business, the Company has established procedure on the following areas:

### Environment

The Company strictly complies with applicable environmental laws and standards as regulated by the relevant authorities such as environmental impact prevention measures, environmental impact monitoring measures, etc.

### Investment

The Company integrates environmental aspects into the process of investment decisions making.

### Pollution Prevention and Resource Consumption Optimization

The Company manages consumption of energy, utilities (e.g., electricity, coal, and water) and resources to maximize efficiency by means of reducing, reusing and recycling and taking steps to prevent pollution caused by the Company's activities and products from affecting the environment.

### Procurement

The Company supports environmentally friendly products and services and create awareness of environmental protection.

## **Communication and Public Relation**

The Company regularly encourages employees and stakeholders both internal and external to aware of responsibility towards environment, society, and community.

During past years, the Company has an environmental committee at each production facility to consider and develop environmental policies and plans, report and suggest measures or guidelines to be in line with environmental legislation, support environmental activities, as well as continuously maintain environmental management system based on ISO 14001: 2015 to ensure that environmental operations are efficient and in compliance with the Company and government policies.

In addition to the above operations, the Company is in the process of establishing an environmental management policy in which will be published on the Company's website within the first half of 2022 to elevate sustainable development. In December 2021, the Company established **the Energy and Environment Committee**, which consists of senior management teams, for the following important roles:

- Provide insights to executives and related departments
- Research directives to reduce energy consumption and waste emissions of plants and offices
- Develop energy and environmental policies for the Company's Business Units
- Plan and monitor the Company's sources of energy supplies
- Establish risk management related to energy and environment

In 2021, the Energy and Environment Committee conducted a study on key developments as follows:

- Establish of coal supply policy, both short-term and long-term, for operations in Thailand and overseas
- Determine procedure for electricity consumption for Kangkoi plant and Tubkwang quarry
- Conduct feasibility study on solar farm projects to reduce electricity costs of Kangkoi plant
- Initiate Carbon Footprint for Organization Project at Kangkoi and Prabuddhabaht Plants

## **Carbon Footprint for Organization Project**

Climate change from greenhouse gas emissions is an important sustainability issue for all industries. The Company recognizes the risks and impacts of regulatory changes on climate change on both the Company and its stakeholders, and therefore focuses on reducing greenhouse gas emissions generated by conducting business operations by designating the organization's Net CO<sub>2</sub> emissions as one of corporate KPIs. The Company is in the process of establishing a target to reduce greenhouse gas emissions to become a Carbon Neutral Company based on the Greenhouse Gas Emission Reduction project plan and Carbon Offsets activities.

In the fourth quarter of 2021, the Company began conducting Carbon Footprint for Organization assessments with an advisory team that certified by Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), including advisory and discussions for the Company to achieve the following objectives:

- To build an understanding of the principles and practices of the organization's carbon footprint assessment system
- To identify source of greenhouse gas emissions in the scope of the organization according to Thailand's carbon footprint calculation model
- To calculate and prepare the organization's greenhouse gas emissions report and use the data as a basis for improving, developing, reducing corporate greenhouse gas emissions, and further apply it to create an organization that recognizes the environmental impact nationally and internationally

## **Future Roadmap**

The Company aims to reduce energy consumption to maximize its efficiency and reduce greenhouse gas emission. In 2022, the Company has planned for data collection and evaluation of its greenhouse gas emissions of scope 1 and scope 2 with a Limited Level of Assurance to prepare emissions and absorption reports of greenhouse gases. The review will be carried out by the registered agency with the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO). After that, the Company will set greenhouse gas emission reduction targets in line with its short-term and long-term business strategy. The substantial strategic plan and targets shall be posted within the year 2022.

## **Environmental Performance**

The Company is aware of the environment and therefore has continuously hired the accredited environmental measurement agencies to measure the key environmental indicators including air quality, noise level, vibration, and others. The results are all within the legal benchmarks, such as the measurement results of the air impurities at the furnace craters, the monitoring results of general noise monitoring, the monitoring results of air quality in the atmosphere, and the monitoring results of vibration of mining activities etc. Regarding mining activities, the Company must strictly comply with all the environmental rules and regulation per the concession, including compliance with environmental impact prevention and remediation measures, and environmental impact monitoring measures, as set out in the Environmental Impact Analysis (EIA) report, and as defined by the Office of Natural Resources and Environmental Policy and Planning, and among other relevant laws. Moreover, on manufacturing process, the Company has adopted a dust treatment system, which is effective in reducing dust levels so that it does not cause air pollution or affect the health of our employees and residents of surrounding communities.

The Company has campaigns to reduce energy consumption. It encourages employees to contribute to reducing energy consumption from their own operating processes, through the Company's media, such as turning off power and unplugging after using electrical equipment, controlling the air conditioning time to reduce air conditioning hours, adjusting the air conditioning at optimal temperature, regularly inspecting and cleaning electrical appliances to ensure the most efficiency, using energy-saving light bulbs, switching from factory interplanetary meetings to teleconferencing to limit unnecessary travels and etc.

To reduce resource consumption and environmental stewardship, the Company has a policy of purchasing environmentally friendly products and services by considering the selection of standardized products to help reducing resource consumption and environmental impact. The Company has chosen to source its coal only from qualified partners to reduce the amount of sulfur dioxide and carbon dioxide that can occur. The Company has also established ISO 14001 environmental management system standards for environmental quality within the organization. In addition, internal activities have been carried out to reduce waste consumption, such as the "WON" project by donating bags and clean plastic films for recycling, the "Green Roof" project by participating in the project to provide used beverage packages to produce roof sheets from recycled beverage packages, "Aluminum Donation" project" for make prosthetics, etc.



"WON" project



"Green Roof" project



"Aluminum Donation" project



Recycling plastic bottle caps

## Sustainability Management in Social Aspect

The Company realizes the importance of conducting business towards sustainable growth with corporate social responsibilities. It focuses on morally and ethically operating the business while contributing to the wellbeing of the stakeholders, economy, society, and environment. The Company is in the process of establishing a sustainability management policy in social aspects, policies, guidelines, and complete goals which will be published on the Company's website by the first half of 2022.

By conducting business with corporate social responsibilities to create benefits to the society along with the Company's growth, therefore, the Company has established the policy, which can be grouped into 7 sections as follows:

### 1. Fair Business Conduct

The Company strives to operate business with honesty, fairness, good business ethics and aims to compete commercially in accordance to business ethics, laws, fair trade competition principles, as well as against any behaviors that obstruct fair trade competition. With respect to the intellectual property rights of others, the Company requires all personnel to comply with the law or regulations on the rights to intellectual properties. The Company also has campaign projects to cultivate social responsibility among personnel of all levels such as encouraging employees to participate in activities organized by the Company to assist and develop communities, waste separation, reuse and energy saving campaigns within the Company, etc.

## 2. Anti-Corruption

The Company operates the business on the basis of being transparent, ethical, adhering to good corporate governance and complying with laws relating to anti-corruption, giving and receiving unlawful bribes to the government or private officials. The Company's organization structure is constructed to clearly separate duties, responsibilities, work process and reporting line in each work function, in order to ensure checks and balances and appropriate cross examination. The Company has laid down an anti-corruption policy as guidance for the directors, executives and employees of the Company and its subsidiaries. As a result, the Company had no records of complaints or corruptions in 2021. The full version of Anti-Corruption Policy disclosed on the Company's website [www.chememan.com](http://www.chememan.com).

## 3. Respect for Human Rights

The Company supports and respects human rights by treating concerned parties including employees, community and society with humanity respect, equal rights, and freedom, while against violation on basic human rights and discrimination on race, nationality, religion, language, skin color, gender, age, education, physical appearance, or social status. Hence, the Company always welcomes disabled and socially disadvantaged individuals with career opportunities. The Company also directs its business not to involve in any violations of human rights. Moreover, the Company supports monitoring its compliance with human rights regulations by encouraging the stakeholders to express opinions and provide channels for complaints from the victims of human rights abuses caused by the operation of Company's business and offer reasonable remedies. Furthermore, personal data of employees and any stakeholders are strictly protected. As a result, in 2021, the Company received no complaints through the Company's complaint channel.

## 4. Fair Treatment of Labor

The Company realizes importance in human resources development and fair treatment of labor, which is a factor that will help to increase value to the business, strengthen competitive potential and sustainable growth ability of the Company. Thus, the following guidelines has been established:

- 1) Respect the rights of employees by adhering to human rights principles and labor laws
- 2) Set up fair process of recruitment, employment, terms of employment, remuneration and performance evaluation
- 3) Promote personnel development by arranging for trainings, seminars and encourage personnel to join in professional trainings in various fields to increase their knowledge and potential, including instill good attitudes, morality, ethics, and teamwork in all personnel. The Company sets an annual minimum target of training participation at 70% of the total employees
- 4) Provide employee welfare as stipulated by laws such as social security and those not required by laws such as provident fund, health insurance, accident insurance, disability insurance, staff housing, emergency loan, housing loan and other monetary assistance such as death benefit
- 5) Provide annual physical checkup for employees of all levels, with consideration to individual risk factors such as age, gender and work environment
- 6) Provide a safe environment with proper hygiene in the workplace by setting measures to prevent accidents and promote safety consciousness, as well as provide trainings, promote employee's hygiene and creating healthy and safety workplace
- 7) Provide opportunities to employees to express opinions or complaints on unfair treatment or wrongdoing in the Company and provide protection to the whistleblower

## 5. Customer Accountability

The Company is determined to develop its customer service to achieve customer satisfaction and be responsible and honest in dealing with customers. It oversees that the production process works efficiently to ensure delivery of products at agreed quantity and time. In case of changes in the production plan which may affect the delivery of products, the Company shall discuss with the customer to minimize the impact.

## 6. Environmental Preservation

The Company places a great emphasis on social responsibility by preserving the environment. The Company strictly adheres to the laws relating to environmental preservation by continuously monitoring and measuring air quality, noise, vibration, water quality and waste.

Moreover, the Company supports environmental activities by continually allocating human resources and funding for such activities and closely coordinates with the surrounding communities.

## 7. Community and Social Development

The Company realizes its responsibilities towards communities and society. It aids and supports community and society development through various channels such as supporting youth education by donating school supplies and awarding scholarships, donating funds to public organizations for public interest such as donations to police stations for improving public service equipment, donations to hospitals for medical equipment improvement and donations to support religious activities.

# Social Performance

## Internal Corporate Social Performance

### Employees

In 2021, the Company employed female employees at 31% of the total number of employees. Moreover, the Company also employed individuals with disabilities at 20% of the amount required by law and contributed fund into Empowerment for Person with Disabilities Fund in full as required by law. In addition, the Company has continuously provided training and development of personnel with more than 70% participation rate of the total number of employees.

### Occupational Health and Safety

In 2021, the Company has a record of three incidents of stop-work injuries. Therefore, the Company has established measures to prevent and mitigate risks by engaging employees in reviewing and assessing risks in all activities. The measures are communicating guidelines for preventing and resolving accidents to employees in the form of communication through the Safety Committee, occupational health and work environment and public relations board arrangements, as well as planning for “Safety behavior management and raising awareness of work safety” training course for employees.

### Customers

The 2021 Customer Satisfaction Survey concluded that the majority of customers were satisfied with the Company’s products and services, with the Company receiving 13 complaints, all of which had been addressed and resolved.

### Business Partners

Vendor and Service Provider Assessment in 2021, which includes the safety, environmental and human rights responses, concluded in satisfaction level with no sellers or service providers not meeting the evaluation criteria.

## External Corporate Social Performance

The Company recognizes its responsibility to the community and society, thus assisting and developing communities and society in many channels. Summary of social responsibility performance by categorizing as follows:

### Health and Welfare

With the COVID-19 pandemic, the Company has contributed to supporting communities and society by supporting the hospital, healthcare workers and solutions for those affected in the community, such as “Chememan Sharing During the Fight Against COVID-19”, to provide basic necessities to local communities affected by the COVID-19 pandemic. The activities are provisions of fund for COVID-19 prevention partitions for public service at the Kangkoi Land Office, for the establishment of COVID-19 checkpoints in both the community and at the subdivision level, for COVID-19 test kits for Saraburi Hospital, for masks for surround community, for healthcare workers for vaccination services, for positive pressure vehicles which are 100% sterile vehicles for facilitating healthcare workers to check and perform procedures for vulnerable people or patients with COVID-19, as well as wireless communication for talking and questioning patients’ symptoms to Kaeng Khoi Hospital to help reduce the spread of infection to healthcare workers, for the establishment of a rest center Tubkwang subdistrict for providing drinking water to detainees and staff, for survival bags to students and people in the community, for mercury fever and oxygen meter for Tubkwang Health Promoting Hospital, souvenirs for blood donors, etc., totaling 731,144 Baht.





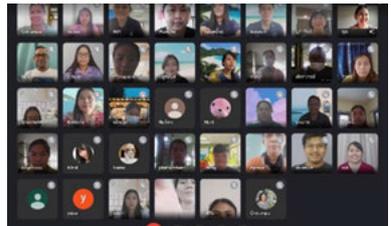
## Education

For the past 18 years, the Company has a policy of promoting social responsibility activities, especially by promoting activities to improve the quality of life for the community. For the community to grow together, the Company is committed to participating in community and social development by improving the quality of life of people in communities and society in all aspects. Together with Thailand's current shift towards an aging society, whose population number is constantly growing, the Company's "Retired Teachers" project No. 1 aims to improve the quality of life of the elderly in the community by providing educational courses for preparation to enter older age, such as enhancing physical health and mental health, welfare and life security, understanding and the ability to use basic communication technology to make use of free time and be happy at work. The project focused on group activities for everyone to participate in the activities as much as possible. Retired teachers, who are the same age as the target audience, are also invited as the main speakers for the project. The organizing training courses were based on the learning curriculum about the elderly so that they can truly take the experience they gained from the training and as well as having a group of friends and mentors to share their experiences from trainings for deal with the transitional situation of the age range with quality.

In 2021, the Company has launched this project for the first time with 30 elderly participants from the Company's three nearby communities, who have participated well with the activities. In 2022, the Company expects to continue its activities by expanding to elderly people in other communities to participate in the project to enhance physical health, mental health, as well as life security, creating understanding and using technology to communicate in society and be aware of current situation.

In addition, the Company supported the Saraburi People's Project with training program to elevate teaching skills for teachers at Nikhom Tubkwang Songkroh Community School 1, totaling 67,980 baht.

In addition, the Company recognizes the importance of youth education in the area. The Company has continuously supported educational activities with scholarship offerings to students so that they can have educational opportunities and bring knowledges and skills back to develop the community in the future. The Company also supports public health activities such as donating to students affected by COVID-19.



**Religion, Culture and Local Traditions**

It is the Company's policy to carry on religious, cultural and local customs of the communities by supporting religious activities on various occasions such as the Kathin Samakkee (offerings to monks after lent) at Tham Prabodhisat Temple and Sri Jomthong Temple, as well as donating funds to purchase equipment and appliances for Baan Romyen Ingdoi Christian Church. As for cultural and local customs activities, the Company regularly support those activities such as Songkran festival, New Year festival and police check points for accident prevention during the period, by donating funds to various organizations such as Tubkwang Municipality, Huay Pa Hwai Municipality, Tubkwang Health Volunteers and the other community groups surrounding the Company's operation in Tubkwang District, Kangkoi District, Huay PaHwai District and Prabuddhabaht District. Total budget was 129,623 Baht.



**Environment and Infrastructure of the Local Communities**

The Company supports environmental protection for the communities through many projects that promote cooperation between management, employees, and the surrounding residents. However, in 2021, with COVID-19 pandemic in Tubkwang district, the Company has helped with the funding and providing drinking water for the communities, such as forest fire campaign activities for the Forest Resources Office, the Sufficiency Agricultural Demonstration Project at Tubkwang Songkhro Industrial Estate Community School 1, etc., totaling 9,000 Baht. The Company also promoted the 2021 Forest Fire-Free Campaign Day by the Forest Resource Office 5, Saraburi Province. Moreover, drinking water was provided to patrol officers to patrol forest areas of the community. Moo 10 area and a community forestry committee meeting, Group 10 area.



For the care of community utilities, the Company has contributed to funding for repairing the community water supply system to be able to use it thoroughly in all areas. The Company also provides dust collecting vehicles to clean the public roads and regularly supplies crush rocks to repair road shoulders and areas of common infrastructures.



**Promote Career in Local Communities**

As majority of the local people are wage earners, the Company has a policy to promote community careers to increase household income to have enough to cover expenses and savings for each household. The Company organized projects and provided financial support in activities that promote skills or methods to increase personal income, such as funding career-building activities for enhancing the knowledge of the elderly to have a career to earn money to support themselves, funding career-building activities for young people in fancy soap making and supporting the products by the Tubkwang Shelter for Homeless.



### **Employee Volunteering Culture**

In 2018, the Company started a project named Roi Kwam Dee, 15 Pee Chememan (Let's Do Good, 15 years of Chememan), later changed to "CMAN DMAN Plus", to celebrate the 15 years operation anniversary of the Company with the objective to promote volunteer culture in the organization, as well as to promote social responsibilities in employees of all levels.

In addition, the Company also has a policy to expand volunteer activities to other groups in the future, to develop volunteer network and foster volunteering culture on the local communities.



### **The Fund of Mining Village Area Development**

Community utilities care, events such as New Year's, Traditions Songkran Festival, Father's Day, Mother's Day, Children's Day, Kathin and survival bag making, community halls building, providing community supplies, community sports events, "Thang Nee Mee Phon Phoo Khon Rak Kan project", home-grown vegetables farming for creating food security for the community. Career-building activity for Youth "Fancy Soap", Vocational Training Program for The Elderly "Artificial Arts and Jasmine Tissue Paper", Project to Improve the quality of life for the elderly, disabled and bedridden patients, disability housing environmental improvement, community monthly meetings, providing cooking equipment for livelihood group, educational scholarships, school scenery improvement to be safe and ready for teaching and learning, community patrol activities, volunteering activities, emergency initial aids (floods, storms, fires), etc., totaling 1,974,910 Baht.

### **The Fund of Health Awareness**

The Project of Dental Assistant Hiring, Community Pulmonary X-ray, Thai Traditional Medicine and Primary Care Physiotherapy Service System Thap Kwang Hospital, etc., total budget of 908,080 Baht.

The Company's Corporate Social Responsibility Policy is applied as guideline in determining work process. This is to ensure that all levels of employees recognize and perform their duties efficiently in accordance to such policy, international standard and applicable laws and regulations.

The Company implemented quality management system based on ISO 9001, environmental management system based on ISO 14001 and occupational health and safety management system based on TIS/OHSAS 18001, which are used to determine work regulations for employees and all concerned stakeholders. Social responsibilities are considered starting from production process and work procedures to improvement of plant sites.

By continually conducting business with corporate social responsibilities, the Company has received many awards on environmental management, labor relations, safety, occupational health and working environment, educational support and energy savings from various regulatory agencies such as Ministry of Industry, Ministry of Labour, Ministry of Energy and Ministry of Education.

## Rewards and Achievement

By continually conducting business with corporate social responsibilities, the Company has received many awards on environmental management, labor relations, safety, occupational health and working environment, educational support and energy savings from various regulatory agencies such as Ministry of Industry, Ministry of Labour, Ministry of Energy and Ministry of Education.



- CSR-DPIM Continuous Award 2021 for the mining and primary industry organization with an excellent level of continuous corporate social responsibility, awarded by the Department of Primary Industries and Mines, Ministry of Industry
- CSR-DPIM Award 2020 for the organization with excellent operation under the corporate social responsibility standard of the Department of Primary Industries and Mines, Ministry of Industry
- CSR-DPIM Continuous Award 2019 for the organization with continuous corporate social responsibility, under the category of “Mineral Dressing Plant”
- CSR-DPIM Award 2010 for the organization with international standard on corporate social responsibility, under the category of “Mineral Dressing Plant”, awarded by the Department of Primary Industries and Mines, Ministry of Industry
- Green Mining Award (2021) under the category of “Mine and Mineral Dressing Plant”, awarded by the Department of Primary Industries and Mines, Ministry of Industry (received in 2022)
- Green Mining Award 2020 under the category of “Mineral Dressing Plant”, awarded by the Department of Primary Industries and Mines, Ministry of Industry
- Green Mining Award 2019 under the category of “Mining”, awarded by the Department of Primary Industries and Mines, Ministry of Industry
- Quarry for Environmental Excellence (2008-2010), awarded by the Pollution Control Department, Ministry of Natural Resources and Environment
- Green Industry Level 3 (Green System) Award for systematic environmental management with monitoring, evaluation and review for continuous development (2020-2023)
- Green Industry Level 3 (Green System) Award (Kangkoi Plant), awarded by the Department of Industry Works, Ministry of Industry (issued on 23 January 2018, effective until 22 January 2021)
- Green Industry Level 3 (Green System) Award (Prabuddhabaht Plant), awarded by the Department of Industry Works, Ministry of Industry (issued on 23 January 2018, effective until 22 January 2021)

- The highest honour of Thailand Labour Management Excellence Award 2021 (Prabuddhabaht Plant), awarded by the Department of Labour Protection and Welfare, Ministry of Labour
- Thailand Labour Management Excellence Award 2021 (Kangkoi Plant), awarded by the Department of Labour Protection and Welfare, Ministry of Labour



- Employee Relations and Benefits Awards for 15 consecutive years, 2006-2020 (Prabuddhabaht Plant), awarded by the Department of Labour Protection and Welfare, Ministry of Labour
- Employee Relations and Benefits Awards for 10 consecutive years, 2008-2017 (Kangkoi Plant), awarded by the Department of Labour Protection and Welfare, Ministry of Labour
- Employee Relations and Benefits Awards for 10 consecutive years, 2008-2017 (Prabuddhabaht Plant), awarded by the Department of Labour Protection and Welfare, Ministry of Labour
- Provincial Occupational Safety & Health Awards, 2007 and 2009 (Prabuddhabaht Plant), awarded by the Department of Labour and Welfare, Saraburi, Ministry of Labour
- Occupational Safety & Health Award 2008 (Prabuddhabaht Plant), awarded by the Department of Labour and Welfare, Ministry of Labour



- Certificate of Success in Development of Logistics and Transport Management System for Energy Saving 2012, awarded by the Institute of Industrial Energy, the Federation of Thai Industries, and Energy Policy and Planning Office - Ministry of Energy
- Honorary Certificate for Contribution to the Ministry of Education 2017, awarded by the Ministry of Education
- Certificate of Participation in Preventive Measures Activities according to Safety & Occupational Health Risk Factors for Small and Medium-sized Risk Organizations 2018 with a gold-level performance (Kangkoi and Prabuddhabaht Plant), awarded by the Chief of Operation of the Safety and Occupational Health Project of Thailand (Safety Thailand), Saraburi



# Management Discussion and Analysis

## Business Overview

Chememan Public Company Limited (SET: CMAN) is an integrated lime producer and one of the world's ten largest lime companies with more than 1 million tons of annual production capacity. With high chemical-grade limestone quarries in Thailand and Vietnam and modern production facilities in Thailand, Vietnam, and India, CMAN can focus on high value-added end-users, particularly in the mining sector (gold, aluminum, copper, nickel, lithium), pulp and paper, sugar, and bioplastics. CMAN exports around 70% of its capacity across 30 countries in Asia, Australia, and Africa, with over 500 experienced and dedicated professionals who together drive the Company forward to achieve the stated goals.

## Significant Events in 2021

1. Siriman Chemicals India Private Limited in Visakhapatnam of India commenced its commercial operations in January 2021.
2. Hope Valley Distribution Center in Kwinana in Western Australia commenced its commercial operation in June 2021.



## Overview of Operation Results in 2021

### Overview of the Economy affecting the Company's Operations

Economic conditions generally affect the demand for lime, that is, during the economic growth, it encourages customers in a wide range of industries to increase production capacity and stimulate demand for lime accordingly. However, highly volatile economy may induce inflation, causing a rise in commodity prices, such as oil, coal and energy, along with supply chain constraints, which could adversely affect delivery lead time and operating profit margins of the Company.

### Full Year 2021 Highlights

- Despite volatile energy market conditions, total energy costs at our Thailand production facilities remained stable, as coal prices are fixed annually under our supplier agreements
- As Hope Valley started in late June, service revenues were recognized since the second half of 2021
- Revenues from sales and service equaled Baht 3,002 million, a 34.0% increase from 2020 and the highest ever recorded by the Company
- EBITDA equaled Baht 553 million, a 137.8% increase from 2020
- Annual net income of Baht 92 million and earnings per share of Baht 0.10, an improvement from last year's net loss of Baht 136 million, or Baht (0.12) per share
- In 2021, net debt rose to Baht 3,794 million, as we repaid Baht 1,142 million of bank debt and drew down Baht 1,610 million to finance Hope Valley's completion.

### Financial Results

Unit: Million Baht, Except per share amounts	4Q21	3Q21	4Q20	%QoQ	%YoY	2021	2020	%YoY
Revenues from sales and services	888	782	557	+13.6%	+59.4%	3,002	2,240	+34.0%
Net income (loss) attributable to CMAN	(13)	5	(93)	-337.8%	+86.2%	98	(120)	+182.2%
Earnings (loss) per share attributable to CMAN	(0.01)	0.01	(0.10)	-337.8%	-86.2%	0.10	(0.12)	+182.2%
Adjusted net income (loss) attributable to CMAN (*)	(36)	57	(112)	-161.8%	+68.1%	204	(127)	+260.6%
Adjusted earnings (loss) per share (*)	(0.04)	0.06	(0.12)	-161.8%	+68.1%	0.21	(0.13)	+260.6%
Adjusted EBITDA excluding special items (*)	95	161	(7)	-40.6%	+1,395.2%	582	283	+105.7%

(\*) Excludes all significant non-cash items, such as unrealized foreign exchange gains/losses from translation adjustments and mark-to-market gains/losses from forward contracts

### Full Year 2021 Results

- **Revenues from sales and services** : 34.0% year-on-year increase in revenues from sales and service to Baht 3,002 million driven by higher sales volume across our entire portfolio of customers and weaker USD/THB exchange rates.
- **Service Revenues**: Operations of Hope Valley which started in late June caused the Company to recognize service revenues in 2021.
- **Cost of Goods Sold**: Per-unit cost of goods sold improved due to higher production volumes and production cost management and controls, despite the increase of energy costs during the second half of 2021. Hope Valley also experienced higher than expected cost of services during its initial stage of operations. The Company is currently focusing to optimize the overall cost structure at Hope Valley.
- **Selling & Administrative Expenses**: These expenses increased from 2020 due to higher sales volumes and transportation costs and operating expenses at Hope Valley.
- **Net Income attributable to CMAN**: Baht 98 million, or Baht 0.10 per share, an improvement from last year's net loss of Baht 120 million, or Baht (0.12) per share.
- **Cash and Cash Equivalents**: CMAN finished the quarter with a balance of Baht 194 million.

- Cash flow from operations was Baht (307) million. Cash flow for investing activities was Baht (1,014) million, primarily due to the investment in Hope Valley. Cash flow from financing activities was Baht 1,137 million.
- **Assets:** Total assets as of 31 December 2021 were Baht 7,022 million, an increase of Baht 919 million from the end of 2020, related to the Hope Valley investment.
- **Debt:** Total interest-bearing debt as of 31 December 2021 was Baht 3,988 million, a 17.2% increase from 31 December 2020.
- **Working Capital:** The Company reported 48 days working capital, less 31 days from 2020. The decrease in working capital is due primarily to shorter inventory and collection periods, offset by longer/extended credit terms from trade accounts payable.

## 2022 Outlook

The Company's focus is to maintain the high performance levels of our main lime production facility in Kangkoi and improve the results of our significant investments in Vietnam and Western Australia. In 2022, The Company anticipates that lime demand will remain high for various sectors, including mining, iron and steel, bioplastics, pulp and paper, and sugar, which will contribute to a more balanced customer portfolio and performance seasonality. On the other hand, the main fossil fuel used in the Company's production process is coal, whose prices have more than doubled in the last 12 months. With the recent coal supply contract renewals, the adverse effect of higher coal prices will be seen in 2022. Supply chain constraints remain another key challenge to our customer service and operating profit margins.

The Company projects quicklime capacity utilization at our Thailand and Vietnam production facilities for the first half of 2022 to be 90% and 80%, respectively. For hydrated lime product, the Company is currently increasing the capacity utilization of Rayong plant in Thailand due to demand from the bioplastics sector that is supported by increasing environmental concerns in many countries.

Starting the second quarter of 2022, the second lime kiln at Easternbulk Lime Product plant in Tuticorin of India is expected to be commissioned. In addition, the operation of the Hope Valley DC in Western Australia continues to improve, as the initial teething problems are mostly behind us.

Along with front-line improvements, the Company continues to pursue a series of strategic initiatives to strengthen efficient solutions to meet customers' diverse needs, drive cost optimization in many areas, transition future export sales to FOB to eliminate freight risks, adopt modern technology and innovation to enhance efficiency, initiate people strategy to enhance organization capability, together with many initiatives to drive sustainability development covering environment, social and governance.

The COVID-19 pandemic is ongoing, and its magnitude and duration continue to be unknown. The Company continues to act appropriately to protect our employees and business from the risks of the pandemic by following all appropriate health-based protocols. Uncertainty around the pandemic's impact on the Company's business, financial condition, operating results, and cash flows could cause actual results to differ from this outlook.

## **Key Financial Ratios**

The Company's liquidity position gradually improved amid the ongoing COVID-19 pandemic situation. Current ratio increased to 0.62 from 0.59 in 2020. Cash cycle was shortened to 48 days, resulting from shorter collection period following trade account receivable factoring for the receivables from a major customer with long credit term, and shorter inventory period following higher sales. As a result, the Company's net profit margin and return on equity for the year 2021 were 3.13% and 4.49% respectively, significantly improved from last year.

The Company has the ability to settle debt and comply with obligations and financial covenants with total liabilities to equity ratio of 2.16 in 2021 from 2.01 in 2020. The rise in liabilities came from higher debts used to finance the new distribution center in Australia. Interest coverage ratio and debt service coverage ratio were at (3.11) and (0.22) respectively, due to the negative cash flow from operating activities. For the year 2021, the Company's main source of capital was from cash flow from financing activities with additional sources of capital. The Company shall maintain financial discipline to ensure appropriate capital structure.

## **Sustainability**

### **Environment**

The Company has established Energy and Environment Committee to develop strategy and policies related to energy consumption and environment protection as well as apply the concept of circular economy into business operations under good corporate governance while taking the needs of all stakeholders throughout the entire business value chain into careful considerations such as 1) waste reduction by following "Reduce-Reuse-Recycle" concept to maximize the efficiency of the limited resources and 2) manage energy and utilities consumption to reduce and maximize the efficiency of existing resources.

### **Social**

The Company values social responsibility, human rights, community, and public relation activities in the surrounding communities to help and develop communities and society continuously. The Company always conducts its business with respect for human rights and encourages all stakeholders to fully comply with human rights requirements. The Company has also established complaint channels for those who have been infringed by the Company's operations.

During the COVID-19 pandemic, the Company supports CU positive pressure vehicles which are 100% sterile vehicles for facilitating healthcare workers, the COVID-19 prevention partitions for public service, the establishment of the COVID-19 checkpoint in both the community and at the subdivision level, the COVID-19 test kits and face masks, as well as provision of funds for healthcare workers for vaccination services.

### **Governance**

The Company realizes the importance of overseeing that the Company's business conduct is in line with its objectives, main goals, strategies, policies, plans and specified budget, with appropriate performance monitoring, evaluation and reporting. This is performed through ethical business practices, respecting the rights and being responsible to the shareholders and stakeholders, with consideration to social benefits, environmental impacts and being adaptable to changing circumstances.

## Financial Highlights

### Summary of Financial Statements

#### Statement of Financial Position

Description	As of 31 December					
	2021		2020		2019	
	Million Baht	Common Size	Million Baht	Common Size	Million Baht	Common Size
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	193.93	2.76	493.57	8.09	215.46	3.72
Trade and other current receivables	477.21	6.80	359.44	5.89	517.70	8.93
Current portion of accounts receivable under installment sales	-	-	-	-	4.96	0.09
Inventories	515.21	7.34	366.57	6.01	389.02	6.71
Prepaid taxes and other fees	79.95	1.14	-	-	-	-
Other current assets	64.30	0.92	31.99	0.52	21.40	0.37
<b>Total Current Assets</b>	<b>1,330.61</b>	<b>18.95</b>	<b>1,251.57</b>	<b>20.51</b>	<b>1,148.54</b>	<b>19.80</b>
<b>Non-current Assets</b>						
Restricted bank deposits	109.01	1.55	40.91	0.67	42.20	0.73
Other non-current financial asset	15.00	0.21	-	-	-	-
Accounts receivable under installment sale - net of current portion	-	-	-	-	39.87	0.69
Investment in joint ventures	285.74	4.07	210.65	3.45	196.38	3.39
Property, plant and equipment	4,507.88	64.19	3,592.36	58.86	3,596.34	62.01
Right-of-use assets	108.68	1.55	128.11	2.10	-	-
Ore reserve	81.58	1.16	174.57	2.86	223.42	3.85
Prepayment of the mining license fee	47.07	0.67	-	-	-	-
Advance payments for construction of plant and machinery	3.70	0.05	181.18	2.97	10.44	0.18
Goodwill	61.87	0.88	61.87	1.01	61.87	1.07
Intangible assets other than goodwill	378.13	5.38	381.12	6.24	391.12	6.74
Deferred tax assets	78.85	1.12	72.45	1.19	73.41	1.27
Other non-current assets	14.21	0.20	8.54	0.14	16.03	0.28
<b>Total Non-current Assets</b>	<b>5,691.77</b>	<b>81.05</b>	<b>4,851.78</b>	<b>79.49</b>	<b>4,651.08</b>	<b>80.20</b>
<b>Total Assets</b>	<b>7,022.38</b>	<b>100.00</b>	<b>6,103.34</b>	<b>100.00</b>	<b>5,799.62</b>	<b>100.00</b>

Description	As of 31 December					
	2021		2020		2019	
	Million Baht	Common Size	Million Baht	Common Size	Million Baht	Common Size
<b><u>Liabilities and Shareholders' Equity</u></b>						
<b><u>Current Liabilities</u></b>						
Short-term loans from non-related party	22.38	0.32	-	-	-	-
Short-term loans from financial institution	1,044.21	14.87	1,098.19	17.99	648.04	11.17
Trade and other current payables	513.49	7.31	338.25	5.54	623.12	10.74
Current portion of lease liabilities	26.33	0.37	36.60	0.60	20.30	0.35
Current portion of long-term loan from financial institutions	470.02	6.69	608.91	9.98	427.40	7.37
Income tax payable	22.59	0.32	-	-	-	-
Derivative liabilities	8.90	0.13	-	-	-	-
Current provisions for employee benefits	2.07	0.03	2.58	0.04	0.96	0.02
Other current liabilities	44.28	0.63	31.71	0.52	30.03	0.52
<b><u>Total Current Liabilities</u></b>	<b>2,154.27</b>	<b>30.68</b>	<b>2,116.23</b>	<b>34.67</b>	<b>1,749.85</b>	<b>30.17</b>
<b><u>Non-current Liabilities</u></b>						
Lease Liabilities - net of current portion	42.32	0.60	51.33	0.84	37.20	0.64
Long-term loan from financial institutions - net of current portion	2,383.13	33.94	1,606.82	26.33	1,495.41	25.78
Non-current provisions for employee benefits	62.30	0.89	85.18	1.40	84.85	1.46
Deferred tax liabilities	69.87	0.99	71.34	1.17	74.39	1.28
Other non-current liabilities	18.05	0.26	76.09	1.25	113.41	1.96
<b><u>Total Non-current Liabilities</u></b>	<b>2,575.68</b>	<b>36.68</b>	<b>1,890.77</b>	<b>30.98</b>	<b>1,805.25</b>	<b>31.13</b>
<b><u>Total Liabilities</u></b>	<b>4,729.95</b>	<b>67.36</b>	<b>4,007.00</b>	<b>65.65</b>	<b>3,555.10</b>	<b>61.30</b>

Description	As of 31 December					
	2021		2020		2019	
	Million Baht	Common Size	Million Baht	Common Size	Million Baht	Common Size
<b>Shareholders' Equity</b>						
Registered share capital	1,000.00	14.24	1,000.00	16.38	1,000.00	17.24
Issued and fully paid-up share capital	960.00	13.67	960.00	15.73	960.00	16.55
Share premium	736.84	10.49	736.84	12.07	736.84	12.71
Capital surplus on share-based payment	29.00	0.41	29.00	0.48	29.00	0.50
Retained earnings						
Appropriated – statutory reserve	75.14	1.07	65.14	1.07	65.14	1.12
Unappropriated	328.57	4.68	240.24	3.94	379.06	6.54
Other components of shareholders' equity	60.33	0.86	(36.53)	(0.60)	(44.05)	(0.76)
Equity attributable to owners of the Company	2,189.88	31.18	1,994.70	32.68	2,125.98	36.66
Non-controlling interests of the subsidiary	102.55	1.46	101.65	1.67	118.53	2.04
<b>Total Shareholders' Equity</b>	<b>2,292.43</b>	<b>32.64</b>	<b>2,096.34</b>	<b>34.35</b>	<b>2,244.52</b>	<b>38.70</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,022.38</b>	<b>100.00</b>	<b>6,103.34</b>	<b>100.00</b>	<b>5,799.62</b>	<b>100.00</b>

### Statement of Comprehensive Income

Description	For year ended 31 December					
	2021		2020		2019	
	Million Baht	Common Size	Million Baht	Common Size	Million Baht	Common Size
Sales	2,884.24	91.60	2,239.68	98.12	2,372.33	98.93
Service income	117.89	3.74	-	-	-	-
Other income	141.25	4.49	42.99	1.88	25.69	1.07
Net gain on exchange rate	5.42	0.17	-	-	-	-
<b>Total Revenues</b>	<b>3,148.81</b>	<b>100.00</b>	<b>2,282.67</b>	<b>100.00</b>	<b>2,398.02</b>	<b>100.00</b>
Cost of sales	1,830.17	58.12	1,526.72	66.88	1,605.43	66.95
Cost of services	155.29	4.93	-	-	-	-
Distribution costs	682.09	21.66	510.91	22.38	519.88	21.68
Administrative expenses	272.44	8.65	276.15	12.10	199.07	8.30
Net loss on exchange rate	-	-	39.72	1.74	23.94	1.00
<b>Total Expenses</b>	<b>2,940.00</b>	<b>93.37</b>	<b>2,353.49</b>	<b>101.36</b>	<b>2,348.31</b>	<b>96.93</b>
<b>Profit (Loss) from Operating Activities</b>	<b>208.81</b>	<b>6.63</b>	<b>(70.82)</b>	<b>(3.10)</b>	<b>49.71</b>	<b>2.07</b>

Description	For year ended 31 December					
	2021		2020		2019	
	Million Baht	Common Size	Million Baht	Common Size	Million Baht	Common Size
Share of profit (loss) from investments in joint ventures	(5.98)	(0.19)	13.60	0.60	(9.72)	(0.41)
Finance cost	(94.87)	(3.01)	(79.45)	(3.48)	(52.04)	(2.17)
<b>Profit (Loss) Before Income Tax</b>	<b>107.96</b>	<b>3.43</b>	<b>(136.68)</b>	<b>(5.99)</b>	<b>(12.05)</b>	<b>(0.50)</b>
Income tax expenses	(15.63)	(0.50)	(0.08)	(0.00)	8.08	0.34
<b>Profit (Loss) for the Year</b>	<b>92.33</b>	<b>2.93</b>	<b>(136.75)</b>	<b>(5.99)</b>	<b>(3.97)</b>	<b>(0.17)</b>
Exchange differences on translation of financial statements in foreign currency-net of income tax	99.55	3.16	7.78	0.34	(23.11)	(0.96)
Gain on remeasurements of defined benefit plans	4.20	0.13	-	-	(3.08)	(0.13)
Other comprehensive income for the year	103.75	3.29	7.78	0.34	-	-
<b>Total Comprehensive Income (Expense) for the Year</b>	<b>196.09</b>	<b>6.23</b>	<b>(128.97)</b>	<b>(5.65)</b>	<b>(30.16)</b>	<b>(1.26)</b>
Profit (Loss) attributable to:						
Equity holders of the Company	98.32	3.12	(119.61)	(5.24)	(0.03)	(0.00)
Non-controlling interests of the subsidiary	(5.99)	(0.19)	(17.14)	(0.75)	(3.94)	(0.16)
<b>Total</b>	<b>92.33</b>	<b>2.93</b>	<b>(136.75)</b>	<b>(5.99)</b>	<b>(3.97)</b>	<b>(0.17)</b>
Total comprehensive income attributable to:						
Equity holders of the Company	195.18	6.20	(112.09)	(4.91)	(25.93)	(1.08)
Non-controlling interests of the subsidiary	0.90	0.03	(16.89)	(0.74)	(4.23)	(0.18)
<b>Total</b>	<b>196.09</b>	<b>6.23</b>	<b>(128.97)</b>	<b>(5.65)</b>	<b>(30.16)</b>	<b>(1.26)</b>
<b>Basic Earnings (Loss) per share attributable to Equity Holders of the Company (Baht)</b>	<b>0.10</b>	<b>-</b>	<b>(0.12)</b>	<b>-</b>	<b>(0.00)</b>	<b>-</b>

#### Cash Flow Statement

Description	For year ended 31 December		
	2021	2020	2019
	Million Baht	Million Baht	Million Baht
<b>Cash Flow from Operating Activities</b>			
Profit (Loss) before tax	107.96	(136.68)	(12.05)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	348.14	320.37	212.58
(Reversal of) allowance for inventories devaluation	2.90	(2.25)	0.43

Description	For year ended 31 December		
	2021	2020	2019
	Million Baht	Million Baht	Million Baht
Loss on write-off accounts receivable under installment sales	-	32.26	-
Allowance for expected credit loss	0.87	-	-
Bad debts expenses	0.51	-	0.54
Other income from the ore reserve adjustment	(4.10)	-	-
Other income from prepaid taxes and other fees	(86.74)	-	-
Allowance for impairment loss of machinery and equipment, and intangible assets	0.19	-	-
Loss on sales of property, plant and equipment	2.75	8.25	(0.91)
Loss on written off property, plant and equipment	0.02	1.17	9.66
(gain) Loss on sales and written-off of intangible assets	1.44	0.00	-
Gain on cancellation of lease agreement	-	(0.01)	-
Write-off withholding tax	-	-	0.00
Long-term employee benefits expenses	5.56	12.32	19.39
Unrealized (gain) loss on exchange rate	97.07	(11.94)	1.92
(Gain) Loss on forward contract	8.90	4.37	0.40
Share of (profit) loss from investments in joint ventures	5.98	(13.60)	9.72
Interest income	(4.21)	(17.13)	(4.21)
Finance cost	94.87	85.82	52.04
<b>Profit from Operating Activities Before Changes in Operating Assets and Liabilities</b>	<b>582.11</b>	<b>282.96</b>	<b>289.50</b>
Operating assets (increase) decrease			
Trade and other current receivables	(881.39)	160.40	(98.91)
Inventories	(135.21)	28.73	(44.26)
Accounts receivable under installment sales	-	15.85	1.21
Other current assets	(28.20)	(9.48)	(1.69)
Other non-current assets	(4.94)	7.66	0.62
Operating liabilities increase (decrease)			
Trade and other current payables	171.18	(316.02)	1.27
Current provisions for employee benefits	(0.59)	(0.61)	-
Other current liabilities	23.32	(7.75)	(6.87)
Other non-current liabilities	(9.58)	7.17	(1.59)
<b>Cash Flow from Operating Activities</b>	<b>(283.31)</b>	<b>168.91</b>	<b>139.28</b>
Cash paid for long-term employee benefits	(23.25)	(11.99)	(0.29)
Cash paid for income tax	(0.28)	(2.40)	(0.64)

Description	For year ended 31 December		
	2021	2020	2019
	Million Baht	Million Baht	Million Baht
<b>Net Cash Flow from Operating Activities</b>	<b>(306.84)</b>	<b>154.52</b>	<b>138.34</b>
<b>Cash Flow from Investing Activities</b>			
Increase in restricted bank deposits	(64.29)	-	(44.51)
Cash paid for investment in subsidiary	-	-	(451.57)
Cash paid for investments in joint ventures	(65.61)	(6.31)	(112.91)
Cash paid for investment in other company	(15.00)	-	-
Cash paid for acquisition of property, plant and equipment	(862.87)	(317.10)	(294.74)
Cash receipt from disposal of property, plant and equipment	0.49	16.75	19.64
Cash paid for advance payments for construction of plant and equipment	(3.68)	(181.18)	(10.44)
Cash paid for acquisition of right-of-use assets	-	(0.16)	-
Cash paid for acquisition of intangible assets	(9.10)	(15.70)	(9.41)
Cash receipt from disposal of intangible assets	-	0.00	-
Interest received	5.74	18.32	1.94
<b>Net Cash Flow Used in Investing Activities</b>	<b>(1,014.32)</b>	<b>(485.39)</b>	<b>(902.00)</b>
<b>Cash Flow from Financing Activities</b>			
Cash receipt from trade account receivable factoring	783.01	-	-
Cash paid for liabilities under lease agreements	(37.30)	(42.23)	(25.66)
Cash paid for short-term loans from financial institutions	(768.46)	(896.37)	(1,382.38)
Cash receipt from short-term loans from financial institutions	714.48	1,341.86	1,761.96
Cash paid for long-term loans from financial institutions	(373.38)	(400.56)	(176.03)
Cash receipt from long-term loans from financial institutions	895.15	697.16	788.56
Cash paid for front-end fee	-	(2.60)	(1.36)
Cash receipt from short-term loan from unrelated party	21.63	-	-
Dividend paid	-	(19.20)	(67.20)
Cash paid for interest expenses	(98.54)	(75.08)	(50.95)
<b>Net Cash Flow from Financing Activities</b>	<b>1,136.59</b>	<b>602.98</b>	<b>846.94</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(115.06)</b>	<b>6.00</b>	<b>6.19</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(299.64)</b>	<b>278.11</b>	<b>89.47</b>
Cash and cash equivalents at beginning of year	493.57	215.46	125.99
<b>Cash and Cash Equivalents at End of Year</b>	<b>193.94</b>	<b>493.57</b>	<b>215.46</b>

## Financial Ratios

Description	Unit	For year ended 31 December		
		2021	2020	2019
<b>Liquidity Ratio</b>				
Current Ratio	Times	0.62	0.59	0.66
Account Receivable Turnover	Times	8.43	6.05	5.79
Average Collection Period	Days	43	60	62
Inventory Turnover	Times	6.46	5.34	5.88
Average Inventory Period	Days	56	67	61
Account Payable Period	Times	7.20	7.26	6.95
Average Payment Period	Days	50	50	52
Cash Cycle	Days	48	77	72
<b>Profitability Ratio</b>				
Gross Profit Margin	%	33.86	31.83	32.33
Operating Profit Ratio <sup>1</sup>	%	6.96	(3.16)	2.10
Net Profit Margin <sup>2</sup>	%	3.13	(5.24)	(0.00)
Return on Equity <sup>3</sup>	%	4.49	(6.00)	(0.00)
<b>Operating Efficiency Ratio</b>				
Return on Asset <sup>4</sup>	%	1.40	(1.96)	(0.00)
Return on Fixed Asset <sup>5</sup>	%	11.02	5.59	6.92
Total Asset Turnover	Times	0.48	0.38	0.50
<b>Financial Policy Ratio</b>				
Debt to Equity Ratio <sup>6</sup>	Times	2.16	2.01	1.67
Interest bearing debt to Equity Ratio <sup>7</sup>	Times	1.81	1.71	1.24
Interest Coverage Ratio <sup>8</sup>	Times	(3.11)	2.09	2.73
Debt Service Coverage Ratio <sup>9</sup>	Times	(0.22)	0.16	0.20

Remarks:

<sup>1</sup> Operating Profit Ratio = Operating Profit / Sales & Service Income

<sup>2</sup> Net Profit Margin = Profit (Loss) attributable to equity holders of the Company / (Sales & service income + Other income)

<sup>3</sup> Return on Equity = Profit (Loss) attributable to equity holders of the Company / Equity attributable to owners of the Company

<sup>4</sup> Return on Asset = Profit (Loss) attributable to equity holders of the Company / Total Assets

<sup>5</sup> Return on Fixed Asset = (Profit (loss) attributable to equity holders of the Company - Depreciation and Amortisation) / Fixed Assets

<sup>6</sup> Debt to Equity Ratio = Total Liabilities / Equity attributable to owners of the Company

<sup>7</sup> Interest bearing debt to Equity Ratio = Interest bearing debt / Equity attributable to owners of the Company

<sup>8</sup> Interest Coverage Ratio = (Net Cash flow from operating activities + Tax paid) / Interest paid

<sup>9</sup> Debt Service Coverage Ratio = Net cash flow from operating activities / (Net debt service + interest paid + investment + cash paid for assets + dividend paid)

Figures shown in the Management's Discussion and Analysis have been rounded off to whole numbers, resulting in inexact value of some calculations presented.

# Company Information and Other Important Information

## Company Information

<b>Company Name (Thai)</b>	: บริษัท เคมีแมน จำกัด (มหาชน)
<b>Company Name (English)</b>	: Chememan Public Company Limited
<b>Symbol for Trading</b>	: CMAN
<b>Business Characteristics</b>	: Production and distribution of mineral lime and lime derivative chemical products
<b>Company Registration Number</b>	: 0107560000346
<b>Bangkok Office</b>	: 195/11-12 Lake Rajada Office Complex 2, 10th-11th Floor, Rajadapisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110 Phone: 0-2661-9734-8 Fax: 0-2260-9176 Website: www.chememan.com
<b>Branch 1 Prabuddhabaht Plant</b>	: 33/1 Moo 11, Nongkontee-Huaysanjao Road, Huaypawai Sub-district, Prabuddhabaht District, Saraburi 18120 Phone: 036-200-340-1 Fax: 036-200-342
<b>Branch 2 Tubkwang Quarry</b>	: 71 Moo 10, Tubkwang Sub-district, Kangkoi District, Saraburi 18260
<b>Branch 3 Kangkoi Plant</b>	: 111 Moo 10 Tubkwang Sub-district, Kangkoi District, Saraburi 18260 Fax 036-670-710
<b>Branch 4 Rayong Plant</b>	: 7/371 Moo 6 map Yang Phon Sub-district, Pluak Daeng District, Rayong 21140 Phone 038-913-683-4 Fax 038-913-685
<b>Registered Capital</b>	: Baht 1,000,000,000 (Baht one billion), consisting of 1,000 million ordinary shares at Baht one per share
<b>Issued and Paid-Up Capital</b>	: Baht 960,000,000 (Baht nine hundred sixty million), consisting of 960 million ordinary shares at Baht one per share, as of 31 December 2021
<b>Restriction on Transfer of Shares</b>	: Ordinary shares of the Company can be transferred with no restriction unless it results in foreign ownership to exceed 49% of total paid-up ordinary shares.
<b>Legal Entity in which the Company Holds Shares</b>	: According to the section "The Shareholding Structure of the Group of the Companies"
<b>Share Registrar</b>	: Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Din daeng, Bangkok 10400 Phone 0-2009-9999 Fax 0-2009-9991

<b>Auditor</b>	: Ms. Sawinee Sawanont (Certified Public Accountant No. 7092) or Ms. Napaporn Sathitthammaporn (Certified Public Accountant No. 7494) or Mr. Pitinan Lilamethwat (Certified Public Accountant No. 11133) PKF Audit (Thailand) Ltd. 98 Sathorn Square Office Tower, 28th Floor, Unit 2812, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Phone 0-2108-1591-6 Fax 0-2108-1599
<b>Legal Advisor</b>	: Legal Advisory Council Co., Ltd. 444 Olympia Thai Tower, Ratchadaphisek Road, Samsen Nok, Huai Khwang, Bangkok 10310 Phone 0-2512-5938



## Other Important Information

Important licenses and contracts related to operations at Tubkwang quarry are as follows:

- Mining Concession

<b>Document</b>	: Concession No. 27328/16133 (mineral category 5)
<b>Validity</b>	: 24 June 2015 - 23 June 2040
<b>Relevant Parties</b>	: Grantor Ministry of Industry Grantee Chememan Public Company Limited
<b>Details</b>	: The Company has been granted mining rights for industrial mining of limestone (for cement industry and lime production), by open-cast mining method at Tubkwang sub-district, Kangkoi district, Saraburi province on the concession certificate area of 230 rai, 1 ngan, 41 square wah, for 25 years period starting from 24 June 2015 onwards.
<b>Conditions</b>	: <ol style="list-style-type: none"> <li>1. Industrial mining of limestone for cement industry and lime production, using open-cast mining method.</li> <li>2. Start mining within one year from the date on which the concession was granted.</li> <li>3. Follow the mining safety rules and promote the well-being of workers according to the measures set in the mining project.</li> <li>4. Restore post-mining landscape in accordance to the measures stated in the mining project.</li> <li>5. Restore land after mining and mineral dressing activities, simultaneously with mining operations in accordance with measures stated in the mining project.</li> <li>6. Adhere to the preventive and corrective measures for the environmental impacts and other conditions as set forth by the Natural and Environmental Policy and Planning and the mining project measures.</li> <li>7. Special contributions to the government as per contract dated 19 September 2016</li> <li>8. Set a mining buffer zone of not less than 50 meters from public roads.</li> </ol>
<b>Preventive and Corrective Measures for Environmental Impact</b>	: To comply with preventive and corrective measures on environmental impacts and measures on environmental quality assessment as approved by the Office of Natural Resources and Environmental Policy and Planning and the Department of Primary Industries and Mines. The mined area, subsequent to the closure of the mine, shall be rehabilitated to a natural state and to decrease the steepness of the landscape to ensure safety and reduce erosion. Fast-growing trees or groundcovers are to be planted on terrace landscape. The reclamation process must be completed at least one month before the expiration of the concession or cessation of operation.

- License to Purchase, Possess and Utilize Explosives

<b>Document</b>	: License to purchase, possess and utilize explosives
<b>Validity</b>	: 23 February 2022 – 22 February 2023
<b>Relevant Parties</b>	: Licensor           Kangkoi District Office Licensee           Chememan Public Company Limited
<b>Details</b>	: Permits the Company to purchase, possess and utilize explosives for its mining operations
<b>Storage Location</b>	: The Company’s warehouse at Moo 10, Tubkwang sub-district, Kangkoi district, Saraburi province
<b>Conditions</b>	: The Licensee must comply with the Firearms, Ammunition, Explosives, Fireworks and Imitation Firearms Act, B.E. 2490.

- Permit to Transport Explosives

<b>Document</b>	: Permit to transport explosives
<b>Validity</b>	: 23 February 2022 – 22 February 2023
<b>Relevant Parties</b>	: Licensor           Kangkoi District Office Licensee           Chememan Public Company Limited
<b>Details</b>	: Permits the Company to transport explosives used in its mining process
<b>Storage Location</b>	: Company’s warehouse at Moo 10, Tubkwang sub-district, Kangkoi district, Saraburi province
<b>Conditions</b>	: The Licensee must comply with the Firearms, Ammunition, Explosives, Fireworks and Imitation Firearms Act, B.E. 2490.

- Arms Possession Permit

<b>Document</b>	: 1) Arms Possession Permit for Ammonium Nitrate (Renewed Permit) 2) Arms Possession Permit for Emulsion Explosives (Renewed Permit) 3) Arms Possession Permit for Detonating Cords (Renewed Permit) 4) Arms Possession Permit for Electric Detonators (Renewed Permit) 5) Arms Possession Permit for Ammonium Nitrate 6) Arms Possession Permit for Emulsion Explosives 7) Arms Possession Permit for Detonating Cords 8) Arms Possession Permit for Electric Detonators
<b>Validity</b>	: 3 May 2021 - 29 March 2022 (Renewed Permit) 27 April 2021 - 26 April 2022
<b>Relevant Parties</b>	: Licensor           Ministry of Defense Licensee           Chememan Public Company Limited
<b>Details</b>	: Permits the Company to possess the aforesaid arms for use in mining process
<b>Storage Location</b>	: The Company’s warehouse at Moo 10, Tubkwang sub-district, Kangkoi district, Saraburi province
<b>Conditions</b>	: The Licensee must comply with the Armament Control Act, B.E. 2530.

• Forest Utilization Permit

<b>Document</b>	: Forest Utilization Permit
<b>Validity</b>	: 20 January 2017 - 19 January 2027
<b>Relevant Parties</b>	: Licensor                      Royal Forest Department, Ministry of Environment and Natural Resources Licensee                      Chememan Public Company Limited
<b>Details</b>	: Permits the Company to utilize a specific forest area for the mining operations as permitted under the mining concession
<b>Conditions</b>	: 1. While utilizing the permitted forest area, if there is a necessity for logging and transporting them out of the area, the Licensee shall notify the forest inspection unit in writing, informing the Forest Industry Organization to carry out the said tasks according to the regulations set by the Royal Forest Department. 2. Strictly follow the watershed land use measures according to the Cabinet resolutions on 21 February, 1995, the preventive and corrective measures for environmental impacts, the measures to monitor and investigate environmental impacts presented in the Environmental Impact Assessment Report as well as report the compliance results of the said measures to the Royal Forest Department and the Office of Natural Resources and Environmental Policy and Planning once a year.

• Contract for Limestone Blasting, Sorting, Breaking and Loading

<b>Document</b>	: Contract for Limestone Blasting, Sorting, Breaking and Loading
<b>Contract Parties</b>	: Contractor                      Changpinit Engineering (2539) Co., Ltd. Employer                      Chememan Public Company Limited
<b>Contract Period</b>	: 1 January 2021 – 31 December 2024, where the counterparties may agree to extend the contract for successive 2-year period by a written agreement executed not less than 60 days prior to the expiration of the contract.
<b>Details</b>	: Hire the contractor to drill and blast limestone at Tubkwang quarry, sort sizes of limestone obtained from blasting, break and load the limestone.

• Mineral Dressing License – Tubkwang Quarry

<b>Document</b>	: Mineral Dressing License
<b>Validity</b>	: 7 December 2019 – 6 December 2024
<b>Relevant Parties</b>	: Licensor                      Provincial Industry Office Licensee                      Chememan Public Company Limited
<b>Details</b>	: Permits the Company to engage in mineral dressing of limestone from industrial mining for chemical industry and for production of lime for tanning and sugar industries.
<b>Conditions</b>	: The Licensee must comply with the Mineral Act, B.E. 2560.

**Important Licenses and Contracts related to Operations at Kangkoi Plant, Prabuddhabaht Plant and Rayong Plant are as follows:**

• Mineral Dressing License – Kangkoi Plant

<b>Document</b>	: Mineral Dressing License
<b>Validity</b>	: 18 December 2018 – 17 December 2023
<b>Relevant Parties</b>	: Licensor Provincial Industry Office Licensee Chememan Public Company Limited
<b>Details</b>	: Permits the Company to engage in mineral dressing of limestone from industrial mining for chemical industry and for production of lime for tanning and sugar industries.
<b>Conditions</b>	: <ol style="list-style-type: none"> <li>1. Before proceeding with mineral dressing, the Licensee must contact the local mineral industry official for inspection. Upon obtaining written permission from the local mineral industry official, the Licensee can proceed with mineral dressing.</li> <li>2. The Licensee must conduct the mineral dressing according to the schematic and mineral dressing process attached to this license.</li> <li>3. If the Licensee would like to change the schematic and mineral dressing process, written approval from the local mineral industry official must be obtained before proceeding.</li> <li>4. The Licensee shall not release the mineral washing water resulting from the mineral dressing outside the mineral dressing area unless the water contains sediment less than 6 grams per 1 liter of water.</li> <li>5. In mineral dressing, the Licensee must comply with workers' protection and safety for outsiders procedures specified in the Ministerial Regulation.</li> <li>6. The Licensee must report monthly mineral dressing, according to the printed form at the Department of Primary Industries and Mining, as required by the local mineral industry official within the 5<sup>th</sup> day of the following month.</li> </ol>

• Letter of Permission for Land Utilization and Business Operations in Industrial Estate – Rayong Plant

<b>Document</b>	: Letter of Permission for Land Utilization and Business Operations in Industrial Estate under the Industrial Estate Authority of Thailand B.E. 2522
<b>Validity</b>	: 21 December 2020 (Lifelong validity)
<b>Relevant Parties</b>	: Licensor Industrial Estate Authority of Thailand (IEAT) Licensee Chememan Public Company Limited
<b>Details</b>	: Permits the Company to engage in hydrated lime production business
<b>Conditions</b>	: The Licensee must comply with the regulations of the Industrial Estate Authority of Thailand regarding rules, procedures and conditions for business operations in an Industrial Estate B.E. 2551 and its amendments.

• License for Business Operations that use Natural Gas – Prabuddhabaht Plant

<b>Document</b>	: License for Business Operations that use Natural Gas
<b>Validity</b>	: 24 January 2022 – 31 December 2022
<b>Relevant Parties</b>	: Licensor Department of Energy Business Licensee Chememan Public Company Limited
<b>Details</b>	: Permits the Company to engage in restricted business operation of category 3 under section 17(3) of the Fuel Control Act B.E. 2542
<b>Conditions</b>	: 1. Gas pressure gauges must be tested and calibrated every 3 years. 2. Periodical testing and inspection of gas pipes every 5 years.

• Natural Gas Supply Contract – Prabuddhabaht Plant

<b>Document</b>	: Natural Gas Supply Contract
<b>Validity</b>	: 12 March 2019 – 31 March 2029
<b>Counter Parties</b>	: Supplier PTT Public Company Limited Buyer Chememan Public Company Limited
<b>Objectives</b>	: The Supplier agrees to sell natural gas to the Buyer, and the Buyer agrees to buy natural gas from the Supplier, to be used in the lime production process at Prabuddhabaht plant. The Buyer is responsible for the arrangement of natural gas sub-pipeline to connect to the Supplier’s pipeline.

**Important Licenses and Contracts related to Operations at Ha Long Lime Plant, Vietnam are as follows:**

• Mining Exploitation License

<b>Document</b>	: Mining Exploitation License
<b>Validity</b>	: Until 11 May 2046
<b>Relevant Parties</b>	: Grantor Ministry of Natural Resources and Environment - Vietnam Grantee Ha Long QN Lime Company Limited (“Ha Long Lime”)
<b>Details</b>	: Ha Long Lime has been granted mining rights to exploit limestone as raw materials for industrial lime production at Son Duong Commune, Ha Long city, Quang Ninh province, on the exploitation area of 34.96 hectares.
<b>Conditions</b>	: 1. Industrial mining of limestone for lime production, using open-cast mining method. 2. Paying fees for granting mineral exploitation permits under related regulations. 3. Carry out limestone mining activities according to the area, depth and capacity specified in the license. 4. Responsible for environmental protection in mineral exploitation according to regulations. 5. Ensure technical safety and safety of mine works and properly reporting the mineral exploitation, processing and use of minerals to the competent State Agency. 6. Upon mine closure, rehabilitating and restoring the environment and land after exploitation. 7. Coordinate with the concerned management agencies in inspecting, supervising and post-inspecting the exploitation of minerals, environmental protection works, treating wastes in the course of mineral exploitation.

- Certificate of Land Use Rights - Limestone Quarry

<b>Document</b>	: Certificate of Land Use Rights
<b>Validity</b>	: Until December 2047
<b>Relevant Parties</b>	: Grantor            People's Committee of Quang Ninh Province Grantee            Ha Long QN Lime Company Limited
<b>Details</b>	: Receiving the land use rights recognized by the State Authority with annual payment of land fees for the purpose of limestone exploitation as raw materials for industrial lime production.

- Certificate of Land Use Rights - Lime Production Plant

<b>Document</b>	: Certificate of Land Use Rights
<b>Validity</b>	: Until 9 July 2064
<b>Relevant Parties</b>	: Grantor            People's Committee of Quang Ninh Province Grantee            Ha Long QN Lime Company Limited
<b>Details</b>	: Receiving the land use rights recognized by the State Authority with annual payment of land fees for the purpose of building a lime production plant.

- Investment Registration Certificate - Limestone Quarry

<b>Document</b>	: Investment Registration Certificate of Limestone Quarry
<b>Validity</b>	: Until 11 May 2046
<b>Relevant Parties</b>	: Grantor            Planning and Investment department of Quang Ninh province Grantee            Ha Long QN Lime Company Limited
<b>Details</b>	: State office agrees to license the project to exploiting limestone to be raw material for industrial lime production

- Investment Registration Certificate - Lime Production Plant

<b>Document</b>	: Investment Registration Certificate of Lime Production Plant
<b>Validity</b>	: Until 9 July 2064
<b>Relevant Parties</b>	: Grantor            Planning and Investment department of Quang Ninh province Grantee            Ha Long QN Lime Company Limited
<b>Details</b>	: State office agrees for the project of a calcification factory to supply products to domestic and foreign markets.

## Shareholders' Agreement

### 1. Agreement Between Shareholders of Chememan Lao Company Limited ("Chememan Lao")

<b>Agreement date</b>	: 8 September 2015
<b>Counter Parties</b>	: 1. EXIM Company Limited ("EXIM") EXIM was established in 2005 as a company in transportation business. It provides land, water and air transportation services both in Lao PDR and in foreign countries. 2. Chememan Public Company Limited
<b>Details</b>	The counterparties jointly established Chememan Lao Company Limited in Lao People's Democratic Republic to operate business of production and distribution of limestone and lime.
<b>Registered Capital</b>	: 4,000,000,000 Kip (equivalent to USD 500,000), divided into 50,000 shares with a par value of USD 10 each.
<b>Shareholding Proportion</b>	: EXIM 40.00% Chememan Public Company Limited 60.00%
<b>Directors</b>	: 7 directors, 3 appointed by EXIM and 4 appointed by the Company

### 2. Agreement Between Shareholders of Siriman Chemicals India Private Limited ("Siriman Chemicals")

<b>Agreement Date</b>	: 6 September 2016 (including Supplementary Agreement dated 1 March 2019)
<b>Counter Parties</b>	: 1. Sanvira Industries Limited Sanvira Industries Limited was established in 2008 in India to produce and distribute petroleum coke derived from oil refinery. It also has an electricity generating plant. 2. Sanvira Industrial Services Private Limited Sanvira Industrial Services Private Limited was established in 2011 in India to produce and distribute basic chemical products. Whereby, parties 1. and 2. are collectively referred to as Sanvira Group 3. Chememan Public Company Limited 4. Chememan India Private Limited Whereby, parties 3. and 4. are collectively referred to as Chememan Group ("Chememan Group")
<b>Details</b>	: The counterparties jointly established a new company named Siriman Chemicals India Private Limited, in India to produce and distribute quicklime and hydrated lime. Siriman Chemicals's production plant is located in Andhra Pradesh, in which its products shall be distributed only within the State of Andhra Pradesh, Telangana, Orissa and Chhattisgarh in India.
<b>Registered Capital</b>	: 270,000,000 Indian Rupees, divided into 27,000,000 shares with a par value of 10 Indian Rupees per share.
<b>Shareholding Proportion</b>	: Sanvira Group 50.00% Chememan Group 50.00%
<b>Directors</b>	: 4 directors, 2 appointed by each shareholder

### 3. Agreement Between Shareholders of Easternbulk Lime Products Private Limited (“Easternbulk Lime Products”)

<b>Agreement Date</b>	: 17 May 2017
<b>Counter Parties</b>	: 1. Easternbulk Trading and Shipping Private Limited (“Easternbulk Trading and Shipping”) Easternbulk Trading and Shipping was established in 2007 to engage in mineral trading business and fully integrated water transportation business at eastern ports of India. 2. Chememan Public Company Limited 3. Easternbulk Lime Products
<b>Details</b>	: Easternbulk Trading and Shipping sold its shares in Easternbulk Lime Products to Chememan Public Company Limited at the portion of 50% of Easternbulk Lime Products’s paid-up capital. Easternbulk Lime Products shall construct a production plant in the industrial zone of Tuticorin, to produce and distribute quicklime and hydrated lime within the State of Tamilnadu, Karnataka and Kerala in India.
<b>Registered Capital</b>	: 295,050,000 Indian Rupees, divided into 2,950,500 shares with a par value of 100 Indian Rupees per share.
<b>Shareholding Proportion</b>	: Easternbulk Trading and Shipping 50.00% Chememan Public Company Limited 50.00%
<b>Directors</b>	: 4 directors, 2 appointed by each shareholder

### 4. Agreement Between Shareholders of CalMix Company Limited (“CalMix”)

<b>Agreement Date</b>	: 21 January 2019
<b>Counter Parties</b>	: 1. Chememan Public Company Limited 2. Bergmann Kalk Holding GmbH (“Bergmann”) 3. Kalkwerke H. Oetelshofen GmbH & Co. KG (“Oetelshofen”)
<b>Details</b>	: The counterparties jointly established CalMix Company Limited in Thailand to produce and distribute lime mortar for sale in domestic market and other ASEAN countries, by using the Company’s products such as limestone sands and hydrated lime as raw materials.
<b>Registered Capital</b>	: 60,000,000 Baht
<b>Shareholding Proportion</b>	: Chememan Public Company Limited 51.00% Bergmann 24.50% Oetelshofen 24.50%
<b>Directors</b>	: 2 directors, 1 appointed by the Company, and 1 appointed by Bergmann and Oetelshofen.

## 5. Agreement Between Shareholders of Ha Long QN Lime Company Limited (“Ha Long Lime”)

<b>Agreement Date</b>	: 15 November 2019
<b>Counter Parties</b>	: 1. Mr. Bui Tuan Ngoc 2. Ms. Vu Thi Phuong 3. Northman Company Limited 4. Ha Long QN Lime Company Limited
<b>Details</b>	: Mr. Bui Tuan Ngoc and Ms. Vu Thi Phuong sold 80% portions of their ownership of the capital contribution in Ha Long Lime to Northman Company Limited. Ha Long Lime is a company established to produce and distribute quicklime and hydrated lime with a lime manufacturing plant and a limestone quarry located in Quang Ninh province, Vietnam.
<b>Registered Capital</b>	: 991,073,000,000 Vietnamese Dong
<b>Shareholding Proportion</b>	: Mr. Bui Tuan Ngoc 19.98% Ms. Vu Thi Phuong 0.02% Northman Company Limited 80.00%
<b>Board of Shareholders</b>	: 4 directors, consisting of 2 shareholders and 2 representatives from Northman.

## Legal Dispute

As at 31 December 2021, the Company has been involved in claims made by 2 shipping companies alleging that delays and losses were caused by the Company in relation to a shipment of the Company's cargo of quicklime. As a result, the Company has received claims for compensatory damages totaling USD 1.78 million. The outcomes of these cases have not yet been finalized. One of the shipping companies conduct an arbitration process in January 2022. However, the Company's management has reviewed the situation and relevant documentation and believes that there will be no significant loss arising from this case. Therefore, the Company has not recognized any provision for loss.



# Corporate Governance

## Corporate Governance Policy

### **Corporate Governance Policy and Guidelines**

The Company realizes the importance of overseeing that the Company's business conduct is in line with its objectives, main goals, strategies, policies, plans and specified budget, with appropriate performance monitoring, evaluation and reporting. This is performed through ethical business practices, respecting the rights and being responsible to the shareholders and stakeholders, with consideration to social benefits, environmental impacts and being adaptable to changing circumstances. To ensure competitiveness and good long-term business performance of the Company, the Board of Directors has laid down the corporate governance policy as guidelines for its employees to follow.

### **Policy and Guidelines Relevant to the Board of Directors**

The role and responsibilities of the Board are clearly stated in the Charter of the Board of Directors. Major responsibilities of the Board are to set objectives, main business goals, financial policies, risk management and operational strategies, including as well to allocate resources necessary for the Company's personnel to achieve the laid down objectives. The Board shall monitor, evaluate and ensure the appropriate reporting of the Company's performance.

The Board is comprised of knowledgeable, capable and experienced directors who are reputable and capable to perform duties for the best interest of the Company. The Board plays an important role in setting the Company's policies. The Board shall consist of executive directors, non-executive directors and independent directors to ensure a proper balance of power. Details of the Board's composition, qualifications, term of office, roles and responsibilities are set out in the Charter of the Board of Directors.

### **The Board of Directors Structure**

1. The Board shall consist of not less than 5 but not more than 12 directors.
2. There must be at least one-third of independent directors out of total directors, and at least 3 persons.
3. The Board of Directors shall elect one director to be the Chairman of the Board of Directors.
4. The Board of Directors shall appoint a Company Secretary to act as secretary to the Board of Directors, unless otherwise assigned by the Board of Directors.

### **Nomination and Appointment of Directors and Top Executives**

#### **Nomination of Directors**

The Board of Directors is responsible for the nomination of qualified persons to be appointed by the Board of Directors and/or shareholders' meeting. The nomination process shall be emphasized on looking for candidates with strong leadership, broad vision, good morals and ethics, clear and unblemished career records, and ability to express opinion independently. The qualifications of the required director shall be determined by competency,

experience and expertise necessary and/or lack of by the Board of Directors in compliance to the Company's policies and strategies. The candidate should also possess the qualifications of a director or independent director as prescribed under the Public Limited Company Act, B.E. 2535 (including amendments), the Securities and Exchange Act, B.E. 2535 (including amendments), related announcements of the Capital Market Supervisory Board and announcement of the Board of Governors of the Stock Exchange of Thailand.

### **Nomination of Independent Directors**

The qualifications of the Company's independent directors are as follows:

1. Holding less than one percent of the total voting rights in the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company, including shareholding of persons related to the independent director.
2. Not currently be or never been the Company's executive director, employee, staff and salaried consultant or controlling person of the Company, parent company, subsidiaries, joint ventures, affiliated company, major shareholders or controlling parties of the Company, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, child and spouse of child of other director, executive, major shareholder, controlling person or person to be nominated as director, executive or controlling person of the Company and its subsidiaries.
4. Not having or having had a business relationship with the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company, in a manner that may interfere with the person's independent judgement, as well as not being or having been a significant shareholder or a controlling person of any person having a business relationship with the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
5. Not being or having been an auditor of the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company and not being a significant shareholder, controlling person or partner of the audit firm where the auditor of the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company works for, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
6. Not being or having been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, parent company, subsidiaries, joint ventures, major shareholders or controlling parties of the Company, and not being a significant shareholder, controlling person or partner of such professional service providers, unless the foregoing relationship ended not less than two years prior to the appointment as independent director.
7. Not being a director appointed as representative of the Company's director, major shareholder or shareholder who relates to major shareholder.
8. Not operating any business of the same nature and in significant competition to the business of the Company or its subsidiaries, or not being a significant partner in a partnership or an executive director, employee, staff and salaried consultant or holds shares exceeding one percent of the total voting rights of any other companies operating business of the same nature and in significant competition to the business of the Company and its subsidiaries.
9. Not having any other characteristics that may cause the inability to express independent opinions with regard to the business of the Company.

### **Nomination of Top Executives**

The Company has a proper and transparent nomination process for recruiting top executives to ensure that all of them are professionals. The Board of Directors shall nominate persons with knowledge and competency suitable for duties and responsibilities required and shall propose to the Board of Directors' meeting for appointment as per the Company's signing authority.

### **Directors and Management Remuneration**

#### **Directors and Management Remuneration**

The Board shall ensure that remuneration is appropriate and commensurate with the roles and responsibilities of the Board, and comparable to industry practice. The board is responsible for considering and proposing director remuneration to the shareholders' meeting for approval. The Company's director remuneration structure which was set by the 2021 Annual General Meeting of Shareholders consists of monthly remuneration and meeting attendance fee. There is no other remuneration to the Directors.

#### **Management Remuneration**

Remuneration for top executives shall reflect performance of the Company and the individual's abilities. Directors who are assigned by the Board of Directors determine the compensation of top executives and propose to the Board of Directors.

### **Independence of the Board of Directors from Management**

The Chairman of the Board of Directors is not the same person as the Chief Executive Officer. However, the Chairman of the Board of Directors is not an independent director. This is due to the Company's business requires an individual with specific experience and expertise in lime industry, in addition to being a leader with a broad vision, the ability to supervise the management of the Company for the best benefit to the Company and its stakeholders. Thus, specify the Company's policy that the Chairman of the Board of Directors must be an independent director will be a crucial limitation in practice. However, the Board of Directors will enhance the balance of power between the board of directors and management through considering the policy for the best benefit to the Company and its stakeholders.

### **Director Development**

The Board encourages seminars and trainings on corporate governance to concerned personnel such as directors, members of Audit Committee, executives and company secretary. Such seminars and trainings may be in-house or outsourced.

In case of changes in directors or new directors joining, the management shall provide information and documentation useful for the new directors to perform duties. Orientation to introduce business overview, scopes and characteristics shall also be provided to the new directors.

The Board shall also arrange for job rotation according to the aptitude of the person, with main considerations to the appropriateness of the type and time of work. The Chief Executive Officer shall determine the time schedule and evaluate the work performance for personnel development and succession plan, in order to develop knowledge and skills of the management and employees and enable job rotation.

## **Performance Assessment of the Board of Directors**

To enhance good corporate governance and board effectiveness, the Board of Directors assigns each director to assess their performance once a year. The assessment is conducted as a whole using self-assessment forms of the Listed Companies' Board of Directors of the Stock Exchange of Thailand.

## **Oversight of Company's Subsidiaries and Joint Ventures**

The Board of Directors has set forth the policy on overseeing and monitoring the operations of its subsidiaries and joint ventures, to be used as a guideline in controlling the operations of its subsidiaries as if it is a business unit of the Company and/or to efficiently monitor the operations of its joint ventures. The policy is as follows:

1. The Company shall assign representative(s) as director(s) of its subsidiaries or joint ventures in proportion to the shares held and/or in accordance to the shareholders agreement of the subsidiaries or joint ventures. Such representatives shall be approved by the Company's Board of Directors' meeting, taking into consideration the qualifications and experience suitable to the business of such company.

In case the representative receives any compensation as a director of the subsidiaries or joint ventures, such compensation shall be handed over to the Company.

2. The person appointed as director of the subsidiaries or joint ventures has the duty to operate for the best interest of the subsidiaries or joint ventures, with following important roles and responsibilities:

2.1 Perform duties in accordance with the law, objectives, articles of association and resolutions of the Board of Directors' meeting and Shareholders' meeting, with honesty, integrity, in due circumspection, ethical and in compliance to the corporate governance policy of the Company.

2.2 Prior to voting or making decision on any significant matters in the Board of Directors' meeting of the subsidiaries or joint ventures, approval from the Company's Board of Directors' meeting is required.

2.3 Regularly arrange for reviews and improvement of policies and important business operation plans to ensure that they are up to date and appropriate to the business conditions.

2.4 Continually monitor the business performance and provide recommendations on operations to make certain that the operations of the subsidiaries or joint ventures are in line with the goals, and any obstacles are dealt with promptly and appropriately.

2.5 Monitor and give necessary advice on establishing efficient and effective internal control system, risk management system as well as operation procedures.

2.6 In case the subsidiaries need to enter into connection transactions or transactions with potential conflict of interest, the representative assigned as director of the subsidiary has the responsibility to oversee that the subsidiary strictly complies with the criteria on conducting connected transactions and acquisition and disposal of assets, as prescribed by the related regulatory agencies.

2.7 Oversee to ensure adequate and appropriate disclosure of information.

## **Policies and Guidelines Relating to Shareholders and Stakeholders**

### **Right of Shareholders**

#### **1. Annual General Meeting of Shareholders (AGM)**

- Arrange the Annual General Meeting of Shareholders (AGM) every year within 4 months after the end of each fiscal year

#### **2. The Issuance of Invitation Notice to the Shareholders**

- Send invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms, comprised of form A, B, and C (for foreign shareholders that have appointed custodians in Thailand), in accordance with the Ministry of Commerce together with other supporting information. The Company shall publish these items on the Company's website at least 21 days in advance of the AGM.

- Prepare AGM notice which clearly specifies meeting venue, date, time and agenda.
- Prepare matters to be proposed to the meeting together with appropriate detail. The opinion of the Board of Directors, 56-1 One Report / Annual Report, all proxy forms with instructions of document and other relevant documents shall also be provided and distributed to shareholders prior to the meeting. This is to ensure that the information related to voting decision received by the shareholders is sufficient, accurate, complete and transparent. The information must also be announced in the Thai newspaper for 3 consecutive days and at least 3 days prior to the AGM.

### 3. Equitable Treatment of Shareholders

#### 3.1 Pre-proceeding of the Meeting

- Give an opportunity for shareholders to propose agenda of the meeting and nominate qualified persons for appointment as directors of the Company, prior to the AGM, for which criteria and process were announced to the Stock Exchange of Thailand and on the Company's website.
- Publish invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms with clear instructions of document together with other supporting information on the Company's website at least 21 days in advance of the AGM, and announce to the Stock Exchange of Thailand.
- Send invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms with clear instructions of document together with other supporting information either in the form of hard copy or digital file.

#### 3.2 Proceeding of the Meeting

- The place of the meeting is easy access and adequate to support the number of shareholders. The meeting is set in consideration of an appropriate date and time. Staffs are assigned to welcome and check registration documents and registration is made available 2 hours prior to the meeting. In 2021, due to the COVID-19 epidemic, the Company organized an Electronic Annual General Meeting (E-AGM) and facilitated pre-registration and provided personnel to assist shareholders for the registration, the meeting, the voting, and the proxy submission.
- Information technology is used for the registration, vote counting, and vote result for fast, accurate, and reliable information. In the case of E-AGM, the Company appoints the qualified vendor whose the e-meeting control system meets the e-meeting security standards of the laws.
- Before the meeting starts, the Chairman of the Board of Directors or the Company Secretary shall clarify the rules related to all meetings, including the opening of the meeting and voting including how to count the votes of the shareholders to vote on each agenda in accordance with the Company's Articles of Association.
- The meeting must be consistent with the agendas which are sent out in the invitation notice. Agenda other than those specified in the invitation meeting must not be raised without prior notice to the shareholders.
- The Company shall disclose the conflict of interest of directors in the invitation notice. If a director has the conflict of interest or the personal interest in the matter under agenda of the meeting, the Chairman of the meeting shall inform in prior to the discussion and the relevant director shall not join the discussion and voting of such matter.
- Volunteers from the meeting of shareholders (independent parties) act on behalf of the meeting to count or check the votes at the shareholders' meeting as well as to ask questions relating to voting procedure.
- Directors, relevant executives, and auditors are required to attend the shareholders' meeting to provide answers to any questions related to their scope of work. Legal advisors are invited to attend the shareholders' meeting to witness the counting and checking the votes.

- Give an opportunity for the shareholders have equal rights to recommend or ask questions and allocate appropriate time. The shareholders vote for each director individually and use ballots in every agenda. The Company will record significant questions and suggestions of the shareholders in the minutes completely.
- Follow quality assessment for AGM of the Thai Investors Association with determination to hold an AGM of the required standard and with good corporate governance principles applied.

### 3.3 After the shareholders' meeting

- Reveal the resolutions of the shareholders' meeting and voting results through the information system of the Stock Exchange of Thailand within the next business day after the date of the meeting.
- Prepare the minutes of the shareholders' meeting for submission to the Stock Exchange of Thailand and publish on the Company's website within 14 days from the date of the meeting.
- The suggestions and feedback received from shareholders are taken into consideration for further improvement and development of the shareholders' meeting of the Company.

### **Avoidance of Conflict of Interest**

The Board of Directors has established a policy for preventing conflicts of interests on the principle that any decision-making on business transactions must be made only for the best interest of the Company and shareholders, and that any act which may cause a conflict of Interest should be avoided. It is required that a person involved in or having a conflict of Interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of Interest in such agenda item to the Company, as well as abstain from voting and shall have no authority to grant approval for such transaction.

### **Internal Information Control**

The Company places a great deal of emphasis on protection of insider trading. Directors, executives and employees of the Company are prohibited from disclosing confidential information and/or internal information which has not yet been disclosed to the public or making use of such information for the benefits of their own or for other's, regardless of directly or indirectly or whether they receive return for such action. Trading in the securities of the Company with the use of insider information is also prohibited. The measures to prevent misuse of internal information has been established by the Board of Directors as follows:

1. Provide knowledge to the directors and executives of the Company on the duty to report the holding of the Company's securities by themselves, spouses and minor children to the Office of the Securities and Exchange Commission in pursuant to section 59 and the concerned penalty under section 275 of the Securities and Exchange Act, B.E. 2535 (including amendments), and to report on the acquisition or disposal of such the securities by themselves, spouses and minor children to the Office of Securities and Exchange Commission in pursuant to section 246 and concerned penalty under section 298 of the Securities and Exchange Act, B.E. 2535 (including amendments).
2. Directors and executives, including their spouses and minor children, are required to prepare and disclose the report on securities holding in the Company and report on changes in securities holding in the Company to the Office of the Securities and Exchange Commission, in pursuant to section 59 and concerned penalty under section 275 of the Securities and Exchange Act, B.E. 2535 (including amendments), and submit a copy of the report to the Company on the same day of report submission to the Office of the Securities Exchange and Commission.
3. Directors, executives, staffs and employees of the Company, who have access to the material internal information are refrained from trading in the securities starting from the last day of the quarter until 24 hours after public disclosure of quarterly financial statement and annual financial statement of the Company.

The directors, executives and employees of the Company, who are aware of undisclosed information that may cause an impact on securities price changes, must refrain from trading in the securities from the date of receiving such information until 24 hours after disclosure of the said information to the public. The Company's personnel concerning the said information must not disclose such information to other persons until the information has been disclosed to the Stock Exchange of Thailand. The violation of the aforesaid measures shall be regarded as a disciplinary fault under the Company's work rules and shall be punished as appropriate starting with a verbal warning, written warning, probation up to termination of the employment.

### **Roles Toward the Stakeholders**

The Board of Directors has established guidelines for treating each group of stakeholders in Business Code of Conduct. Executives and employees are obliged to comply with such policies as operation guidelines.

#### **Policies Relating to Shareholders and Stakeholders**

1. Business Code of Conduct
2. Risk Management Policy
3. Insider Trading Policy
4. Policy on Avoidance of Conflict of Interest
5. Policy on Connected Transactions
6. Anti-Corruption Policy
7. Policy on Investment and Governing the Operations of Subsidiaries and Joint Ventures
8. Dividend Payment Policy of The Company and Subsidiaries

In case any stakeholder has any observations on the Company's business operation, the person can ask for details, submit a complaint or sources of illegal acts, mistakes in financial reports, deficiencies of internal control system or unethical conducts of the Company, through the Company's independent directors or the members of Audit Committee. The information on the complaint and sources shall be kept confidential. The independent director or the member of Audit Committee shall order an examination on the information and look for remedies (if any) and report such to the Board of Directors.

#### **Anti-Corruption Policy**

The Anti-Corruption Policy has been determined by the Board of Directors as guidance for all employees of the Company. The main principles are to not be corrupt or be part of any form of corruption, whether directly or indirectly and to be cautious when dealing with receiving and giving gifts, entertainment or any other benefits. To ensure that such acts are for business purposes, with appropriate value and shall not influence any business decisions.

### **Business Code of Conduct**

The Company disclosed Corporate Governance Policy and Business code of conduct on the website [www.chememan.com](http://www.chememan.com).

## Changes and Developments in the Review of Corporate Governance Policies, Practices, and System

### Changes and developments in 2021

The Company is determined to operate the business according to the good corporate governance principles. The Company's corporate governance policy had been established following the guidelines of Corporate Governance Code for Listed Companies 2017 (CG Code), issued by the Office of the Securities and Exchange Commission. The Board of Directors reviews the policy every year to ensure compliance to CG Code and assigns the management to be responsible for reporting performance in all aspects to the Board of Directors. For any criteria that have not yet been established as a policy or have not been implemented, the management must propose the plan to the Board of Directors for consideration.

In 2021, the Company received a perfect assessment score of 100 on the 2021 AGM, with a rating of Excellence, from the Thai Investors Association (TIA)

### Implementation of the Corporate Governance Code 2017

The Board of Directors realizes the importance of the CG Code principles adoption into practice. However, there are some CG Code items that the Company is not yet able to adopt as follow.

CGR categories	Reasons
<b>Section 3 : Role of Stakeholders</b>	
The Company has not yet prepared Integrated Report.	The Company reported the relevant operation performance in the Annual Registration Report / Annual Report
<b>Category 5 : Board Responsibilities</b>	
The Board of Directors has not yet adopted the practice to limit each director to hold board seats in listed companies of no more than 5 companies in the Company's Corporate Governance Policy	The Company is under study and consider the proper practice for the fullest benefit for all stakeholders.
The Board of Directors has not yet adopted the practice to limit each director to hold board seats in listed companies of no more than 3 companies in the Company's Corporate Governance Policy	
The Board of Directors has not yet specified the term of office of independent directors of no more than 9 years.	
The Company does not have its own Compliance Unit	The Company outsources the internal auditor which the Board of Directors regularly monitor the internal audit's operation through the management report and assign the Secretary of the Audit Committee to coordinate between outsource internal auditor and the management to ensure the operation to be in compliance with regulations and/ or recommendations from internal auditor.
The Board of Directors has not applied the professional search firm or director pool for new director nomination	The Company exercised the director nomination through the Board Skill Matrix framework which consider the competency and experience that aligned with the Company's objectives, strategy, current and future challenges.

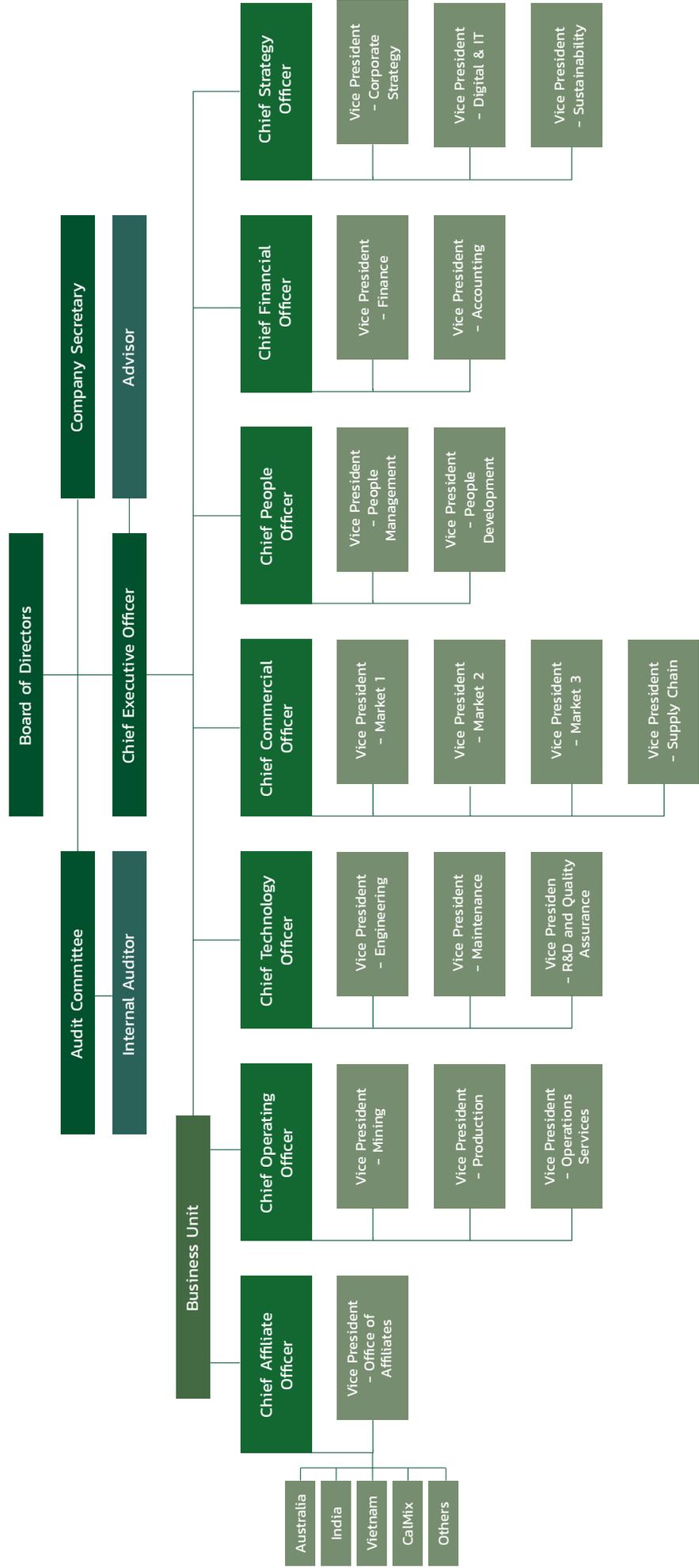
CGR categories	Reasons
The Company has not defined the policy regarding the quorum at the point of approval that there should be directors presented during that time of no less than two-thirds (2/3) of total directors.	The Company is under consideration for implementation
The Board of Directors has not arranged the assessment on individual basis	The Company started the directors' assessment for the first time in 2018 by using the concise version of the assessment form for the Board of Directors as a whole. Later in 2019-2021, the full version of the assessment form for the Board of Directors as a whole has been applied in order to mainly evaluate the effectiveness of the Board of Directors as a whole. The Company intend to adopt the assessment of the Board of Directors on individual basis in 2022.
The Company has not specified that the Chairman of the Board of Directors should be independent director	The Company is under consideration the appropriate practice for the fullest benefit of all stakeholders.
There are no Risk Management Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee	<p>Risk Management Committee : The four (4) working committee consisting of the management and advisors have been set up to provide recommendations and review the mitigation plan in order to manage key risks that affect the achievement of the Company's objective, vision, strategy, and operational performance.</p> <p>Remuneration Committee and Nomination Committee: The Board of Directors assigned three directors whose are Chairman of the Board, non-executive director, and executive director to perform the nomination process and determine the compensation of top management, then submitting to the Board of Directors for approval as per the authority delegation.</p> <p>Corporate Governance Committee: The Board of Directors and the Audit Committee consistently steer, review, and monitor the operation in accordance with corporate governance policy through the management report.</p>
The Company has not yet participated in Collective Action Against Corruption (CAC) program	The Company is under consideration

### Other actions regarding the Corporate Governance Principle

The Company considered the recommendation and opinion from the evaluation of the quality in organizing annual general of shareholders' meeting for continuously improvement. The Company received 100 score for the evaluation of the quality of annual general shareholders' meeting organization (AGM Checklist) by Thai Investors Association.

# Corporate Governance Structure

**Organization Structure**  
As of 31 December 2021



As of 31 December 2021, the Corporate Governance Structure of the Company comprised of the Board of Directors and the Audit Committee. The Board of Directors did not appoint Nomination Committee and Remuneration Committees. However, the Board of Directors set up guidelines to determine the directors' remuneration in comparison to other companies with similar size (revenue and net profit) and industries. This is to reward work performed and motivate qualified persons with knowledge, abilities, skills and appropriate experience, beneficial to the success of the Company.

## Board of Directors

### The Board of Directors Structure

The Board is comprised of knowledgeable, capable and experienced directors who are reputable and capable to perform duties for the best interest of the Company. The Board plays an important role in setting the Company's policies. The Board shall consist of executive directors, non-executive directors and independent directors to ensure a proper balance of power as follows:

1. There must be at least one-third of independent directors out of total directors, and at least 3 persons.
2. The Audit Committee must consist of at least three independent directors and hold all qualifications in accordance with the regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. There must be at least one audit committee member, who is sufficiently knowledgeable and experienced to review the reliability of financial statements.
3. The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer.

### Board Information

As of 31 December 2021, there were 9 directors as follows:

Director	Position
1. M.L. Chandchutha Chandratat	Chairman of the Board of Directors
2. Mr. Adisak Lowjun	Director
3. Mr. Charoen Churekanont	Director
4. Mr. Suthep Uacherdkul	Director
5. Mrs. Rajjaneepen Ungpakorn	Director
6. Mr. Chai Srivikorn	Director
7. Mr. Pornprom Karnchanachari	Independent Director / Chairman of the Audit Committee
8. Ms. Amata Issarangura Na Ayudhaya	Independent Director / Member of the Audit Committee
9. Mr. Yarnsak Manomaiphobon	Independent Director / Member of the Audit Committee

### Authorized Directors to Sign and Bind the Company

Directors authorized to sign and bind the Company comprises of Mr. Adisak Lowjun or Mr. Charoen Churekanont or Mrs. Rajjaneepen Ungpakorn jointly sign with Mr. Chai Srivikorn or M.L. Chandchutha Chandratat or Mr. Suthep Uacherdkul, together with Company's seal affixed.

However, the Chairman of the Board is not an independent director due to holding the position of the Company's advisor and being a member of working committees which provide suggestion to the management. The Company ensures the balance of power between the Board of Directors and the management whereby the Board of Directors consists of not less than one-third of an independent director and not less than one-third of non-executive director out of total directors.

## **Roles and Responsibilities of the Board of Directors**

1. Perform duties in compliance with the law, objectives and Articles of Association of the Company including the resolutions of the shareholders' meetings, with honesty, integrity and in due circumspection and caution for the best interest of the Company.
2. Appoint or change the name of authorized directors who can sign and bind the Company.
3. Appoint and assign roles and responsibilities to the sub-committee as appropriate and necessary to support the duties of the Board of Directors.
4. Set the vision, policies, strategies and business direction of the Company and oversee that the management perform duties accordingly with efficiency and effectiveness.
5. Set business plans, annual budget, monitor and supervise the management, review the quarterly performance compared to the plan and budget and consider future trend for the remaining period of the year.
6. Evaluate the performance of the Chief Executive Officer and provide opinions on the overall performance of the management.
7. Set guideline and policy for determining the salary, salary increase, bonus, compensations and rewards for the Company's employees.
8. Ensure that the management arranges for proper accounting system, financial reports, reliable audit system as well as appropriate and adequate risk management and internal control systems.
9. Consider and approve the acquisition or disposal of assets, investment in new businesses and any business matters in accordance with applicable laws, announcements, and related rules and regulations.
10. Provide opinions on connected transactions or consider the transactions (in the case that the size of transaction does not require approval from the shareholders' meeting) of the Company and its subsidiaries to ensure compliance with the laws, announcements and related rules and regulations.
11. Oversee and ensure avoidance of conflict of interest between the stakeholders and the Company.
12. Ethically govern the Company and conduct review on the corporate governance policy of the Company.
13. Prepare the Report on the Board of Directors' Responsibilities for the Financial Statements to be presented together with the Auditor's Report in the annual report. Such report shall cover important issues in accordance with the Stock Exchange of Thailand Code of Best Practices for Directors of Listed Companies.
14. Assign one or more directors or any other person(s) to perform any duties on behalf of the Board. Such assignment of authority shall not enable the assigned director or person assigned by the director to approve the transactions where he/she has interest in or has any forms of conflict of interest with the Company or subsidiaries.
15. Consider and approve the interim dividend payment to shareholders and report such dividend payment to the shareholders in the next shareholders' meeting.
16. Appoint a company secretary to support the Board and the Company in performing the duties in accordance with applicable laws, rules and regulations.

The above authorities and duties are specified in the Board of Directors' Charter, where the Board of Directors have the authorities and duties to make decisions and be responsible for the company's operations except for the matters which are for the approval of the shareholder's meeting such as 1. Matters that require approval by shareholder meetings and 2. Conflict-of-interest transactions and material transactions that require approval by shareholder meetings according to the SET's regulations.

### Roles and Responsibilities of Chief Executive Officer

The principal duty of the Chief Executive Officer is to oversee that the management operates the Company to achieve the objectives of the Company through policies, strategies and plans approved by the Board of Directors. For the Chief Executive Officer to perform such duty, the Board of Directors has set the roles and responsibilities of the Chief Executive Officer as follows:

1. Oversee, manage, operate and perform normal business transactions for the benefit of the Company, in accordance with the Company's policies, vision and mission, objectives, annual plan, related business strategies and annual budget set by the Board of Directors.
2. Oversee finance, marketing, human resources management and other functions in overall to ensure compliance with the policies and operation plans set by the Board of Directors.
3. Has the authority to hire, appoint, transfer, dismiss, fire and set the rate of wages and compensation for all employee levels up to the level of Deputy Chief Executive Officer, within the framework and policy laid down by the Board of Directors. whereby a substitute may be delegated to implement such authority
4. Set rewards, salary increase, compensation and bonus for all employee levels up to the level of Deputy Chief Executive Officer, within the framework and policy set by the Board of Directors.
5. Enter into any agreements and/or transactions in relation to normal business of the Company, in accordance with the limit of approval specified in the signing authority approved by the Board of Directors.
6. Has the authority to assign other person, as Chief Executive Officer sees appropriate, to manage and act on his behalf any necessary and appropriate matters, at the discretion of the Chief Executive Officer, under the laws and rules and regulations of the Company.
7. Issue internal orders, instructions, announcements, manuals and memos to ensure the operations of the Company are in line with the policies and for the benefits of the Company, as well as to keep discipline in the organization.
8. Perform other duties as assigned by the Board of Directors with authorized power necessary to perform such duties.

The Chief Executive Officer is not allowed to approve any transactions that he or any person delegated by him may have stake in or have potential conflict of interest with the Company and/or its subsidiaries. Such transactions shall be proposed to the Board of Directors' meeting and/or the shareholders' meeting (as the case may be) for approval, except for the approval of normal business transactions with general terms and conditions, which has been approved in principle by the Board of Directors.

### Regulations on Approval Authorization and Entering into Business Transactions

The Board of Directors are authorized to approve and revise annual budget which comprises of investment budget, expenditure budget and yearly sales plan, while the Chief Executive Officer is authorized to approve the investment, expenses, transfer of budget transactions within the budget approved by the Board of Directors.

## **Sub-committees**

### **Audit Committee**

The Audit Committee consists of Independent Directors who have knowledge, experience in accounting or finance or legal and ongoing knowledge of the factors related to changes in financial reports, in which they are able to review the reliability of the financial statements, internal control system, internal audit system, risk management system and operations in accordance with policies and regulations, as well as laws and regulations and regulatory requirements. The Audit Committee performs duties and expresses opinions independently.

#### Authorities and Responsibilities of the Audit Committee

1. Review the Company's financial reporting process to ensure accurate and adequate disclosure.
2. Ensure that the Company has suitable and effective internal control system and internal audit process. Determine the independence of the internal auditor, including approve the appointment, transfer and dismissal of head of internal audit or any other unit that is responsible for the internal audit as proposed by the management.
3. Review to ensure that the Company complies with the securities and exchange law, rules and regulations of the Stock Exchange of Thailand or any laws related to the Company's business.
4. Consider and nominate the independent person(s) to be the Company's external auditor, including to consider and recommend the audit fee.
5. Review connected transactions or any transactions with potential conflict of interest to ensure conformity with the laws and regulations of the Stock Exchange of Thailand, so as to be certain that such transactions are reasonable and serve the best interest of the Company
6. Have authority to call meetings with the management or the Company's officers to obtain their explanations and opinions as necessary
7. May consider hiring external consultants or professional specialist to provide advice, opinion or comment as deem appropriate by the Audit Committee.
8. Prepare Audit Committee Report to be disclosed in the Annual Report / 56-1 One Report. Such report shall be signed by the Chairman of the Audit Committee and shall consist of at least the following information:
  - (1) Opinion on accuracy, completeness and credibility of the Company's financial reports.
  - (2) Opinion on the adequacy of the Company's internal control system.
  - (3) Opinion on the compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand or laws relating to the business of the Company.
  - (4) Opinion on the suitability of the external auditor.
  - (5) Opinion on the transactions with potential conflict of interest.
  - (6) Number of Audit Committee Meetings and the attendance of each committee member.
  - (7) Opinion or observation of the Audit Committee obtained from performing their duties in accordance with the Audit Committee Charter.
  - (8) Other matters which the Audit Committee deem appropriate to be disclosed to the shareholders and investors under the roles and responsibilities assigned by the Board of Directors.
9. Perform other acts as assigned by the Board of Directors

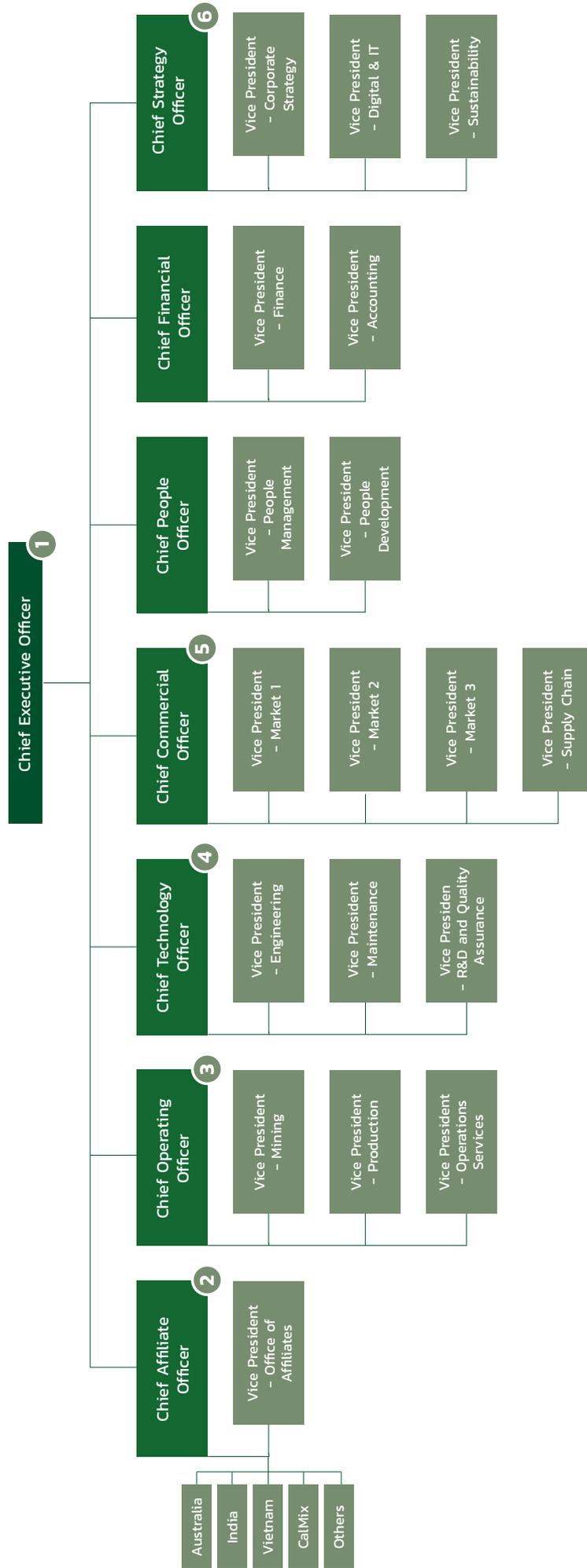
#### **Individual Audit Committee Information**

As of 31 December 2021, there were 3 members in the Audit Committee as follows:

Director	Position
1. Mr. Pornprom Karnchanachari	Chairman of the Audit Committee
2. Mr. Yarnsak Manomaiphiboon	Member of the Audit Committee
3. Ms. Amata Issarangura Na Ayudhaya	Member of the Audit Committee

## Management Team

### Name and Position of Management



1 – 6 are the executives as per the definition of executive in the Notification of the Securities and Exchange Commission Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities.

As of 31 December 2021, there were 6 executives in the management team as follows:

	Management	Position
1.	Mr. Adisak Lowjun	Chief Executive Officer Acting Chief Financial Officer Acting Chief Operating Officer
2.	Mr. Kamol Sowattanasakul	Chief Affiliate Officer
3.	Mr. Komgrit Panom-Upatam <sup>1</sup>	Chief Operating Officer
4.	Mr. Apichat Laochinda	Chief Technology Officer
5.	Mr. Boonlert Thungkatikajonkit	Chief Commercial Officer
6.	Mr. Lerssak Boonsongsub	Chief Strategy Officer

Remarks: <sup>1</sup> Assigned to work at the subsidiary in Vietnam

### Management Remuneration Policy

The Company determines management remuneration based on performance of the company and individual abilities. Directors who are assigned by the Board of Directors are responsible for considering and proposing to the Board of Directors for approval in accordance to the signing authority.

## Management Remuneration

### Cash remuneration

The remuneration for the 6 management executives for the year 2021 comprising of salary, bonus and position allowance, totaling Baht 35.97 million.

### Other remuneration

Other management remuneration for the year 2021 comprising of contribution to social security and provident fund totaling Baht 0.55 million.

## Employees

As of 31 December 2021, there were a total of 536 employees as follows:

Functional Group	Number of Employees
Management	6
Operations	336
Commercial	76
Accounting and Finance	33
Technology	55
Human Resource	17
Corporate Strategy and Sustainability	13
<b>Total</b>	<b>536</b>

Employee remuneration for the year 2021, comprising of salary, bonus, living allowance, per diem, position allowance, shift payment, overtime wage, contribution to social security and provident fund, totaling Baht 319.48 million.

The Company established a provident fund in year 2010 where both employees and the Company contributed to the fund monthly at the rate of 5 percent of basic salary. In addition, the Company supports employees to save money for retirement by giving an opportunity for employees to contribute at the rate of not over 15 percent of salary since 2019 and the Company allows employees to choose the investment policy by themselves ("Employee's Choices") between 4 schemes of investment policy to suite their own preference on risk profile and return on investment.

As of 31 December 2021, there were 417 employees or 77.94% of total employees joining the provident fund.

## **Audit Fee for the Year 2021**

For the year ended 31 December 2021, the Company has paid audit fee to PKF Audit (Thailand) Limited, the audit firm of the Company's auditor, person or business related to the auditors and the aforementioned audit firm, at the total amount of Baht 2,468,500 excluding audit fee paid by affiliated companies and out of pocket expenses, comprising of

1. Audit fee of an annual financial statement and quarterly financial statement of Baht 1,900,000
2. Non-audit fee of Baht 150,000 for reviewing the report for submission to the Board of Investment
3. Transfer Pricing Documentation of Baht 272,500 and
4. Tax advisory fees of Baht 146,000

No person or business related to the auditors and the aforementioned audit firm is considered a related person or business of the Company

## **Other Important Information**

### **Chief Accountant**

The Chief Accountant of the Company is Ms. Panisara Sakulsumpaopol who was appointed on 9 July 2020

### **Company Secretary**

The Board of Directors' Meeting No. 10/2019 held on 13 December 2019 resolved to appoint Ms. Sinaynidh Karitkiat as the Company Secretary effective on 1 January 2020.

### **Internal Auditor**

The Company engaged ANS Business Consultants Co, Ltd. as an Internal Auditor on 17 December 2015.

### **Investor Relation**

The Company has assigned Ms. Nathaporn Ruengchokchatchaval, Assistant Vice President – Strategic Planning, to be a responsible for Investor Relations. Contact details is Tel. 662 661 9734 ext 110 or Email address: ir@chememan.com

# Corporate Governance Performance Report

## Board of Directors Performance Assessment

### Nomination, Development and Performance Assessment of the Board of Directors

#### Nomination and Development

The Company discloses the criteria for nomination of directors and independent directors as well as guideline to support the consistent development of directors under the “Corporate Governance Policy” section in this report. The Good Corporate Governance Policy of the Company is also published on the Company’s website at [www.chememan.com](http://www.chememan.com)

In regard of the director’s appointment, the Board of Directors shall consider and propose the candidate for director to the shareholders’ meeting for further process as stated procedure. Moreover, the Board of Directors has offered the opportunity for the shareholders to nominate any qualified candidates to be elected as the directors of the Company. The voting will be on individual basis in which shareholders shall cast their votes for each director’s candidate.

#### Board of Directors Performance Assessment

In the year 2021, the Board of Directors conducted self-assessment for the entire board. The result indicated the average score of 90.57%. Following such result, the Board of Directors assigned the Company Secretary and the management to establish the practices for improvement and development for the topics that fall below the benchmark and submit to the Board of Directors for further consideration.

### Meeting Attendance and Individual Director’s Remuneration

#### Board of Directors’ Meetings

Attendance of the Company’s directors in 2021 summarized as follows:

No.	Name	Position	Meetings	
			Board of Directors Meetings (No. of Attendance /Total Meetings)	Annual General Meeting (No. of Attendance/ Total Meetings)
1.	M.L. Chandchutha Chandratat	Chairman of the Board of Directors	8/8	1/1
2.	Mr. Adisak Lowjun	Director	8/8	1/1
3.	Mr. Charoen Churekanont	Director	7/8	1/1
4.	Mr. Suthep Uacherdkul	Director	6/8	0/1
5.	Mrs. Rajjaneepen Ungpakorn	Director	8/8	1/1
6.	Mr. Chai Srivikorn	Director	7/8	1/1
7.	Mr. Pornprom Karnchanachari	Independent Director/ Chairman of Audit Committee	8/8	1/1
8.	Miss Amata Issarangura Na Ayudhaya	Independent Director/ Audit Committee Member	8/8	1/1
9.	Mr. Yarnsak Manomaiphiboon	Independent Director/ Audit Committee Member	8/8	1/1

### Individual Director's Remuneration

- Remuneration Policy for Executive Directors and the Management

The Company adopts the directors' remuneration policy with consideration of their roles and responsibilities together with in comparable with practices of other peers companies. The Board of Directors is responsible to propose the directors' remuneration to the shareholders' meeting for approval. The directors' remuneration consists of monthly fee and meeting attendance fee.

### **Monetary Remuneration**

2021 Annual General Shareholders' Meeting held on April 23, 2021, resolved to approve the directors' remuneration for the year 2021 included monthly fee and meeting attendance fee in accordance to those criteria approved by the 2017 Extraordinary General Shareholders' Meeting held on August 8, 2017 which remain effective as following detail:

Position	Monthly Fee (Baht)	Meeting Attendance Fee (Baht per Meeting)
Chairman of the Board of Directors	18,000	18,000
Director	15,000	15,000
Chairman of Audit Committee	-	14,400
Audit Committee Member	-	12,000

Total the Board of Directors and the Audit Committee remuneration both monthly fee and meeting attendance fee for the year 2021 were Baht 2,715,600 as below details:

Directors	Directors' Remuneration (Baht)	Audit Committee Members' Remuneration (Baht)
1. M.L. Chandchutha Chandratat	342,000	-
2. Mr. Adisak Lowjun	285,000	-
3. Mr. Charoen Churekanont	270,000	-
4. Mr. Suthep Uacherdkul	255,000	-
5. Mrs. Rajjaneepen Ungpakorn	285,000	-
6. Mr. Chai Srivikorn	270,000	-
7. Mr. Pornprom Karnchanachari	285,000	57,600
8. Miss Amata Issarangura Na Ayudhaya	285,000	48,000
9. Mr. Yarnsak Manomaiphobon	285,000	48,000
<b>Total monthly fee and meeting attendance fee</b>	<b>2,562,000</b>	<b>153,600</b>

### **Other Benefits for Directors**

-None-

## **Governance of Subsidiaries and Associates**

The Company established the Investment Policy and Governance Policy of Subsidiaries and Associates which were disclosed in the Company's website [www.chememan.com](http://www.chememan.com). The Company determined the guideline for governance the operation of the subsidiaries and associates as follows:

- Representative of the Company in the subsidiaries or associates shall be appointed by the Board of Directors and the voting on important issues in the level that required the approval from the Board of Directors (as if the Company operates by itself) shall be approved by the Company's Board of Directors. The number of representative of the subsidiaries and associates shall be based on the shareholding portion of the Company.
- Determine the authorities, roles, and responsibilities of the directors of the subsidiaries or associates in order that those appointed individuals are able to perform the duties for the fullest benefits of such subsidiaries and associates
- At the subsidiaries level, the Company representatives must oversee the subsidiaries to perform related party transactions as well as acquisition and disposal of assets to follow applicable rules and regulations. In addition, those representatives must ensure that the data collection and the accounting records are verifiable, and the financial reports are completed in timely manner.
- Define the disclosure guideline which is appropriate and adequate for the operation

As at December 31, 2021, the list of individuals or the Company's directors assigned to be the directors and the management of the subsidiaries and associates is disclosed in the "Information of Directors of the Subsidiaries and Affiliates" section on the page 33.

## **Corporate Governance Policy Monitoring and Guideline for Compliance Control**

### Conflict of Interest Prevention

The Company established the policy to prevent conflict of interest on the basis that all business transactions must be conducted based on the utmost benefit of the Company and stakeholders and should avoid conflict of interest transactions by requiring the relevant party or person who have interest with the transaction to inform their relation or interest in such transaction as well as abstain from consideration and approval on such transaction.

In the year 2021, the Audit Committee reviewed the related party transactions between the Company, subsidiaries, and potential conflict of interest individuals and opined that those transactions were in compliance with applicable laws and regulations as prescribed by the Stock Exchange of Thailand, normal course of business, fair, reasonable, and no benefit transfer. Furthermore, the information disclosure of the transactions was completed and adequate.

### Use of Insider Information

The Company determined the policy to protect the use of insider information for the Company's security trading by prohibiting the directors, the management and employees who received insider information to trade the Company's security from the end of each quarter until 24 hours after the disclosure of the financial report as well as during the period that the directors and the management hold the information, but it is not yet publish. In 2021, there was no security trading report of the directors and the management during such silent period.

### **Anti-Fraud and Corruption**

The Board of Directors established the written Anti-Corruption policy for the Company's employees to adhere and follow. The Audit Committee is assigned to monitor and oversee the internal system while the management is responsible for creating awareness and communicating the business ethic to all employees.

The Company conducted anti-fraud and corruption activities by reviewing the adequacy of anti-corruption practices through the audit of internal control system. In 2021, The internal auditor reviewed internal control of 4 processes in according to the plan approved by the Audit Committee including Procurement, Accounting and financial management, Fixed asset management and maintenance, inventory management and delivery. As a result, there was no finding of the wrongdoing which may cause adverse effect or indicator of fraud.

### **Whistleblowing**

The Company has provided channels for stakeholders to report whistleblowers and complaints, including the Company's website, [www.chememan.com](http://www.chememan.com) under the "CMAN Whistleblowing" menu in the section "Corporate Governance". In this regard, the Audit Committee, who are independent of management, will be responsible on consideration, investigation and seeking the solutions and report to the Board of Directors. However, there was no whistleblowers and complaints through such channels in 2021.

In addition, the Company has been monitored to ensure compliance with good corporate governance policies covering employee treatment and non-discrimination. Anti-unfair competition, environmental responsibility, public health and safety, and information security. The review presented that the Company had adequately implemented in line with the guidelines of each issue.

# Internal Control

## Internal Control

The Company has an Audit Committee whose responsibilities are to ensure that the Company has an efficient governing system, oversee the internal control and internal audit's works and provide recommendations on risk management to make certain that the system is adequate, appropriate and efficient. The Audit Committee had resolved to approve the engagement of ANS Business Consultants Limited ("ANS") as the internal auditor of the Company for the year 2021. During the year, the internal auditor had audited 4 processes being fixed asset management and maintenance processes, accounting and financial management processes, procurement processes and inventory management and delivery processes in accordance with the audit plan approved by the Audit Committee.

## Audit Process

The Company and the internal auditor has laid down working procedures by considering the risk assessment of the business operation processes which comprise of the following main processes:

1. Sales Process
2. Accounting and Financial Management Process
3. Fixed Assets and Equipment Management Process
4. Procurement Process
5. Inventory and Distribution Management Process
6. Product Development Process
7. Human Resources Management Process
8. Production Process
9. Information Technology Management Process

## Internal Audit Plan

1. Prepare audit topics on different processes, including the audit of the follow-up on compliance to the previous auditor's recommendations (if any).
2. Discuss with top management on issues that require more emphasis.
3. Prepare annual internal audit plan which has been reviewed by the Company's management.
4. Propose for an approval on the annual internal audit plan from the Audit Committee, and inform the relevant departments about the schedule of the internal audit visit.

## Analyze Business Processes and Prepare Audit Guidelines

1. Study and analyze the business processes to be audited.
2. Prepare the audit guidelines for the business processes to be audited.

### **Auditing and Reporting the Audit Results**

1. Evaluate the effectiveness of the internal audit using various appropriate methods such as conducting interviews, observing work procedures and random check on critical issues.
2. Summarize the results of internal audit with the management and the relevant operators.
3. Prepare audit report for the Audit Committee on quarterly basis.

### **Evaluation of the Adequateness of Internal Audit Process**

#### **Opinion of the Board of Directors**

In the Board of Directors' Meeting No. 7/2021 held on 11 November 2021, where all three members of the Audit Committee were present, the Board of Directors was informed of the result of the internal control sufficiency assessment done by the management in accordance with the internal control framework of the Securities and Exchange Commission (SEC), which had been reviewed by the Audit Committee. The assessment results were shown with descriptions for five areas as follows:

- 1) Internal Control
- 2) Risk Assessment
- 3) Operational Control
- 4) Information Technology and Data Communication System
- 5) Monitoring System

The Board of Directors' opinion was that the Company's internal control system is adequate and appropriate. The Company provided enough personnel to operate in accordance to the system with efficiency, as well as having internal control system to oversee and monitor the operation of the subsidiaries in order to prevent inappropriate or unauthorized use of Company's assets by the directors or management, including adequacy in monitoring the transactions between the Company and person that may have conflict of interest. The Board of Directors was also of opinion that the Company had sufficient internal control in other areas.

#### **Opinion of the Audit Committee which is Different from the Opinion of the Board of Directors**

-None-

#### **Opinion of the Internal Auditor**

The Company operates the business and manages various work processes with secure and effective internal control, and able to manage the risks at appropriate and acceptable levels. There are proper separation of duties, precise operation manuals which can be used as work guidelines, and centralized management policy with systematic supervision process.

Moreover, the relevant management has set up improvement plans and follow-up on such improvement to ensure successful implementation as scheduled. After receiving reviewed results of the internal audit with observations and recommendations for improvements of the internal audit process, it can be concluded that the control processes of the management team are effective and appropriate.

**Head of Internal Auditor of the Company**

In the Meeting of the Audit Committee No. 5/2020, held on 11 November 2020, the Audit Committee approved the engagement of ANS Business Consultants Limited (“ANS”) which had been engaged since 17 December 2015. Mr. Amornpong Nualwiwat, Director of ANS, was the responsible person in charge of the internal audit of the Company. The Audit Committee considered the qualifications of ANS and Mr. Amornpong Nualwiwat, together with the past work results and of opinion that both were sufficiently independent and qualified for internal auditing of the Company. Mr. Amornpong has over 20 years of experience in internal auditing, undergone training and awarded Certificate of Professional Internal Auditor of Thailand. His qualifications as head of internal audit is shown in attachment of this report. In this regard, the consideration and approval of the appointment, removal, and transfer of the person holding the Head of Internal Audit position must be approved by the Audit Committee, according to the authorities and duties specified in the Audit Committee Charter.



# Connected Transactions

## Connected Transactions<sup>1</sup> between the Company and parties that may have conflicts of interest

For the year ended 31 December 2020 and 2021, the connected transactions between the Company and the parties that may have conflict of interest were as follows:

### (1) Legal Advisory Council Limited (“Legal Advisory Council”)

Mr. Pornprom Karnchanachari, who is a director of the Company, is a director and a shareholder of Legal Advisory Council with a shareholding percentage of 25.00% of the paid-up capital of Legal Advisory Council (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Legal advisory service fee	0.99	0.46	As the Company does not have personnel in the legal field, a legal advisor is required for the operations under the stated scope. Furthermore, the Legal Advisory Council is a knowledgeable and experienced legal service provider, who has been the Company’s legal advisor for many years, thus is able to understand the nature of the Company very well and can provide the service effectively. Moreover, the fees charged were normal market rates, similar to those charged to other clients. The transaction was a normal business transaction, thus was considered reasonable.
The Company engaged the Legal Advisory Council as its legal advisor with the following scope of work: <ul style="list-style-type: none"> <li>• Company’s corporate documents preparation</li> <li>• Due diligence service</li> <li>• Contracts/agreements preparation</li> <li>• Litigation lawyer</li> </ul>			

### (2) Rayong Mongkolchai Company Limited (“Rayong Mongkolchai”)

Mr. Suthep Uacherdkul, who is a director and shareholder of the Company with direct and indirect shareholding percentage of 3.92% of the Company’s paid-up capital (as at 31 December 2021), is also a director and a major shareholder of Rayong Mongkolchai with a percentage of 50.00% shareholding in Rayong Mongkolchai’s paid-up capital (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Payment for the purchase of construction materials	0.07	0.07	The Company purchased construction materials, equipment and tools from Rayong Mongkolchai for use in its hydrated lime plant in Rayong. The price and payment terms given by Rayong Mongkolchai were similar to what the Company received from other suppliers. Therefore, the transaction was considered reasonable and beneficial to the Company.
Trade and other payables	0.003	0.003	

<sup>1</sup> The Company provided historical information of Connected transactions for comparison in Form 56-1 disclosed on the Company’s website ([www.chememan.com](http://www.chememan.com))

### (3) Hardware King Company Limited (“Hardware King”)

Mr. Suthep Uacherdkul, who is a director and a shareholder of the Company with direct and indirect shareholding percentage of 3.92% of the Company’s paid-up capital (as of 31 December 2021), is also a director and a shareholder of Hardware King with shareholding percentage of 40.00% of Hardware King’s paid-up capital (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Payment for the purchase of hardware and mechanical tools	0.12	0.04	The Company purchased hardware and mechanical tools from Hardware King for use in its hydrated lime plant in Rayong. The selling price and payment conditions given by Hardware King were similar to what the Company received from other suppliers. Therefore, the transaction is a regular business supporting transaction and is considered reasonable and for the Company’s interest.
Trade and other payables	0.02	0.009	

### (4) CalMix Company Limited (“CalMix”)

The Company held 51.00% of CalMix’s paid-up capital. The Company and CalMix have one common director being Mr. Adisak Lowjun (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Revenue from sales of assets	1.87	-	CalMix’s machineries, imported from Germany, were prepaid by the Company. The Company, then, sold those machineries together with a few others assets necessary for the installation of those machineries to CalMix. The selling prices imposed by the Company were based on the market value of those assets.
Rental and service income	1.38	1.52	The Company has rented office and factory spaces, including office equipment to CalMix to be used as its office and factory location. The service fee was estimated from the cost incurred, which is comparable to the market price.

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Revenue from sales of products	0.12	0.16	The Company sold products, such as limestone and ground limestone, to CalMix at the prices similar to those that the Company offers to other customers. The payment terms were better than the others. 51.00% of CalMix's paid-up capital is held by the Company.
Expense from purchase of product	0.06	0.22	The Company purchased products from CalMix for use in the business. The trading prices were similar to those that the Company can acquire from other suppliers.
Trade and other receivables	0.18	0.04	The transaction was to support the company's business operation and for ease of operation. It is, therefore, considered reasonable.
Trade and other payables	-	0.02	

#### (5) Siriman Chemicals India Private Limited ("Siriman")

The Company directly and indirectly held 50.00% of Siriman's paid-up capital (as of 31 December 2021). Moreover, the Company and Siriman have one common director being Mr. Adisak Lowjun (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Revenue from sales of products	0.34	20.86	The Company sold products, such as limestone and ground limestone, to Siriman.
Trade receivables	0.32	21.03	The trading prices were similar to those that the Company offers to other customers and the payment terms were better than other customers. The transaction was to support the Company's business operation and for ease of operation. It is, therefore, considered reasonable.

## Connected Transaction between the subsidiaries and parties that may have conflicts of interest

### (6) Chememan India Private Limited (“Chememan India”) and Easternbulk Lime Products Private Limited (“Easternbulk Lime”)

Chememan India is a subsidiary of the Company, in which the Company held 99.99% of its paid-up capital.

Easternbulk Lime is a joint venture, in which the Company held 50.00% of its paid-up capital.

Chememan India and Easternbulk Lime have two common directors being Mr. Adisak Lowjun and Mr. Srikanth Palakurthi (as of 31 December 2021).

Transaction	Transaction Amount (Million Baht)		Necessity and Reasonableness
	For year ended 31 December 2020	For year ended 31 December 2021	
Service Income	2.54	5.24	Easternbulk Lime hired Chememan India to manage the construction project as well as accounting and human resources management. The service fees were charged, according to the trade agreement for the period from 1 January 2021 to 31 December 2021, on monthly basis at IND 1,000,000 rupees per month. Chememan India charged the fees based on its estimation of the actual cost incurred.
Other receivables	0.68	2.90	The transaction was to support the business operations of Easternbulk Lime as it is necessary for Easternbulk to use the service of plant construction, accounting and human resources management, especially during the start-up period. The service fees were charged based on an estimation of the actual cost incurred, thus the transaction is considered reasonable and beneficial to the Company.

### Measures and Procedures for Approving Connected Transactions

Connected transactions between the Company and the parties that may have conflicts of interest shall be reviewed and provided an opinion on the appropriateness of the transaction by the Audit Committee, considering the benefit of the Company at its utmost. In case that the Audit Committee has no expertise to review the connected transaction, the Company will obtain an opinion from independent expert or the Company’s auditor on such transaction as information for consideration and decision of the Audit Committee and/or the Board of Directors and/or the Shareholders, as the case may be. The person that may have conflicts of interest shall have no right to vote for the approval of such connected transactions.

### **Policy on Connected Transaction**

As a guideline for executing any connected transactions of the Company and its subsidiaries transparently with no conflict of interest, and for the best interest of the Company and its shareholders, the Company set the following as guidelines for connected transactions of the Company:

1. Directors and executives of the Company must prepare a written report on one's own or one's related party's conflict of interest, and inform the Company so that it could obtain information needed for further proceedings in relation to connected transactions in accordance with applicable laws and regulations.
2. Avoid connected transactions that may result in conflicts of interest.
3. If it is necessary for the Company or its subsidiaries to enter into a connected transaction, all such transactions must be approved by the Audit Committee, the Board of Directors or the shareholders' meeting (whichever is applicable), except for transactions under trade agreement with general terms and conditions that the received prior approval from the Board of Directors in principle.
4. Comply with the securities and exchange laws, rules and regulations, announcements, and orders of the Capital Market Supervisory Board, and the Stock Exchange of Thailand.
5. Set the pricing and conditions of connected transaction on an arm's length basis which must be fair, reasonable and the Company's best interest. If there is no such price, the Company will make a comparison of product price or service fee of the connected transaction with third parties under the same or similar conditions.
6. Party of the connected transaction that has conflicts of interest cannot approve or vote on such transaction.
7. In consideration of the connected transactions, the Company or its subsidiaries may appoint an independent appraiser to assess and compare prices of major connected transactions to ensure that such connected transaction is reasonable and for the Company's best interest.

### **Connected Transactions in the Future**

The Company foresees that connected transactions with directors, major shareholders and persons that may have conflicts of interest will still occur in the future. Those transactions are normal business supporting transactions which may be done based on the business needs, such as:

1. Hiring of consultants from Legal Advisor Council Limited - This transaction is necessary to support the Company's business. The service fees and payment conditions are at the standard rate charged to other clients. The Company sees that this type of transaction will regularly occur as necessary.
2. Purchasing of construction materials from Hardware King Company Limited and Rayong Mongkolchai Company Limited - This transaction is necessary to support the Company's business. The prices and payment conditions received were similar to those the Company received from other suppliers. The Company sees that this type of transaction will still occur as necessary.

In entering into the above connected transactions, the Company will follow the Securities and Exchange Act B.E. 2535 (including amendments), regulations, announcements, orders or the measures of the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand, including policies and related announcements of the Company, which include code of conduct, connected transaction policy and guidelines on entering into connected transactions between the Company and directors, management or related parties, which are business transactions with general terms and conditions.

# Attachments

## Details of Company Secretary and Chief Accounting

### Mrs. Sinaynidh Karitkiat

Company Secretary (Since 1 Jan 2020)

**Age (years):** 48

**Education / Training:**

1. Master of Business (Banking & Finance) Monash University, Australia
2. Bachelor of Business Administration (Finance), Bangkok University
3. Company Secretary Program (CSP) 101/2019, Thai Institute of Directors Association

**Shareholding Percentage (%):** None

**Family Relationship with other executives:** None

**Work Experience:**

2020 - Present	Company Secretary, Assistant Vice President of People Management and Acting Assistant Vice President of People Development	Chememan PLC
2015 - 2020	Department Manager of HR Planning and Acquisition	Chememan PLC
2011 - 2015	Department Manager of Export	Chememan PLC
2010 - 2011	Office Manager of Corporate Strategy	Sahaviriya Steel Industries PLC
2002 - 2010	Investor Relation Manager	Sahaviriya Steel Industries PLC

### Ms. Panisara Sakulsumpaopol

Chief Accountant of the Company (Since 9 Jul 2020)

**Age (years):** 37

**Education / Training:**

- BBA, Assumption University
- M.Acc, Kasetsart University

**Training:**

1. Non-Deductible Expenses for entrepreneur, Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
2. Transfers Pricing Law, The Revenue Department
3. TFRSs / TFRS for NPAs, Faculty of Commerce and Accountancy, Chulalongkorn University

**Shareholding Percentage (%):** 0.0001

**Family Relationship with other executives:** None

**Work Experience:**

2016 - Present	Department Manager of Accounting	Chememan PLC
2017 - Present	Chief Accountant	Chememan PLC
2006 - 2016	Senior Manager (Assurance Services)	Pricewaterhousecoopers ABAS Co., Ltd.

# Roles and Responsibilities of the Company Secretary

The Company Secretary has important responsibilities as stipulated in the Securities and Exchange Act. The Board of Directors set the roles and responsibilities of the Company Secretary as follows:

1. Prepare and safeguard the following documents:
  - (1) A register of directors
  - (2) Invitations and minutes of the Board of Directors' meetings and Company's annual reports
  - (3) Invitations and Minutes of the shareholders' meetings
2. Safeguard the report on conflicts of interest declared by the directors and executives.
3. Perform other acts as stipulated by the Capital Market Supervisory Board.

The Company Secretary shall perform duties responsibly with caution, honest and in good faith in accordance with applicable law, objectives and articles of association of the Company as well as the resolutions of the Board of Directors and shareholders' meetings.

# Details on the Head of Internal Audit

Name-Surname/Position	Educational Qualification/Diploma/Certificate	Work Experience	
		Period	Position/Company
ANS Business Consultants Co., Ltd. Mr. Amornpong Nualwiwat / Director Head of Internal Audit	<ul style="list-style-type: none"> <li>• Master's degree in Commerce, Thammasat University</li> <li>• Bachelor's degree in Accounting, Thammasat University</li> <li>• Member of the Association of Internal Auditors of Thailand</li> <li>• Certificate of Professional Internal Auditor of Thailand</li> </ul>	2005-Present	Director / ANS Business Consultants Co., Ltd.
		1997-2004	Senior Manager / KPMG Advisory (Thailand) Ltd.
		1990-1996	Manager of Information Systems Development Department and Acting Manager of Managing Director Office, Thai Rung Union Car PLC.
		1984-1990	Accountant / Systems and Regulations Department, Electricity Generating Authority of Thailand
		1982-1984	Accountant / The Siam Commercial Bank PLC.

# Report on the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of the Company is responsible for the financial statements of Chememan Public Company Limited and its subsidiaries, which have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2547. The Board of Directors considers the accounting policies adopted are appropriate with the business, and have been applied consistently, with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements of the Company and expressed an unqualified opinion in the auditor's report.

The Board of Directors oversees and reviews the corporate governance as well as establishes and maintains an adequate and appropriate risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud and material operational irregularities. The Board of Directors has appointed an Audit Committee, consisting of independent directors, to review that the financial reports, internal control system and internal audit are appropriate and effective. The Audit Committee's opinions are reported in the Audit Committee Report included in this annual report.

The Board of Directors is in the opinion that the internal control system and internal audit of the Company provide credibility and reliability to the financial statements of Chememan Public Company Limited and its subsidiaries that the financial position, financial performance and cash flows are presented fairly, in all material respects, in accordance with Thai Financial Reporting Standards.

On behalf of the Board of Directors



M.L. Chandchutha Chandratat  
Chairman of the Board of Directors

# Audit Committee Report Year 2021

The Audit Committee of Chememan Public Company Limited is comprised of three qualified independent directors, namely Mr. Pornprom Karnchanachari, Miss Amata Issarangura Na Ayudhaya and Mr. Yarnsak Manomaiphiboon. The Audit Committee was appointed by the Meeting of the Board of Directors to perform duties and responsibilities as stipulated in the Audit Committee Charter. In 2021, the Audit Committee performed duties within the specified scope with a summary of work performed as follows:

1. Held four meetings in 2021 to confer with management, internal auditors and external auditors and proposed quarterly reports to the Board of Directors.

Name	Position	Attendance In 2021*
1. Mr. Pornprom Karnchanachari	Chairman of Audit Committee	4/4
2. Miss Amata Issarangura Na Ayudhaya	Member of Audit Committee	4/4
3. Mr. Yarnsak Manomaiphiboon	Member of Audit Committee	4/4

Remarks \* In 2021, the Audit Committee held one private meeting with the external auditor without management participation.

2. Reviewed the Company's quarterly and annual financial statements and its subsidiaries, which had been reviewed and audited by the external auditor. The related management and the external auditor were invited to join the meeting to clarify and answer questions before providing an opinion on the financial reports accounting adjustment entries that materially affected the financial statements and the adequacy of the information disclosure. The Audit Committee was of the opinion that the financial statements of the Company present the financial position and the financial performance fairly, in all material respects, in accordance with Thai Financial Reporting Standard, and the material information has been sufficiently, completely and reliably disclosed in the notes to the financial statements, as well as the accounting policy used is reasonable.  
In addition, the Audit Committee held a private meeting with the external auditor without the presence of the management to discuss the audit plan, independence in performing duties and expressing the auditor's opinion as well as providing comments on various issues.
3. Reviewed the connected transactions of the Company and its subsidiaries with parties that may have a conflict of interest to ensure compliance with the Rules of Entering into Connected Transactions of the Company, which is in line with the law and regulation of the Stock Exchange of Thailand. The Audit Committee deemed that the entering into connected transactions of the Company and its subsidiaries with parties that may have a conflict of interest had complied the law and the regulation of the Stock Exchange of Thailand and were fair, reasonable with general terms and conditions, and did not facilitate a transfer of interest. The disclosure of such transactions was complete and sufficient.

4. Reviewed the internal control process to evaluate the adequacy and effectiveness to reasonably assure the Company's performance in achieving its goals. The Audit Committee has reviewed the quarterly internal audit reports, which had been directly reported to the Audit Committee by the internal auditor in accordance with the approved audit plan, and of the opinion that the internal control of the operation process and significant work process were adequate and appropriate.

Oversaw internal audit work by approving annual internal audit plan based on risk assessments, acknowledging the quarterly internal audit reports, providing comments to the internal auditor and submitting corrective measures to be taken by the management, including continual follow-up on their progress. In this regard, the Audit Committee reviewed the independence and performance of the consultant firm who act as an internal auditor, and also reviewed the Internal Audit Charter and deemed that the internal audit function of the Company was performed independently, adequately and effectively. Moreover, the head of the internal audit and his team were knowledgeable, proficient and experienced in internal audit work, which commensurates with the professional standards, to assist and support the operations of the Company in achieving its goals.

5. Reviewed operations and oversaw that the Company was strictly in compliance with the Securities and Exchange Act, regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws related to the Company's business. The Audit Committee was of the opinion that the Company operated business correctly and appropriately in relation to normal business conditions. In 2021, there were no cases of violation of relevant laws and regulations by the Company.
6. The Audit Committee has reviewed the Audit Committee Charter to ensure conformity with the objectives of setting up the Audit Committee.
7. Selected and proposed the appointment of an external auditor as well as the approval of the audit fee for the year 2021. The Audit Committee considered based on independency, reliability, service rendering, advisory on accounting standards, audit work as well as the appropriateness of the audit fee, and had provided an opinion to the Board of Directors for further approval by the shareholders to appoint the auditors from PKF Audit (Thailand) Limited as the external auditor for the year 2021. The auditors to be appointed were Miss Sawinee Sawanont (Certified Public Accountant No. 7092) or Miss Napaporn Sathitthammaporn (Certified Public Accountant No. 7494), or Mr. Pitinan Lilamethwat (Certified Public Accountant No. 11133). The audit fee was 2,050,000 Baht.

In summary, in 2021, the Audit Committee fulfilled its duties and responsibilities as stipulated in the Audit Committee Charter with proficiency, carefulness, prudence and with sufficient independency. The Audit Committee is of the opinion that the financial statements of the Company present information, in all material respects, in accordance with general financial reporting standards with adequate disclosure of connected transactions or transactions that may lead to a conflict of interest; and that the Company has good corporate governance, appropriate risk management system, suitable and effective internal control and internal audit systems and fully complies with all law, rules and regulations related to the operation of the Company.



Mr. Pornprom Karnchanachari  
Chairman of the Audit Committee

# Chememan Public Company Limited and its subsidiaries

Financial statements for the year ended 31 December 2021  
and  
Independent Auditor's Report



## Independent Auditor's Report

### To the Shareholders of Chememan Public Company Limited

#### Opinion

I have audited the consolidated and separate financial statements of Chememan Public Company Limited and its subsidiaries (the "Group") and of Chememan Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

I draw attention to note to the financial statements No. 2.3, which indicated that, as at 31 December 2021, the Group and the Company have current liabilities in excess of the current assets amounting to Baht 823.67 million and Baht 889.74 million respectively (2020: Baht 864.66 million and Baht 652.08 million respectively). The current liabilities mainly include short-term loans in the term of promissory note and the current portion of long-term loans. The Group has remaining credit facilities from long-term loans amounting to Baht 78 million (31 December 2020: Baht 964 million) and from short-term loans amounting to Baht 229 million (31 December 2020: Baht 623 million). As at 31 December 2021, the Group had failed to meet certain financial ratios required to be maintained under bank loan facilities, under the loan agreements, and the banks had the right to define all debts or any part of the debt and other sums owed as due to be repaid immediately. However, the Company had received letters of waiver from the banks waiving such rights, as detailed in Note 19 to the financial statements. The management is implementing strategic operational and financial restructuring plans to seek to ensure adequate liquidity in the Group and the Company, and the ability to meet liabilities and to continue to trade. These factors, whereby liquidity in the Group and Company and their ability to meet liabilities as they fall due and to continue to trade may be dependent upon the success of management's plans, indicate the existence of a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern. Hereby, my opinion is not modified in respect of this matter.

**Key Audit Matters**

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern*, I have determined the matters described below to be the key audit matters to be communicated in our report.

<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p><b>Revenue recognition</b></p> <p>Revenue from sales of chemical products for industrial use is a significant amount. As at 31 December 2021, sales amounted to Baht 2,884 million and directly affected the Group’s profit and loss. In addition, the Group has a large number of customers and a variety of terms and conditions of sales. There are therefore risks with respect to the amount and timing of revenue recognition from sales, especially near the end of the year.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the revenue recognition process and related internal control procedures.</li> <li>• Assessing and testing the effectiveness of the IT system and internal controls with respect to the revenue cycle of the Group, especially tests related to the accuracy and timing of revenue recognition in the financial statements of the Group.</li> <li>• Performing substantive testing as follows:                             <ul style="list-style-type: none"> <li>- Examining the supporting documents for the revenue from sales of goods occurring during the year and focus on revenue transactions that occur near the end of accounting period.</li> <li>- Requesting for the confirmation of accounts receivable balances at the year-end.</li> <li>- Reviewing credit notes issued after year-end especially the credit notes of revenue in period.</li> <li>- Performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.</li> </ul> </li> </ul>
<p><b>Impairment of investment in subsidiaries and joint ventures, goodwill and other intangible assets</b></p> <p>The consideration of impairment of investment in subsidiaries and joint ventures, goodwill and other intangible assets is dependent on management judgements and assumptions. Therefore, the key audit matter is whether the valuation and the allowance for impairment in subsidiaries and joint ventures, goodwill and other intangible assets have been recognized in accordance with TFRSs.</p> <p>Accounting policies of investments, goodwill and impairment and detail of investments in subsidiaries and joint ventures, and goodwill were disclosed in the Notes 3.1, 3.10, 10, 11 and 15 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the impairment consideration process and related internal control procedures.</li> <li>• Performing substantive testing as follows:                             <ul style="list-style-type: none"> <li>- Examining the supporting documents in relation to the management consideration of impairment indicators for investment in subsidiaries and joint ventures, goodwill and other intangible assets.</li> <li>- Assessing the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment provision for investment in subsidiaries and joint ventures, goodwill and other intangible assets.</li> </ul> </li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report other than the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

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

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

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

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

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



(Pitinan Lilamethwat)  
Certified Public Accountant  
Registration No. 11133

PKF Audit (Thailand) Ltd.  
Bangkok  
28 February 2022

## Chememan Public Company Limited and its subsidiaries

### Statements of financial position

As at 31 December 2021

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Assets</b>					
					<i>(Baht)</i>
<b>Current assets</b>					
Cash and cash equivalents	5	193,934,261	493,570,982	164,131,377	372,709,528
Trade and other current receivables	6	477,212,987	359,442,962	451,004,079	369,893,261
Short-term loan to related parties	4	-	-	-	178,649,400
Current portion of long-term loan to related parties	4	-	-	91,121,845	-
Inventories	8	515,208,809	366,569,217	306,060,911	243,786,653
Prepaid taxes and other fees	7	79,951,313	-	-	-
Other current assets		64,298,303	31,985,110	21,610,562	13,044,288
<b>Total current assets</b>		<b>1,330,605,673</b>	<b>1,251,568,271</b>	<b>1,033,928,774</b>	<b>1,178,083,130</b>
<b>Non-current assets</b>					
Restricted bank deposits		109,050,000	40,910,000	64,290,000	-
Other non-current financial asset	9, 29.2	15,000,000	-	15,000,000	-
Long-term loan to related party - net of current portion	4	-	-	1,982,421,167	764,660,794
Investments in subsidiaries	10	-	-	735,875,370	735,875,370
Investments in joint ventures	11	285,741,021	210,648,131	248,544,319	205,362,219
Property, plant and equipment	12	4,507,875,622	3,592,363,067	2,417,297,436	2,558,027,248
Right-of-use assets	13	108,683,335	128,113,601	94,937,633	111,062,960
Ore reserve	14	81,578,405	174,571,700	81,578,405	88,732,245
Prepayment of the mining license fee	14	47,074,713	-	-	-
Advance payments for construction of plant and machinery		3,703,184	181,184,133	1,465,311	6,230,055
Goodwill		61,873,125	61,873,125	-	-
Intangible assets other than goodwill	15	378,126,391	381,119,618	33,767,714	29,483,383
Deferred tax assets	23	78,852,886	72,450,601	14,292,817	37,616,534
Other non-current assets		14,212,803	8,541,590	5,169,348	5,081,666
<b>Total non-current assets</b>		<b>5,691,771,485</b>	<b>4,851,775,566</b>	<b>5,694,639,520</b>	<b>4,542,132,474</b>
<b>Total assets</b>		<b>7,022,377,158</b>	<b>6,103,343,837</b>	<b>6,728,568,294</b>	<b>5,720,215,604</b>

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

## Chememan Public Company Limited and its subsidiaries

### Statements of financial position (continued)

As at 31 December 2021

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Liabilities and shareholders' equity</b>					
<i>(Baht)</i>					
<b>Current liabilities</b>					
Short-term loans from non - related party		22,380,000	-	-	-
Short-term loans from financial institutions	16	1,044,212,864	1,098,188,044	1,044,212,864	1,098,188,044
Trade and other current payables	17	513,491,507	338,249,865	332,231,821	204,953,173
Current portion of lease liabilities	18	26,328,154	36,595,106	26,455,095	32,611,859
Current portion of long-term loan from financial institutions	19	470,024,677	608,914,056	469,483,490	470,827,780
Income tax payable		22,585,099	-	21,962,257	-
Derivative liabilities	29.2	8,901,955	-	8,901,955	-
Current provisions for employee benefits		2,066,402	2,578,517	-	-
Other current liabilities		44,281,013	31,707,997	20,426,052	23,580,305
<b>Total current liabilities</b>		<b>2,154,271,671</b>	<b>2,116,233,585</b>	<b>1,923,673,534</b>	<b>1,830,161,161</b>
<b>Non-current liabilities</b>					
Lease Liabilities-net of current portion	18	42,315,071	51,332,500	36,262,115	45,323,011
Long-term loan from financial institutions - net of current portion	19	2,383,133,692	1,606,817,598	2,382,014,390	1,606,817,598
Non-current provisions for employee benefits	20	62,302,757	85,182,857	61,579,681	84,858,402
Deferred tax liabilities	23	69,870,366	71,340,837	-	-
Other non-current liabilities		18,054,238	76,093,188	8,247,799	10,600,961
<b>Total non-current liabilities</b>		<b>2,575,676,124</b>	<b>1,890,766,980</b>	<b>2,488,103,985</b>	<b>1,747,599,972</b>
<b>Total liabilities</b>		<b>4,729,947,795</b>	<b>4,007,000,565</b>	<b>4,411,777,519</b>	<b>3,577,761,133</b>

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

## Chememan Public Company Limited and its subsidiaries

### Statements of financial position (continued)

As at 31 December 2021

	Consolidated financial statements		Separate financial statements		
	Note	2021	2020	2021	2020
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,000 million ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid-up					
960 million ordinary shares of Baht 1 each		960,000,000	960,000,000	960,000,000	960,000,000
Share premium		736,842,515	736,842,515	736,842,515	736,842,515
Capital surplus on share-based payment		28,996,825	28,996,825	28,996,825	28,996,825
Retained earnings					
Appropriated - statutory reserve		75,140,000	65,140,000	75,140,000	65,140,000
Unappropriated		328,568,968	240,244,167	514,692,447	354,553,991
Other components of shareholders' equity		60,332,112	(36,525,251)	1,118,988	(3,078,860)
Equity attributable to owners of the Company		2,189,880,420	1,994,698,256	2,316,790,775	2,142,454,471
Non-controlling interests of the subsidiary		102,548,943	101,645,016	-	-
<b>Total shareholders' equity</b>		<b>2,292,429,363</b>	<b>2,096,343,272</b>	<b>2,316,790,775</b>	<b>2,142,454,471</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,022,377,158</b>	<b>6,103,343,837</b>	<b>6,728,568,294</b>	<b>5,720,215,604</b>

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

## Chememan Public Company Limited and its subsidiaries

### Statement of comprehensive income

For the year ended 31 December 2021

Note	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(Baht)			
<b>Revenues</b>				
Sales	2,884,237,199	2,239,678,522	2,253,469,609	1,730,852,452
Service income	117,894,361	-	-	-
Other income	141,250,087	42,990,877	101,041,423	45,247,461
Net gain on exchange rate	5,423,975	-	58,603,745	-
<b>Total revenues</b>	<b>3,148,805,622</b>	<b>2,282,669,399</b>	<b>2,413,114,777</b>	<b>1,776,099,913</b>
<b>Expenses</b>				
Cost of sales	1,830,172,191	1,526,715,475	1,441,629,502	1,188,045,394
Cost of services	155,289,915	-	-	-
Distribution costs	682,092,065	510,910,212	462,833,680	341,392,680
Administrative expenses	272,441,665	276,145,271	196,765,194	218,807,592
Net loss on exchange rate	-	39,720,402	-	12,513,008
<b>Total expenses</b>	<b>2,939,995,836</b>	<b>2,353,491,360</b>	<b>2,101,228,376</b>	<b>1,760,758,674</b>
<b>Profit (loss) from operating activities</b>	<b>208,809,786</b>	<b>(70,821,961)</b>	<b>311,886,401</b>	<b>15,341,239</b>
Share of profit (loss) from investments in joint ventures	11 (5,978,042)	13,597,424	-	-
Finance cost	(94,866,975)	(79,452,389)	(97,511,433)	(66,645,867)
<b>Profit (loss) before income tax</b>	<b>107,964,769</b>	<b>(136,676,926)</b>	<b>214,374,968</b>	<b>(51,304,628)</b>
Income tax expenses	23 (15,631,261)	(75,136)	(44,236,512)	(352,462)
<b>Profit (loss) for the year</b>	<b>92,333,508</b>	<b>(136,752,062)</b>	<b>170,138,456</b>	<b>(51,657,090)</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of financial statements				
in foreign currency-net of income tax	99,554,734	7,778,115	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Gain on remeasurements of defined benefit plans				
- net of income tax	23 4,197,848	-	4,197,848	-
<b>Other comprehensive income for the year</b>	<b>103,752,582</b>	<b>7,778,115</b>	<b>4,197,848</b>	<b>-</b>
<b>Total comprehensive income (expense) for the year</b>	<b>196,086,090</b>	<b>(128,973,947)</b>	<b>174,336,304</b>	<b>(51,657,090)</b>

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

**Chememan Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2021**

Note	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(Baht)			
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	98,324,801	(119,611,970)	170,138,456	(51,657,090)
Non-controlling interests of the subsidiary	(5,991,293)	(17,140,092)		
	<b>92,333,508</b>	<b>(136,752,062)</b>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	195,182,163	(112,085,980)	174,336,304	(51,657,090)
Non-controlling interests of the subsidiary	903,927	(16,887,967)		
	<b>196,086,090</b>	<b>(128,973,947)</b>		
<b>Earnings (loss) per share</b>				
	25			
Basic earnings (loss) per share				
<b>Profit (loss) attributable to equity holders of the Company</b>	<b>0.1024</b>	<b>(0.1246)</b>	<b>0.1772</b>	<b>(0.0538)</b>

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

**Chememan Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2021**

Consolidated financial statements

Note	Equity attributable to owners of the Company										Total
	Equity attributable to owners of the Company					Other components of equity					
	Issued and paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		Exchange differences on translation of financial statements in foreign currency (Bant)	Gain (Loss) on remeasurements of defined benefit plans	Income tax of other comprehensive income	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	
				Appropriated - statutory reserve	Unappropriated						
<b>Year ended 31 December 2020</b>											
<b>Balance as at 31 December 2019</b>	960,000,000	736,842,515	28,996,825	65,140,000	379,897,498	(40,912,602)	(3,848,575)	769,715	2,116,885,376	71,754,487	<b>2,198,639,863</b>
Impact on revision to provisional amounts recognized at the acquisition date	-	-	-	-	(841,361)	(59,779)	-	-	(901,140)	46,778,496	45,877,356
<b>Balance as at 1 January 2020 - Restated</b>	960,000,000	736,842,515	28,996,825	65,140,000	379,056,137	(40,972,381)	(3,848,575)	769,715	2,125,984,236	118,532,983	<b>2,244,517,219</b>
Loss for the year	-	-	-	-	(119,611,970)	-	-	-	(119,611,970)	(17,140,092)	(136,752,062)
Other comprehensive income for the year	-	-	-	-	-	7,525,990	-	-	7,525,990	252,125	7,778,115
Total comprehensive income for the year	-	-	-	-	(119,611,970)	7,525,990	-	-	(112,085,980)	(16,887,967)	(128,973,947)
Dividend paid	-	-	-	-	(19,200,000)	-	-	-	(19,200,000)	-	(19,200,000)
<b>Balance as at 31 December 2020</b>	960,000,000	736,842,515	28,996,825	65,140,000	240,244,167	(33,446,391)	(3,848,575)	769,715	1,994,698,256	101,645,016	<b>2,096,343,272</b>
<b>Year ended 31 December 2021</b>											
<b>Balance as at 1 January 2021</b>	960,000,000	736,842,515	28,996,825	65,140,000	240,244,167	(33,446,391)	(3,848,575)	769,715	1,994,698,256	101,645,016	<b>2,096,343,272</b>
Profit for the year	-	-	-	-	98,324,801	-	-	-	98,324,801	(5,991,293)	92,333,508
Other comprehensive income for the year	-	-	-	-	-	92,659,515	5,247,310	(1,049,462)	96,857,363	6,895,220	103,752,583
Total comprehensive income for the year	-	-	-	-	98,324,801	92,659,515	5,247,310	(1,049,462)	195,182,164	903,927	196,086,091
Transferred unappropriated retained earnings to statutory reserve	-	-	-	10,000,000	(10,000,000)	-	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	960,000,000	736,842,515	28,996,825	75,140,000	328,568,968	59,213,124	1,398,735	(279,747)	2,189,880,420	102,548,943	<b>2,292,429,363</b>

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

**Chememan Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity (continued)**

For the year ended 31 December 2021

	Separate financial statements							Total
	Issued and paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		Other components of equity		
				Appropriated - statutory reserve	Unappropriated	Gain (Loss) on remeasurements of defined benefit plans	Income tax of other comprehensive income	
Note								
<b>Year ended 31 December 2020</b>								
Balance as at 1 January 2020	960,000,000	736,842,515	28,996,825	65,140,000	425,411,081	(3,848,575)	769,715	2,213,311,561
Loss for the year	-	-	-	-	(51,657,090)	-	-	(51,657,090)
Dividend paid	-	-	-	-	(19,200,000)	-	-	(19,200,000)
26								
Balance as at 31 December 2020	960,000,000	736,842,515	28,996,825	65,140,000	354,553,991	(3,848,575)	769,715	2,142,454,471
<b>Year ended 31 December 2021</b>								
Balance as at 1 January 2021	960,000,000	736,842,515	28,996,825	65,140,000	354,553,991	(3,848,575)	769,715	2,142,454,471
Profit for the year	-	-	-	-	170,138,456	-	-	170,138,456
Other comprehensive income for the year	-	-	-	-	-	5,247,310	(1,049,462)	4,197,848
Total comprehensive income for the year	-	-	-	-	170,138,456	5,247,310	(1,049,462)	174,336,304
Transferred unappropriated retained earnings to statutory reserve	-	-	-	10,000,000	(10,000,000)	-	-	-
21								
Balance as at 31 December 2021	960,000,000	736,842,515	28,996,825	75,140,000	514,692,447	1,398,735	(279,747)	2,316,790,775

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





# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 1 General information

Chememan Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of mineral lime products. The registered address of the Company is at 195/11-12 Lake Rajada Office Complex 2, 10th-11th Floor, Rajadapisek Road, Klongtoey, Bangkok and the Company has four factories located in Saraburi and Rayong.

The Company’s major shareholders during the financial period were Mr. Chai Srivikorn and Buranachart Company Limited.

### 2 Basis of preparation of the financial statements

#### 2.1 *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by Thailand Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

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

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

#### 2.2 *Coronavirus disease 2019 pandemic*

The Coronavirus disease 2019 pandemic is currently impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 2.3 Going concern basis

As at 31 December 2021, the Group and the Company have current liabilities in excess of the current assets amounting to Baht 823.67 million and Baht 889.74 million, respectively (2020: Baht 864.66 million and Baht 652.08 million, respectively). The current liabilities mainly include short-term loans in the term of promissory note for working capital and the current portion of long-term loans. The Group has remaining credit facilities from long-term loans amounting to Baht 78 million (2020: Baht 964 million) and from short-term loans amounting to Baht 229 million (2020: Baht 623 million) which are available to support the need for additional funding. As disclosed in note 19, at 31 December 2021, the Group and the Company had failed to meet certain financial ratios required to be maintained under bank loan facilities, under the loan agreements, and the banks had the right, in respect of certain loans with outstanding amounts totalling Baht 1,365.55 million as at 31 December 2021, to define all debts or any part of the debt and other sums owed as due to be repaid immediately. However, letters of waiver had been received from the banks during December 2021 waiving such rights to define amounts in respect of these loans as repayable immediately. In addition, the Group and the Company had appeared likely to fail to meet certain financial ratios required to be maintained under bank loan facilities in respect of a loan with an outstanding amount of Baht 1,100.25 million as at 31 December 2021. However, letters had been received from the bank during December 2021 amending the financial ratio covenant required specifically for the year ended 31 December 2021 only. The Group and the Company are not in breach of the revised covenant at the year then ended. The management has a defined business and financial strategy to have adequate liquidity in the Group, and the ability to meet liabilities as they fall due. Therefore, the management believes that the Group will continue its operations at least for the forthcoming 12 months. Accordingly, the Group financial information has been prepared on a going concern basis.

### 2.4 Basis of consolidation

The consolidated financial statements include the financial statements of Chememan Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (together referred to as the “Group”) and the Group’s interests in joint ventures.

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			Percent	Percent
<b>Subsidiaries</b>				
Chememan Australia Pty Ltd	Distribution and storage supply of lime products	Australia	99.99	99.99

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 Percent	2020 Percent
Northman Company Limited	Providing sources of lime, market study in Vietnam and lime quality assurance	Vietnam	100.00	100.00
Chememan Lao Company Limited	Manufacturing and distribution of lime products	Laos	60.00	60.00
Chememan India Private Limited	Market study and strengthen customer base in India	India	99.99	99.99
<b>Indirect subsidiary</b>				
Ha Long QN Lime Company Limited	Manufacturing and distribution of lime products	Vietnam	80.00	80.00
<b>Joint Ventures</b>				
Siriman Chemicals India Private Limited	Manufacturing and distribution of lime products	India	50.00	50.00
Easternbulk Lime Products Private Limited	Manufacturing and distribution of lime products	India	50.00	50.00
CalMix Company Limited	Manufacturing and distribution of construction materials	Thailand	51.00	51.00

#### *Subsidiaries*

The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### *Non-controlling interests*

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *Investments in joint ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of joint venture. When the Group's share of losses of a joint venture equals or exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately as profit or loss in the statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss in the statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

When a group entity transacts with a joint venture of the Group, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in joint venture that are not related to the Group.

### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes partially of its holding investment, the deemed cost of the sold investment is determined using the weighted average method applied to the carrying value of the total holding of the investment.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

## **2.5 Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional currency.

All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

## **2.6 Judgments and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### (1) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

#### 3.11 and 13 Leases:

- whether an arrangement contains a lease;
- whether the Group is reasonably certain to exercise extension options;
- whether the Group exercise termination options;

11 Equity-accounted investees: whether the Group has significant influence over an investee; and

### (2) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2021 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

3.11 and 18 Determining the incremental borrowing rate to measure lease liabilities;

3.7 and 12 Estimation useful life of assets;

3.5 Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate;

3.1 Measurement of investment for impairment losses;

3.10 Impairment test of goodwill and other intangible assets: key assumptions underlying recoverable amounts;

3.18 and 23 Recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised;

3.13 and 20 Measurement of defined benefit obligations: key actuarial assumptions;

3.14 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Investments

##### *Investments in subsidiaries and joint ventures*

- Investments in subsidiaries and joint ventures in the separate financial statements are measured at cost less allowance for impairment losses.
- Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

#### 3.2 Foreign currencies

Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the end of reporting period.

Gains and losses on exchange are included in determining income.

##### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

### 3.3 Financial instruments

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

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

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

#### *Financial assets at amortised cost*

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

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

#### *Financial assets at FVTPL*

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

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

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### *Classification and measurement of financial liabilities*

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

### *Derecognition of financial instruments*

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

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

### **3.4 Cash and cash equivalents**

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

### **3.5 Trade and other current receivables**

A receivable is measured at transaction price less allowance for expected credit loss which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 3.6 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

### 3.7 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Land improvement	3 to 20 years
Buildings and building improvement	5 to 30 years
Machinery and equipment	5 to 30 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	3 to 10 years

However, depreciation of lime kilns and coal grinder mill is calculated using the Productive Output Method, which estimated units of production at a total of 0.6 to 3.2 million tons.

No depreciation is provided on land and assets under installation and under construction.

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

### 3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 3.9 Ore reserve and depletion

Ore reserve consists of cost of the concession and related development costs which are presented at cost less accumulated depletion. Depletion of the ore is calculated from the percentage of units of limestone produced to the estimated total limestone reserves assessed by an independent geologist.

### 3.10 Intangible assets

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 2.4, subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### *Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licences	3 to 10 years
Concession Rights	26 years 6 months

### 3.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

#### *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which are recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group/Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### 3.12 Impairment of assets

#### *Impairment of financial assets*

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

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

#### *Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

#### *Impairment of non-financial assets*

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

An impairment loss is recognised in profit or loss.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 3.13 Employee benefits

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

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

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

### 3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### 3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 3.16 Revenue

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

##### *Sale of goods and services*

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 3.17 Interest income

#### *Effective Interest Rate (EIR)*

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### *Financial cost*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### 3.18 Income tax

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

#### *Current tax*

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

#### *Deferred tax*

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

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

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

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

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

### 3.19 Related party transactions

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

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

## 4 Related party transactions

Relationships with subsidiaries and joint ventures are disclosed in Notes 10 and 11. Relationships with key management and other related parties are as follows:

<u>Name of entities</u>	<u>Country of incorporation/ nationality</u>	<u>Nature of relationships</u>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Rayong Mongkolchai Company Limited	Thailand	Related by common director
Legal Advisory Council Company Limited	Thailand	Related by common director
Hardware King Company Limited	Thailand	Related by common director

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

<u>Name of entities</u>	<u>Country of incorporation/ nationality</u>	<u>Nature of relationships</u>
Buranachart Company Limited	Thailand	Major shareholders
Huong Hai Group Company Limited	Vietnam	Related by common shareholder and director with the indirect subsidiary
Minority shareholders of Ha Long QN Lime Company Limited	Vietnam	Minority shareholder of consolidated subsidiary

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Pricing Policy</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
	<i>(in million Baht)</i>				
<b><u>Transactions with subsidiaries</u></b> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	153	207	<i>Mutual agreed prices</i>
Services income	-	-	6	1	<i>Contract price</i>
Interest income	-	-	71	27	<i>Contract price</i>
Other income	-	-	2	2	<i>Mutual agreed prices</i>
Services expenses	-	-	7	3	<i>Contract price</i>
Sale of fixed assets	-	-	39	19	<i>Mutual agreed prices</i>
<b><u>Transactions with joint ventures</u></b>					
Sales of goods	21	-	21	-	<i>Mutual agreed prices</i>
Services income	5	3	-	-	<i>Contract price</i>
Other revenue	2	2	2	2	<i>Contract price</i>
Sale of fixed assets	-	2	-	2	<i>Mutual agreed prices</i>
<b><u>Transactions with key management</u></b>					
Sale of fixed assets	-	1	-	1	<i>Mutual agreed prices</i>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><u>Trade receivables-related parties (Note 6)</u></b>				
Subsidiaries	-	-	50,127	160,537
Joint ventures	21,040	316	21,040	316
<b>Total trade receivables-related parties</b>	<b>21,040</b>	<b>316</b>	<b>71,167</b>	<b>160,853</b>
<b><u>Other receivables-related parties (Note 6)</u></b>				
Subsidiaries	-	-	27,643	12,610
Indirect subsidiary	-	-	13,119	14,350
Joint ventures	2,928	861	28	183
Related companies (related by common director)	51	51	51	51
Related company (related by common shareholder and director with the indirect subsidiary)	-	22,566	-	-
Minority shareholders of the indirect subsidiary	-	5,451	-	-
<b>Total other receivables-related parties</b>	<b>2,979</b>	<b>28,929</b>	<b>40,841</b>	<b>27,194</b>
<b><u>Trade payables-related parties (Note 17)</u></b>				
Subsidiaries	-	-	-	15,587
Related company (related by common shareholder and director with the indirect subsidiary)	-	134	-	-
<b>Total trade payables-related parties</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>15,587</b>
<b><u>Other payables-related parties (Note 17)</u></b>				
Subsidiaries	-	-	40,319	891
Joint ventures	17	-	17	-
Related companies (related by common director)	12	24	12	24
Related company (related by common shareholder and director with the indirect subsidiary)	-	4,546	-	-
Minority shareholders of the indirect subsidiary	-	56,903	-	-
Key management personnel	3	3	3	3
Directors	257	32	257	32
<b>Total other payable-related parties</b>	<b>289</b>	<b>61,508</b>	<b>40,608</b>	<b>950</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Short-term loan to related parties

As at 31 December 2021 and 2020, the balance of loan to related parties and the movement of such loans are as follows:

		Separate financial statements				
		31	Increase	Unrealised gain	Transfer to	31
Short-term loan to	Relationship	December	during the	from translation	Long term	December
related parties		2020	period	of foreign	loan	2021
		<i>(in thousand Baht)</i>				
Chememan						
Australia Pty Ltd	Subsidiary	-	182,214	-	(182,214)	-
Ha Long QN Lime	Indirect					
Company Limited	subsidiary	178,649	-	5,430	(184,079)	-
<b>Total</b>		<b>178,649</b>	<b>182,214</b>	<b>5,430</b>	<b>(366,293)</b>	<b>-</b>

On 30 June 2021, the Company provides the promissory note to Chememan Australia Pty Ltd of AUD 7.69 million, bearing interest at fixed rate. The principal to be repaid on 30 December 2021 or at call.

On 7 July 2021, the State Bank of Vietnam (SBV) approved the request of the change in a term of repayment from short-term loan to Ha Long QN Lime Company Limited amounting to USD 6 million to a long-term loan. This is to support any financial need in normal operation and financial liquidity in Ha Long QN Lime Company Limited.

On 27 December 2021, the Company has changed in a term of repayment from short-term loan to Chememan Australia Pty Ltd amounting to AUD 7.69 million to a long-term loan. This is to support any financial need in normal operation and financial liquidity in Chememan Australia Pty Ltd.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

		Separate financial statements						
		31	Increase	Decrease	Realised	Unrealised	Transfer	31
Short-term loan to	Relationship	December	during the	during the	gain on	loss from	to Long	December
related parties		2019	period	period	Exchange	of foreign	term loan	2020
					rate	currency		
<i>(in thousand Baht)</i>								
Chememan								
Australia Pty Ltd	Subsidiary	-	25,444	(26,128)	684	-	-	-
Ha Long QN Lime	Indirect							
Company Limited	subsidiary	<u>209,198</u>	<u>527,353</u>	<u>-</u>	<u>-</u>	<u>(5,059)</u>	<u>(552,843)</u>	<u>178,649</u>
<b>Total</b>		<b><u>209,198</u></b>	<b><u>552,797</u></b>	<b><u>(26,128)</u></b>	<b><u>684</u></b>	<b><u>(5,059)</u></b>	<b><u>(552,843)</u></b>	<b><u>178,649</u></b>

On 20 April 2020, the Company provides the short-term loan to Chememan Australia Pty Ltd of AUD 400,000 bearing interest at fixed rate, the loan was repaid on 8 June 2020.

On 20 August 2020, the Company provides the short-term loan to Ha Long QN Lime Company Limited of USD 3.5 million bearing interest at LIBOR plus fixed rate, the loan is due on 15 July 2021.

On 5 November 2020, the Company provides the short-term loan to Ha Long QN Lime Company Limited of USD 1 million bearing interest at LIBOR plus fixed rate, the loan is due on 15 July 2021.

On 24 November 2020, the Company provides the short-term loan to Ha Long QN Lime Company Limited of USD 1.5 million bearing interest at LIBOR plus fixed rate, the loan is due on 15 July 2021.

On 25 November 2020, the Company provides the short-term loan to Chememan Australia Pty Ltd of AUD 800,000 bearing interest at fixed rate, the loan was repaid on 25 December 2020.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Long-term loans to related parties

As at 31 December 2021, the balance of loans to related parties and the movement of such loans are as follows.

Long-term loans to related parties	Relationship	Separate financial statements				31 December 2021
		31 December 2020	Increase during the period	Transfer from Short-term loan	Unrealised gain from translation of foreign currency	
<i>(in thousand Baht)</i>						
Chememan						
Australia Pty Ltd	Subsidiary	137,254	631,454	182,214	59,726	1,010,648
Ha Long QN Lime Company Limited	Indirect subsidiary	627,407	157,180	184,079	94,229	1,062,895
<b>Total</b>		<b>764,661</b>	<b>788,634</b>	<b>366,293</b>	<b>153,955</b>	<b>2,073,543</b>
Less portion due within one year						(91,122)
<b>Long term loans to related parties-net of current portion</b>						<b>1,982,421</b>

On 7 July 2021, the State Bank of Vietnam (SBV) approved the request of the change in a term of repayment from short-term loan to long-term loan to Ha Long QN Lime Company Limited amounting to USD 6 million. The long-term loan bears interest at LIBOR plus fixed rate. The loan principal to be repaid every quarter starting in March 2022 to July 2030.

On 27 December 2021, the Company has changed in a term of repayment from short-term loan to long-term loan to Chememan Australia Pty Ltd amounting to AUD 7.69 million. The long-term loan bears interest at BBSW plus fixed rate. The loan principal to be repaid in full on the final maturity date 29 December 2024.

During the year 2021, the Company provided loans to related parties as detailed below:

Company	Interest rate	Repayment terms	Date of provides	Amount	Due date
<i>(in million USD)</i>					
Chememan	LIBOR + Fixed	Repayment	12 January 2021	3.30	26 November 2027
Australia Pty Ltd	percentage	every quarter, starting in 2022	24 March 2021 20 May 2021 8 June 2021	3.00 6.80 5.50	26 November 2027 26 November 2027 26 November 2027
			12 October 2021	1.05	26 November 2027
			12 November 2021	0.71	26 November 2027

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

Company	Interest rate	Repayment terms	Date of provides	Amount	Due date
<i>(in million USD)</i>					
Ha Long QN	LIBOR + Fixed	Repayment	2 March 2021	1.65	9 December 2030
Lime Company	percentage	every quarter,	19 March 2021	0.21	9 December 2030
Limited		starting in	6 July 2021	1.90	9 December 2030
		2022	5 August 2021	0.35	9 December 2030
			21 October 2021	0.33	9 December 2030
			29 November 2021	0.55	9 December 2030

As at 31 December 2020, the balance of loans to related parties and the movement of such loans are as follows.

Separate financial statements								
Long-term loans to related parties	Relationship	31 December 2019	Increase during the period	Decrease during the period	Transfer	Realised	Unrealised	31 December 2020
					from Short term loan	gain on exchange rate	loss from translation of foreign currency	
<i>(in thousand Baht)</i>								
Northman Company Limited	Subsidiary	3,885	-	(4,354)	-	469	-	-
Chememan Australia Pty Ltd	Subsidiary	-	137,947	-	-	-	(693)	137,254
Ha Long QN Lime Company Limited	Indirect subsidiary	-	91,825	-	552,843	-	(17,261)	627,407
<b>Total</b>		<b>3,885</b>	<b>229,772</b>	<b>(4,354)</b>	<b>552,843</b>	<b>469</b>	<b>(17,954)</b>	<b>764,661</b>
Less portion due within one year								-
<b>Long term loans to related parties-net of current portion</b>								<b>764,661</b>

On 31 December 2020, the State Bank of Vietnam (SBV) approved the request of the change in a term of repayment from short-term loan to long-term loan of USD 18 million. The long-term loan to Ha Long QN Lime Company Limited bears interest at LIBOR plus fixed rate, the loan principal to be repaid every quarter within 30 September 2030.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

During the year 2020, the Company provided loans to related parties as detailed below:

Company	Interest rate	Repayment terms	Date of provides	Amount	Due date
<i>(in million USD)</i>					
Chememan Australia Pty Ltd	LIBOR + Fixed percentage	Repayment every quarter, starting in 2022	25 December 2021	4.61	26 November 2027
Ha Long QN Lime Company Limited	LIBOR + Fixed percentage	Repayment every quarter, starting in 2022	9 December 2020 25 December 2020	2.00 1.07	9 December 2030 9 December 2030

#### Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
Short-term employee benefits	49,453	84,809	37,613	74,238
Post-employment benefits	5,110	5,448	4,837	4,922
<b>Total</b>	<b>54,563</b>	<b>90,257</b>	<b>42,450</b>	<b>79,160</b>

#### 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
Cash	479	446	214	308
Bank deposits	193,455	493,125	163,917	372,402
<b>Total</b>	<b>193,934</b>	<b>493,571</b>	<b>164,131</b>	<b>372,710</b>

As at 31 December 2021, bank deposits in saving accounts and fixed deposits carried interest between 0.01 and 7.45 percent per annum (2020: between 0.01 and 7.45 percent per annum).

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 6 Trade and other current receivables

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<u>Trade receivables-related parties</u>	4				
Aged on the basis of due dates					
Not yet due		21,038	316	22,681	95,598
Past due					
Up to 3 months		2	-	851	28,681
3-6 months		-	-	47,635	36,574
Total trade receivable-related parties		<u>21,040</u>	<u>316</u>	<u>71,167</u>	<u>160,853</u>
<u>Trade receivables-unrelated parties</u>					
Aged on the basis of due dates					
Not yet due		357,938	271,006	312,397	168,192
Past due					
Up to 3 months		45,561	24,206	14,906	7,434
3-6 months		3,221	42	167	-
6-12 months		-	41	-	27
More than 12 months		5,276	5,125	-	-
Total trade receivables-unrelated parties		<u>411,996</u>	<u>300,420</u>	<u>327,470</u>	<u>175,653</u>
Less Allowance for expected credit loss		<u>(3,634)</u>	<u>(2,358)</u>	<u>-</u>	<u>-</u>
Total trade receivables		<u>429,402</u>	<u>298,378</u>	<u>398,637</u>	<u>336,506</u>
<u>Other receivables</u>					
Prepaid expenses		13,717	7,061	10,477	5,663
Advance and other receivables					
- related parties	4	2,979	28,929	40,841	27,194
Advance and other receivables					
- unrelated parties		31,130	25,075	1,049	530
Total other receivables		<u>47,826</u>	<u>61,065</u>	<u>52,367</u>	<u>33,387</u>
Less Allowance for expected credit loss		<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total trade receivable and other current receivables</b>		<b><u>477,213</u></b>	<b><u>359,443</u></b>	<b><u>451,004</u></b>	<b><u>369,893</u></b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

During the year 2021, Chememan Australia Pty Ltd, a subsidiary of the Company, factored its trade account receivables with non-recourse amounting to AUD 9.16 million or equivalent to Baht 219.86 million carrying a discount rate between 1.51% to 1.57%. For the year ended 31 December 2021, the subsidiary recognized a loss from trade account receivable factoring amounting to AUD 0.21 million or equivalent to Baht 0.51 million as a finance cost in the statement of comprehensive income.

During the year 2021, the Company factored its trade account receivables with non-recourse amounting to USD 17.13 million or equivalent to Baht 565.33 million carrying a discount rate between 1.78% to 1.92%. For the year ended 31 December 2021, the Company recognized a loss from trade account receivable factoring amounting to USD 0.05 million or equivalent to Baht 1.66 million as a finance cost in the statement of comprehensive income.

## **7 Prepaid taxes and other fees**

As of 31 December 2021, an indirect subsidiary of the Company had prepaid tax and other fees amounting to VND 53.30 billion, or equivalent to Baht 79.95 million. In July 2020, the indirect subsidiary had paid tax arising from a write off of account receivable-director which happened before the acquisition of the indirect subsidiary on 20 November 2019, according to the recommendation of tax professional advisors in Vietnam. The primary obligation for any tax liability would be the director, as the beneficiary of the write-off, but the director did not settle the tax himself. Therefore, the indirect subsidiary subjected to the tax obligation because the source of this personal income occurred in the company, an indirect subsidiary. However, in April 2021 the local tax authority in Vietnam concluded in writing that the indirect subsidiary had no tax obligation in respect of the write off of the director's receivable and the tax amount that the indirect subsidiary estimated and paid, based upon the tax professional advice received, to the local tax authority in Vietnam can be treated as a prepayment which can be utilized by deducting with the future taxes and other fees such as mining license fee and environmental protection fee. This tax authority's resolution is announced on the local tax authority's website.

Therefore, the Group recognized prepaid taxes and other fees in the statements of financial position with other income in the statement of comprehensive income amounting to VND 63.98 billion or equivalent to Baht 86.74 million in April 2021.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 8 Inventories

	Consolidated financial statements					
	Cost		Allowance for decline in value		Inventories-net	
	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>					
Finished goods	197,767	120,656	(2,810)	-	194,957	120,656
Raw materials	150,139	146,330	-	-	150,139	146,330
Packing materials	18,447	12,059	(88)	-	18,359	12,059
Spare parts and factory supplies	80,114	47,083	-	-	80,114	47,083
Goods in transit	71,640	40,441	-	-	71,640	40,441
<b>Total</b>	<b>518,107</b>	<b>366,569</b>	<b>(2,898)</b>	<b>-</b>	<b>515,209</b>	<b>366,569</b>

	Separate financial statements					
	Cost		Allowance for decline in value		Inventories-net	
	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>					
Finished goods	123,437	93,100	(2,810)	-	120,627	93,100
Raw materials	114,875	103,714	-	-	114,875	103,714
Packing materials	18,516	12,059	(88)	-	18,428	12,059
Spare parts and factory supplies	52,131	34,914	-	-	52,131	34,914
<b>Total</b>	<b>308,959</b>	<b>243,787</b>	<b>(2,898)</b>	<b>-</b>	<b>306,061</b>	<b>243,787</b>

The cost of inventories recorded in the cost of sales account.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
- Cost	1,827,274	1,528,964	1,438,732	1,188,045
- Write-down to net realisable value	2,898	-	2,898	-
- Reversal of write-down	-	(2,249)	-	-
<b>Net</b>	<b>1,830,172</b>	<b>1,526,715</b>	<b>1,441,630</b>	<b>1,188,045</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 9 Other non-current financial asset

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<u>Investments in equity instruments measured at fair value to profit or loss</u>				
Fourgle Systems Pte Ltd	15,000	-	15,000	-
<b>Total</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>	<b>-</b>

On 31 August 2021, the Company invested in Fourgle Systems Pte Ltd, a company registered in Singapore, amounting to Baht 15 million representing 10.49% of its equity. The main business of Fourgle Systems Pte Ltd is to develop E-commerce application.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

#### 10 Investments in subsidiaries

Company's name	Currency	Paid-up capital		Shareholding percentage		Cost		Impairment		At cost-net	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Chememan Australia Pty Ltd	Thousand AUD	3,220	3,220	99.99	99.99	95,674	95,674	-	-	95,673	95,673
Northman Company Limited	Million VND	423,423	423,423	100.00	100.00	553,858	553,858	-	-	553,858	553,858
Chememan Lao Company Limited	Thousand USD	500	500	60.00	60.00	10,742	10,742	(9,700)	(9,700)	1,042	1,042
Chememan India Private Limited	Thousand INR	113,723	113,723	99.99	99.99	85,302	85,302	-	-	85,302	85,302
<b>Total</b>						<b>745,576</b>	<b>745,576</b>	<b>(9,700)</b>	<b>(9,700)</b>	<b>735,875</b>	<b>735,875</b>

For the years ended 31 December 2021 and 2020, no dividend was received from the subsidiaries.

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotation.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 11 Investments in joint ventures

#### 11.1 Detail of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

		Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2021	2020	2021	2020	2021	2020
			(%)		(in thousand Baht)			
Siriman Chemicals India Private Limited	Manufacture and distribute lime products	India	50	50	96,542	61,303	87,391	61,486
Easternbulk Lime Products Private Limited	Manufacture and distribute lime products	India	50	50	174,273	143,901	181,147	145,078
CalMix Company Limited	Manufacture and distribute construction materials	Thailand	51	51	30,600	30,600	26,090	28,431
Less Exchange differences on translation adjustments					-	-	(8,887)	(24,347)
<b>Total</b>					<b>301,415</b>	<b>235,804</b>	<b>285,741</b>	<b>210,648</b>

		Separate financial statements				
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost	
			2021	2020	2021	2020
			(%)		(in thousand Baht)	
Siriman Chemicals India Private Limited	Manufacture and distribute lime products	India	50 (22.5% held direct and 27.5% held through subsidiary)	50 (25% held direct and 25% held through subsidiary)	43,670	30,861
Easternbulk Lime Products Private Limited	Manufacture and distribute lime products	India	50	50	174,274	143,901
CalMix Company Limited	Manufacture and distribute construction materials	Thailand	51	51	30,600	30,600
<b>Total</b>					<b>248,544</b>	<b>205,362</b>

None of the Company's joint ventures are publicly listed and consequently do not have published price quotations.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### *Easternbulk Lime Products Private Limited*

During the year 2020, the Company made an additional investment in 75,000 ordinary shares from an increase in share capital of Easternbulk Lime Products Private Limited, at a price of INR 200 per share, totaling INR 15 million or equivalent to Baht 6.31 million. The Company still had a 50% interest in such company.

During the year 2021, the Company made an additional investment in 550,000 ordinary shares from an increase in share capital of Easternbulk Lime Products Private Limited, at a price of INR 200 per share, totaling INR 110 million or equivalent to Baht 30.37 million. The Company still had a 50% interest in such company.

### *Siriman Chemicals India Private Limited*

During the year 2021, the Company and the subsidiary made an additional investment in 2,929,053 ordinary shares and 5,013,999 ordinary shares, respectively from an increase in share capital of Siriman Chemicals India Private Limited, at a price of INR 10 per share, totaling INR 29.29 million or equivalent to Baht 12.81 million and INR 50.14 million or equivalent to Baht 22.43 million. The Group still had a 50% interest in such company.

## 11.2 Share of gain (loss)

During the year ended 31 December 2021 and 2020, the Company recognised its share of gain (loss) from investments in the joint ventures in the consolidated financial statements as follows:

Company's name	Consolidated financial statements	
	2021	2020
	<i>(in thousand Baht)</i>	
Siriman Chemicals India Private Limited	(9,333)	15
Easternbulk Lime Products Private Limited	5,696	15,592
CalMix Company Limited	(2,341)	(2,010)
<b>Total</b>	<b>(5,978)</b>	<b>13,597</b>

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

#### 11.3 Summarised financial information about joint ventures

Summarised information about financial position as at 31 December 2021 and 2020.

	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited		CalMix Company Limited	
	2021	2020	2021	2020	2021	2020
Cash and cash equivalents	77,490	5,467	21,025	5,970	4,591	8,709
Other current assets	121,061	34,604	115,003	92,087	11,988	10,621
Other non-current assets	246,303	228,572	259,393	162,590	34,819	36,721
Trade and other current payables	(76,333)	(10,763)	(45,570)	(7,105)	(229)	(258)
Other current liabilities	(34,093)	(112)	(3,822)	(344)	(13)	(45)
Other non-current liabilities	(165,649)	(151,026)	-	-	-	-
Net assets	168,779	106,742	346,029	253,198	51,156	55,748
Group's share of net asset	50%	50%	50%	50%	51%	51%
Net assets of joint ventures based on equity method	84,390	53,371	173,015	126,599	26,090	28,431
Elimination of unrealized profit on downstream sales	-	-	1,400	1,400	-	-
Goodwill	-	-	847	847	-	-
Carrying amounts of joint ventures based on equity method	84,390	53,371	175,262	128,846	26,090	28,431

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements For the year ended 31 December 2021

Summarised information about profit and loss for the year ended 31 December 2021 and 2020.

	Siriman Chemicals India Private Limited		Easternbulk Lime Products Private Limited		CalMix Company Limited	
	2021	2020	2021	2020	2021	2020
Sales	144,556	503	209,111	183,593	152	57
Other income	1,059	85	41	6,769	30	58
Cost of sales	(106,320)	(431)	(134,902)	(110,502)	(2,764)	(884)
Distribution costs and administrative expenses	(44,558)	(97)	(61,211)	(48,676)	(2,009)	(3,172)
Finance cost	(14,794)	-	-	-	-	-
Income tax benefits (expenses)	1,390	(29)	(1,646)	-	-	-
Total comprehensive income (100%)	(18,667)	31	11,393	31,184	(4,591)	(3,941)
Total comprehensive income of the Group's interest and Group's share	(9,333)	16	5,696	15,592	(2,341)	(2,010)

(in thousand Baht)

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

#### 12 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
	<i>(in thousand Baht)</i>							
<b>Cost:</b>								
At 1 January 2020	178,777	119,770	1,557,812	2,561,807	95,452	372,088	135,667	5,021,373
Additions	-	-	-	26,728	976	-	348,106	375,810
Transfers in/ (out)	-	5,254	137,151	146,190	2,254	298	(291,147)	-
Transfers to intangible assets	-	-	-	(25)	-	-	-	(25)
Transfers to right-of-use assets	-	-	-	-	-	(133,348)	-	(133,348)
Disposal/ written-off	-	-	(1,221)	(38,451)	(636)	(13,732)	(12,724)	(66,764)
Translation adjustment	-	221	(1,880)	3,857	(54)	143	525	2,812
<b>At 31 December 2020</b>	<b>178,777</b>	<b>125,245</b>	<b>1,691,862</b>	<b>2,700,106</b>	<b>97,992</b>	<b>225,449</b>	<b>180,427</b>	<b>5,199,858</b>
Additions	-	-	135	11,273	2,107	851	1,019,638	1,034,004
Transfers in/ (out)	-	8,163	36,596	165,303	672	668	(211,402)	-
Capitalised interest expense	-	-	-	-	-	-	12,180	12,180
Transfers from right-of-use assets	-	-	-	-	-	1,796	-	1,796
Disposal/ written-off	-	(568)	(74)	(69,071)	(1,047)	(4,431)	-	(75,191)
Translation adjustment	-	159	139,282	21,667	5,506	14,207	25,682	206,503
<b>At 31 December 2021</b>	<b>178,777</b>	<b>132,999</b>	<b>1,867,801</b>	<b>2,829,278</b>	<b>105,230</b>	<b>238,540</b>	<b>1,026,525</b>	<b>6,379,150</b>









## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

		Separate financial statements							
		Land	Land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<i>(in thousand Baht)</i>									
<b>Net book value:</b>									
<b>31 December 2020</b>		<b>178,777</b>	<b>47,125</b>	<b>613,553</b>	<b>1,629,756</b>	<b>12,990</b>	<b>5,402</b>	<b>70,424</b>	<b>2,558,027</b>
<b>31 December 2021</b>		<b>178,777</b>	<b>46,230</b>	<b>601,124</b>	<b>1,563,864</b>	<b>8,117</b>	<b>2,610</b>	<b>16,575</b>	<b>2,417,297</b>
<b>Depreciation for the year</b>									
2020 (Baht 139 million included in cost of sales, and balance in distribution costs and administrative expenses)									
2021 (Baht 185 million included in cost of sales, and balance in distribution costs and administrative expenses)									
								<u>183,573</u>	
								<u>195,196</u>	

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2021

As at 31 December 2021, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 482 million (2020: Baht 407 million) and the Company only: Baht 454 million (2020: Baht 383 million).

As at 31 December 2021, the Company has mortgaged its land and structures thereon and machinery with net book value of approximately Baht 1,040 million (2020: Baht 1,079 million) as collateral against credit facilities received from financial institution.

As at 31 December 2021, Chememan Australia Pty Ltd, the subsidiary of the Company, has mortgaged its motor vehicles with net book value of AUD 0.65 million or Baht 1.58 million (2020: nil) as collateral against credit facilities received from financial institution.

As at 31 December 2021, Ha Long QN Lime Company Limited, an indirect subsidiary in Vietnam has not mortgaged its machinery, equipment and plant (2020: Mortgaged machinery equipment and plant of VND 598,493 million or Baht 777.45 million) as collateral against credit facilities received from financial institution.

Capitalised borrowing costs relating to construction of new machinery for the Group and the Company are amount to Baht 12.18 million and Baht 0.56 million, respectively. (2020: nil), with a capitalization rate of LIBOR plus fixed rate and LIBOR plus fixed rate, respectively (2020: nil).

### 13 Right-of-use assets

As a lessee

	Consolidated		Separate	
	financial statement		financial statement	
Right-of-use assets	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Land	13,746	15,949	-	-
Buildings	681	4,764	681	4,764
Equipment	32,616	25,366	32,616	25,366
Vehicle	61,640	82,035	61,641	80,933
<b>Total</b>	<b>108,683</b>	<b>128,114</b>	<b>94,938</b>	<b>111,063</b>

In 2021, additions to the right-of-use assets of the Group and the Company were Baht 18.34 million and Baht 18.34 million, respectively.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

The Group leases lands and building for 3 to 45 years and leases equipment and vehicles for 3 to 4 years with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

	Consolidated		Separate	
	financial statement		financial statement	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Fixed payments	11,418	42,230	11,046	38,048
<b>Total</b>	<b>11,418</b>	<b>42,230</b>	<b>11,046</b>	<b>38,048</b>

#### Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	Consolidated		Separate	
	financial statements		financial statements	
<i>For the year ended 31 December</i>	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Amounts recognised in profit or loss</b>				
Depreciation of right-of-use assets:				
- Land	4,253	4,466	-	-
- Buildings	4,083	4,083	4,083	4,083
- Equipment	8,515	8,273	8,515	8,273
- Vehicles	22,147	20,997	21,865	20,658
Interest on lease liabilities	2,831	3,777	2,324	3,132
Expenses relating to short-term leases	10,747	38,541	-	2,216
Expenses relating to leases of low-value assets	9,655	12,236	6,276	7,090

In 2021, total cash outflow for leases of the Group and the Company were Baht 37.30 million and Baht 33.56 million, respectively.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

#### 14 Ore reserve

The balance represents the acquisition cost of the concession to operate business related to the industrial mining of limestone and related development costs. The balance is summarised below:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Total costs	252,703	294,970	165,032	165,032
Derecognition of ore reserve due to becoming unable to reliably measure the amount to be paid under the contract	(87,539)	-	-	-
Adjusted the value of ore due to the change in the amount to be paid under the contract	-	(45,003)	-	-
Less Accumulated depletion	(83,454)	(78,171)	(83,454)	(76,300)
Translation adjustment	(132)	2,776	-	-
<b>Net</b>	<b>81,578</b>	<b>174,572</b>	<b>81,578</b>	<b>88,732</b>
Depletion for the year	7,154	6,625	7,154	5,568

Under the conditions of the Company's concession, the mining operations must comply with the approved mining plans, and Thailand environmental protection and rehabilitation regulations, and with the regulations and conditions stipulated in the concession. On 6 August 2014, the Company entered into an agreement to pay special benefits to the Thai government for the concession issuance. The concession period is 25 years, which will expire in 2040.

Under the conditions of Ha Long QN Lime Company Limited's concession, which is an indirect subsidiary acquired through business combination, an amount totalling Baht 130 million was required to comply with Vietnam environmental protection and rehabilitation regulations, and with the regulations and conditions stipulated in the concession. On 28 October 2019, the company entered into the license of mineral exploitation. The License period is 30 years, which will expire on 11 May 2046. The licence fee is payable annually over a period until 2031. The total future sums payable under the mining licence were recorded as an asset within Ore Reserve and reflected within liabilities.

## **Chememan Public Company Limited and its subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2021**

In 2020, the tax authority of Vietnam issued a Decision to reduce the annual payment for mining license fee for that year, departing from amounts included in the Mining Licence agreement. The change in consideration was effective on 1 April 2020. During the year ended 31 December 2020, the Group adjusted the measurement of the amount included within Ore Reserve and future mining licence liabilities to reflect this change, amounting to VND 32.3 billion or equivalent to Baht 45 million.

During the year 2021, Tax Department of Quang Ninh province, Vietnam charged the annual mining license fee according to regulations and guidelines regulated by the Ministry of Finance. The revised basis of charging differs from the amounts that were included in the original agreement and is based upon a formula which will result in a variable charge being levied annually up until 2031. The Group can no longer reliably measure the future payments, and therefore total costs of the mining licence, which remain payable annually until 2031. The ability to measure the total costs of the licence reliably is a criteria within the accounting standards for recognition of the Ore Reserve. Consequently, during the year ended 31 December 2021, the Group has derecognized the Ore Reserve asset relating to this mining licence of Baht 87.54 and removed the liability for future payments of future mining licence fees of Baht 49.92.

The Group will recognize mining licence fees annually as they are incurred and become known and will defer an element of each annual fee until future years, such that the mining licence fee remains spread over the years to the end of the licence from which the Group will derive mining benefits. An element of mining licence costs charged to date has been deferred to future years and is included within "Prepayment of the Mining Licence fee" on the Consolidated Statement of Financial Position as at 31 December 2021 of Baht 47.07 million (2020: Nil).

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 15 Intangible assets other than goodwill

	Consolidated financial statements				
	Software licences	Concession Rights	Assets under construction and installation (in thousand Baht)	Others	Total
<b>Cost</b>					
At 1 January 2020	6,201	364,567	24,650	6,952	402,370
Additions	585	-	6,696	-	7,281
Transfers in/ (out)	31,346	-	(31,346)	-	-
Transfer from property, plant and equipment	25	-	-	-	25
Disposal/ written-off	(30)	-	-	-	(30)
Translation adjustment	-	-	-	(327)	(327)
<b>At 31 December 2020 and 1 January 2021</b>	<b>38,127</b>	<b>364,567</b>	<b>-</b>	<b>6,625</b>	<b>409,319</b>
Additions	8,298	-	800	-	9,098
Disposal/ written-off	(6,096)	-	-	-	(6,096)
Translation adjustment	-	-	-	(480)	(480)
<b>At 31 December 2021</b>	<b>40,329</b>	<b>364,567</b>	<b>800</b>	<b>6,145</b>	<b>411,841</b>
<b>Amortisation</b>					
At 1 January 2020	5,267	1,150	-	4,837	11,254
Amortisation for the year	3,405	13,797	-	-	17,202
Transfer from property, plant and equipment	1	-	-	-	1
Disposal/ written-off	(29)	-	-	-	(29)
Translation adjustment	-	-	-	(228)	(228)
<b>At 31 December 2020 and 1 January 2021</b>	<b>8,644</b>	<b>14,947</b>	<b>-</b>	<b>4,609</b>	<b>28,200</b>
Amortisation for the year	3,369	5,261	-	2,040	10,670
Disposal/ written-off	(4,651)	-	-	-	(4,651)
Translation adjustment	-	-	-	(504)	(504)
<b>At 31 December 2021</b>	<b>7,362</b>	<b>20,208</b>	<b>-</b>	<b>6,145</b>	<b>33,715</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>29,483</b>	<b>349,620</b>	<b>-</b>	<b>2,016</b>	<b>381,119</b>
<b>At 31 December 2021</b>	<b>32,967</b>	<b>344,359</b>	<b>800</b>	<b>-</b>	<b>378,126</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Separate financial statements		
	Software licences	Assets under construction and installation (in thousand Baht)	Total
<b>Cost</b>			
At 1 January 2020	6,201	24,650	30,851
Additions	585	6,696	7,281
Transfers in/ (out)	31,346	(31,346)	-
Transfer from property, plant and equipment	25	-	25
Disposal/ Written-off	(30)	-	(30)
<b>At 31 December 2020 and 1 January 2021</b>	<b>38,127</b>	<b>-</b>	<b>38,127</b>
Additions	8,298	800	9,098
Disposal/ Written-off	(6,096)	-	(6,096)
<b>At 31 December 2021</b>	<b>40,329</b>	<b>800</b>	<b>41,129</b>
<b>Amortisation</b>			
At 1 January 2020	5,267	-	5,267
Amortisation for the year	3,405	-	3,405
Transfer from property, plant and equipment	1	-	1
Disposal/ Written-off	(29)	-	(29)
<b>At 31 December 2020 and 1 January 2021</b>	<b>8,644</b>	<b>-</b>	<b>8,644</b>
Amortisation for the year	3,369	-	3,369
Disposal/ Written-off	(4,652)	-	(4,652)
<b>At 31 December 2021</b>	<b>7,361</b>	<b>-</b>	<b>7,361</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>29,483</b>	<b>-</b>	<b>29,483</b>
<b>At 31 December 2021</b>	<b>32,968</b>	<b>800</b>	<b>33,768</b>

### 16 Short-term loans from financial institutions

	Interest rate		Consolidated and separate financial statements	
	2021	2020	2021	2020
	(percent per annum)		(in thousand Baht)	
Short-term loans from financial institutions	1.80-2.87	1.66-2.23	1,044,213	1,098,188
<b>Total</b>			<b>1,044,213</b>	<b>1,098,188</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 17 Trade and other current payables

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Trade payables-related parties	4	-	134	-	15,587
Trade payables-unrelated parties		265,713	133,798	163,688	90,062
Other payables-related parties	4	289	61,508	40,608	950
Other payables-unrelated parties		128,978	109,276	76,775	67,173
Accrued expenses-unrelated parties		100,506	31,218	47,331	29,760
Advance receipt from customers		18,006	2,316	3,830	1,421
<b>Total trade and other current payables</b>		<b>513,492</b>	<b>338,250</b>	<b>332,232</b>	<b>204,953</b>

### 18 Lease liabilities

	Consolidated financial statement		Separate financial statement	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
Liabilities under finance lease agreements	86,674	106,003	65,544	82,273
Less Deferred interest expenses	(18,031)	(18,075)	(2,827)	(4,338)
Total	68,643	87,928	62,717	77,935
Less Portion due within one year	(26,328)	(36,595)	(26,455)	(32,612)
Liabilities under finance lease agreements-net of current portion	<u>42,315</u>	<u>51,333</u>	<u>36,262</u>	<u>45,323</u>

The Group have entered into the lease agreements for land and buildings for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 45 years.

The Group have entered into lease agreements for rental of equipment and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3-4 years.

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

Future minimum lease payments required under the lease agreements are as follows:

	Consolidated financial statements							
	2021				2020			
	Less than 1 year	1-5 years	More than 5 years	Total	Less than 1 year	1-5 years	More than 5 years	Total
	<i>(in thousand Baht)</i>							
Future minimum lease payments	28,417	39,531	18,726	86,674	39,393	50,022	16,588	106,003
Deferred interest expenses	(2,089)	(3,897)	(12,045)	(18,031)	(2,798)	(4,369)	(10,908)	(18,075)
Present value of future minimum lease payments	26,328	35,634	6,681	68,643	36,595	45,653	5,680	87,928

	Separate financial statements							
	2021				2020			
	Less than 1 year	1-5 years	More than 5 years	Total	Less than 1 year	1-5 years	More than 5 years	Total
	<i>(in thousand Baht)</i>							
Future minimum lease payments	28,045	37,499	-	65,544	34,891	47,382	-	82,273
Deferred interest expenses	(1,590)	(1,237)	-	(2,827)	(2,279)	(2,059)	-	(4,338)
Present value of future minimum lease payments	26,455	36,262	-	62,717	32,612	45,323	-	77,935

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 19 Long-term loans

Credit facilities	Interest rate per annum	Consolidated financial statements	
		2021	2020
<i>(in thousand Baht)</i>			
1) Baht 1,300 million	MLR-Fixed percentage	940,584	1,050,096
2) Baht 248 million	MLR-Fixed percentage	175,669	206,668
3) Baht 400 million	MLR-Fixed percentage	249,300	337,500
4) Baht 20 million	MLR-Fixed percentage	20,000	20,000
5) USD 11 million	LIBOR + Fixed percentage	369,522	211,448
6) USD 36.13 million	LIBOR + Fixed percentage	1,100,249	257,171
7) VND 284.5 billion	Fixed percentage	-	920
8) USD 6.4 million	Fixed percentage	-	122,111
9) VND 40 billion	Fixed percentage	-	15,055
10) Others	Fixed percentage	1,661	-
Less Deferred loan front-end fee		(3,826)	(5,238)
Total		2,853,159	2,215,731
Less Portion due within one year		(470,025)	(608,914)
Long-term loans-net of current portion		2,383,134	1,606,817

Credit facilities	Interest rate per annum	Separate financial statements	
		2021	2020
<i>(in thousand Baht)</i>			
1) Baht 1,300 million	MLR-Fixed percentage	940,584	1,050,096
2) Baht 248 million	MLR-Fixed percentage	175,669	206,668
3) Baht 400 million	MLR-Fixed percentage	249,300	337,500
4) Baht 20 million	MLR-Fixed percentage	20,000	20,000
5) USD 11 million	LIBOR + Fixed percentage	369,522	211,448
6) USD 36.13 million	LIBOR + Fixed percentage	1,100,249	257,171
7) Others	Fixed percentage	-	-
Less Deferred loan front-end fee		(3,826)	(5,238)
Total		2,851,498	2,077,645
Less Portion due within one year		(469,484)	(470,828)
Long-term loans-net of current portion		2,382,014	1,606,817

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

#### *Loan items 1 and 2*

The long-term loan agreement with the tranche of Baht 1,548 million requires the loan principal to be repaid in quarterly installments and carries interest at MLR minus fixed percentage. The loan is secured by the mortgage of the Company's land and structures thereon and most of its machinery. The Company is required to maintain financial ratios in accordance with the agreement such as Debt to Equity ratio and Debt Service Coverage ratio. The loan principal to be repaid within the first quarter 2027.

As at 31 December 2021, the Company failed to maintain certain required financial ratios and the bank, under the agreement, has the right to define all debts, or any part of the debt as well as any interest incurred, service charges, fees and other sums owed, as due and must be paid immediately without any demands. However, the Company had received a letter of waiver from the bank waiving such rights on 27 December 2021.

#### *Loan item 3*

The long-term loan agreement with the tranche of Baht 400 million requires the loan principal to be repaid in quarterly installments and carries interest at MLR minus fixed percentage without guarantee. The Company is required to comply with some financial conditions as those specified in the Company's loan agreement and to maintain financial ratios. The loan principal to be repaid within the first quarter 2024

As at 31 December 2021, the Company failed to maintain certain required financial ratios and the bank, under the agreement, has the right to define all debts, or any part of the debt as well as any interest incurred, service charges, fees and other sums owed, as due and must be paid immediately without any demands. However, the Company had received a letter of waiver from the bank waiving such rights on 14 December 2021.

#### *Loan item 4*

The long-term loan agreement soft loans measure to help entrepreneurs directly and indirectly affected by the coronavirus outbreak (COVID-19) with the tranche of Baht 20 million requires the loan principal to be repaid in monthly installments and carries interest at MLR minus fixed rate per annum without guarantee. The Company is required to comply with some financial conditions as those specified in the Company's loan agreement and to maintain a certain debt to equity ratio. The loan principal to be repaid within the first quarter 2025.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

#### *Loan item 5*

The long-term loan agreement with the tranche of USD 11 million requires the loan principal to be repaid in quarterly installments and interest at the rate LIBOR plus Fixed percentage without guarantee. The Company is required to maintain debt to equity in accordance with the agreement. The loan principal to be repaid within the second quarter 2030.

#### *Loan item 6*

The long-term loan agreement with the tranche of USD 36.13 million requires the loan principal to be repaid in quarterly installments and interest at the rate LIBOR plus Fixed percentage. The Group and the Company is required to maintain financial ratios in accordance with the agreement. The loan principal to be repaid within the fourth quarter 2027.

The Group and the Company had appeared likely to fail to maintain certain required financial ratios of the loan agreement with the tranche of USD 36.13 million as at 31 December 2021. The bank, under the agreement, would have the right to define all debts, or any part of the debt as well as any interest incurred, service charges, fees and other sums owed, as due and must be paid immediately without any demands in respect of any such breach of financial ratio covenants. However, the Group and the Company have received a letter from the bank on 27 December 2021 amending the financial ratio covenant required specifically for the year ended 31 December 2021 only. The Group and the Company are not in breach of the revised financial ratio covenant at the year then ended.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

Movements of the long-term loans account during the year ended 31 December 2021 and 2020 are summarised below.

	Consolidated financial statement		Separate financial statement	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Balance as at 1 January	2,215,731	1,922,812	2,077,645	1,593,556
Add Loan during period	895,151	697,158	894,286	697,158
Less Repayment of loan as due date	(373,381)	(400,560)	(228,711)	(203,011)
Less Deferred loans front-end fee	-	(2,599)	-	(2,599)
Add Amortisation of loans front-end fee	1,412	1,079	1,412	1,079
Less Deferred interest	(82)	-	-	-
Add Amortisation of deferred interest	65	-	-	-
Add Reclassification	1,277	-	-	-
Unrealized (gain) loss from translation of foreign currency	106,866	(8,424)	106,866	(8,538)
Translation adjustment	6,120	6,265	-	-
Balance as at 31 December	2,853,159	2,215,731	2,851,498	2,077,645
Less Portion due within one year	(470,025)	(608,914)	(469,484)	(470,828)
<b>Long-term loans-net of current portion</b>	<b>2,383,134</b>	<b>1,606,817</b>	<b>2,382,014</b>	<b>1,606,817</b>

During the year 2021, the Company drew down the borrowing as detailed below :

Amount of loan agreement	Interest rate	Date of draw down	Amount	Due date
<i>(in million USD)</i>				
USD 36.13 million	LIBOR + Fixed percentage	12 January 2021	3.95	the fourth quarter 2027
		2 March 2021	1.65	the fourth quarter 2027
		20 May 2021	6.80	the fourth quarter 2027
		8 June 2021	5.50	the fourth quarter 2027
		5 August 2021	1.12	the fourth quarter 2027
		12 October 2021	1.05	the fourth quarter 2027
		21 October 2021	0.34	the fourth quarter 2027
		12 November 2021	3.84	the fourth quarter 2027

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Amount of loan agreement	Interest rate	Date of draw down	Amount	Due date
<i>(in million USD)</i>				
USD 11 million	LIBOR + Fixed	13 May 2021	2	the third quarter 2030
	percentage	21 May 2021	2	the third quarter 2030

### 20 Non-current provisions for employee benefits

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

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
As at 1 January	85,183	84,846	84,858	84,632
<b>Include in profit or loss:</b>				
Current service cost	10,127	10,324	9,687	10,217
Past service cost	(6,713)	-	(6,713)	-
Interest on obligation	2,139	1,998	2,139	1,998
<b>Included in other comprehensive income:</b>				
Actuarial gain	(5,247)	-	(5,247)	-
Translation adjustment	61	4	-	-
<b>Other</b>				
Benefits paid during the year	(23,247)	(11,989)	(23,144)	(11,989)
<b>As at 31 December</b>	<b>62,303</b>	<b>85,183</b>	<b>61,580</b>	<b>84,858</b>

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

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
Cost of sales	3,759	8,483	3,759	8,483
Distribution costs and administrative expenses	1,794	3,839	1,354	3,732
<b>Total expenses recognised in profit or loss</b>	<b>5,553</b>	<b>12,322</b>	<b>5,113</b>	<b>12,215</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

The Company expects to pay Baht 6.22 million of long-term employee benefits during the next year (2020: Baht 26.35 million).

As at 31 December 2021, the weighted average duration of the long-term employee benefit liabilities is 17.7 years (2020: 13.2 years).

Actuarial gain recognised in other comprehensive income arising from:

	Consolidated and Separate financial statements	
	2021	2020
	<i>(in thousand Baht)</i>	
Demographic assumptions	(6,590)	-
Financial assumptions	3,173	-
Experience adjustment	(1,830)	-
<b>Total</b>	<b>(5,247)</b>	<b>-</b>

Key actuarial assumptions used for the valuation are as follows:

	Consolidated and Separate financial statements	
	2021	2020
	<i>(% per annum)</i>	
Discount rate	2.6	2.8
Salary increase rate	4 - 8	5 - 10

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 is summarised below:

	Consolidated and Separate financial statements			
	2021		2020	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	<i>(in thousand Baht)</i>			
Discount rate	(7,001)	8,340	(6,062)	7,015
Salary increase rate	8,104	(6,927)	8,425	(7,403)

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 21 Statutory reserve

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

### 22 Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods	(105,500)	32,411	(27,528)	36,501
Raw materials and consumables used	786,602	90,155	200,001	111,157
Salaries and wages and other employee benefits	440,224	403,511	355,632	349,603
Depreciation and amortization	348,141	320,369	240,182	225,560
Transportation expenses	511,775	476,716	495,345	325,592
Fuel charge	515,559	418,950	513,461	371,046
Electric expenses	181,815	146,832	160,735	132,854
Bad debts	509	32,767	509	32,767
Others	260,870	392,060	162,890	163,166
<b>Total</b>	<b>2,939,995</b>	<b>2,313,771</b>	<b>2,101,227</b>	<b>1,748,246</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 23 Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Current income tax:</b>				
Current income tax charge	22,619	220	21,962	-
Items of adjustment in income tax expense of the previous year	-	523	-	523
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,988)	(668)	22,274	(171)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>15,631</b>	<b>75</b>	<b>44,236</b>	<b>352</b>

*Income tax recognised in other comprehensive income*

	Consolidated and Separate financial statements					
	2021			2020		
	Before tax	Tax benefits	Net of tax	Before tax	Tax benefits	Net of Tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gain	5,247	(1,049)	4,198	-	-	-
<b>Total</b>	<b>5,247</b>	<b>(1,049)</b>	<b>4,198</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Accounting profit (loss) before tax	107,965	(136,677)	214,375	(51,305)
Applicable tax rate	20-30%	20-30%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(5,131)	(26,532)	42,875	(10,261)
Adjustment in respect of income tax of previous year	-	523	-	523
Share of (gain) loss from investments in joint ventures	1,196	(2,719)	-	-
Deferred tax assets which were not recognised during the year	727	1,003	-	-
Effects of:				
Promotional privileges (Note 24)	(4,211)	1,925	(4,211)	1,925
Non-deductible expenses	9,905	10,077	6,282	7,968
Additional expense deductions allowed	(2,258)	-	(2,258)	-
Previous tax	-	(17)	-	(17)
Others	15,403	15,815	1,548	214
<b>Total</b>	<b>18,839</b>	<b>27,800</b>	<b>1,361</b>	<b>10,090</b>
Expenses (tax benefits) reported in the statement of comprehensive income	15,631	75	44,236	352

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	13,031	17,087	12,316	16,972
Loss carry forward	37,690	31,728	-	18,815
Fair value adjustment of subsidiaries' assets regarding business combinations	-	15,555	-	-
Others	28,132	8,081	2,460	2,312
<b>Total</b>	<b>78,853</b>	<b>72,451</b>	<b>14,776</b>	<b>38,099</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Deferred tax liabilities</b>				
Deferred loan front-end fee	483	482	483	482
Fair value adjustment of subsidiaries' assets regarding business combinations	69,387	70,859	-	-
<b>Total</b>	<b>69,870</b>	<b>71,341</b>	<b>483</b>	<b>482</b>
<b>Net</b>	<b>8,983</b>	<b>1,110</b>	<b>14,293</b>	<b>37,617</b>

Movements in deferred tax balances are as follows:

	Consolidated financial statements				At 31 December 2021
	At 1 January 2021	(Charged) / Credited to			
		Profit or loss	Other comprehensive income	Effect of movements in exchange rates	
	<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>					
Provision for long-term employee benefits	17,087	(3,024)	(1,049)	17	13,031
Loss carry forward	31,728	4,757	-	1,205	37,690
Fair value adjustment of subsidiaries' assets regarding business combinations	15,555	(15,555)	-	-	-
Others	8,081	19,339	-	712	28,132
<b>Total</b>	<b>72,451</b>	<b>5,517</b>	<b>(1,049)</b>	<b>1,934</b>	<b>78,853</b>
<b>Deferred tax liabilities</b>					
Deferred loan front-end fee	(482)	(1)	-	-	(483)
Fair value adjustment of subsidiaries' assets regarding business combinations	(70,859)	1,472	-	-	(69,387)
<b>Total</b>	<b>(71,341)</b>	<b>1,471</b>	<b>-</b>	<b>-</b>	<b>(69,870)</b>
<b>Net</b>	<b>1,110</b>	<b>6,988</b>	<b>(1,049)</b>	<b>1,934</b>	<b>8,983</b>



# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Separate financial statements			At 31 December 2021
	At 1 January 2021	(Charged) / Credited to		
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	16,972	(3,606)	(1,049)	12,317
Loss carry forward	18,815	(18,815)	-	-
Others	2,312	147	-	2,459
<b>Total</b>	<b>38,099</b>	<b>(22,274)</b>	<b>(1,049)</b>	<b>14,776</b>
<b>Deferred tax liabilities</b>				
Deferred loan borrowing fees	(482)	(1)	-	(483)
<b>Total</b>	<b>(482)</b>	<b>(1)</b>	<b>-</b>	<b>(483)</b>
<b>Net</b>	<b>37,617</b>	<b>(22,275)</b>	<b>(1,049)</b>	<b>14,293</b>

	Separate financial statements			At 31 December 2020
	At 1 January 2020	(Charged) / Credited to		
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	16,926	46	-	16,972
Loss carry forward	18,940	(125)	-	18,815
Others	1,940	372	-	2,312
<b>Total</b>	<b>37,806</b>	<b>293</b>	<b>-</b>	<b>38,099</b>
<b>Deferred tax liabilities</b>				
Deferred loan borrowing fees	(360)	(122)	-	(482)
<b>Total</b>	<b>(360)</b>	<b>(122)</b>	<b>-</b>	<b>(482)</b>
<b>Net</b>	<b>37,446</b>	<b>171</b>	<b>-</b>	<b>37,617</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

As at 31 December 2021, the subsidiary companies have the unused tax losses amounting to Baht 6.17 million (2020: Baht 8.92 million) which will expire by 2022 to 2026 and the deferred tax asset have not been recognised as the subsidiary companies believe that future taxable profits may not be sufficient to allow utilization of the temporary differences and unused tax losses.

The unused tax losses of the Group is Baht 128 million (2020: Baht 175 million) which will expire from 2022 to 2026. The Company has no unused tax loss in separate financial statements (2020: The unused tax loss of the Company was amounting to Bath 94 million.)

### 24 Promotional privileges

The Company has received investment promotional privileges from the Board of Investment (BOI) for the manufacture of chemical for industrial use. Subject to certain conditions, the significant tax privileges received are as follows:

Details of promotion privileges					
1. Certificate No.	2484(2)/ 2554	1498(2)/ 2558	59-1064- 1-00-1-0	59-1065- 1-00-1-0	59-1278- 1-00-1-0
2. The significant privileges are					
2.1 Exemption of corporate income tax for net profit from promoted operation and exemption of income tax on dividends paid from the profit of the promoted operations. In case that there are losses incurred during the corporate income tax exemption period, the Company is allowed to utilise the losses as a deduction against the net earnings of future years after the expiry of the tax exemption period, but with a time limit of five years after that period.	8 years	6 years	3 years	3 years	3 years
2.2 A fifty percent reduction of the normal rate of corporate income tax on net profit from promoted operations for a period of five years after the expiration of the above corporate income tax exemption period.	Granted	Granted	Non-granted	Non-granted	Non-granted
3. Date of first earning operating income	15 February 2013	2 September 2016	20 January 2018	1 February 2019	Not yet operate

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

The Company's operating revenues for the years divided according to promoted and non-promoted operations are shown below.

	Promoted operations		Non-promoted operations		Total	
	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>					
Domestic sales	292,041	482,194	694,248	357,445	986,289	839,639
Export sales	279,492	370,040	987,689	521,173	1,267,181	891,213
Total sales	571,533	852,234	1,681,937	878,618	2,253,470	1,730,852

## 25 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

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

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Earnings (loss) per share</b>				
Profit (loss) for the year (Thousand Baht)	98,325	(119,612)	170,138	(51,657)
Weighted average number of ordinary shares (Thousand shares)	960,000	960,000	960,000	960,000
Profit (loss) attributable to equity holders of the Company (Baht per share)	0.1024	(0.1246)	0.1772	(0.0538)

## 26 Dividends

	Approved by	Dividends		Dividends payment date
		Amount <i>(in million Baht)</i>	Per share <i>(Baht)</i>	
<b>2020</b>				
The interim dividends payment for the year 2019 from the retained earnings of the operations receiving investment promotional privileges.	Board of Directors' meeting on 14 April 2020.	19.2	0.02	14 May 2020
<b>Total dividend for 2020</b>		19.2	0.02	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 27 Segment information

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Group are principally engaged in one operating segment which is the manufacture and distribution of mineral and chemicals.

#### *Major customers information*

For the year 2021, the Group have revenue from two major customers in amount of Baht 344 million, arising from domestic sales. (2020: the Group have revenue from one major customer with revenue in the amount of Baht 258 million which are from domestic sales).

#### *Geographic information*

The Group's business operations involve 2 geographic segments: (1) the Company which is incorporated in Thailand, manufacture and distribution of mineral and chemicals. (2) the subsidiaries which are incorporated overseas, manufacture and distribution of mineral and chemicals. The major revenue of overseas subsidiaries is from Australia. Therefore, financial information by segment of the Group has been presented by geographic area, as follows:

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

	Geographic segment located in Thailand		Geographic segment located overseas		Eliminated transactions		Consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>(in million Baht)</i>							
Revenue from external customers	2,101	1,524	783	716	-	-	2,884	2,240
Intersegment revenue	153	207	331	227	(484)	(434)	-	-
Total revenue	2,254	1,731	1,114	943	(484)	(434)	2,884	2,240
Segment operating profit/ (loss)	812	543	260	183	(18)	(13)	1,054	713
Unallocated income and expenses:								
Other income							141	43
Service income							118	-
Cost of services							(155)	-
Distribution costs							(682)	(511)
Administrative expenses							(272)	(276)
Net gain (loss) from exchange rate							5	(40)
Share of profit (loss) from investments in joint ventures							(6)	14
Finance cost							(95)	(80)
Income tax benefits (expenses)							(16)	-
Profit (Loss) for the year							92	(137)

## Chememan Public Company Limited and its subsidiaries

### Notes to the financial statements

For the year ended 31 December 2021

	Geographic segment located in Thailand		Geographic segment located overseas		Eliminated transactions		Consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020
Property, plant and equipment	2,417	2,558	2,092	1,031	(1)	3	4,508	3,592
Unallocated assets							2,514	2,511
Total assets							7,022	6,103

(in million Baht)

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 28 Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5, 10 and 15 percent of basic salary. The fund, which is managed by an asset management company, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to Baht 9.1 million (2020: Baht 9.5 million) were recognised as expenses.

### 29 Financial instruments

#### 29.1 Financial risk management

The Group's financial instruments, "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other current receivables, trade and other current payables, short-term loans and long-term loan from financial institutions, liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

#### *Trade and other current receivables*

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other current receivables are written-off in accordance with the Group's policy.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of the Group non-derivative financial liabilities at the reporting date, based on contractual undiscounted cash flows:

	Consolidated financial statements				Total
	Contractual cash flows				
<b>At 31 December 2021</b>	When asked	1 year	1-5 years <i>(in million Baht)</i>	More than 5 years	
<b>Non-derivative financial liabilities</b>					
Short-term loans from financial institutions	-	1,044	-	-	1,044
Trade and other current payables	-	513	-	-	513
Long-term loans from financial institutions	-	470	2,222	161	2,853
Lease liabilities	-	26	36	7	69
	-	<b>2,053</b>	<b>2,258</b>	<b>168</b>	<b>4,479</b>
<b>At 31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Short-term loans from financial institutions	-	1,098	-	-	1,098
Trade and other current payables	-	338	-	-	338
Long-term loans from financial institutions	257	352	1,544	63	2,216
Lease liabilities	-	37	45	6	88
	<b>257</b>	<b>1,825</b>	<b>1,589</b>	<b>69</b>	<b>3,740</b>

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

	Separate financial statements				
	Contractual cash flows				
<b>At 31 December 2021</b>	When asked	1 year	1-5 years <i>(in million Baht)</i>	More than 5 years	Total
<b>Non-derivative financial liabilities</b>					
Short-term loans from financial institutions	-	1,044	-	-	1,044
Trade and other current payables	-	332	-	-	332
Long-term loans from financial institutions	-	469	2,221	161	2,851
Lease liabilities	-	27	36	-	63
	-	<u>1,872</u>	<u>2,257</u>	<u>161</u>	<u>4,290</u>
<b>At 31 December 2020</b>					
<b>Non-derivative financial liabilities</b>					
Short-term loans from financial institutions	-	1,098	-	-	1,098
Trade and other current payables	-	205	-	-	205
Long-term loans from financial institutions	257	214	1,544	63	2,078
Lease liabilities	-	33	45	-	78
	<u>257</u>	<u>1,550</u>	<u>1,589</u>	<u>63</u>	<u>3,459</u>

### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, accounts receivable under installment sales, loans to related parties, short-term loan from financial institutions, liabilities under lease agreements and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Consolidated financial statements							
As at 31 December 2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
	(in million Baht)						
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	194	-	194	0.01 - 7.45
Trade and other current receivables	-	-	-	-	477	477	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>477</b>	<b>671</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,044	-	-	-	-	1,044	1.80 - 2.87
Trade and other current payables	-	-	-	-	513	513	-
Liabilities under lease agreement	26	36	7	-	-	69	2.54 - 9.00
Long-term loans	-	-	-	2,853	-	2,853	1.92 - 8.50
<b>Total</b>	<b>1,070</b>	<b>36</b>	<b>7</b>	<b>2,853</b>	<b>513</b>	<b>4,479</b>	

Consolidated financial statements							
As at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
	(in million Baht)						
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	494	-	494	0.01 - 0.30
Trade and other current receivables	-	-	-	-	359	359	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494</b>	<b>359</b>	<b>853</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,098	-	-	-	-	1,098	1.66 - 2.23
Trade and other current payables	-	-	-	-	338	338	-
Liabilities under lease agreement	37	45	6	-	-	88	2.54 - 8.50
Long-term loans	-	-	-	2,216	-	2,216	1.95 - 10.00
<b>Total</b>	<b>1,135</b>	<b>45</b>	<b>6</b>	<b>2,216</b>	<b>338</b>	<b>3,740</b>	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

Separate financial statements							
As at 31 December 2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	164	-	164	0.01 - 0.20
Trade and other current receivables	-	-	-	-	451	451	-
Loans to related parties	-	-	-	2,074	-	2,074	MLR-, LIBOR+ Fixed rate
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,238</b>	<b>451</b>	<b>2,689</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,044	-	-	-	-	1,044	1.80 - 2.87
Trade and other current payables	-	-	-	-	332	332	-
Liabilities under lease agreement	27	36	-	-	-	63	2.54 - 4.15
Long-term loans	-	-	-	2,851	-	2,851	1.92 - 3.75
<b>Total</b>	<b>1,071</b>	<b>36</b>	<b>-</b>	<b>2,851</b>	<b>332</b>	<b>4,290</b>	

Separate financial statements							
As at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	373	-	373	0.01 - 0.30
Trade and other current receivables	-	-	-	-	370	370	-
Loans to related parties	-	-	-	944	-	944	MLR-, LIBOR+ Fixed rate
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,317</b>	<b>370</b>	<b>1,687</b>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,098	-	-	-	-	1,098	1.66 - 2.23
Trade and other current payables	-	-	-	-	205	205	-
Liabilities under lease agreement	33	45	-	-	-	78	2.54 - 5.00
Long-term loans	-	-	-	2,078	-	2,078	1.95 - 5.31
<b>Total</b>	<b>1,131</b>	<b>45</b>	<b>-</b>	<b>2,078</b>	<b>205</b>	<b>3,459</b>	

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
	<i>(in million)</i>				<i>(in Baht per 1 foreign currency unit)</i>	
USD	10.0	15.1	44.3	19.7	33.4199	30.0371
AUD	-	-	-	-	24.2627	22.9188
EUR	-	-	-	0.1	37.8948	36.8764

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
	<i>(in million)</i>				<i>(in Baht per 1 foreign currency unit)</i>	
USD	69.0	44.4	43.9	16.2	33.4199	30.0371
AUD	8.0	7.6	1.6	-	24.2627	22.9188
EUR	-	0.1	-	0.1	37.8948	36.8764

### Foreign currency sensitivity analysis

There is no significant impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

## 29.2 Fair values of financial instruments

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

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables, accounts payables, loan to and loan from related parties, their carrying amounts in the statements of financial position approximate their fair values.

The carrying value and fair value of other non-current financial asset and foreign currency forward contracts as at 31 December 2021 is presented below.

Consolidated and separate financial statements		
31 December 2021		
	Carrying value	Fair value
	Fair value through profit or loss	
	<i>(in thousand Baht)</i>	
<b>Financial Asset</b>		
Other non-current financial asset	15,000	15,000
<b>Financial liability</b>		
Foreign currency forward contracts	8,902	8,902

### 29.3 Fair value hierarchy

As at 31 December 2021, the Group had the assets and liabilities that were measured at fair value at to profit or loss FVTPL and for which fair value was disclosed using different levels of inputs as follow :

Consolidated and separate financial statements				
31 December 2021				
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
<b>Asset measured at fair value</b>				
Other non-current financial assets				
Investment in equity securities	-	-	15,000	15,000
<b>Liability measured at fair value</b>				
Derivatives liabilities				
Foreign currency forward contracts	-	8,902	-	8,902

#### **Financial instruments measured at fair value**

Type	Valuation technique
Equity securities	Net Assets as at reported date
Derivatives	Market price

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

For the year ended 31 December 2021

### 30 Commitments and contingent liabilities

#### 30.1 Capital commitments

- 1) The Group had capital commitments relating to the construction of plant and acquisition of machinery and equipment are as follow:

Currency	Consolidated and Separate financial statements	
	2021	2020
Million Baht	1.94	17.1
Million EUR	-	0.1

#### 30.2 Operating lease and service commitments

- 1) The Group have entered into lease agreements in respect of the lease of office building space, vehicles, office equipment, which have lease terms less than 12 months or leases of low-value assets, and other service agreements. Future minimum rentals and service fees payable under these agreements are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Payable:				
Within 1 year	33.7	19.0	15.4	11.8
Over 1 but not over 5 years	24.9	21.3	13.8	2.3

- 2) A subsidiary entered into agreements with an overseas government agency which granted the subsidiary rights to explore for mineral resources. The subsidiary is committed to pay expenses and contributions to various funds on the bases and at the rates stipulated in the agreements. In addition, the subsidiary must comply with the rules and conditions stipulated in such agreements.
- 3) Under the conditions of Ha Long QN Lime Company Limited's concession required to comply with Vietnam environmental protection and rehabilitation regulations, and with the regulations and conditions stipulated in the concession. On 28 October 2019, the indirect subsidiary entered into the license of mineral exploitation. The License period is 30 years, which will expire in 11 May 2046.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

- 4) The Company entered into agreements with a third party to do those mining activities as explosion, sorting, crushing and scooping the stones, the Company has the obligation to pay the yearly service fee. The term of the agreements can be extended with the mutual agreements of the parties.
- 5) The indirect subsidiary, entered into agreements with a non-related local company to do those mining activities as explosion, sorting, crushing and scooping the stones, the Company has the obligation to pay the yearly service fee amounting VND 30 billion or equivalent to Baht 45 million per year as specified in the agreement. The agreements will be expired in 2028.

### 30.3 Guarantees

- 1) As at 31 December 2021 and 2020, the Group have outstanding bank guarantees in respect of certain performance as required in the normal course of business as follows.

	Currency	Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2021	2020	2021	2020
Guarantee electricity use	Million Baht	14.8	12.7	13.1	12.7
Guarantee performance and others	Million Baht	29.6	13.2	18.2	11.2

- 2) As at 31 December, 2021, the Company has fixed deposits pledged as collateral for loans to an unrelated company for shipping services amounting to USD 1.89 million or equivalent to Baht 64.29 million.
- 3) As at 31 December 2021, Chememan India Private Limited, a wholly owned subsidiary incorporated in India and held by the Company 99.99%, holds restricted bank deposits to guarantee loan agreement for Siriman Chemicals India Private Limited, a joint venture in India, amounting to INR 100 million or equivalent to Baht 44.76 million.

### 30.4 Other commitments

- 1) As at 31 December 2021, the Company had commitment amounting to INR 35.78 million (31 December 2020: INR 22.96 million) in respect of the uncalled portion of investments in subsidiary and joint venture in India.
- 2) The Company has entered into a long-term agreement with a local company for purchase gas at prices and in quantity stipulated in the agreement. The agreement will expire in 2029.

# Chememan Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2021

- 3) The Company and the indirect subsidiary are committed to make contributions to the funds on the bases and at the rates stipulated in an appendix to the concession agreements. In addition, the Company and the indirect subsidiary must comply with the rules and conditions stipulated in the concession agreements.

#### **30.5 Dispute**

As at 31 December 2021, the Company has been involved in claims made by shipping companies alleging that delays and losses were caused by the Company in relation to a shipment of the Company's cargo of quicklime. As a result, the Company has received claims for compensatory damages totaling USD 1.78 million. The outcomes of these cases have not yet been finalized. One of the shipping companies conduct an arbitration process in January 2022. However, the Company's management has reviewed the situation and relevant documentation and believes that there will be no significant loss arising from this case. Therefore, the Company has not recognised any provision for loss.

#### **31 Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 1.95:1 (2020: 1.91:1) and the Company's was 1.90:1 (2020: 1.67:1).

#### **32 Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 28 February 2022.



Chememan Public Company Limited  
195/11-12 Lake Rajada Office Complex 2, 10<sup>th</sup> - 11<sup>th</sup> floor,  
Rajadapisek Road, Klongtoey, Bangkok 10110  
+ 66 2 661-9734-8, + 66 2 260-9176

[www.chememan.com](http://www.chememan.com)