



KERRY
EXPRESS

KEX

DELIVERING THE PRIDE OF THAILAND

ANNUAL REPORT 2020

(FORM 56-1 ONE REPORT)



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Chairman's Message

Delivering the Pride of Thailand

Looking back, 2020 was a year of unprecedented challenges for Thailand and Thai people. However, it is in times of such adversity that the quality, resilience and values of a country and, indeed, of a company prevail. While Thailand was among the best-performing Asian countries in terms of how it countered the threat of COVID-19, Kerry Express (Thailand) Public Company Limited ("KEX" or "Kerry Express") was proud to play a major role in helping the country and its people through these trying times with our best-in-class services and tight internal disease prevention measures.

Faced with the most severe pandemic of our times, KEX continued to deliver growth and positive financial results, while also continuing to recruit and train talents from different disciplines to become our future leaders in different positions.

Apart from enhancing our core delivery network and improving our overall efficiency, we did not forget to innovate. For example, the *farm-to-table* service we launched during the lockdown in the second quarter of last year not only helped farmers sell and send their produce to local consumers, but also opened up a whole new segment us, which we believe offers tremendous growth potential.



We will continue to be agile and resilient to change, highly focused on making our services greater, and fully responsible to all people, including our stakeholders and shareholders, our valued customers and our thousands of hardworking employees.

Despite the difficulties of 2020, last year ended perfectly for KEX when we were listed on the SET on Christmas Eve. In this festive season, KEX quickly became a stock code that was very well-known in households across the country and a symbol of trust among our existing and future shareholders.

Leveraging on our resilient business model, proven track record of operational excellence and continuous innovation, financial strengths, and remarkable governance, KEX is well-positioned to seize the opportunities that lie ahead in 2021. We will continue to be agile and resilient to change, highly focused on making our services greater, and fully responsible to all people, including our stakeholders and shareholders, our valued customers and our thousands of hardworking employees.

KEX was founded in Thailand in 2006. Striving to be the pride of Thailand has always been our vision, and we will continue devoting ourselves to achieving that aim in the years to come.

Kledchai Benjaathonsirikul

Chairman of the Board of Directors

“Thailand’s forefront
express delivery company
focusing on delivering
utmost quality products
and services that
exceed customer
expectations”

Mission

“We are committed to providing quality services, enriching our society, caring for our staff and being responsible to our stakeholders and investors.”



Core Values

HI STEP



Honesty

We are committed to high ethical standards, operating with transparency and guided by relevant rules and regulations.



Innovation

We encourage creative solutions and constantly innovate to meet our customers' unmet needs and to enhance value for our customers, employees and our business.



Service-minded

We strive to deliver the utmost service excellence which exceeds our customers' expectations.



Teamwork

We value united cooperation towards mutual goals as well as the diverse input of individual contributions.



Execution

We are result-oriented and put our vision and mission into our everyday actions.



Positivity

We believe possibilities can be realised and challenges overcome through determination and positive mindsets.

Corporate Strategies



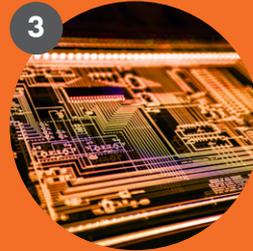
1 Grow leadership in Thailand to realise our vision of “Kerry Express Everywhere”

Continue to expand our network steadily while being guided by our proprietary data that enables us to anticipate growth in customer traffic



2 Grow within the C2C sector in Thailand

Continue to adapt to local habits and preferences while further penetrating the markets as well as investing in mass marketing and solidifying our position as a household brand



3 Invest in technology & IT systems

Continue investing in in-house developed proprietary technologies, IT systems, and R&D capabilities to improve our efficiency and drive growth through new initiatives together with expanding our existing data centres & disaster recovery systems



4 Continue seeking synergistic partnerships & acquisitions and leveraging strategic shareholders

Continue to maintain a “carrier neutral” concept while also strategically seeking out and investing in synergistic partnerships that will support our sustainable growth and provide assurances for our shareholders



5 Diversify for sustainable growth

Enhance our revenue streams through our existing network and new initiatives while also selectively pursuing horizontal expansion and vertical integration to further strengthen our competitiveness, grow our profits and achieve organic growth



6 Integrate Environmental, Social & Corporate Governance

Strive to integrate an ESG approach into our business operations, product & service development, employee welfare, and stakeholder engagement as well as to establish sustainable relationships with the communities we serve

Our Competitive Strengths



“Go-to” leading express delivery company in Thailand with top-ranked express delivery brand recognition.



Scalable and cost-efficient hub-and-spoke business model with a large-scale operation and nationwide coverage, which result in high flexibility, entry barriers and a competitive edge.



Industry-leading service quality and reliability powered by proprietary technology capabilities.



Distinctive strategic partnerships that drive volume growth and increase brand exposure.



Attractive financial profile with a track record of superior growth, operational efficiency, strong pricing power and highly diversified revenue streams.



Entrepreneurial and experienced management team with a strong corporate culture.

Operational and Financial Highlights

Operational Excellence

As a leading express parcel delivery company in Thailand, KEX offers an extensive range of services to various business sectors including Consumer-to-Consumer (C2C), Business-to-Consumer (B2C), and Business-to-Business (B2B). Through our nationwide network, KEX provides quality services with the utmost convenience for its customers.

Strong Network with Nationwide Coverage



2M
sorting capacity per day



1.2M
average parcels delivered per day



15,991
service points



1,230
distribution centres



9
key sorting hub



23,303
vehicles in the fleet under our management

Industry-Leading Service Quality



99.99%
next-day delivery service coverage within Thailand



99%
of parcels delivered on time



< 1.5%
of parcels returned

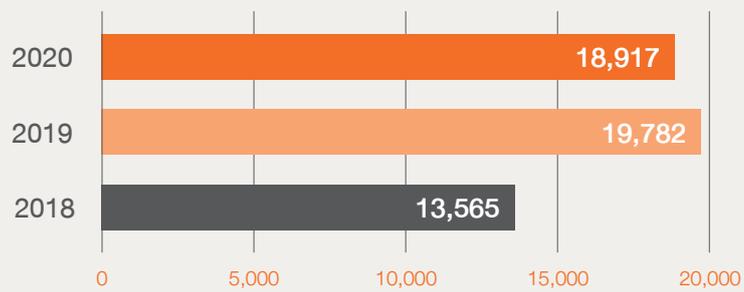
Largest Payment-on-Delivery Express Company



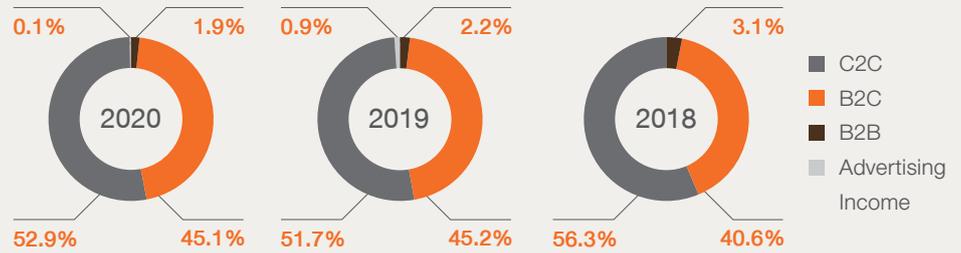
6.4bn (Baht)
average monthly transaction value

Financial Excellence

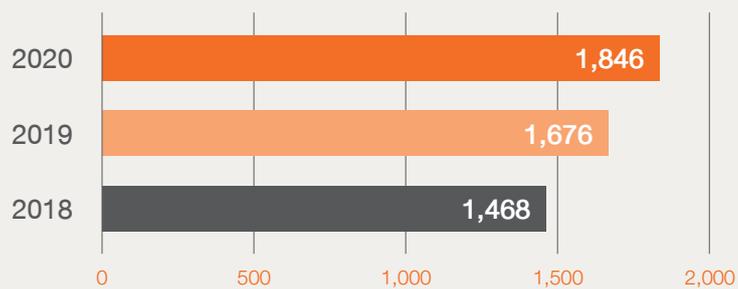
Sales and Services Income
Unit: Baht million



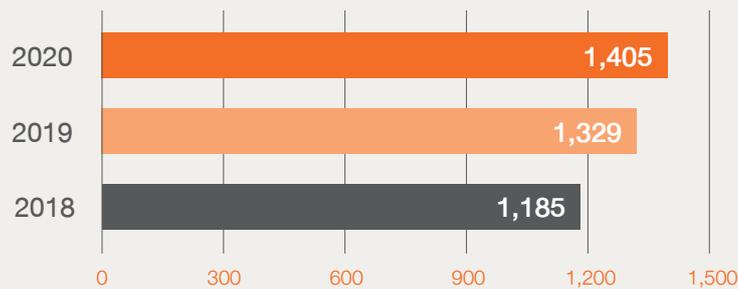
Revenue by Segment



EBIT
Unit: Baht million



Net Profit
Unit: Baht million



Financial Position

Unit: Baht million

	2019	2020
Cash and cash equivalents	910	9,697
Trade and other receivables	1,722	1,467
Plant and equipment	2,706	2,259
Right-of-use assets	0	5,321
Intangible assets	235	199
Other assets	441	376
Total assets	6,014	19,318
Current portion of long-term borrowings from financial institution	0	800
Trade and other payables	1,800	1,347
Cash on delivery payable	884	615
Current portion of lease liabilities	0	1,761
Long-term borrowings from financial institution	800	0
Lease liabilities	0	3,593
Other liabilities	296	355
Total liabilities	3,781	8,471
Total shareholders' equity	2,233	10,847

Key Financial Ratios

		2019	2020
Liquidity ratios			
Current ratio	(times)	0.99	2.40
Quick ratio	(times)	0.92	2.38
Profitability ratios			
Gross profit margin	(%)	15.56	16.21
Operating profit margin	(%)	8.16	9.48
Net profit margin	(%)	6.72	7.43
Return on equity	(%)	71.37	21.48
Efficiency ratios			
Return on total assets	(%)	24.64	11.09
Return on fixed assets	(%)	75.81	70.16
Total asset turnover	(times)	3.67	1.49
Financial policy ratios			
Total liabilities to equity ratio	(times)	1.69	0.78
Interest coverage ratio	(times)	97.88	37.53
Interest-bearing debt to EBITDA	(times)	0.34	1.46
Debt service coverage ratio	(times)	-	1.64

Awards and Recognition



- BrandAge Thailand's Most Admired Brand 2020 - 2021
- ISO 9001:2015 Certification from Llyod's Register Quality Assurance

- Marketeer No. 1 Brand Thailand 2018 - 2020
- EDTA e-Commerce Award People's Choice 2017 and 2019



Our Year of Transformation

Our Year of Transformation



Kerry Express (Thailand) Public Company Limited (stock code: KEX) Debuted on the Stock Exchange of Thailand:

The share price surged by 132% after the opening of trading on 24 December 2020 to Baht 65.00 per share, up from the IPO price of Baht 28.00 per share, before closing at Baht 51.25 per share at the end of the first trading day.

Net Profit Margin Increased:

FY2020 closed with KEX's net profit margin rising to 7.4% from 6.7% in 2019.

Kerry Express Operates 365 Days a Year:

We are ready to deliver parcels every day of the year for the convenience of our customers and to support the growth of e-commerce and social commerce businesses.

Fruit & Perishable Goods Delivery Service Officially Launched Nationwide:

In response to significantly increased demand for the shipping of fruit, KEX introduced this new service which ensures parcels are given high priority and handled in a timely and safe manner. Compatible branded-fruit parcel packaging is also available and recommended.



"Kerry Express Grow Green" Implemented:

The program aims to reduce carbon emissions by using EV motorcycles for parcel deliveries in the Bangkok Metropolitan Area, with the hope of generating additional social and environmental benefits.

KEX Stands Alongside Thai People through the COVID-19 Pandemic

COVID-19 has had a significant impact on people across the globe. Everyone must take special precautions to protect themselves and reduce the chances of being infected. KEX, as a leading parcel express delivery company, stands together with the Thai people and has placed an extensive focus on the prevention of infection. In this challenging time, our top priority is the health and well-being of our staff and customers. During this crisis, we continue to deliver our services with the highest safeguards and additional safety measures, including a “Door-to-Door” service designed to mitigate potential risks and increase the safety of our customers. To this end, KEX has implemented a hygiene protocol to control and exterminate the virus from all areas of our service operations. All parcel boxes must be disinfected and sprayed with alcohol before being loaded for delivery, while all couriers must remain 1 metre away from customers with QR payment the preferred method of payment on delivery to minimise personal contact.

KEX’s Actions and Social Responsibilities

KEX has applied a work-from-home policy for our employees whose jobs allow them to work outside of the office and our facilities. The remaining employees who are required to work onsite must have their temperatures screened before entering the workplace. In addition, social distancing has been strictly applied and employees at all levels are required to wear face masks. Furthermore, we asked for the cooperation of our staff to avoid travelling between provinces, unless necessary. Our employees who have travelled between provinces are required to complete a 14-day period of self-quarantine before returning to work. KEX works closely with the Department of Disease Control and Ministry of Public Health to monitor the situation and ensure that we are taking all appropriate preventive measures.

Standing with Thai society, KEX has utilised our business operations to support COVID-19 relief donations and help our warriors in white gowns. Masks & medical supplies were donated to 29 hospitals, while food and essential supplies were sent to 8,614 vulnerable and affected households nationwide. Among the many celebrities and online influencers who have engaged in these COVID-19 relief donations, Nine Naphat, Baifern Pimchanok, and Kingdom of Tigers have shared their contributions with their fans through their immensely popular social media platforms while also encouraging fans to create their own positive impacts during these difficult times.

Key Milestones

KERRY EXPRESS

2014

Kerry Express (Thailand) Limited was incorporated on 17 January 2014 with registered capital of Baht 70 million to operate an express parcel delivery service in Thailand. The registered capital was increased to Baht 120 million in late 2014.



2015

Commenced operations at our first logistics hub, Kerry Bangna Logistics Centre, located in a key strategic transportation area of Bangkok.

Introduced the Bangkok Same-Day (“BSD”) delivery service within the Bangkok Metropolitan and Greater Bangkok areas where parcels are collected in the morning and delivered in the afternoon.



2016

Became the first express delivery service provider to offer e-payments in collaboration with RABBIT-LINE Pay Company Limited.

2017

Launched EasyShip, an online platform that assists C2C customers, small to medium-sized businesses and online sellers, with their parcel management.



2018

VGI Public Company Limited (“VGI”) became a strategic shareholder through the acquisition of a 23% stake from KLN Logistics (Thailand) Company Limited, Gather Excellence Limited, and Siam Chaopraya Express Company Limited.

Delivered more than 1 million parcels on peak days.

2020



Introduced BTS Express Service and Kerry Express Loyalty Program as well as commencing the rollout of our SD services nationwide.



Converted to a Public Limited Company, increased our registered capital from Baht 120 million to Baht 890 million, and amended our par value from Baht 100 to Baht 0.50 per share. The capital increase was made to accommodate the issuance and allocation of 1,540,000,000 new shares as follows: (1) up to 1,200,000,000 shares for a rights offering to all existing shareholders; (2) up to 300,000,000 shares for an Initial Public Offering (IPO); and (3) up to 40,000,000 shares to accommodate the exercise of warrants under the ESOP scheme.

Listed on the Stock Exchange of Thailand on 24 December 2020 under the stock code “KEX” at the IPO price of Baht 28 per share with aggregate net proceeds of approximately Baht 8.1 billion.



2019

Introduced our Door-to-Door Service (D2D) and expanded our network to more than 16,000 service locations, more than triple the number of service locations in 2018.



Registered Kerry Express Service Limited (“KESL”), a subsidiary in which KEX holds a 49% equity interest, with registered capital of Baht 1,000,000, to obtain the Land Transport Licence and provide transportation services under the Land Transport Act, using 4-wheel pick-up trucks and 6-wheel line haul trucks. KESL obtained a Land Transport Licence from the Department of Land Transport (DLT) on 21 July 2020 and commenced its operations in August 2020.

BUSINESS OVERVIEW



Business Strategy and Overview



Kerry Express at a Glance

KEX was founded to serve the Thai business and social communities, providing highly reliable and efficient services to clients across the country. From the first day of operations, when only five parcels were delivered, we went on to become the first express parcel delivery company to be listed on the Stock Exchange of Thailand on 24 December 2020. Having grown hand-in-hand with the country's e-commerce and social commerce industries, KEX has strived to maintain our position as the forefront express delivery company of choice for Thai people and continuously offer the highest quality products, services and innovations. We are also committed to providing customers, business partners and all stakeholders with more choices; generating rewarding returns through selected investments; and harnessing the full potential of our people in order to drive the organisation, society, and the nation towards long-term sustainability.

In 2020, KEX had a total sorting capacity of 2.0 million parcels per day and delivered an average of 1.2 million parcels per business day to offices, warehouses, retail shops and households in Thailand. As the pioneer of convenient and express delivery solutions in Thailand, we offer a comprehensive range of integrated parcel delivery services to customers in the Consumer-to-Consumer (C2C), Business-to-Consumer (B2C), and Business-to-Business (B2B) segments. In addition, we were also the pioneer in offering payment-on-delivery services, with an average monthly transaction value of over Baht 6.4 billion for the year ended 31 December 2020. Revenue of Baht 18,917 million and a net profit of Baht 1,405 million in 2020 reflecting KEX's leading position in the industry.

	2018	%	2019	%	2020	%
Sales and Parcel Delivery Services Income	13,565	100%	19,607	99%	18,891	100%
C2C	7,631	56%	10,232	52%	10,011	53%
B2C	5,507	41%	8,949	45%	8,528	45%
B2B	428	3%	426	2%	352	2%
Advertising Income	-	-	175	1%	26	0%
Total Revenue	13,565		19,782		18,917	

Business Segments

C2C: KEX offers retailers and individuals express delivery and payment-on-delivery solutions through our extensive network of 15,991 service points (including parcel shops, parcel lockers, and service points at retail and individual partners) and other service points (including BTS sky train station service points and Offline-to-Online (O2O) service points). We also offer a Door-to-Door (D2D) service, where parcels are collected from customers right at their doorsteps.

B2C: KEX serves nearly all e-commerce and social platforms and home-shopping channels operating in Thailand. We offer integrated e-commerce solutions including cross-border delivery solutions, e-fulfilment services, parcel return management and payment-on-delivery solutions.

B2B: KEX serves numerous corporate customers by delivering parcels to offices, branches, and other business locations, namely banks, financial institutions, legal firms, international couriers, retail stores, modern trade companies, direct sales companies, telecom companies, trading firms and general offices.

Service Offerings

Same-Day Delivery (SD): Parcels are collected within 2 hours of booking and delivered in the evening of the same day within the same province. At present, our SD service covers nationwide.

Delivery-before-Noon (AM): The collected parcels will be delivered before noon of the next day. Our AM service covers all major cities in Thailand.

Next-Day Delivery (ND): The core focus of KEX, our ND service ensures any parcels dropped off or collected before cut-off time will be delivered the following day. Currently, our ND service covers 99.9% of Thailand.

Economy Delivery (2D and 3D): Through Economy Delivery service, parcels are delivered within 2 days or 3 days. We currently provide Economy Delivery services nationwide.

Door-to-Door (D2D): D2D is a service for C2C customers. Our couriers collect parcels from customer's doorsteps.

Payment Solutions: As the first delivery company in Thailand to provide Payment-on-Delivery solutions, we have continued innovating this service and introduced multiple payment solutions including cash, credit card, debit card (including MAD card) and contactless payment (via QR payments, Rabbit LINE Pay and PromptPay) for the customers' convenience.

Apart from the delivery services offered, our customers also benefit from our advanced digital capabilities, centred around proprietary technologies. Our inhouse-developed IT systems and technology platforms enhance the efficiency, visibility and accountability of our operations, while providing value-added services for our customers.

Kerry Express Application: An all-in-one application that combines our services for our customers, including one-click booking for parcel pickups, real-time tracking, a map of nearby service locations and promotional offers.

EasyShip: An online platform that allows senders to key in customer information, print shipping labels, track parcels, retrieve shipment reports and access the Kerry Express Loyalty Program for rewards and privileges.

Kerry Express Loyalty Program: We introduced Kerry Express Loyalty Program in January 2020 to allow our customers collect and redeem points for discounts on delivery fees or rewards from third-party partners.

Networks

Since our inception, we have been operating on a hub-and-spoke model. We have leveraged these scalable and flexible business models to deliver highly reliable and efficient services to our customers. As of 31 December 2020, our expansive network covered 9 sorting hubs, 1,230 distribution centres, 15,991 service points across all 77 provinces in Thailand and 23,303 vehicles in the fleet under our management.

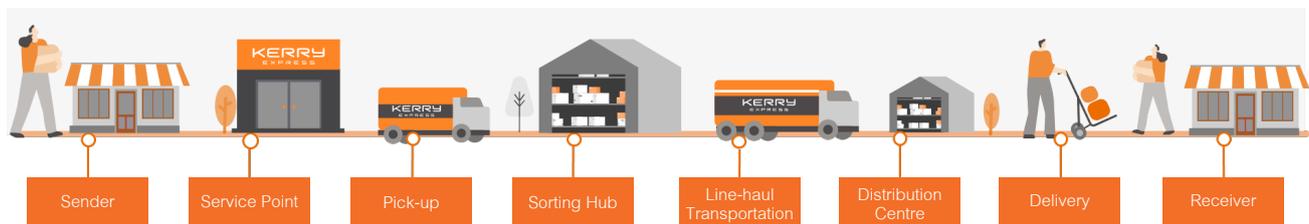


The sorting hubs, distribution centres, and a certain number of service points and fleet vehicles are leased. The 9 leased sorting hubs comprise 5 master and 4 regional sorting hubs. Each hub is connected to our distribution centres by line-haul transportation, which enables us to dispatch parcels directly to other regions across Thailand. All of the distribution centres can collect, sort and dispatch parcels for last-mile delivery within the region. Furthermore, our network includes 15,991 service points across all 77 provinces in Thailand, comprised of Parcel Shops, Distribution Centre Service Points (DCSP), Retail Service Points (RTSP), Independent Retail Service Points (PSP), BTS Skytrain Station Service Points and Parcel Lockers, through which the delivery of parcels is supported by a fleet of over 23,000 vehicles, including motorbikes, 4-wheel trucks and 6-wheel trucks.

Procuring for Value

KEX places great importance on attracting, developing and retaining qualified employees through our People Development Department, as we believe our employees are a key asset that is critical to our success. In addition to full-time employees, KEX also engages temporary staff on a seasonal basis to support our operations. KEX recruits our people through various sources namely recruiters, social media advertisement, and referrals.

KEX secures the fleet vehicles from a number of leasing companies who are on KEX's Approved Vendor List. In registering vendors to Approved Vendor List, we take into account the historical performance, creditability and financial positions of the suppliers. KEX does not have exclusivity with any particular vendor. The selection will take into consideration the price and terms and conditions, whereby the process must comply with KEX's quality procurement procedure. In addition, KEX secures fuel by using fuel fleet cards from a selection of major oil companies in Thailand.



KEX's Parcel Journey

KEX ensures that all parcels are delivered on a timely basis and are handled with care.

- Customers/senders can drop off their parcels at our service points or request a parcel pickup at a designated address via Kerry Express application or through our website or call centre. In addition, B2C and B2B customers can directly request support from our on-site staff at their facilities or warehouses.
- Our couriers collect parcels from our service points and transfer them to the nearest sorting hub via 4-wheel pick-up trucks. The sorting hubs then primarily sort and dispatch the parcels by regions and transfer to the destination centres.
- Line-haul transportation (between sorting hubs and between sorting hubs and destination distribution centres) is primarily carried out using 6-wheel haul trucks. However, in certain cases, for example short distances or peak seasons, 4-wheel trucks may also be utilised for line haulage.
- At the destination distribution centres, the parcels are unloaded from the line-haul trucks and sorted ready for last-mile delivery. The parcels are sorted by the recipient's address, and then the last-mile delivery is carried out by our couriers on foot, by motorbike, or 4-wheel pick-up truck.

Keys to Operational and Financial Excellence

As Thailand's leading go-to express company, we are able to utilise our scalable and cost-efficient hub-and-spoke model to secure our position and accommodate the strong demand for parcel deliveries, especially through our distinctive strategic partnerships and proprietary technologies.

Distinctive Strategic Partnerships

KEX focuses on upholding our competitiveness and long-term sustainable growth. In order to maintain the competitiveness of our operations in the face of increasing challenges and to equip our business for future growth, we actively seek out opportunities for investment as a way of expanding our backbone operations and taking advantage of opportunities to enter new business areas. In addition, we continue to seek synergistic alliances with partners who can enhance and strengthen our competencies. As of 2020, we have been engaged in strong partnerships and collaborations with a variety of business partners.




O2O solutions leaders, full service out-of-home (OOH) media platform and over 40 million online data points

Privately owned conglomerate that manages mass transit, media, property and services businesses. Mass transit ridership of 12.3 million and 398k daily average (as of December 2020)





Payment provider with over 7.3 million users and on LINE app with more than 47 million users (as of December 2020)

Large retail customer base of more than 17 million accounts (as of February 2020)

Over 12.7 million digital banking customers (as of March 2020)





Global energy with more than 100 years of presence in Thailand

Operates over 2,000 gas stations & B-Quik auto repair shop chains in Thailand

Regional refiner & gas station operator with over 1,200 outlets in Thailand

KERRY

EXPRESS

Strategic Alliance Ecosystem





Telecom service provider with over 40 million customers (as of December 2020). Nationwide AIS shops

Thailand-based IT and telecom service and equipment provider

Customer service software company with over 160k paid customer accounts in 160 countries (as of December 2020)



Lending multi-format retail operator with c. 2,000 outlets nationwide (as of August 2020)



Convenience store chain with c. 24,000 stores globally and approx. 1,000 in Thailand (as of February 2020)



Office supplies solution provider with over 20 years of experience and over 80 stores in Thailand (as of December 2020)



Mini-supermarket brand under Tops, Thailand's No. 1 supermarket brand in terms of number of outlets (as of 2018)



Thailand's No. 1 hypermarket in terms of No. of outlets (as of 2018)



Convenience store chain with c. 150 locations nationwide (as of February 2020)



Leading global retail chain operating in Thailand via partnership with Bangchak



Thailand-based E-commerce service centre with over 350 franchises nationwide

Proprietary Technologies

KEX's proprietary technologies and IT systems are the backbone of our superior services. Our technology services are developed and provided by our in-house IT team to ensure the highest security of the data and information. Having in-house proprietary technology systems allows us to streamline and automate our operations on a secure and timely basis and thereby optimise the efficiency, visibility, and accountability of our operations. With technology and IT systems taking a significant role in all aspects of our business operations, from customer engagement and parcel delivery to payment solutions, we are able to leverage big data analytics to analyse huge volumes of data and information generated from our operations and adjust our strategies and solutions to better fit customer requirements. This is a luxury that would not be possible if such activity was outsourced. As such, we have placed great effort and invested significant resources into enhancing and developing our in-house proprietary technologies, IT systems and R&D capabilities.

KEX's proprietary technologies include, a **Point of Sale System (POS)**, which is installed at our parcel shop service counters to record pertinent details of both senders and receivers, including parcel information (including size, weight and product type) and service type. This POS system also generates receipts with QR codes, which enables shipment tracking and updates. The information in the POS system is sent to **Kerry Express Distribution Management System (KES)**, which is the core operating system that allows the operations team to conduct our logistics operations with greater efficiency, in terms of shipment bookings, status updates, pending shipment management, shipment claims, accounting records and performance analysis of distribution centres and customers, via our **Application Program Interface (API)**, a system that facilitates the interchange of data between various internal and external systems or applications and enables us to focus on analysing results and enhancing business performance. The parcel information is sent to our couriers

via **mPOD**, our proprietary mobile application for our couriers. This information is then used to optimise the efficiency of pickup, delivery and payment. Our corporate retail partners use **mobile point of sale (mPOS)**, a portable POS system, while our independent retail partners use **mobile Parcel Service Point (mPSP)**. Our self-developed KES Portal also provides key corporate customers with end-to-end information.

Research and Development

In order to drive innovation, minimise costs, and improve sales volume and service quality, we allocate 5% to 10% of our annual IT budget to conduct technology training courses, attend technology summits, meet IT vendors and suppliers, and evaluate new IT products. Our internal development and C2C development teams are responsible for software research and development, including developing and implementing the latest software development tools, programming language and software. Meanwhile, our infrastructure team is responsible for hardware research and development, including the acquisition of the latest client and infrastructure-related hardware. New technological concepts and products are mainly introduced by vendors or our IT team. Before implementing any new software or hardware, we will conduct a proof-of-concept analysis, whereby we evaluate the benefits and results of the software or hardware.

KEX's Product Research and Development team ("PRD") consists of a product development and a user experience team. The product development team is responsible for driving market and product research and development initiatives, with a particular focus on payment and operation products and O2O products, as well as co-developing products with different business partners (e.g., QR payment, Rabbit LINE Pay, Rabbit Rewards and the MAD card). Prior to the market launch of a new product, our PRD team will survey the market to determine demand for the specific product, benchmark competitors, conduct the User Acceptance Test ("UAT test") and pilot test, and design a product marketing plan. In addition, our PRD

team will conduct product studies, data analysis, and both pre-launch and post-launch surveys. Meanwhile, our user experience team is responsible for developing and improving the user experience in relation to our online portals, such as Kerry Express Application, EasyShip, O2O products, mPOS and mPOD. The applications currently in use in our business operations were

created through research and development conducted by our research and development team for the purpose of enhancing the efficiency of our operational process to meet customer needs and demands. We intend to enhance our operational efficiency through continued research and development in order to provide better services for our customers in the future.

KERRY EXPRESS LOYALTY CLUB

Loyalty Program for Kerry Express Members
To see shipment record dashboard & earn more benefits

- POINT COLLECTION**
Get 1 Kerry Point for every purchase 50 THB
- REWARDS**
Discount coupon and premium gift from KERRY CLUB and our partner stores.
- INSIGHT REPORT & DASHBOARD**
Shipment report / COD Report / Customer Demographic
- PRIORITY COUNTER**
Faster service at priority counter at Kerry parcel shop
- PRIVATE ASSISTANT**
Exclusively support for Diamond member

Kerry Club Rewards Redemption

Shipment History Report

Tier Level

- Diamond
- Gold
- Silver
- Orange
- Grey

K-LINE HAUL

Application for Tracking Line Haul Arrival & Leave time ,
Send current location to Kerry Portal monitoring dashboard.

Real-time truck location monitoring

Driver Profile

Line Haul Stop Each route

Mileage Recording

- LINE HAUL ROUTE PLANNING**
Display all stop for each route
- REAL-TIME LOCATION TRACKING**
Track current GPS location from Web Portal
- LINE HAUL TIME TRACKING**
Track Arrival time & Leave time for each stop

Industry and Business Outlook

The express delivery industry in Thailand is highly concentrated, consisting of both large domestic and international private companies. We are the largest Thai express delivery company (excluding Thailand Post) in terms of average parcels delivered per day, and we compete with other market participants including DHL Express, CJ Logistics, Ninjavan, Flash Express, Best Express and J&T Express. The other players have smaller scale of operation and focus on selected customers/areas that do not require extensive operational capabilities.

Government-funded and actively operating for many decades, Thailand Post is the prominent operator in the market. However, the growing demand for express parcel delivery services is attracting the entry of other express delivery companies. Overall, price, reputation, and geographical coverage are considered the key factors that customers consider when selecting their service provider.

As the leading express delivery company in Thailand in terms of parcels delivered, we believe that being an early entrant and having large and established operations covering all districts and villages in Thailand give us a competitive advantage. New players may need years to establish strong enough connections to be able to compete in the same market or provide delivery services to the remote areas that we currently service. Moreover, not all companies can provide a same-day delivery guarantee as it requires the efficient management of internal operations, which is costly and complex.

In addition, the express delivery industry has high barriers to entry as significant investments must be made in acquiring or leasing capital assets, such as warehouses and vehicles, to achieve economies of scale and developing or implementing technologies to improve internal efficiencies and customer service. Track record and brand recognition are also key barriers to entry. Larger players benefit from established operations and brand reputation built over many years. Thus, we believe we have a competitive advantage over existing and potential competitors.

Economic Impacts from COVID-19 with Various Commentaries on Industry Growth

From the beginning of 2020, countries around the world enforced various lockdown measures and limited travel and transportation in the hope of containing the outbreak. This unforeseen pandemic affected not only society in general but also almost every aspect of economic activity, both domestically and internationally. The lockdowns and imposed restrictions brought about unprecedented challenges to industries across the board. With the express delivery business playing a major role in the movement of goods and providing a fundamentally essential service, the Thai government exempted consumption deliveries, express deliveries included, from the curfew restrictions. However, given the unprecedented changes that took place in all aspects of life, various commentaries can be made on the consequences of the pandemic on the express delivery industry.

The seriousness of the economic impact from the pandemic has been undeniable, with negative growth forecasted from the beginning of the year. According to data from the Bank of Thailand, the country closed the year by reporting a GDP contraction of -6.6%. In an attempt to control the spread of the virus, the Thai Government imposed a lockdown to limit public activities and physical contact. This extreme measure not only affected businesses and employment but also created a shift in consumers' habits towards online shopping, which rapidly turned into part of the "new normal" lifestyle. However, the impact upon industries as

a whole was mixed. While online transactions increased significantly during the start of the year, uncertainty over the duration of the pandemic was responsible for slower growth in the latter half of the year due to weakened consumer sentiment and purchasing power. This was reflected in Thailand's Consumer Confidence Index data¹ which recorded a dramatic fall from 67.3 in January 2020 to 50.1 in December 2020, a drop of around 25.5%. In terms of employment, the National Statistical Office reported that the unemployment rate² increased by 72.5% from the 2019 figure, while there was also a decrease in working hours, which reflected the fragility of the employment market and thus household income levels.

As consumers have now become reliant on the newfound digital shopping solutions, there is likely to be an uptick in the global trend of online retail activities as consumers take advantage of the conveniences of e-commerce and social commerce; indeed, shopping online is no longer seen as an option for many but rather a necessity. Moreover, businesses are following the Direct-to-Consumer (D2C) trend, whereby they build their own online channels and take advantage of social media or e-market platforms as well as the government's co-payment scheme called "Pao Tang", which stimulates the increase in cashless and QR payments.

Amidst the ongoing pandemic, the outlook for e-commerce and social commerce remains bright and we expect to see positive growth in the medium term bringing in higher parcel delivery volumes. According to analysis by Frost & Sullivan, despite substantial growth over the past few years, Thailand's online share of total retail sales and parcel delivery volume per capita remains far behind those in China, the US, Europe, Korea and Japan. Nevertheless, the country's internet penetration rate and online activities are moving faster than those in more-developed countries, indicating significant upside potential ahead.

¹ Thailand's Consumer Confidence Index, www.ceidata.com

² National Statistical Office of Thailand

Agility Is the Key

As the journey through 2021 begins, the path ahead should be trodden with trepidation as the extended impact of the pandemic and the global economic downturn situation together with countless related challenges are lurking at every corner. Despite the pandemic being a blessing in disguise for the e-commerce and social commerce sectors, as well as creating opportunities for last-mile delivery companies to capture higher volume growth, the continuous adjustments to preventive measures and the uncertainty over when the pandemic will end have resulted in heightened volatility in consumer behaviours. In such an environment, short- to medium-term volume forecasting and last-mile delivery planning have become difficult to predict with certainty. To ensure we are able to remain responsive to the lingering impacts of the pandemic and follow the meandering path to economic recovery, our agility and flexibility will guide us through any upcoming scenarios.

Strengthen the Core Business and Accelerate Growth Opportunities

Competition in the express delivery landscape is likely to remain exciting and motivating in 2021 as it has always been since KEX first entered the market. Fuelled by motivation and enthusiasm, KEX aims to maintain and sustain our leading position in the express delivery industry with our quality service offerings and operational excellence. We remain committed to strengthening our core parcel express delivery business by continuously improving our operational and cost efficiencies. Over and above the core business, KEX will constantly seek new opportunities to diversify our business by exploiting our existing network and resources through both vertical and horizontal integrations. Importantly, this diversification strategy will only be executed if the investments are correlated with KEX's existing core business. Business initiatives in various areas including media, retail, temperature-controlled delivery, and integrated logistics solutions for enterprises are being explored to create new revenue streams.

Assets Used in Operations

KEX utilised leasing as a means of optimising our balance sheet. Other than the property, plant and equipment, intangible assets and financial leases, booked as Rights-of-Use assets, represent a major component of KEX's fixed assets. As of 31 December 2020, fixed assets contributed 41.6% of KEX's total assets. Furthermore, KEX and subsidiaries operate express delivery services under a transportation licence granted by the Department of Land Transport, which is the official licence required to operate non-fixed route transportation services. This licence was granted to Kerry Express Services Company Limited (KESL), a subsidiary of KEX, on 21 July 2020 and is valid until 20 July 2025. For further information on the assets KEX utilised in our operations, refer to Financial Statements.

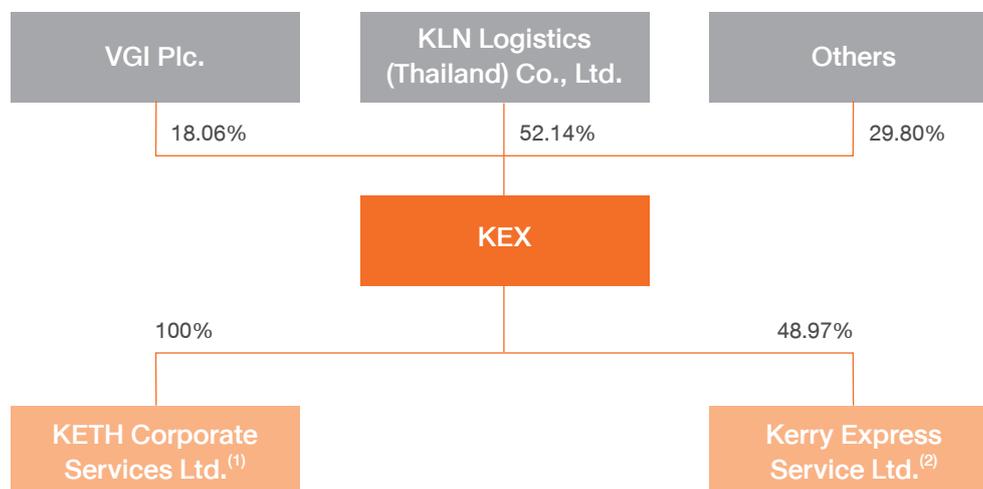
The details of significant assets as at 31 December 2020 are as follows:

	Net Book Value (Baht million)	Ownership Type	Obligation
1. Buildings and building improvements	150.25	Ownership	No Obligation
2. Leasehold improvements	299.72	Ownership	No Obligation
3. Operating equipment	692.22	Ownership	No Obligation
4. Furniture, fixtures and office equipment	489.55	Ownership	No Obligation
5. Computers	565.63	Ownership	No Obligation
6. Vehicles	38.35	Ownership	No Obligation
7. Assets under installation	22.83	Ownership	No Obligation
8. Intangible assets ¹	199.15	Ownership	No Obligation
9. Right-of-Use assets	5,320.59	Right-of-Use	Obligation as per related lease agreement
10. Other fixed assets	261.55	Ownership	No Obligation
Total Net Book Value	8,039.83		

¹ Intangible assets include computer software and software under installation.

Corporate and Investment Structure

As of March 2021, KEX Corporate Structure was as follows:



Notes: (1) KETH Corporate Services Limited is our wholly-owned subsidiary, incorporated in Hong Kong with registered capital of HKD 10,000. KETH Corporate Services Limited was established to provide us with administrative and corporate support. As of December 2020, KETH Corporate Services Limited has not commenced any commercial operations.

(2) KESL was incorporated to hold the Land Transport License and conduct land transport activities pursuant to the Land Transport Act. KEX holds 48.97% of KESL's total issued shares and 90.52% of its voting rights.

Top 10 Shareholders

List of top 10 shareholders according to the Record Date on 10 March 2021.

No.	Name of Shareholders	No. of Shares	% of Total Paid-up Shares
1.	KLN Logistics (Thailand) Limited	907,200,000	52.14%
2.	VGI Public Company Limited	314,200,000	18.06%
3.	BTS Group Holdings Public Company Limited	32,483,200	1.87%
4.	Mr. Ng Kin Hang Alex	20,982,400	1.21%
5.	Citi (NOMINEES) Limited - CITIC Securities Brokerage (HK) Limited AC Client	18,744,500	1.08%
6.	Bualuang Long-Term Equity Fund	17,311,100	0.99%
7.	Bangkok Bank Public Company Limited	17,000,000	0.98%
8.	Credit Suisse AG, Singapore branch	13,988,500	0.80%
9.	GIC Private Limited	13,900,000	0.80%
10.	Thai NVDR Company Limited	13,363,200	0.77%

Source: Thailand Securities Depository

KEX Major Shareholders

(1) Kerry Logistics Network Limited (“KLN”), a Hong Kong listed company and one of the leading logistics companies in Asia, indirectly holds 49.0% of shares and majority voting rights in KLN Logistics (Thailand) Limited, a limited liability holding company incorporated in Thailand.

KLN has continuously emphasised strong corporate governance principles and avoided conflicts of interest by separating the business operations of subsidiaries within the Kerry Logistics Group, particularly those engaged in providing express delivery services in Thailand. KLN operates a number of businesses in many countries, including the People’s Republic of China (PRC), Taiwan, Thailand, Vietnam, Malaysia and India. During the course of its growth and expansion, KLN has been recognised as a model organisation for sustainable business operations, obtaining a ranking in the Hang Seng Corporate Sustainability Index Series in 2019 and 2020. We believe we have inherited the popularity and reputation of KLN, as well as its good corporate governance principles, which we apply in the operation of our business.

KLN and its significant subsidiaries and affiliates do not operate conflicting businesses in Thailand. KEX is the only company within the Kerry Logistics Group that provides express delivery services in Thailand.

To prevent potential conflicts of interest, KLN provided a non-compete undertaking letter dated 16 November 2020, which provides that KLN and its subsidiaries will not operate any express delivery services, courier services or any other services which are similar to those of our Company or may compete with our core business for as long as KLN holds more than 10% of the shares in our Company, whether directly or indirectly. This restriction is limited to KLN’s business operations in Thailand.

(2) VGI is SET-listed company operating as an advertising media business, electronic payment business and logistics business. Its majority shareholders are Bangkok Mass Transit Public Company Limited (“BTSC”) and BTS Group Holdings Public Company Limited (“BTS”), who hold 29.66% and 21.50% of its shares respectively.

Shareholder’s Agreement

KLN Logistics (Thailand) Company Limited and VGI have entered into a Shareholders Agreement on 17 May 2018 where most parts have been terminated upon effective IPO filing and prospectus except the non-competition and strategic contribution clauses below:

- Non-competition clause: each party undertakes that it shall not carry out the business of express delivery or domestic courier services or a similar type of business within Thailand that competes with KEX’s business.
- Strategic contribution clause: Shareholders agreed to grant access to KEX’s data to VGI in connection with marketing campaigns and advertisement, and to cause KEX to engage in certain of VGI’s services. Meanwhile, VGI agreed to grant exclusive rights to KEX, as the sole express delivery partner of VGI and BTS Group, including the right to set up service points at any BTS Skytrain station.

Other Securities

KEX issued and offered the ESOP warrants to purchase KEX's shares at the price of Baht 28 per share (IPO price) to directors, executives and employees, including those of our subsidiaries, in the amount of 40,000,000 units under the conditions that the rights are nontransferable and if warrant holders no longer hold the position of directors, management, or staffs of KEX for any reason, the unexercised warrants will be automatically cancelled. The ESOP warrants will be expired after 5 years from the issue date.

In addition, 50% of the ESOP warrants may be exercised starting one year after the issue date while all can be exercised after the second year, with vesting dates and amounts varying by the specific conditions attached to the warrants granted.

Dividend Policy

Dividend payments to shareholders shall be paid in the amount not less than 30% of the net profit of KEX's separate financial statements after the deduction of corporate income tax, and other legal reserves as annually prescribed by relevant laws and KEX. The amount of dividend paid must not exceed the retained earnings of the separate financial statements.

The Board of Directors may specify dividend payments and dividend pay-out ratios that differ from the specified ratio depending upon KEX's operating performance, financial position, cash flows, working capital, investment plans and business expansion, market conditions, debt obligation, conditions and limitations as prescribed in borrowing contracts, as well as necessities and other related factors considered and deemed appropriate by the Board of Directors. Such dividend payments shall not have a significant impact on the normal operations of KEX.

The annual dividend payments must be approved at the Shareholders' Meeting. However, the Board of Directors has the authority to approve an interim dividend payment on a periodical basis as deemed appropriate and shall report such payments to the shareholders at the next Shareholders' Meeting.

The dividend payments of KEX's subsidiaries shall be approved by the Board of Directors or at the Shareholders' Meeting of specific subsidiary. In this regard, the dividend payments shall be made in the amount of not less than 30% of the net profit of the separate financial statements of the specific subsidiary after the deduction of corporate income tax, and other legal reserves as yearly prescribed by relevant laws and KEX. The amount of dividends paid must not exceed the retained earnings of the separate financial statements of the specific subsidiary.

Risk Management



Risk Management Committee's Performance Report for the Year 2020

Dear Shareholders,

The Board of Directors has appointed a Risk Management Committee of Kerry Express (Thailand) Public Company Limited, consisting of 4 qualified members from the Board of Directors and the Executive Committee. The first member is Mr. Ng Kin Hang Alex, who holds the position of Chairman of the Risk Management Committee, while the other three Risk Management Committee members are Mr. Chalush Chinthammit, Mr. Issarin Patramai, and Ms. Wanvisah Tasanaprechachai. The roles and responsibilities of the Committee are to define and review the enterprise risk management policies and to supervise and follow up on the risk management plan. The Committee is also responsible for supporting cooperation on risk management at all levels in the organisation in order to ensure that KEX has in place a complete and comprehensive risk management system that covers all of the main activities of the company and aligns with the strategic direction and goals of the organisation.

In 2020, the Risk Management Committee held 3 meetings. A summary of the performance of the Risk Management Committee over the previous year is as follows:

- Considered and reviewed the risk management framework and policy of the organisation ready to propose this framework and policy to the Board of Directors for approval.
- Considered, reviewed, and approved the improvement of the organisation's risk assessment criteria to be appropriate and align with KEX's business context.
- Defined the material enterprise risks and reviewed key risk indicators to be appropriate and align with KEX's risk appetite.
- Monitored the risk status, the progress of risk management, and changes in the enterprise risk.
- Evaluated the adequacy and efficiency of KEX's risk management measures and provided suggestions for improvement in order to comply with the risk management framework and policies.
- Considered, reviewed, and approved the business continuity plan to be consistent with current situations and incidents.
- Reported the performance of the Risk Management Committee to the Board of Directors on a quarterly basis.

The members of the Risk Management Committee are committed to managing risk in accordance with good corporate governance and good internal control principles in order to ensure that KEX has effective enterprise risk management and is able to control the risks to be within the company's risk appetite in order that our business is able to operate in accordance with the strategic plan and achieve its objectives throughout the organisation, including being able to adapt to changes in the current situation so that we are able to operate continuously and grow sustainably.

On behalf of
the Risk Management Committee

Mr. Ng Kin Hang Alex

Risk Management Policy and Framework

KEX has established enterprise risk management in line with international principles and the internal control practices of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which covers the following five components:

Control Environment

KEX has established an organisational structure, chain of command, approval authority, and operating regulations which are consistent with the duties and responsibilities of each department. KEX's vision, mission, and goals have been communicated to all executives and employees in order to ensure alignment with all departmental objectives. In addition, policies, regulations and guidelines have been set to ensure that KEX's operations are in line with the principles of good corporate governance through a suitable internal control system. KEX has not only developed good corporate governance policy and business ethics as the guidelines for the ethical performance of all directors, executives, and employees, but also established Conflicts of Interest and Anti-Corruption Policies that all employees must strictly abide by, with clear and appropriate penalties for violations.

Risk Assessment

The Risk Management Committee has been appointed by the Board of Directors to supervise the risk management of KEX to be efficient and effective.

Additionally, risk management policy covering both corporate and department levels has been developed to define the responsibility of management and employees at all levels and stimulate their awareness by identifying and analysing risks that may arise from both internal and external factors. Risk assessment has been conducted, with consideration given to the levels of likelihood and impact of risk, including creating appropriate measures and risk management plans to reduce or control the risk to ensure that it remains within KEX's risk appetite.

Control Activities

KEX has established operational control measures which properly cover all operational processes and adhere to the principles of good internal control. These control measures consist of KEX's written designation, policy, work regulations and guidelines for each department as appropriate. In addition, the segregation of duties and determination of authority for financial transactions, procurements, and task administration have been clearly and properly defined for operational control to ensure that the business is operating in a transparent, fair and auditable manner. KEX has also developed a Related Parties Transactions (RPT) Policy to control any related transactions in order to comply with relevant laws and regulations.

Information and Communication

KEX has developed and managed our information systems to be suitable, accurate, reliable, and easy to access by the management and relevant stakeholders for appropriate and timely decision making on operations, risk assessment, or capturing business opportunities. KEX also formulates an effective process for the communication of information, policies, regulations, and practices through various internal channels. Additionally, KEX establishes an appropriate communication channel for complaints and whistleblowers, which allows employees and external individuals to be confident that any complaints and whistleblowing will be handled with transparency, straightforwardness, confidentiality, and in a timely manner.

Monitoring Activities

KEX continually monitors and assesses the adequacy, sufficiency, efficiency and effectiveness of our internal controls system. Internal Audit Department, an independent unit reporting directly to the Audit Committee, examines and evaluates the effectiveness and operation of internal control activities according to the audit plan approved by the Audit Committee and provides suggestions and supports to ensure that the risk management system and related practices are properly implemented. In addition, the audit reports and findings are presented to the Audit Committee on a regular basis.

Risk Factors

KEX has always placed high importance on risk management as a key to our sustainable growth. Various types of risks are continuously monitor and analyse internal and external factors that might have potential impact to KEX business environment in order to assess the key risk factors. Mitigation plans are also developed and monitored to reduce the potential impact of risk on our business operations. Key risk factors relating to KEX's business activities are summarised as follows:

Strategic Risk

Economic Risk

Due to the way in which the global and domestic economic situations have suffered from the prolonged COVID-19 pandemic, consumer confidence, purchasing power and spending have all declined. This has negatively impacted our business during the latter half of 2020. Even though the availability of vaccines is widely expected to bring about a recovery from the pandemic and the economic downturn in 2021, uncertainties remain. This could result in a continued drop in consumer confidence and purchasing power, causing a prolonged negative impact on KEX's operations. With this in mind, we have monitored the situation very closely and reviewed our corporate and marketing strategies continuously to ensure they remain aligned with the current situation. This includes a readiness to adapt, such as through new business developments and diversification, in order to reduce the business risk that may occur in the future.

Industry Risk

KEX operates in the extremely dynamic parcel express delivery service industry, which consists of many industry players. Since its inception, KEX has continuously faced competition from international, regional, and domestic logistics actors in terms of business models, operating capabilities, pricing, cost control and service quality. The industry has also seen the arrival of new entrepreneurs, as well as e-commerce platform clients, establishing express delivery businesses to compete with KEX. Some of these competitors may have broader service or network

coverage, greater financial and marketing resources, more advanced technology infrastructure, stronger brand recognition or greater capital resources. They may be able to devote additional resources following new capital injections, strategic alliances, or other similar events, or they may implement aggressive marketing strategies to compete with KEX. Moreover, in addition to the competitive nature of this industry landscape, the influences of rapid developments in technology, demographic and socioeconomic trends and global consumer behaviours on the e-commerce and social commerce industry continually present emerging new risks to our businesses. Although KEX has successfully implemented various strategies to grow the business continuously in the face of this competitive and dynamic landscape, there is a possibility that these strategies may adversely affect our market share, revenue, and profitability in the future.

KEX also faces customer concentration risk, resulting from the significant share of revenue contributed from large B2C clients including e-commerce platform players. If these players consolidate their market shares or cease operations in Thailand, KEX's business could be negatively affected.

In response to these risks, KEX continuously studies and analyses the trends and movements of the market and competitors as well as customer needs and expectations in order to introduce new services, improve the service quality, and adjust our strategies to compete with competitors in the market in a timely and efficient manner. KEX also has a dedicated sales teams devoted to managing relationships with clients and maintaining their service commitment in order to ensure their ongoing satisfaction and continued custom.

Reputational Risk

KEX operates under the “Kerry Express” brand, which represents our commitment to provide comprehensive and high-quality services to our customers over the long term as well as embodying the reliability and efficiency of the services. However, our business operations involve many groups of stakeholders. If the employees, franchisees, subcontractors, or business partners are unable to provide the pick-up/delivery services to customers in accordance with the SLA (Service Level Agreements) or fail to comply with the relevant laws and regulations, it may have a significantly adverse effect on our corporate reputation, performance and business opportunities. Therefore, KEX has established operational policies and practices by which the employees and service representatives of KEX must perform in accordance with the working standards that we set and adhere to our Code of Conduct. KEX required related functions to conduct assessment on suppliers/ sub-contractors performance before and after dealing against our standard code. The efficient process for handling customer complaints is also established to ensure maximum customers’ satisfaction and maintain KEX’s reputation.

Operational Risk

Failure of On-Time Parcel Delivery

As delivering parcels to customers in a timely manner is a vital aspect of maintaining service quality, customer satisfaction and brand reputation, KEX has always been committed to achieving this objective ever since our company was first established. However, there is always the possibility that delivering parcels across KEX’s nationwide service network may encounter uncertain events or errors from the performance of employees or subcontractors, such as sorting or shipping mistakes, insufficient operational capability during peak season, or any force majeure that may lead to parcel delivery delay. Any of these situations can affect KEX’s reputation and the trust of our customers. Therefore, KEX has established the service and safety standard in all aspects, including delivery status tracking protocols and constant close monitoring by the supervisors and the concerned departments. This system also includes incentives for

employees who achieve their set targets for timely parcel delivery, including emergency planning. Moreover, KEX has in place a systematic tracking process in order to investigate and track a customer consignment immediately in the case of a customer complaint.

Human Resources Risk

The success of KEX’s business operations depends largely on the continuing efforts of our management and employees. Given the industry’s high turnover rate and the limited supply of skilled personnel and experienced high-level professionals, if KEX is unable to develop, motivate, recruit and retain qualified, skilled and/or experienced management and employees, or if we fail to respond to changes in the business environment in a timely manner, our business may be adversely affected. Responding to this risk, KEX places great importance on attracting, developing and retaining qualified employees through the People Development Department with the commitment to continuously investing in employees’ training and continued development through a variety of specialised programmes. In addition, a merit-based work environment, an open culture, competitive compensation schemes, career path development and succession planning are among KEX’s key strategies for strengthening this critical foundation of human resources for our long-term sustainable growth.

IT System Failure Risk

Information technology is integral to KEX’s operations and to the quality and competitiveness of our businesses. With this in mind, KEX has incorporated information technology systems across the entirety of our operations to enhance the efficiency and scalability of our network, with a strong focus on user experience. If KEX’s information technology systems experience problems, interruptions or malfunctions, our business may be materially affected. As such, KEX continuously works on improving, developing, and maintaining our information technology infrastructure and systems. This includes ensuring sufficient staff are available 24 hours a day to help solve any problems or system failures promptly and keep disruption to a minimum. In addition, KEX also has in place backup plan with the accepted recovery period for restoring systems as

well as emergency plans for every department in the event of IT systems failure in order to ensure that we can continue to operate our business without interruption.

Information Security and Cyber Attack Risk

KEX is highly aware of the importance of information security. As we mainly use information technology systems in our business operations, we may face the risk of identity theft or cyber-attacks leading to data breach, data loss, or operational interruption – all new types of risk that have emerged in recent years. Therefore, KEX has set policies and guidelines on information security so that all employees are aware of and place emphasis on the appropriate management of information and security. In addition, our cyber security measures are constantly being updated and improved in accordance with international standards and relevant laws.

Business Continuity Risk

Natural disasters, epidemics, political violence, insurgency, terrorism, strikes, and other events beyond our control may affect the operations of KEX, such as making it impossible to complete pickup or delivery services in some areas or creating a shortage of operational employees. For this reason, KEX developed a business continuity management plan so that all departments are able to deal with any crisis or emergency situation that might occur and reduce the impact on the business and minimise any possible service interruption to generate confidence among our stakeholders.

Financial Risk

Operating Expense Risk

In order to maintain our leadership position, sustainable profitability and competitiveness, KEX must continually control our operating costs. Effective cost-control measures have a direct impact on the financial condition and results of our operations. As such, KEX has adopted various cost reduction measures with the aim of reducing our operating costs through the expansion of our network, which in turn drives economies of scale, and the improvement of our operating efficiency through routing and asset optimisation

as well as with the adoption of advanced technology. However, these measures may not be as effective as expected in improving KEX's operating efficiency and profitability, which could negatively affect the results of our operations and financial conditions.

Fuel and labour costs are the main components of KEX's operating costs. Fuel prices may fluctuate due to changes in the global oil production capacity, seasonal variations, the weather or climatic conditions, world politics or other factors, while labour costs could fluctuate based on changes to industry and economic conditions as well as relevant government policies. Such a change may affect KEX's cost structure and lower our profitability. Therefore, KEX has created a plan to increase the efficiency of our fuel usage and vehicle management as a way to control fuel costs. This plan includes initiating delivery services via the BTS sky train and the start of a trial to use electric motorcycles for delivery to reduce our dependence on fossil fuels. In addition, enhancing operating efficiency through better manpower utilisation and technology adoption is also a key focus of KEX. Furthermore, changes to fuel prices and labour costs are closely monitored so that a plan can be developed and updated to manage the risk from these price fluctuations appropriately and in a timely manner.

Legal and Compliance Risk

KEX operates under several relevant laws and regulations, including the Land Transport Act B.E. 2522 (1979), the Vehicle Act B.E. 2522 (1979), the Trade Competition Act B.E. 2560 (2017), the Foreign Business Act B.E. 2542 (1999) as well as the Securities and Exchange Act B.E. 2562 (2019). In the event of a new law being enacted or a change being made to the existing laws or regulations, KEX's business operations may be adversely impacted if we are not able to comply fully. Therefore, KEX has established a process for closely monitoring changes in laws and regulations related to our business operations and such changes are then reported to the management and concerned departments for their acknowledgment in order to prepare for compliance with such laws and regulations. In addition, KEX also undergoes an annual internal audit of relevant departments to ensure that all departments in our organisation are always in full compliance with relevant laws and regulations.

Occupational Health and Safety Risk

As human resources are essential to the success of our business, KEX places significant emphasis on the health and safety of our employees. In this respect, KEX provides measures for safety and occupational health in the working environment in accordance with the relevant standards, laws and regulations, especially in relation to operational safety within sorting hubs, distribution centres, and transportation processes. KEX provides suitable working equipment to protect employees from any risks they might face during sorting, moving, and transporting parcels, while the condition of the transport vehicles and the readiness of the carrier's body are also checked before working. In addition, knowledge and awareness of safety in the workplace and of safe driving are continuously and regularly promoted by KEX through training and various communication channels in order to prevent both physical and property damage to employees and third parties.

Risk Related to the Use of Kerry Express Brand

KEX has entered into a licensing agreement with Kuok Registrations Limited ("KRL"), whereby KRL has granted KEX a limited and non-assignable right to use the "Kerry Express" brand and related trademarks and service marks in connection with our operations in Thailand (the "Master Licence Agreement"). The Master Licence Agreement does not extend to the use of the "Kerry Express" brand and related trademarks and service marks outside of Thailand and KEX will need to negotiate with and obtain approval from KRL for such use, in which there is no assurance that KEX would be granted such approval. As such, KEX may face limitations in overseas business expansion and may have to establish our own brand for such activities.

The Master Licence Agreement has taken effect upon the listing of KEX on the SET with a term of three (3) years, and will be automatically renewed every three (3) years until KEX gives notice to KRL in accordance with the terms of the agreement of the intention not to renew the agreement or the agreement is terminated by KRL upon the occurrence of certain specified termination events.

These termination events include, among others, Kerry Group Limited ("KGL") and/or its subsidiaries ceasing to have control over KEX or ceasing to have 30% or more of the voting rights in KEX, in which case KRL is required to provide with a written notice at least nine (9) months in advance, any breach of the Master Licence Agreement by KEX that is not cured within the remedy period, our inability to pay debts and in the case where KEX becomes insolvent or is subject to a wind-up order. In the case where KEX ceases to be listed on the SET, KRL has the right to terminate the Master Licence Agreement by providing at least three (3) months' advance notice.

Certain conditions that enable KRL to terminate the Master Licence Agreement are outside our control. If a termination of the Master Licence Agreement has taken effect for any reason, KEX will have to stop using the "Kerry Express" brand. In the case where we lose the right to use the "Kerry Express" brand, we would need to recreate our branding and register new trademarks. This may have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

Pursuant to the public announcement published on 10 February 2021 by Flourish Harmony Holdings Company Limited ("Flourish Harmony"), an indirectly wholly-owned subsidiary of S.F. Holding Company Limited ("SF"), Kerry Properties Limited and KLN, Flourish Harmony has expressed its intention to make a conditional partial cash offer to acquire approximately 51.5% of total issued and paid-up shares of KLN (on a fully-diluted basis). This potential transaction, if completed, would result in the KGL and/or its subsidiaries ceasing to hold or control directly or indirectly 30% or more of the voting rights in KEX and thus result in KRL having the right to terminate the Master Licence Agreement. In order to mitigate this termination risk and retain the rights to use the "Kerry Express" brand, KEX has entered into the new Brand Licencing Agreement on 25 March 2021 to reflect, inter alia, the change in shareholding structure of KLN and the related changes in the termination clauses. The new Brand Licencing Agreement will be conditional upon, among others, completion of the Offer for KLN Shares and the new provisions thereof, including but not limited to the new termination provisions above, will not take effect until the Offer for KLN Shares is completed.

Driving Towards Sustainable Growth



About This Performance Report

Sustainability development is one of the key medium- and long-term strategies that KEX focuses on and incorporates into every aspect of our organisation. This section represents KEX's very first sustainability report which contains all the relevant material information on environmental, social and governance matters related to KEX's business operations, corporate strategy and stakeholder expectations. KEX has adopted international reporting standards such as the Global Reporting Standard (GRI) as well as the SEC's one report manual to report the approach and outcome on our sustainability report.

Approach to Reporting

The report on management approaches to and performances on material sustainability issues was identified through a materiality assessment process in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, while the report on human rights was compiled in accordance with the UN Guiding Principles Reporting Framework for the business segment.

Scope of Reporting

The scope of reporting was determined based on the business relevance, the readiness of information and the level of impacts towards KEX's business operations and branding. In conclusion, the scope of reporting covered KEX's headquarters, Kerry Bangna Logistics Hub and other core business functions which can be reflected as representing the whole organisation.

The period of reporting covered 1 January 2020 to 31 December 2020.

Stakeholder Engagement and Materiality

Stakeholder Engagement

Throughout the year 2020, KEX continuously engaged with a variety of stakeholders with an aim of maintaining good relationships and receiving their feedback or recommendations on their expectations. The five stakeholder groups listed below represent different components of KEX's ecosystem with each playing a key role in creating long-term value and sustaining KEX's business.

Stakeholder type	Engagement approach	Issues of interest/ Expectations	KEX responses
1. Customers	<ul style="list-style-type: none"> • Customer contact centre • Customer interviews/ audit on KEX services 	<ul style="list-style-type: none"> • Quality of service • On-time delivery • Customer personal data protection 	<ul style="list-style-type: none"> • Commitment to continuously providing best service quality with transparency and integrity • Data classification
2. Employees	<ul style="list-style-type: none"> • CEO townhall • Feedback and grievance mechanism (Kerry Nokweed) • Welfare committee • People development communication channels • Employees' engagement survey • Training and development satisfaction survey 	<ul style="list-style-type: none"> • Fair and competitive remuneration and benefits • Career advancement • Employees' capability building • Occupational health and safety 	<ul style="list-style-type: none"> • Fair and competitive remuneration, promotion and benefits • Functional and leadership development program • Safety in the workplace
3. Business partners	<ul style="list-style-type: none"> • Site visits and meetings • Feedback and grievance mechanism 	<ul style="list-style-type: none"> • Supplier capacity building • Fair business practices • Strategic partnership building 	<ul style="list-style-type: none"> • Supplier training and development • Fair procurement practices • Building strategic partnership with capable partners
4. Community and society	<ul style="list-style-type: none"> • Dialogue visits • Community activities 	<ul style="list-style-type: none"> • Job opportunities • Community well-being 	<ul style="list-style-type: none"> • Job opportunities • Donations, community development and sponsorships
5. Government agencies	<ul style="list-style-type: none"> • Dialogue visits 	<ul style="list-style-type: none"> • Compliance with relevant laws and regulations • Good corporate governance 	<ul style="list-style-type: none"> • Compliance monitoring throughout the organisation • Building a strong foundation of good corporate governance

Materiality

Materiality assessment

1. Identification	2. Prioritisation	3. Validation
Identified potential issues from internal analysis and stakeholders' engagement, together with the consideration of corporate strategy and direction as well as key risk factors in short-, medium- and long-term perspectives	Review the results from step 1 against external drivers that may affect the business and the organisation's stakeholders in the short-, medium- and long-term as well as cross checking against local and international suggested issues for express delivery and logistics business.	Gain high level feedback and propose to key management for validation

KEX's materiality

	Strategy	Target
Environment		
Climate change	Innovation-driven for environmentally friendly operations	Support a global and country target regarding the Paris Agreement on Climate Change to limit global warming to well below 2°C by using innovative and environmental solutions in doing business
Society		
Occupational health and safety	Build awareness in road safety in a sustainable and coordinated manner.	<ul style="list-style-type: none"> Strengthen the policy framework Zero-accident policy
Community well-being	Create equal opportunities and build the community's competency	<ul style="list-style-type: none"> School engagement with at least 7 universities in Thailand Support e-commerce and social commerce in Thailand
Capability and leadership development of employees	<ul style="list-style-type: none"> Strong alignment to meet business needs Expedited capability development Enhance employees' productivity 	<ul style="list-style-type: none"> Build a people development strategy and program to align with business needs Target having 2,071 learners in 2020 and 2021

	Strategy	Target
Human rights and labour practices	<ul style="list-style-type: none"> • Build knowledge on human rights and employees' rights • Promote the HI STEP role model • Fair practice among employees 	<ul style="list-style-type: none"> • Zero discrimination or sexual harassment • Achieve the objectives of the HI STEP The Idol campaign • Reach Thailand's average score on employee's engagement
Governance		
Building ethical business practice	Promote good governance policy and practice throughout the organisation	100% employees passed sunshine training program
Best service quality	Build the best service that goes beyond customers' expectations	Achieve at least 90% Service Level Agreement (SLA)
Customers' data protection	Data privacy as a strategic priority and risk management	<ul style="list-style-type: none"> • Strengthen the policy framework in compliance with Thailand's Personal Data Protection Act (PDPA) • Achieve zero breach cases
Sustainable partnerships	Promote sustainable and win-win partnerships	<ul style="list-style-type: none"> • Fair procurement practice • Promote synergy among potential partners

2020 Performance

Environmental Aspect

Kerry Express Grow Green

- **Zero Deforestation Meeting**
 Spotlighted in KEX's innovation-driven initiative, we have applied in the zero deforestation meeting across the organisation since 2019, including all Board of Directors and Subcommittee meetings, to enhance efficiency both for meeting attendees and those responsible for preparing meeting documents as well as to reduce paper consumption to Zero.



All meetings are conducted via the Board Portal application, through which users can upload meeting documents, hold and record meetings, and cast votes. The application also provides a channel through which the Board of Directors can discuss matters relevant to the meeting. As a result, KEX's meeting has been using Zero paper since 2019.

- **Energy consumption reduction**

- Kerry Express Grow Green

KEX piloted the use of electric motorcycles for delivery for three months from October to December 2020. Piloted in Bangkok in the first phase, the project was in line with KEX's energy efficiency and environmental conservation policy and sustainability development guidelines, which places emphasis on eco-friendly business conduct and exemplary practices for the industrial sector.

It was found that KEX was able to reduce greenhouse gas emissions by 0.84 tCo₂e/vehicle/3 months, totalling 12.6 tCo₂e/3 month.

- Light-off Campaign

Recognising the importance of proper and efficient use of electricity in the alleviation of the ongoing global warming issue, KEX launched a light-off campaign, beginning in 2019. Under this campaign, lights and electrical appliances that are not in use during lunch breaks, such as air conditioners, window fans, and light bulbs in the office building are switched off. Employees are also encouraged to turn off the lights when they leave a room.

Social Aspect

- **Occupational health and safety**

- COVID-19 prevention

KEX has promptly and prudently action to prevent the spread of COVID-19 out of concern for the safety of our employees, their families, and society at large. In early 2019, KEX appointed the COVID Prevention Committee to establish preventive policies and measures, encourage employees to comply with the government's and KEX's measures, and monitor implementation results. One example of KEX's COVID-19 prevention measures is a restriction on



interprovincial travel, which is only allowed when completely necessary, in such case employees are required to place self-quarantine before coming back to work as well as taking a test at a hospital and presenting the result to their superiors. Other measures include giving face masks to employees periodically and placing hand sanitiser stations and temperature checkpoints at all service centres. As a result of the policies, no KEX employee has been infected while on duty thereby achieving KEX's target of Zero (0) infected cases at work, while those who contracted the virus from people in their families accounted for less than 1% of the entire manpower of KEX. Upon detecting an infected employee in any office, KEX orders a closure and disinfection of the office for 1 - 3 days and requires all employees in that office to quarantine for 14 days as well as taking a test at a hospital and presenting the test result to KEX.

- Road safety

As our express delivery business inevitably involves the risk of motor accidents, KEX set a zero-accident target for the year 2020. To this end, KEX assigned our occupational health and safety unit to hold training sessions for drivers who are employees of both KEX and our business partners as well as launching road safety and discipline campaigns and administering drug tests for employees before they begin work. We have also installed GPS systems in all of our owned line-haul trucks, and the line haul trucks we lease are also configured with GPS tracking systems to enable us to monitor the location of all our line-haul trucks in real time through our control rooms located in key sorting centres and then adjust our strategy to better fit customer requirements. Our line-haul trucks are also equipped with CCTV cameras to record any traffic accidents.

As a result of these initiatives, the number of accident-related fatalities from May to December 2020 was zero, while the rate of general accidents was declining steadily.

KEX provides accident and life insurance to all employed drivers as part of our employee care and benefits. Also, KEX has introduced a policy requiring all employees driving long distances across provinces to take a break at rest stops or rest overnight at the expense of KEX.

- **University engagement**

Recognising the significance of developing professionals who work in their field of education and of giving university students opportunities to have actual work experience before graduation, KEX has collaborated with seven universities nationwide, including Thammasat University and Khon Kaen University, to host training programs, offer internships, and attract young talents by giving them opportunities to work with KEX upon graduation. Having successfully run this project since 2019, we targeted expanding it to cover seven universities in 2020 and aimed to establish ourselves as a company of choice for talents. KEX is currently developing online courses to reach more students and to improve our management approach.



- **Taxi drivers**

As many taxi drivers were not able to maintain their level of income without tourists during temporary lockdown in response to the COVID-19 situation, coupled with the fact that online e-commerce sales volumes more than doubled during the onset of the pandemic, KEX saw an opportunity to develop a collaboration with over 100 taxi drivers. Under this initiative, the taxi drivers were hired to drive KEX's delivery vehicles and paid appropriate daily wages, so that they could take care of themselves and the families, resulting a win-win solution for both taxi drivers and KEX.

- **Capability and leadership development of employees**

- KEX places great emphasis on continuous people development and has thus formulated people development plans to equip our people for future changes, with a focus on the following:
 - Soft skill development: Focusing on our organisational culture and necessary fundamental skills, such as safety, occupational health, and the environment; critical thinking; and project management
 - Leadership skill development: Aimed at developing talents to support succession plans and career advancement plans
 - Functional skill development: Divided into operation and support functions



Instructor Satisfaction

Average Score
93.9%



Content Satisfaction

Average Score
92.8%

- The training programs are available in both online and offline formats, with post-training assessments for every program.

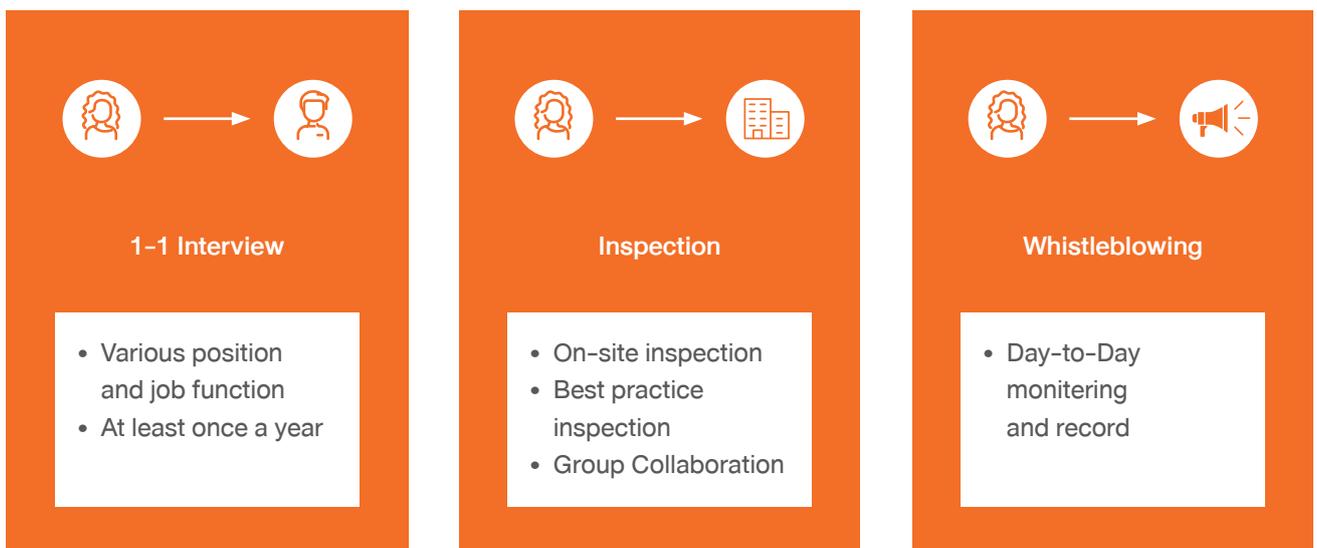
For 2021, KEX plans to further develop and retain our talents as well as nurturing new leaders to accommodate our future business growth.

• **Human rights**

- With over 18,000 employees from a wide spectrum of age groups, educational backgrounds, genders, religions, and beliefs, fostering an understanding and awareness of the rights of others is vital to making KEX a pleasant workplace for all. To this end, KEX assigned the People Development Department as the first touchpoint for all employees, with this department charged with studying and compiling a list of human rights issues based on random interviews with employees at each level, site inspections, and the list of complaints submitted through Kerry Nokweed.



KEX's Human Rights Due Diligence Process



Based on the human rights due diligence process, the four major issues that required management in 2020 were as follows:



Fair treatment



Non-discrimination



No forced labour and child labour



No sexual harassment

In response, KEX issued specific policies with appropriate management protocols and remedy plans, which were immediately incorporated into people management regulations, announced to all employees for their acknowledgment and compliance, and communicated across the organisation via KEX's internal email system. In addition, we also held our Human Rights the Series campaign to educate employees. The People Development Department monitored the implementation of the policies and regularly reported the results to the management. It was found that the number of complaints among employees declined steadily after these steps were taken. This year, KEX has extended the measure to our partners throughout supply chain by embedding the compliance and good labour practice in supplier checklist.

• Labour practices

- KEX strives to earn recognition as the best employer. We thus prioritise a good work environment and provide remuneration and benefits that motivate employees to remain with KEX and work efficiently. KEX has also put in place an appropriate and fair career advancement plan, which is communicated to all employees. Each year, the results of our employee engagement survey are used to further enhance various aspects of our people development operations.

Benefits beyond legal requirements that we provide for our employees include paternity leave and religious leave. As for the fostering of a good organisational culture, KEX has defined a set of core values named HI STEP, which is promoted through HI STEP THE HERO, a campaign that honours employees who successfully put the organisational culture into practice by announcing their names and presenting them with HI STEP The Idol awards.



KEX conducts 360-degree performance assessment to ensure that the opinions of all parties involved are taken into account, with superiors and employees working together each year to establish annual goals.

Governance Aspect

- **Building ethical business practices**

The Sunshine Program is a compulsory business ethics training program which all employees are required to attend and then pass the assessment on their first day of work. The program is reviewed annually and covers issues such as business ethics, human rights, and anti-corruption practices. In 2020, all employees attended and passed the Sunshine Program.

- **Best service quality**

Our customers include e-commerce platforms, home shopping channels, international express firms, banks, technology firms, telecom companies, financial institutions, schools, online sellers, as well as local retail chains and individual customers. Our customers benefit from our advanced digital capabilities, centred around our proprietary Kerry Express application which provides one-click pickup booking, real-time tracking, push notifications and access to Kerry Express Loyalty Program, which we introduced in January 2020 to enable our customers to collect points and redeem points for discounts on delivery fees or benefits from third-party reward partners. As of 31 December 2020, Kerry Express Loyalty Program has over 700,000 members and a number of partner brands, such as OfficeMate, B2S and PowerBuy. Our client-centric focus ensures we continue to make investments to enhance our technology infrastructure in support of our expanding operations.

Striving to offer services that go beyond expectations, KEX places great importance on pre-deployment training and the delivery of diverse products and services that cater to the needs of all customers, such as Bangkok Same-Day, Next-Day Service (with over 99% coverage nationwide), and e-payment. Our extensive coverage is complemented by our high-quality service with 99% of all parcels delivered on time (based on factors within our control) and less than 1.5% of parcels returned in 2019 and 2020.

KEX also has an internal quality control team, which conducts a random inspection on the accuracy and promptness of the services rendered by our delivery staff according to KEX's standards. The results are used for consistently improving our services.

As a result of such commitment, KEX's efforts have been widely recognised by customers, with various accolades received, such as the EDTA e-Commerce Award People's Choice 2017 and 2019, and Marketeer No. 1 Brand Thailand 2018 - 2020, as a testament to the quality of our services. As a pioneer and a forefront player in the C2C, B2C and B2B segments, we believe that we are a key enabler of e-commerce in Thailand, supporting entrepreneurs, small and medium-sized enterprises ("SMEs") and multinationals alike with convenient, reliable, innovative and on-time nationwide parcel delivery services.

- **Customers' data protection**

KEX considers the protection of customers' personal data a top priority and has thus introduced a personal data protection and information technology security policy, which sets forth data classification, along with restrictions on which individuals are authorised to access data and the data access process for each level. The policy also stipulates security reviews, employee training to raise awareness of malwares and computer viruses, and the protection of customers' personal data.

Since the beginning of our business operations, KEX has yet to receive complaints from customers about leakage of personal data, and we have therefore achieved our target in this respect.

- **Sustainable partnerships**

Our e-commerce and O2O ecosystem, formed by KEX and our strategic partners, provide a platform upon which we can leverage e-commerce growth in Thailand and seize new business opportunities to drive our future growth. Our partners provide us with access to a broad range of markets, including advertisements, telecommunications and payment solutions. For example, Bangkok Bank has been our exclusive financial partner for payment transactions, while BTS Group and its media platform provided us with an exclusive strategic partnership to advertise our express delivery services on BTS Skytrain wrappings, thereby directly accessing a large number of BTS Skytrain commuters on a daily basis.

With this large ecosystem, sustainability collaboration and partnerships are considered vital to KEX's sustainable growth. Therefore, all actors within this ecosystem must be aligned towards one common goal of doing business with responsibility, profitability and integrity.

During the COVID-19 outbreak, KEX collaborated with BTS Group Holdings Plc. on our "Box of Relief & Happiness" campaign by delivering 20,000 sets of relief boxes containing necessary items for living such as rice, dry food, instant food and seasonings, worth a total value of Baht 25 million, to affected families residing in Bangkok and the vicinity who were negatively impacted by the COVID-19 outbreak.

KEX also introduced "Farm-to-Table" delivery service, whereby we partnered with local farmers all over Thailand to deliver agricultural produce directly to the end customers, bypassing wholesalers and retailers. Such logistics solutions are unique to us and we continue to explore new ways to build on these initiatives.

In the meantime, KEX has begun assessments and discussions on our partners' expectations from KEX as well as approaches to developing win-win partnerships. For instance, in the previous year, KEX developed a training program for dealership employees to ensure that they operated to the same standard as KEX's own employees as well as to share knowledge on services and sales operations.

KEX has introduced a procurement policy, which defines transparent and fair procurement criteria. We have communicated our procurement policy, code of business ethics, and no-gift policy to our suppliers to prevent potential harm to our corporate image and any risk that may arise from relying on any single supplier.

Further information on our 2020 Performance and GRI content index can be found in the KEX website. Investors may scan QR code to access information.



Management Discussion and Analysis

Performance Analysis

	2019	2020	YoY % +/- (-)
Sales and services income	19,782	18,917	-4.4%
Cost of sales and services	16,704	15,850	-5.1%
Gross profit	3,078	3,067	-0.3%
EBIT	1,676	1,846	10.1%
Net profit for the period	1,329	1,405	5.8%
EPS (Baht/Share)	5.54	1.11	
Gross Profit Margin (%)	15.6%	16.2%	
EBIT Margin (%)	8.5%	9.8%	
Net Profit Margin (%)	6.7%	7.4%	

* As shown in financial statement, excluding minority interests

Revenue Breakdown

Unit: Baht million

	2019	2020	YoY % +/- (-)
Sales and Parcel Delivery Service Income	19,607	18,891	-3.6%
C2C	10,232	10,011	-2.2%
B2C	8,949	8,528	-4.7%
B2B	426	352	-17.4%
Advertising Income	175	26	-85.4%
Total Sales and Service Income	19,782	18,917	-4.4%

Revenue Structure by Segment

Unit: Baht million

	2019	%	2020	%
Sales and Parcel Delivery Services Income	19,607	99%	18,891	100%
C2C	10,232	52%	10,011	53%
B2C	8,949	45%	8,528	45%
B2B	426	2%	352	2%
Advertising Income	175	1%	26	0%
Total Revenue	19,782		18,917	

Revenue Impacted from COVID-19 Outbreak and Proactive Price Reduction

- Revenue for YE2020 was recorded at Baht 18,917 million, down slightly by 4.4% from the 2019 figure. KEX experienced a sharp rise in income from sales and services during certain periods of 2020 primarily due to the outbreak of COVID-19 and the government-imposed lockdown, which resulted in the growth of online transactions and increased demand for delivery during that time. However, as the situation prolonged, it created an adverse impact as Thailand's overall economy suffered, with a negative GDP growth of -6.6%, according to the Bank of Thailand, followed by a decrease in consumer sentiment and purchasing power.
- It is KEX's objective to be proactive in reducing the price per parcel while maintaining the service quality and customer satisfaction. With this strategy, we have managed to maintain our position of the dominant carrier for B2C customers as well as being able to penetrate into the low delivery charge segments with online sellers who can only afford very low delivery fees.

- Throughout 2020, the B2C and C2C sectors drove the majority of KEX's revenue as growth in both e-commerce and social commerce continued to accelerate. However, consumer sentiment and purchasing power deteriorated, particularly in the second half of the year, which offset the growth seen in the first half of 2020. Our traditional B2B segment, which comprises our corporate customers, was more harshly impacted as the pandemic significantly affected their business activities.

Costs Driven Down by Greater Operational Efficiency

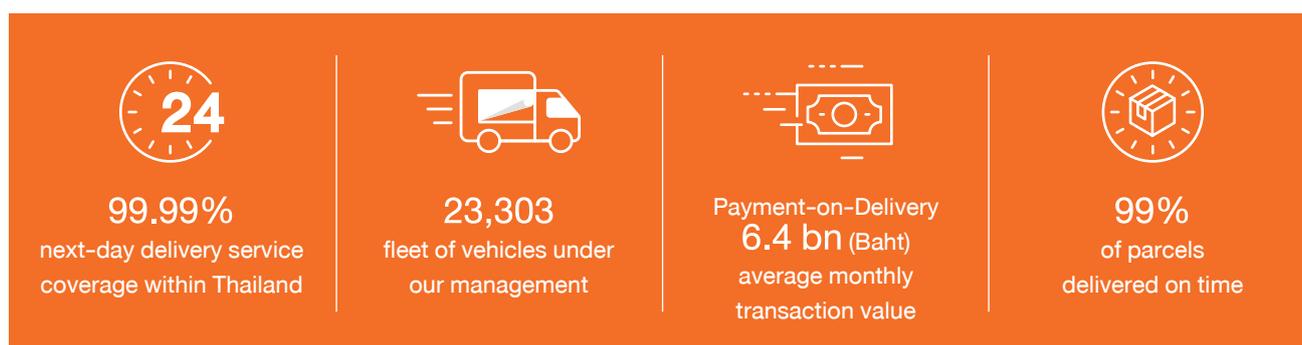
- The costs associated with sales and services were curtailed by approximately 5.1%, owing mainly to economies of scale achieved as volumes rose. However, these costs were also brought down by improvements in various aspects of operating efficiency, including fleet management, fuel usage and several other initiatives, as well as the decline in the price of fuel during the year.

- Our facility and fleet rental costs were reduced by 72.6% in 2020 mainly as a result of the adoption of the new TFRS 16. With the implementation of the TFRS 16, certain facility and fleet rental costs were no longer recorded as operating lease expenses. Instead, Right-of-Use Assets were recognised and depreciated over the lease terms. At the same time, better fleet management enabled KEX to increase the number of routes between the sorting and distribution centres, resulting in improved operational efficiency and cost reductions.

Continuous Profit Growth Attained

- FY2020 ended with a strong EBIT of +10.1% and Net Profit of +5.8% compared to the previous year, attributable to the increase in cost efficiency stemming from the aforementioned initiatives, better fuel usage management, and the optimisation of delivery routes and fleet management.
- The gross profit margin increased despite the fall in revenue as the reduction in costs of sales and services more than counterbalanced the reduction in revenue.
- The EBIT margin and net profit margin rose to 9.8% and 7.4%, respectively, by virtue of increases in economies of scales, volume, and operational efficiencies.

Operational Performance



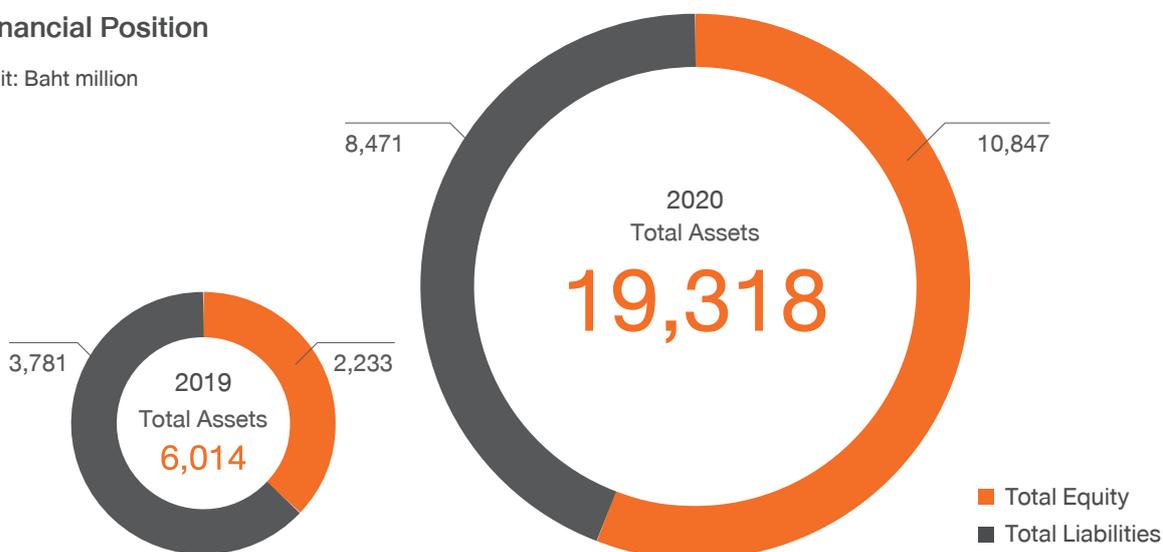
Heightened Operational Performances

- Our total sorting capacity reached 2.0 million parcels per day, with approximately 1.2 million parcels sorted on average and the total volume delivered up by approximately 7.3% from the previous year in the wake of the pandemic situation. During H1/2020, when the outbreak of COVID-19 first hit Thailand, the government imposed a lockdown to contain the spread. This brought about a change to consumer behaviours and habits in the form of a shift from physical shopping to online shopping. The subsequent increase in demand for express deliveries was a significant factor in the higher volume of parcels delivered in 2020.
- The total Payment-on-Delivery amount rose by 1.2%, to approximately Baht 77,000 million and an average monthly transaction value of approximately Baht 6,400 million. In 2020, Payment-on-Delivery remained a significant contributor to the Company's revenues, despite a drop in the basket size.
- The number of facilities and vehicles in our fleet changed slightly in 2020 to 15,991 Service Locations, 1,230 Distribution Centres and 23,303 vehicles under our management, with a continual focus on operational optimisation and increased cost efficiency.
- Throughout 2020, despite the increase in volume, we succeeded in upholding our Service Level at 99%. Service Level indicators showed that 99% of all parcels were delivered on time.

Financial Position and Liquidity

Financial Position

Unit: Baht million



Assets Breakdown

Unit: Baht million

	2019	2020	YoY % +/- (-)
Cash and cash equivalents	910	9,697	965.8%
Trade and other receivables	1,722	1,467	-14.8%
Plant and equipment	2,706	2,259	-16.5%
Right-of-use assets	-	5,321	N/A
Other assets	676	575	-14.9%
Total assets	6,014	19,318	221.2%

Liabilities and Shareholders' Equity

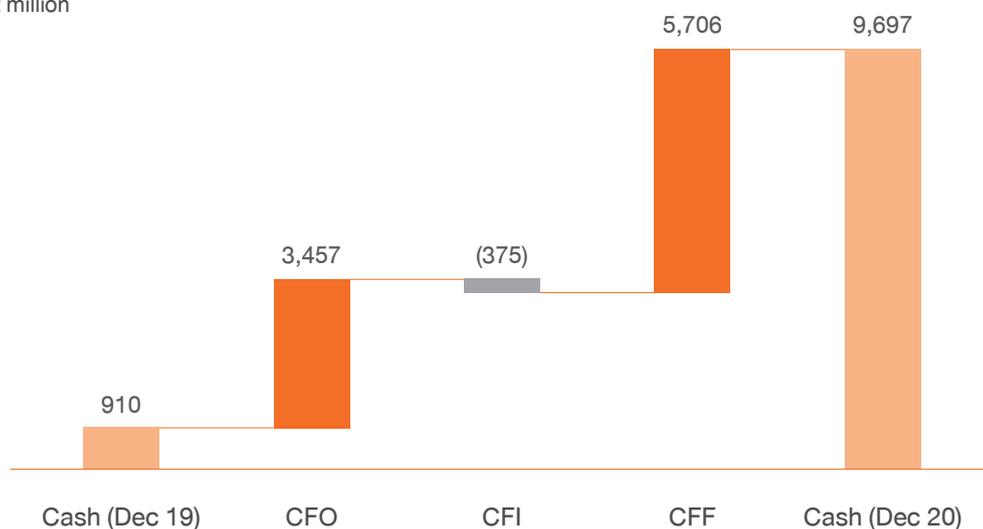
Unit: Baht million

	2019	2020	YoY % +/- (-)
Trade and other payables	1,800	1,347	-25.2%
Cash on delivery payable	884	615	-30.4%
Current portion of lease liabilities	-	1,761	N/A
Lease liabilities	-	3,593	N/A
Other liabilities	1,096	1,155	5.4%
Total shareholders' equity	2,233	10,847	385.7%
Total liabilities and equity	6,014	19,318	221.2%

Cash Flows

Cash Flows

Unit: Baht million



Strengthened Financial Position and Liquidity

- Cash and cash equivalents, which accounted for 51% of total assets, soared by 965.8% from the previous year, mainly from the increase in cash flows from operations and the proceeds from the IPO. Conversely, net cash used in investing activities declined significantly from the previous year as uncertainties from the COVID-19 situation and its economic impacts heightened. The figure from the previous year included higher payments for the purchase of computers and leasehold improvements to upgrade our facilities, operating equipment, furniture, fixtures, and office equipment.
- The TFRS 16 ‘Lease’ was activated during the reporting period, resulting in a Baht 5,321 million boost in Right-of-Use Assets and Lease Liabilities, which mostly consisted of the lease of properties, plants and equipment such as warehouse leases, office leases and vehicle leases.
- Regarding the credit terms, KEX generally grants customers a period of 15 to 30 days, depending on the market and business requirements. On the other hand, KEX offers 30-day payment terms for related parties and third-party suppliers.
- The 385.7% increase in Shareholder Equity was from the premium on ordinary shares (IPO) and retained earnings.

Key Financial Ratios

		2019	2020
Liquidity ratios			
Current ratio	(times)	0.99	2.40
Quick ratio	(times)	0.92	2.38
Cash flow liquidity ratio	(times)	0.61	0.92
Accounts receivable turnover	(times)	17.89	16.75
Average collection period	(days)	20.40	21.79
Accounts payable turnover	(times)	32.78	28.69
Average payment period	(days)	11.13	12.72
Cash cycle	(days)	9.27	9.07
Profitability ratios			
Gross profit margin	(%)	15.56	16.21
Operating profit margin	(%)	8.16	9.48
Non-operating profit margin	(%)	0.31	0.28
Cash flow to income ratio	(times)	1.15	1.93
Net profit margin	(%)	6.72	7.43
Return on equity	(%)	71.37	21.48
Efficiency ratios			
Return on total assets	(%)	24.64	11.09
Return on fixed assets	(%)	75.81	70.16
Total assets turnover	(times)	3.67	1.49
Financial policy ratios			
Total liabilities to equity ratio	(times)	1.69	0.78
Interest coverage ratio	(times)	97.88	37.53
Interest-bearing debt to EBITDA	(times)	0.34	1.46
Debt service coverage ratio	(times)	-	1.64

Use of Proceeds

From the 300 million new shares offered during our IPO on 24 December 2020, KEX intended to use the net proceeds as follows:

Use of Proceeds	Estimated Utilisation Amount (Baht million)	Actual Spending as of 31 December 2020	Remaining Amount as of 31 December (Baht million)
1. Expansion of our express delivery network and investment in our transportation network to enhance our operational efficiency and support the development of information technology systems	4,370	-	4,370
2. Repayment of existing debts to the bank*	800	-	800
3. Working capital for business operations	2,941	-	2,941
Total	8,111	-	8,111

Note: * On 29 January 2021, KEX repaid Baht 800 million to the bank.

CORPORATE
GOVERNANCE

2

Good Corporate Governance Principles

Corporate Governance Policy

KEX's corporate governance policy and code of business conduct are applied to directors, executives, and all employees in order to serve as guidelines for business activities to which all personnel shall strictly adhere in the discharge of their duties. The policy and the code of business conduct are based on the set forth in SEC's Corporate Governance Code for Listed Companies 2017 (CG Code). KEX strives to integrate these principles into its operations, as disclosed under the Corporate Governance section in the initial public offering, in order to achieve the following results:

- To perform its roles with due care according to the direction from the shareholders' resolution, the Articles of Association as well as relevant laws and regulations
- To enhance competitiveness and operating results by using technology and innovation driven, considering short-, medium-, and long-term impacts
- To foster confidence among shareholders and related parties in order to achieve sustainable growth
- To establish business practices guided by ethics, respect for rights, and responsibility towards shareholders and stakeholders
- To ensure the transparency and accountability of the Board of Directors
- To contribute value for sustainable growth

Corporate Governance Performance

The Board of Directors attaches great significance to the elevation of its corporate governance to meet national and international standards, which will in turn enhance KEX's credibility among its major stakeholders. To this end, KEX's corporate governance principles and code of business conduct are reviewed annually.



Please scan QR code
to access the full CG policy
and Code of Conduct

Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

The Board of Directors considers the performance of its duties prescribed by its roles and responsibilities with due circumspection. It's explicitly claimed that KEX's strategies, operational policies, vision, missions, short-term and long-term operational goals, business plan as well as budget have been considered and approved under the principle of sustainable business to achieve the following results:

- Competitiveness and performance with long-term perspective
- Ethical and responsible business
- Good corporate citizenship
- Corporate resilience

In light of these expected results, the Board of Directors has segregated its roles and responsibilities from the Chief Executive Officer as well as the management function, while reserved some significant matters to be approved by the Board of Directors, for example, annual plan and budget, vision, mission, strategic direction, roles and responsibilities of sub-committees and Chief Executive Officer and etc. KEX's executive directors and management are responsible to deploy the directions from the Board of Directors and communicate to all employees across the organisation to foster clear understanding. Once every quarter, the sub-committees and management are required to update their performances to the Board of Directors, whereby the Board of Directors will receive periodic updates on arising significant matters.

The sub-committees also play an important role as assigned by the Board of Directors. Their charters must be approved by the Board of Directors and to be reviewed at least once a year. Currently, KEX's sub-committees comprise of the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Executive Committee.

Principle 2: Define Primary Objectives and Goals that Promote Sustainability

The Board of Directors is responsible for overseeing business operations to ensure the attainment of KEX's primary objectives and goals, which in turn contribute to the sustainability of the organisation. To this end, the Board of Directors has established a business model that takes into account the business environment, changes in business factors, the needs of customers and stakeholders, and the enhancement of competitiveness by asking questions about the objectives of the establishment of the business, major customer groups, and the fostering of corporate value, both in quantifiable and non-quantifiable terms.

In the formulation of this business model, the Board of Directors ensured that innovation and technology were applied to the planning process, with corporate social and environmental responsibility as a fundamental. As a result, KEX has been recognised as the first mover for various innovative solutions for customers and partners' digital life such as the first mover in online payment for parcel delivery service, in track and trace application as well as in automated sorting processes etc.

Principle 3: Strengthen Board Effectiveness

KEX's Board of Directors comprises of 9 directors who have diverse range of skills, experiences, and knowledge as well as enable effective discharge of duties in accordance with business factors, such as business size, type, and complexity. The majority of the Board of Directors is non-executive directors (67%), where by one-third (33%) is independent directors.

Chairman of the Board of Directors is a non-executive director and his role is segregated from the Chief Executive Officer, while the Board of Directors also appointed Chairman of the Audit Committee, an independent director, to co-review meeting agendas

before proposing to ensure that all material information are well-defined and contained with sufficient information as well as to ensure the balance of power.

The Nomination and Remuneration Committee (NRC) whose Chairman is independent, composed of 67% independent members and 33% non-executive directors, has its duty to review the board's structure and nominate qualified person to be elected as the board member at least once a year with the criteria set forth below:

- The nomination is based on the list of director candidates proposed by shareholders. In doing this, KEX announced its invitation to shareholders for nominating candidate to be elected as directors during 25 December 2020 to 31 January 2021 with criteria and form via SET's channel.
- NRC will review the list of candidates by taking into consideration the required qualifications under the relevant laws and regulations, diversity of skills, experience, ages, genders, nationalities, and ethnicities to support KEX's primary objectives and goals and promote board diversity.
- Directors shall serve a term of three years and, upon retiring by rotation, may be re-elected, based on their performance of duties while in office.
- At the Annual General Meeting of shareholders, one third of the total number of directors shall retire. If the number is not divisible by three, the number closest to one third shall retire. Such retiring directors may be re-elected. Directors due to retire during the first and second year after the Company registration shall draw lots, and in the subsequent year, longest-serving directors shall retire.
- Shareholders shall possess equal voting rights to elect directors with the basis of One-Share-One-Vote.
- The Board of Directors requires any director wishing to resign to submit a letter of resignation. In the event that such director resigns during the year, the Board of Directors is authorised to appoint a director to replace such director. The resignation and appointment of a new director shall be disclosed to the SET.

While the selection of the Chief Executive Officer shall passed the resolution of major shareholders in consultation with the NRC on his/her performance, skill, and leadership.

For independent directors, the Board of Directors defined the qualifications in accordance with the criteria and guidelines of the Securities and Exchange Commission, as listed below:

- An independent director shall hold no more than 1% of the total voting rights.
- An independent director shall not be a director with an executive role, an employee, a salaried consultant, or a controlling person in the past 2 years, except in the event that he or she has ended his/her status as a government official or a consultant in a government agency which is KEX's majority shareholder or controlling person in less than 2 years.
- An independent director shall not have relations, either by blood or through legal registration, with directors or executives.
- An independent director shall not conduct a transaction nor be a significant shareholder nor a controlling person of the juristic entity conducting a transaction with KEX. The transaction size shall be no more than Baht 20 million or 3% of the net tangible assets (NTA), whichever is lower in the past 2 years.
- An independent director shall not be an auditor of KEX, its parent company, a subsidiary, an associate, a majority shareholder, or a controlling person in the past 2 years.
- An independent director shall not be a person rendering any professional service to or a significant shareholder, a controlling person, or a partner of a juristic entity to which he/she renders a service to, for which he/she is paid over Baht two million in service fee, in the past 2 years.

* An individual not qualified according to Items 4 and 6 may be an independent director so long as the Board of Directors demonstrates that his/her performance of duties and independence discretion are not affected according to Section 89/7. Such information shall be disclosed in the notice of the annual general meeting of shareholders.

- An independent director shall not be an appointed nominee of a director of KEX, a majority shareholder, or a shareholder who is connected to a majority shareholder.
- An independent director shall not undertake any business of the same nature as and competing with that of KEX and its subsidiaries and shall not hold more than 1% of the shares or serve as a director with an executive role, an employee, a salaried consultant, or a controlling person in such business.
- An independent director shall not possess any other characteristic which prevents his/her expression of independent opinions.
- An independent director may be an independent director of a company in the group. However, a member of the Audit Committee shall not be a director of the parent company, a subsidiary, or a same-tier subsidiary (sister company) that is a listed company.
- Following appointment as independent directors, they may be assigned by the Board of Directors to make collective decisions regarding the business operations of KEX, its parent company, a subsidiary, an associate, a sister company, a majority shareholder, or a controlling person. However, members of the Audit Committee shall have no involvement in such decisions.

Meetings of the Board of Directors and Sub-committees

The Board of Directors has prescribed the minimum meeting arrangement at least 6 times a year, while the sub-committees shall meet at least 4 times a year and non-executive meeting will be arranged at least 1 time a year. The meeting schedule shall be planned at least 3 months in advance prior to the last day of this year and the notice of the meeting shall be submitted to the directors at least 7 days in advance through the Board Portal system, while at least 14 days in special event. When necessary, ad hoc board meetings and sub-committee meetings can be convened to ensure effective corporate governance.

To request additional information, directors can contact the Company Secretary or any executive directors while using e-mail, board portal system or any others channels. To pass a resolution in a meeting, at least half of the total number of directors must be present to form a quorum. Directors may choose to attend a meeting via electronic means in accordance with the Emergency Decree on Electronic Meetings B.E. 2563. Furthermore, directors shall not participate in decision making, or offer opinions on any agenda in which they may have a conflict of interest.

Directors' Remuneration

The Board of Directors has prescribed that the Annual General Meeting of shareholders shall have the authority to approve directors' remuneration. The annual remuneration for directors and its scheme have been reviewed and considered by NRC and determined in comparison with that of listed companies with similar market capitalisation to ensure that it is competitive and commensurate with their duties.

Director Development and Performance Assessment

In 2020, KEX developed its directors through various training programs essential to their duties and occasionally hosted educational sessions prior to board meetings, especially before the listing on the SET in order to foster their understanding of essential matters related to business and capital market laws. The Board of Directors attended a training session entitled Basic Laws and Regulations for Listed Companies, presented by Baker & McKenzie on 22 December 2020. Furthermore, the Nomination and Remuneration Committee has prescribed board self-assessment, in both collective and individual basis, the results of which will be used to further develop board performance. The assessment results are calculated in percentage as follows:

Board Self-assessment Performance Results for the Year 2020

93%

1. Structure and
Characteristics

99%

3. Board Meeting

100%

5. Relationship
with Management

96%

2. Roles and
Responsibilities

100%

4. Board Performance
of Duties

98%

6. Self-development
and Management
Development

Governance of Subsidiaries and Associates

The Board of Directors has approved a policy for the investment and management of subsidiaries and associates based on the criteria for the governance of subsidiaries and associates according to the notification of the Capital Market Supervisory Board No. Tor Chor 28/2551 as well as the Corporate Governance Code for Listed Companies (CG Code) of the Securities and Exchange Commission, which could be summarised as follows:

- An investment in a subsidiary or an associate shall be an investment that supports or expands its business operations, whether by adding channels to generate income or by increasing profitability or corporate value. Such investment shall take into consideration the return on equity, potential risks, and KEX's financial standing.
- For any joint investment that KEX holds at least 20% but not exceeding 50% of the voting rights and may require additional capital in the future, KEX shall consider formulating a shareholder's agreement or other agreements to define the management and decision-making authority.

- KEX shall manage a subsidiary or an associate in adherence with the CG Code as well as establish guidelines for exercising voting rights through KEX's directors or executives in accordance with the shareholding percentage in the entity.
- In the governance of a subsidiary or an associate, KEX shall ensure the implementation of financial control, disclosure of significant information, and regular performance reporting. Any transaction with connected persons, acquisition or disposition of assets, and other significant transactions shall be disclosed as well as stipulated by the CG Code.

Principle 4: Ensure Effective CEO and People Management

The Board of Directors is charged with the nomination and development of top executives as well as people management and development to equip them with necessary skills and competency that will drive KEX towards the achievement of its primary objectives and goals, which are shared among all KEX personnel. As such, the Board of Directors has established a people development policy and a succession planning policy.

People Development Policy

To encourage both permanent and contract employees to plan their career and set their future professional goals, the Board of Directors has approved the people development policy to conduct employee competency assessment as well as perform gap analysis to identify areas that need improvement against KEX's employee competency model. Employees can utilise the outcome of the gap analysis to inform their individual development plans (IDP) in alignment with their career plans and the organisation's needs, with KEX organising training programs in accordance with these IDPs.

The Board of Directors also recognises the importance of horizontal career progression through job transfer or rotation, which promotes the accumulation of extensive knowledge and experience, as well as vertical career progression through promotion. To be promoted, employees must demonstrate the three following professional achievements:

- Depth of knowledge and skills
- Required competencies
- Breadth of experiences

Succession Planning Policy

The Board of Directors has established succession planning for executives as executive-level vacancies are considered a risk towards KEX's operational effectiveness and ability to achieve its primary objectives and goals. The Board of Directors has thus labelled employees within the three levels under Chief Executive Officer and those in critical positions as KEX's executive officers. The succession planning process consists of three steps as follows:

1. **Determining and nominating successors:** This step involves two key components: performance assessment and potential assessment. The latter is assessed on the basis of leadership competency and behavior that corresponds with KEX's core values. Employees who pass both assessments are considered high-potential talents, who will undergo appropriate development.
2. **Reviewing and concluding a succession slate:** Each executive-level position will have a successor. The required qualifications will be similar and in alignment with the position to be succeeded, so that the successor is ready to take the position immediately.
3. **Formulating development plans:** In addition to basic training programs, KEX has formulated development plans in accordance with career plans and individual development plans, which all personnel are required to prepared. An employee with high competency can be promoted to an executive-level position as soon as there is a vacancy. However, if the employee still has gaps that need to be improved upon, the promotion to such executive-level position can be delayed.

Compensation Scheme for Directors, Executives and Employees

The NRC, as delegated by the Board of Directors, annually reviews the compensation structure of KEX's directors and Chief Executive Officers against the company's vision, mission, business plan, industry peers and shareholders' expectation, while the Executive Committee is responsible for annually reviewing the employees' compensation.

The compensation structure for the directors, executives, and staffs of KEX are as follows:

- | | |
|--------------------------|--|
| Short-term compensation: | Monthly remuneration +
meeting allowance + other
non-monetary benefits |
| Long-term compensation: | Employee Stock Ownership
Plan (ESOP) |

Annual Performance Evaluation of Chief Executive Officer and Employees

The annual performance evaluation is deemed necessary for assessing the Chief Executive Officer's effectiveness. The evaluation methodology and criteria have been defined by the Board of Directors in consultation with the NRC. The assessment criteria have been developed based on KEX's strategic direction as shown in page 6 e.g. revenue and profit growth, promotion of environmental friendly innovation/ initiatives as well as people development, and in alignment with shareholders' interests. Once a year, the Chief Executive Officer will evaluate himself and propose the results to the NRC as well as the Board of Directors for their consideration.

The employee performance appraisal includes both the core competencies required by KEX and the competencies specific to the individual employee's job function. A one-on-one interview is scheduled between the employee and his/her supervisor to discuss the review and to set future goals together. The results of the appraisal will be reflected in the employee's compensation.

Understanding of Shareholder Structure

The Board of Directors understands the shareholder structure and its potential impact on KEX's business operations. To this end, KEX has prescribed guidelines for related parties transactions and a code of business conduct regarding the prevention of insider trading and conflicts of interests in order to ensure fairness and protect the rights of all shareholders.

People Development

The Board of Directors considers the development of KEX's human resources in accordance with the company's corporate direction and the strategies vital to the achievement of its established goals and recognises the significance of training on anti-corruption practices and compliance with internal policies. To this end, the Board of Directors prescribes personnel training across the organisation at the headquarters, distribution centres and service locations nationwide. Further details on people development can be found under the Employee section on page 101.

Principle 5: Nurture Innovation and Responsible Business

As KEX's corporate governance policy stipulates that KEX shall conduct business responsibly and nurture innovation, the Board of Directors has prescribed the pursuit of the following tasks.

Nurturing Innovation

The Board of Directors attaches significance to an organisational culture that promotes innovation. As such, the Board of Directors has assigned the management team to incorporate this innovation culture into strategy reviews, operation improvement plans, and performance monitoring. The Board of Directors has encouraged the development of innovation that adds value to the organisation in accordance with the ever-changing environment in which KEX operates. This applies to business models, methods and perspectives in product and service design and development, research, production and operational process improvement, as well as in collaboration with suppliers. KEX is also the first company to develop a package tracking application.

Research and Development

The Board of Directors allocates sufficient budget to the research and development of technology in various areas, including people development and business development, in order to equip KEX's employees with the tools to overcome any disruption. This can be achieved through, for instance, training sessions on software development and seminars on new technologies. With the Board of Directors' view that research and development will drive KEX towards becoming the top-of-mind brand for customers, KEX has established a research and development product unit to research and improve internal operations, products, and services as well as to develop marketing plans, such as the KE application and EasyShip. This has enabled KEX to meet the needs of both customers and other stakeholders.

Creating Value for Customers and Stakeholders

Responsibility to Employees: KEX complies with all laws and standards relevant to fair employee treatment and human rights. This includes the determination of fair remuneration and benefits, the provision of appropriate welfare, and the establishment of an occupational health and safety policy, as well as training programs, competency development, career advancement, and opportunities for employees to develop job skills in other areas.

Responsibility to Customers: KEX ensures compliance with all relevant laws and standards while also taking into consideration health, safety, and fairness in fulfilling its responsibilities to KEX's customers. Measures taken include the protection of customers' data, the delivery of aftersales services throughout product and service lifetimes, and the administration of customer satisfaction surveys for the purpose of product and service development. In addition, advertisements and sales promotions (sales conduct) must be conducted responsibly, without purposely misleading customers or taking advantage of any possible misunderstanding.

Responsibility to Suppliers: KEX oversees the procurement process and contractual terms and conditions to ensure fairness as well as to educate supplier, enhance their potential, and elevate their capacity to deliver products and services to meet the required standards. KEX also offers clarification and ensures that its suppliers respect human rights, treat their workers fairly, and operate with social and environmental responsibility. In addition, KEX monitors, inspects, and assesses its suppliers for the purpose of developing sustainable business relationships.

Fair Competition: KEX conducts business with transparency and without creating unfair competitive advantages.

Incorporating Social and Environmental Responsibility into Operation Plans and Strategies to Develop Value Chain Sustainability

Responsibility to Communities: KEX applies its business knowledge and experience to the development of projects that make tangible contributions to the welfare of communities as well as monitoring and measuring the progress and long-term success of those projects.

Responsibility to the Environment: Through prevention, reduction, management, and supervision, KEX strives to prevent negative environmental impacts from its consumption of raw materials, energy (for production, transportation, and office needs), water, and renewable resources. This commitment also applies to the management and restoration of biodiversity affected by KEX's business operations, the release and management of waste generated through its business operations, and the control and reduction of greenhouse gas emissions. Since 2020, KEX has also implemented a paperless meeting policy.

Resource Allocation and Management with Consideration for Impacts and Resource Development Across the Value Chain

The Board of Directors ensures that in the achievement of KEX's primary objectives and goals, the management reviews, develops, and oversees resource consumption so as to achieve effectiveness and efficiency while also taking into consideration changes in internal and external factors at all times. At the very least, consideration is paid to the six following factors: financial capital, production capital, intellectual capital, human capital, social and relationship capital, and natural capital.

Ensuring IT Governance

The Board of Directors has introduced a policy for the allocation and management of information technology (IT) resources, which covers the allocation of sufficient resources for business operations and the establishment of contingency guidelines in the event that it is impossible to allocate sufficient resources as planned. In addition, IT has been defined as one of the corporate risks for KEX with further details described under the Risk Factors section.

Furthermore, the Board of Directors has put in place policy and measures related to data security in compliance with the Personal Data Protection Act B.E. 2563. In this regard, the Information Classification Policy and the Acceptable Use Policy, which are based on the Personal Data Protection Act B.E. 2563, have been introduced. KEX's policies on IT governance and management on the corporate level cover the following matters.

- Compliance with laws, regulations, requirements, and standards related to the use of IT
- Implementation of data security systems to maintain data confidentiality, integrity, and availability and protect data from misuse and unauthorised modification

- Consideration of IT risks and implementation of risk mitigation measures in different aspects, such as business continuity management, incident management, and asset management
- Allocation and management of IT resources; and establishment of criteria and factors for IT operation plan prioritisation, such as compatibility with strategic plans, impacts on business operations, urgency, IT budget and human resources, and compatibility with the business model

Principle 6: Strengthen Effective Risk Management and Internal Control

Risk Management System, Internal Control, and Internal Audit

Emphasising a commitment to the management of existing and emerging risks, the Board of Directors has approved the appointment of the Risk Management Committee. Additionally, KEX has established a quality risk management team to oversee and manage corporate risks as well as to assess risks and serve as the Secretary to the Risk Management Committee with the aim of providing support for and enhancing the effectiveness and efficiency of KEX's risk management operations. Further details can be found under the Risk Factors section.

KEX also encourages staff at all levels to be conscious of ethics and morality while also being mindful of the need to build a risk culture throughout the organisation by defining the roles in risk management for staff at all levels as well as management and directors.

The internal audit unit has been established and operated efficiently and independently to oversee and audit the efficiency of KEX's risk management system and internal control as well as reporting their findings to the Audit Committee for consideration.

Appointment of External Auditor and Determination of Audit Fees

The Audit Committee is responsible for independently selecting and nominating KEX's external auditor and audit fees to the Annual General Meeting of shareholders for their approval and appointment. In 2020, the Board of Directors, with the recommendation of the Audit Committee, was of the view that Pricewaterhouse Coopers ABAS Ltd. was an expert in the industry that could perform its duties with independence and neutrality and was thus considered suitable to be appointed as KEX's external auditor. Details can be found under the Governance Structure and Management Information.

Compliance

The Board of Directors has assigned the Company Secretary to oversee the operations of KEX and the performance of its Board of Directors, executives, and employees to ensure compliance with capital market regulations affecting KEX's business operations. While legal team and Quality and Risk management team are responsible to oversight the overall compliance.

Monitoring and Management of Conflicts of Interest

The Board of Directors places importance on preventing conflicts of interest between individuals and KEX and the use of insider information for personal gains. Therefore, guidelines for the prevention of conflicts of interest were included in KEX's code of business conduct. In addition, the Board of Directors introduced the Securities Trading Policy for directors, executives, and insider persons, including their spouses or cohabitants and minor children, to prevent them from using inside information for their own benefit and requested that they report their intention of dealing with KEX's securities at least 24 hours prior to the transaction. A black-out period for trading KEX's securities was also established with the requirement of prohibiting transactions during a period of 30 days prior to and for 24 hours following the disclosure of quarterly and annual financial statements.

Anti-corruption Policy and Guidelines

The Board of Directors recognises that corruption is unacceptable and has thus defined it as one of KEX's risks. To this end, the Board of Directors ensures that KEX has in place suitable internal control measures. Such measures begin with good corporate governance principles, which place emphasis on anti-corruption practices, with KEX also actively encouraging suppliers to promote anti-corruption practices. KEX's anti-corruption policy has been established to provide an operational framework of good practices for each unit to apply to its operations. The details of the policy can be summarised as follows:

- The Board of Directors has the duty and responsibility to ensure that an effective anti-corruption process is in place and that the management team recognises the significance of anti-corruption efforts and fosters such values as part of the organisational culture. The Audit Committee is responsible for reporting detected or suspected corruption to the Board of Directors.
- The Audit Committee has the duty and responsibility to conduct audits on KEX's financial reporting and accounting systems, internal control, and risk management systems to ensure their compliance with the relevant standards as well as their conciseness, currency, and efficiency.

- The management team has the duty and responsibility to put in place systems that promote and support KEX's anti-corruption policy and also to communicate such systems to personnel at all levels and ensure that they are put into practice. The management team is also responsible for cultivating such values as part of the organisational culture, reviewing and revising systems and measures to keep them compatible with changes, and conducting corruption risk assessment periodically to identify high-risk incidents and find suitable preventive measures and solutions. The management team shall also report detected issues to the Board of Directors and/or relevant sub-committees according to their roles and responsibilities.
- Internal auditors have the duty and responsibility to audit and review operations to ensure compliance with policies, guidelines, authority, procedures, and laws; to make certain that KEX applies suitable and prudent internal control against corruption; and to report their findings to the Audit Committee.

KEX has submitted its intent to join Thailand's Private Sector Collective Action Against Corruption (CAC) in 2021 and to be granted membership within 18 months. This demonstrates KEX's commitment to anti-corruption efforts and its zero-tolerance of corruption. In addition, KEX has put in place suitable internal control measures to serve as an internal anti-corruption mechanism as stipulated by CAC's best practices.

Whistleblowing Policy and Channels

KEX provides opportunities for stakeholders to inspect KEX's compliance with relevant laws and regulations, and KEX's code of business conduct as well as good corporate governance principles. To this end, the Board of Directors has established guidelines for submitting complaints through its dedicated whistleblowing channel, Kerry Nokweed. Stakeholders can be assured that KEX will protect whistleblowers and that all information will be kept confidential. Matters that stakeholders may report to KEX are as follows:

- Violations of law, criteria, code of business conduct, and KEX's Articles of Association
- Corruption, including money laundering, falsification of accounts, and financial fraud
- Abuse of power and negligence of duty
- Personal use of KEX's assets
- Disclosure of KEX's confidential information

The whistleblowing process is as follows:



Principle 7: Ensure Disclosure and Financial Integrity

Responsibility for the Accurate, Timely, Adequate, and Transparent Preparation of Financial Reports and the Disclosure of Material Information in Compliance with Relevant Criteria, Standards, and Guidelines

The Board of Directors has established policies for the disclosure, submission and communication of financial statements based on relevant laws and criteria of regulatory agencies, to ensure that KEX's financial reporting and disclosure of material information are accurate and compliant with relevant standards and practices. In addition, the Board of Directors has designated sufficient personnel with the requisite knowledge, skills, expertise, and experience to handle the preparation and disclosure of such information. Such personnel include the Chief Financial Officer, Chief Accountant, internal auditor, the Company Secretary, and Investor Relations officers.

Approving Disclosure of Information

The Board of Directors takes into consideration key factors related to the disclosure of information. For financial reporting, the following factors shall be taken into consideration at the minimum:

- Results of internal control adequacy assessment
- The auditor's opinion on financial reports and observations on internal control, as well as the auditor's observations submitted via other communication channels (if any)
- Opinions of the Audit Committee
- Alignment with KEX's objectives, primary goals, strategies, and policies

The Board of Directors oversees the disclosure of information, which includes financial statements, annual reports, Form 56-1 One Report, and other reports required by relevant regulatory agencies, to ensure that such information adequately reflects KEX's financial status and operating results as well as encourages KEX to prepare a quarterly and annual management discussion and analysis (MD&A) to supplement the disclosure of quarterly and annual financial statements, so that investors are informed about and better understand changes to KEX's financial status and operating results beyond the figures presented in the financial statements. Directors shall also oversee the disclosure of information specifically pertaining to them, such as the information of shareholders or information on shareholders' agreements of their own business group, to ensure completeness and accuracy.

Monitoring Financial Liquidity and Debt Servicing Ability

Given the importance of KEX's financial status to shareholders and stakeholders, the Board of Directors has assigned the management team to monitor and assess KEX's financial status and report regularly to the Board of Directors. Upon detecting any signs of problems regarding KEX's financial liquidity and debt servicing ability, the Board of Directors and the management team will work together to find prompt solutions. In approving transactions or seeking approval from the Annual General Meeting of shareholders on matters related to KEX's financial liquidity, the Board of Directors must be certain that such transactions will not affect KEX's business continuity, financial liquidity, or debt servicing ability. However, when KEX is faced

with or likely to be faced with a financial problem, the Board of Directors and the management team will collaboratively develop plans and solutions or propose other mechanisms that may effectively solve the problem. Any such plans must be reasonable and prioritise the rights of stakeholders as well as creditors. The Board of Directors will monitor the resolution of the problem, with the management team regularly reporting updates on the status.

Public Disclosure Channels

The Board of Directors has prescribed the disclosure of information on the websites of regulatory agencies, such as the websites of the SET and the SEC, as well as KEX's Investor Relations website. In addition, KEX holds quarterly and annual analyst meetings, opportunity day events, as well as domestic and international roadshows.

Departments and Persons Responsible for Disclosure of Information

The Company Secretary Office is responsible for the disclosure of information to the SET, the SEC, and shareholders.

The Investor Relations Department is responsible for the communication and disclosure of information to minority shareholders, analysts, institutional investors, and individual investors.

The Marketing Communications Department communicates certain key activities of KEX to the public through KEX's website and other channels deemed appropriate by the Board of Directors.

The persons responsible for communicating information are the Chief Executive Officer, Deputy Chief Executive Officer, Chief Operations Officer, and Chief Investment Officer. The departments and persons responsible for the communication of such information fully understand the nature of KEX's business, including our objectives, primary goals, and values, and are capable of communicating accurately and effectively with the capital market.

All material information shall be disclosed in Thai and in English and shall be updated appropriately. Key information includes the following:

- Vision, mission and values
- The nature of KEX's business
- List of directors and executives
- Financial statements and reports on the financial position and operating results of the current and previous year
- Downloadable Form 56-1 One Report
- Other information or documents which KEX has presented to analysts, fund managers, or the media
- Corporate group structure, including subsidiaries, associates, joint ventures, and special purpose enterprises/vehicles (SPEs/SPVs)
- Direct and indirect shareholdings of directors, majority shareholders, and high-ranking executives
- Notices of ordinary and extraordinary meetings of shareholders
- Articles of Association and Memorandum of Association
- Corporate governance policy, anti-corruption policy, IT governance and management policy, and risk management policy, along with the methods for the management of different risks

- Charter, roles and responsibilities as well as the qualifications and terms of office of the Board of Directors; matters requiring board approval; and charters, roles and responsibilities as well as the qualifications and terms of office of the Audit Committee and the other sub-committees
- Code of conduct for KEX's employees and directors and code of conduct for Investor Relations
- Contact information of departments, whistleblowing channels, persons responsible for Investor Relations, and the Company Secretary, such as the name, phone number, and e-mail address of the person who can provide information

Principle 8: Promote Engagement and Communication with Shareholders

Promotion of Shareholder Engagement

Placing importance on shareholders' rights and equitable participation in KEX's activities, the Board of Directors has ensured that both majority and minority shareholders can take part in making major decisions and have access to necessary information for the consideration of the agenda of the Annual General Meeting of shareholders. To this end, the Board of Directors has enabled minority shareholders to propose agenda items prior to the meeting for the approval of the Board.

Accurate, Complete, and Sufficient Disclosure of Information and Shareholders' Rights

The Board of Directors ensures that significant matters that can substantially impact KEX's business, as stipulated in the SEC and SET regulations, are considered and/or approved by shareholders and that such matters are included in the meeting agenda. It is also made certain that the notice to the meeting of shareholders contains accurate, complete, and sufficient information for shareholders to exercise their rights and is accompanied by related documents, which will be available both in Thai and English, to prevent overcrowding situation at the checkpoint area.

Furthermore, shareholders are given opportunities to submit enquiries prior to the meeting date. The criteria for inquiry submission have been established and are published on KEX's website.

Shareholders' Meetings

KEX's first shareholders' meeting as an SET-listed company will be held on 23 April 2021. The Board of Directors will oversee the organisation of the meeting to ensure that it runs smoothly with transparency and efficiency and enables shareholders to exercise their rights.

- The meeting date is scheduled on a non-public holiday and the meeting venue at Shangri-La hotel is easily accessible by public transport such as by BTS sky train, bus, and boat. The meeting is scheduled to start at 10:00 a.m., whereby the registration will be opened at 8:00 a.m.
- Matters to be presented at the meeting, a proxy form and all supporting documents will be disclosed on KEX' s website at least 30 days prior to the meeting date and hard copies will be distributed to shareholders at least 21 days prior to the meeting date. In the meantime, KEX encourages both funds and custodians to provide proxies in advance for pre-registration and document inspection.
- The application of technology in the shareholders' meetings, specifically shareholder registration, vote counting, and vote result displaying, is encouraged so as to ensure speed, correctness, and accuracy.
- The Chairman of the Board of Directors will be responsible for overseeing compliance with relevant laws and regulations and KEX's Articles of Association, allocating an appropriate amount of time for each agenda item specified in the notice to the meeting, as well as giving shareholders opportunities to express their opinions and make enquiries regarding matters related to KEX.
- Shareholders can participate in major decisions. Directors, as meeting attendees and shareholders, will not add agenda items without prior notice unless necessary, especially agenda items that shareholders will need time to study before making a decision upon.
- All Directors and Executives will attend the meeting to respond to shareholders' enquiries.
- Before the meeting begins, shareholders will be informed of the number and proportion of shareholders in attendance and represented by proxies, the meeting procedure, the voting procedure, and the vote counting procedure.
- For the appointment of directors of KEX, shareholders are required to vote on each candidate separately.
- The Board of Directors encourages the use of ballot cards for voting and the presence of independent parties to count and inspect votes in the meeting. The number of shareholders voting for, voting against, abstaining, and voiding a ballot in each agenda item will be disclosed to the meeting and recorded in the minutes.

Furthermore, the disclosure of meeting resolutions and the preparation of the minutes of the shareholders' meeting must be accurate and complete. The Board of Directors will ensure that KEX discloses meeting resolutions as well as voting results by the following business day via the SET Portal and KEX's website. A copy of the minutes will be submitted to the SET within 14 days of the shareholders' meeting. The minutes will record the list of directors and executives in attendance, the proportion of present and absent shareholders, voting and vote counting procedures, the voting results (for, against, abstained) for each agenda item, as well as the questions and answers from the Q&A session of the meeting.

Governance Structure and Management Information

Board of Directors

Chalush Chinthammit
Director

Kavin Kanjanapas
Director

Kledchai Benjaathonsirikul
Chairman of the Board of Directors

Choi Chun Sang Michael
Director and Deputy Chief Executive Officer

Yeo Hwee Leng Eileen
Independent Director

Kamthorn Tatiyakavee
Independent Director

Prasan Chuaphanich
Independent Director
and Chairman of the Audit Committee

Ng Kin Hang Alex
Director and Chief Executive Officer

Warawut Natpradith
Director and Chief Operations Officer



Mr. Kledchai Benjaathonsirikul
Chairman of the Board of Directors
Age: 65 years



Education/Training:

- Bachelor's Degree in Law from University of Birmingham, United Kingdom
- The Director Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): 0.57

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Chairman of the Board of Directors and Member of the Nomination and Remuneration Committee
 - 2017 - present Director
 - 2017 - 2019 Chairman of Executive Committee
- **Other Listed Companies**
 - 1999 - present Independent Director, Shangri-La Hotel Plc.
- **Non-Listed Companies**
 - 2020 - present Director, Miracle Rich Holding Ltd.
 - 2018 - present Director, KLN Logistics (Thailand) Co., Ltd.
 - 2018 - present Director, FAF Partner Co., Ltd.
 - 2018 - present Director, J Venture (Thailand) Co., Ltd.
 - 2018 - present Director, Siam Chao Phraya Express Co., Ltd.
 - 2017 - present Director, KCD (Thailand) Co., Ltd.
 - 2017 - present Director, KTSE (Thailand) Co., Ltd.
 - 2017 - present Director, Kerry-Apex (Thailand) Co., Ltd.

- 2017 - present Director, SSK Logistics Co., Ltd.
- 2015 - present Director, Kerry Logistics CTI Holding Co., Ltd.
- 2013 - present Director, Kerry Logistics (Bangna) Ltd.
- 2013 - present Director, Blissful Property Co., Ltd.
- 2012 - present Director, KART (Thailand) Ltd.
- 2012 - present Director, K-Mile Air Co., Ltd.
- 2012 - present Director, Kerry Pacific (Thailand) Ltd.
- 2012 - present Director, KMMT Co., Ltd.
- 2011 - present Director, Silver Sand Beach Co., Ltd.
- 2009 - present Director, KLN (Thailand) Co., Ltd.
- 2007 - present Director, Suan Plu Thani Co., Ltd.
- 2006 - present Director, KLN Siam Holding Co., Ltd.
- 2006 - present Director, Logistics (Thailand) Co., Ltd.
- 2005 - present Director, Art of Living Society Co., Ltd.
- 2002 - present Director, Kerry Distribution (Thailand) Co., Ltd.
- 2001 - present Director, Kerry Logistics (Thailand) Co., Ltd.
- 2000 - present Managing Director, Kerry Siam Seaport Co., Ltd.
- 2000 - present Director, Kerry Freight (Thailand) Co., Ltd.
- 2000 - present Director, Coaster Holdings Co., Ltd.
- 1996 - present Director, Fenika Co., Ltd.
- 1986 - present Director, KT Holding Co., Ltd.
- 1986 - present Director, Dear Child Co., Ltd.
- 1985 - present Director, Siam Rimnam Holding Co., Ltd.
- 1983 - present Director, Kerry (Thailand) Co., Ltd.
- 1973 - present Director, Thai Multi-Sugar Industry Co., Ltd.



Mr. Ng Kin Hang Alex
Director and Chief Executive Officer
Age: 41 years

Education/Training:

- Bachelor’s Degree in Economics and Finance from the University of Hong Kong, Hong Kong
- The Director Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): 1.21

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Chairman of the Executive Committee and Chairman of the Risk Management Committee
 - 2019 - present Chief Executive Officer
 - 2014 - present Director
 - 2017 - 2020 Member of Executive Committee
 - 2013 - 2016 General Manager
- **Other Listed Companies**
 - 2019 - present Executive Director, Finance Committee Member, and Member of the Risk Management Committee, Kerry Logistics Network Ltd.
- **Non-Listed Companies**
 - 2020 - present Director, KETH Corporate Services Ltd.
 - 2020 - present Director, Kerry Express Service Ltd.
 - 2019 - present Director and Chairman, H2N Ltd.

- 2019 - present Director, Kerry ESG (Hong Kong) Co., Ltd.
- 2019 - present Director, K-Parcel (Hong Kong) Ltd.
- 2018 - present Director, Times E-Commerce (Thailand) Co., Ltd.
- 2018 - present Director, Kerry Express (Singapore) Pte., Ltd.
- 2018 - present Director, Gather Excellence Ltd.
- 2017 - present Director, PT. Kerry Nex Express Co., Ltd.
- 2017 - present Director, PT. Kerry Nex Consulting Co., Ltd.
- 2017 - present Chairman of the Executive Committee, Kerry Express (Vietnam) Co., Ltd.
- 2017 - present Director, Times E-Commerce Ltd.
- 2016 - present Director, RABBIT-LINE PAY Co., Ltd.
- 2015 - present Director, Kerry Worldbridge Express Ltd.
- 2015 - present Director, Kerry Worldbridge Express (Holdings) Ltd.
- 2015 - present Director, Kerry Express (Cambodia) Ltd.
- 2015 - present Director, Rabbit Pay System Ltd.
- 2013 - present Director, Kerry Distribution (Thailand) Co., Ltd.

Mr. Prasan Chuaphanich
Independent Director and Chairman of the Audit Committee
Age: 69 years



Education/Training:

- Honorary Doctorate Degree in Accounting from Kasem Bundit University, Thailand
- Bachelor’s Degree in Accountancy with Second Class Honor from Chulalongkorn University, Thailand
- Advanced Certificate in Auditing from Chulalongkorn University, Thailand
- Certified Public Accountant from Thailand Federation of Accounting Professions
- ASEAN Chartered Professional Accountant
- Executive Management Program from Ivey School of Business, University of Western Ontario, Canada
- Leading Professional Services Firm from Harvard Business School, United States of America
- Director Certification Program (DCP) by Thai Institute of Directors
- Financial Institution Governance Program (FGP) by Thai Institute of Directors
- Board Matters and Trends Program (BMT) by Thai Institute of Directors
- Board Nomination and Compensation Program (BNCP) by Thai Institute of Directors

Shareholding in the Company (%): 0.0079

Family Relationship with Other Directors

and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Chairman of the Nomination and Remuneration Committee
 - 2019 - present Independent Director and Chairman of the Audit Committee
- **Other Listed Companies**
 - 2018 - present Chairman of the Sustainable Development Committee, Advanced Info Services Plc.
 - 2017 - present Independent Director, Member of the Audit and Risk Oversight Committee, Advanced Info Services Plc.
 - 2013 - present Independent Director, Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee, Thai Solar Energy Plc.
 - 2013 - present Independent Director and Chairman of the Audit Committee, Siam Commercial Bank Plc.
 - 2016 - 2019 Independent Director and Chairman of the Audit Committee, PTT Global Chemical Plc.
- **Non-Listed Companies**
 - 2020 - present Adviser to the Prime Minister on Economy Advisory Council to the Prime Minister
 - 2020 - present Commissioner of the Public Sector Development Commission National Research Council of Thailand

2020 - present	Honorary Commissioner, State Enterprise Policy Office	2014 - present	Expert Member on Accounting and Chairman of Audit Committee, Office of Insurance Commission (OIC)
2019 - present	Independent Director and Chairman of Audit Committee, Securities and Exchange Commissions	2014 - present	Member of the Accounting Expert Committee of Committee on Anti-dumping Practices, Ministry of Commerce
2018 - present	Member, State Enterprise Director List Committee, Ministry of Finance	2015 - 2017	Director and Chairman of Audit Committee, Thai Institute of Directors
2017 - present	Independent Director, Advance Wireless Network Co., Ltd.	2014 - 2017	President of Thailand Federation of Accounting Professions
2017 - present	Audit Advisory Panel, Advisory Committee for Fund Raising and Listed Company Oversight, Securities and Exchange Commission (SEC)	2014 - 2017	Member of Advisory Committee on Corporate Governance and Policy, Thai Institute of Directors Association (IOD)
2017 - present	Member of the Accounting Expert Committee, Public Sector Audit Evaluation Committee	2012 - 2017	Expert Member of General Insurance Fund, Ministry of Finance
2017 - present	Council Member, Thailand's Private Sector Collective Action, Coalition Against Corruption Council (CAC)	2013 - 2016	Member of Management Committee, Faculty of Commercial and Accountancy, Chulalongkorn University
2017 - present	Chairman of the Board of Directors, Thai Institute of Directors		
2016 - present	Member of the Audit Committee, Mahidol University Council		
2016 - present	Commissioner, OIC Advanced Insurance Institute		
2015 - present	Finance and Asset Management Committee, King Mongkut's University of Technology Thonburi		

Mr. Kamthorn Tatiyakavee
Independent Director
Age: 66 years



Education/Training:

- Master's Degree in Business Administration from University of Bridgeport, United States of America
- Bachelor's Degree in Economics from Thammasat University, Thailand
- Advanced Certificate for Executive Program from King Prajadhipok's Institute
- Certificate of Achievement from Capital Market Academy
- The Directors Accreditation Program (DAP) by Thai Institute of Directors
- The Directors Certification Program (DCP) by Thai Institute of Directors
- The Audit Committee Program (ACP) by Thai Institute of Directors
- The IT Governance and Cyber Resilience Program (ITG) by Thai Institute of Directors

• **Non-Listed Companies**

- 2017 - present Chairman of the Board of Directors, Keystone Holding Co., Ltd.
- 2014 - present Advisor to the Board of Directors, Kerry Flour Mills Ltd.
- 2015 - 2019 Independent Director, Export-Import Bank of Thailand
- 2014 - 2019 Chairman, WHA Real Estate Management Co., Ltd.
- 2014 - 2017 Director, Asia Wealth Asset Management Co., Ltd.
- 2014 - 2017 Director, Asia Wealth Holding Co., Ltd.
- 2014 - 2017 Director, Asia Wealth Securities Co., Ltd.
- 1995 - 2017 Director and President, President Holding Co., Ltd.

Shareholding in the Company (%): 0.0057

Family Relationship with Other Directors: and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 2019 - present Independent Director
 and Member of the Audit Committee
- **Other Listed Companies**
 1981 - present Director,
 Thai President Foods Plc.
 1981 - 2018 Director,
 President Bakery Plc.

Ms. Yeo Hwee Leng Eileen
Independent Director
Age: 46 years



Education/Training:

- Bachelor's Degree with Second Upper Class Honors in Business Administration and Finance from National University of Singapore, Singapore
- The Directors Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): 0.0057

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Member of the Nomination and Remuneration Committee
 - 2019 - present Independent Director and Member of the Audit Committee
- **Other Listed Companies**
 - None
- **Non-Listed Companies**
 - 2020 - present Director, AKJ Singapore Investment Pte. Ltd.
 - 2020 - present Director, Balnarring Pte. Ltd.
 - 2018 - present Chief Executive Officer, Mornington Services Pte. Ltd.
 - 2013 - 2017 Chairwoman and CEO, Marionnaud France

Mr. Kavin Kanjanapas

Director

Age: 46 years



Education/Training:

- Stonyhurst College, United Kingdom
- The Director Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): None

Family Relationship with Other Directors

and Executives: None

Work Experience during past 5 years:

- **Position in Company**
2018 - present Director
- **Other Listed Companies**
2017 - present Director, U City Plc.
2015 - present Chief Executive Officer, BTS Group Holdings Plc.
2012 - present Chairman of the Executive Committee, VGI Plc.
2010 - present Member of the Executive Committee, BTS Group Holdings Plc.
2003 - present Director, VGI Plc.
2017 - 2018 Independent Director, BEC World Plc.
- **Non-Listed Companies**
2020 - present Director, U-Tapao Aviation Co., Ltd.
2020 - present Director, BGSR 6 Co., Ltd.
2020 - present Director, BGSR 81 Co., Ltd.
2019 - present Director, SLV Retail Co., Ltd.
2019 - present Director, Majestic Park Co., Ltd.
2019 - present Director, Future Domain Co., Ltd.
2018 - present Director, U Global Hospitality Co., Ltd.

- 2018 - present Director, BTS Infrastructure Service Co., Ltd.
- 2018 - present Director, Turtle 23 Co., Ltd.
- 2017 - present Director, Absolute Golf Service Co., Ltd.
- 2017 - present Director, Vienna House (Thailand) Co., Ltd.
- 2017 - present Director, Northern Bangkok Monorail Co., Ltd.
- 2017 - present Director, Eastern Bangkok Monorail Co., Ltd.
- 2017 - present Director, BTS Infrastructure Development Co., Ltd.
- 2017 - present Director, Man Food Holdings Co., Ltd.
- 2017 - present Director, Kamkoong Property Co., Ltd.
- 2017 - present Director, Natural Park Ville Co., Ltd.
- 2017 - present Director, Natural Real Estate Co., Ltd.
- 2017 - present Director, Park Opera Co., Ltd.
- 2017 - present Director, Richee Property Management Co., Ltd.
- 2017 - present Director, Park Gourmet Co., Ltd.
- 2017 - present Director, Project Green Co., Ltd.
- 2017 - present Director, Unison One Co., Ltd.
- 2017 - present Director, RB Services Co., Ltd.
- 2017 - present Director, Keystone Management Co., Ltd.
- 2016 - present Director, KMJ 2016 Co., Ltd.
- 2016 - present Director, Nine Square Property Co., Ltd.
- 2015 - present Member of Executive Committee, Bangkok Smartcard System Co., Ltd.

2015 - present	Director, Travelodge (Thailand) Co., Ltd.	2008 - present	Director, Thana City Golf and Sports Club Co., Ltd.
2015 - present	Director, The Community One Co., Ltd.	2008 - present	Director, Tanayong Property Management Co., Ltd.
2015 - present	Director, The Community Two Co., Ltd.	2014 - 2020	Director, Win Win Kitchen Co., Ltd.
2015 - present	Director, Kingkaew Assets Co., Ltd.	2015 - 2018	Director, Unicorn Enterprise Co., Ltd.
2015 - present	Director, Ratburana Property Co., Ltd.		
2015 - present	Director, BSS Holdings Co., Ltd.		
2015 - present	Director, Keystone Estate Co., Ltd.		
2014 - present	Director, Little Corner Co., Ltd.		
2014 - present	Director, Mak8 Co., Ltd.		
2013 - present	Director, Man Kitchen Co., Ltd.		
2010 - present	Director, Tanayong Hong Kong Ltd.		
2010 - present	Director, Rabbit Rewards Co., Ltd.		
2010 - present	Director, BTS Land Co., Ltd.		
2010 - present	Director, Absolute Hotel Services Hong Kong Ltd.		
2009 - present	Director, Bangkok Smartcard System Co., Ltd.		
2009 - present	Director, Point of View (POV) Media Group Co., Ltd.		
2009 - present	Director, VGI Advertising Media Co., Ltd.		
2008 - present	Director, Absolute Hotel Services Co., Ltd.		
2008 - present	Director, Muangthong Assets Co., Ltd.		
2008 - present	Director, Prannakiri Assets Co., Ltd.		

Mr. Chalush Chinthammit

Director

Age: 51 years



Education/Training:

- Master's Degree in Business Administration in Finance and Banking from Mercer University, United States of America
- Bachelor's Degree in Business Administration in Finance and Banking from Assumption University, Thailand
- The Director Accreditation Program (DAP) by Thai Institute of Directors
- Business Revolution and Innovation Network Program from Federation of Thai Industries
- Certificate Executive Program on Energy Literacy for a Sustainable Future from Thailand Energy Academy
- Top Executive in Industrial Development and Investment from Institute of Business and Industrial Development (IBID)
- Capital Market Academy Program from Capital Market Academy

Shareholding in the Company (%): 0.0057

Family Relationship with Other Directors

and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 2020 - present Member of the Risk Management Committee
 2019 - present Director
- **Other Listed Companies**
 2020 - present Director, Triton Holding Plc.
 2017 - present Managing Director, BBGI Plc.

- 2016 - present Director and Member of Audit Committee, Master Ad Plc.
- 2012 - present Director, Thai Sugar Terminal Plc. and subsidiaries
- 2007 - Present Director, KSL Green Innovation Plc.
- 2007 - present Director and Member of Executive Committee, TS Flourmill Plc.
- 2004 - present Director and Vice President, Khon Kaen Sugar Industry Plc. and subsidiaries
- 2014 - 2019 Director, Mudman Plc.
- **Non-Listed Companies**
 2017 - present Director, Bangchak Biofuel Co., Ltd.
 2017 - present Director, Bangchak Bioethanol (Chachoengsao) Co., Ltd.
 2016 - present Director, DAD SPV Co., Ltd.
 2016 - present Director, WSP Logistics Co., Ltd.
 2015 - present Director, Seng Press Co., Ltd.
 2015 - present Director and Chairman of the Audit Committee, Thanarak Pattana Asset Co., Ltd.
 2013 - present Director, Chinkit Co., Ltd.
 2013 - present Director, Raja Solar Material Co., Ltd.
 2007 - present Chairman of the Board of Directors, Colossal International Co., Ltd.
 2007 - present Director and Secretary, Thai Sugar and Bio-Energy Producers Association
 2007 - present Director, KSL. Agro and Trading Co., Ltd.

- 2007 - present Director, Raja Porcelain Co., Ltd.
- 2007 - present Director, Chanarath Co., Ltd.
- 2006 - present Director,
Savannakhet Sugar Corporation
- 2004 - present Director,
New Kwang Soon Lee Sugar Factory
Co., Ltd.
- 2004 - present Director,
New Krung Thai Sugar Factory Co., Ltd.
- 2004 - present Director, KSL Sugar Holding Co., Ltd.
- 2004 - present Director, Para Ruamchoke Co., Ltd.
- 2004 - present Director,
Khon Kaen Sugar Power Plant Co., Ltd.
- 2004 - present Director,
KSL Export Trading Co., Ltd.
- 2003 - present Director,
Koh Kong Plantation Co., Ltd.
- 2003 - present Director, Thai Sugar Millers Co., Ltd.
- 2003 - present Director,
Onnuch Construction Co., Ltd.
- 2003 - present Managing Director,
KSL Real Estate Co., Ltd.
- 2002 - present Director,
TS Transport and Logistics Co., Ltd.
- 2002 - present Director, TS Warehouse Co., Ltd.
- 2002 - present Director, TSG Trading Co., Ltd.
- 2001 - present Director,
Cane and Sugar Act B.E. 2527
Committee
- 1997 - present Director, Raja Ceramic Co., Ltd.
- 1996 - present Director and the Chairman of
Executive Committee,
MMP Corporation Co., Ltd.

Mr. Choi Chun Sang Michael
Director and Deputy Chief Executive Officer
Age: 38 years



Education/Training:

- Bachelor's Degree in Logistics Engineering and Supply Chain Management from the University of Hong Kong, Hong Kong
- The Director Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): 0.47

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Member of the Executive Committee
 - 2019 - present Deputy Chief Executive Officer
 - 2016 - present Director
 - 2017 - 2019 General Manager
 - 2015 - 2017 Deputy General Manager
- **Other Listed Companies**
 - None
- **Non-Listed Companies**
 - 2020 - present Director, Kerry Express Service Ltd.
 - 2020 - present Director, KETH Corporate Services Ltd.

Mr. Warawut Natpradith
Director and Chief Operations Officer
Age: 42 years



Education/Training:

- Bachelor's Degree in Business Management from Maejo University, Thailand
- The Director Accreditation Program (DAP) by Thai Institute of Directors

Shareholding in the Company (%): 0.42

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Member of the Executive Committee
 - 2019 - present Director and Chief Operations Officer
 - 2017 - 2019 Deputy General Manager
 - 2014 - 2016 Assistant General Manager
- **Other Listed Companies**

None
- **Non-Listed Companies**
 - 2020 - present Director, Miracle Rich Holding Ltd.
 - 2020 - present Director, Kerry Express Service Ltd.

Mr. Issarin Patramai
Chief Investment Officer
Age: 46 years



Education/Training:

- Master of Business Administration in Finance, Investment from the University of Wisconsin-Madison, United States of America
- Bachelor’s Degree in Chemical Engineering with First Class Honor from Chulalongkorn University, Thailand
- CFA Charterholder from CFA Institute
- Capital Market Academy Program from Capital Market Academy
- The CFO Orientation: Focus on Financial Reporting by Thailand Federation of Accounting Professions and Securities and Exchange Commission
- The Board Nomination and Compensation Program (BNCP) by Thai Institute of Directors
- The Director Certification Program (DCP) by Thai Institute of Directors
- The Successful Formulation & Execution of Strategy Program (SFE) by Thai Institute of Directors

Shareholding in the Company (%): None

Family Relationship with Other Directors

and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Member of the Executive Committee and Member of Risk Management Committee
 - 2019 - present Chief Investment Officer
- **Other Listed Companies**
 - 2020 - present Director, Kerry Express Service Ltd.

- 2019 - present Member of Nomination and Compensation Committee, Surapon Foods Plc.
- 2018 - present Independent Director and Member of the Audit Committee, Surapon Foods Plc.
- 2017 - present Director, TEAM Consulting Engineering and Management Plc.
- 2017 - 2019 Executive Director and Member of Risk Management Committee, TEAM Consulting Engineering and Management Plc.
- 2016 - 2019 Senior Executive Vice President - Finance, TEAM Consulting Engineering and Management Plc.
- **Non-Listed Companies**
 - 2014 - present Director, ICN Systems Co., Ltd.
 - 2017 - 2019 Director, ATT Consultants Co., Ltd.
 - 2017 - 2019 Director, Team SQ Co., Ltd.
 - 2014 - 2019 Director, Geotechnical & Foundation Engineering Co., Ltd.
 - 2014 - 2019 Director, TEAM Construction Management Co., Ltd.
 - 2014 - 2019 Director, TEAM Consulting International Co., Ltd.
 - 2010 - 2019 Director, HB9 Co., Ltd.
 - 2014 - 2017 Director, Modern Management and Technology Co., Ltd.

Mr. Chakpetch Ratcharoensook
Member of Executive Committee
Age: 48 years



Shareholding in the Company (%): 0.08

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
 - 2020 - present Member of the Executive Committee
 - 2019 - 2020 Chief Operations Officer
 - 2018 - 2019 Deputy General Manager
 - 2015 - 2017 Assistant General Manager
- **Other Listed Companies**
 - None
- **Non-Listed Companies**
 - None

Ms. Wanvisah Tasanaprechachai
Chief Financial Officer
Age: 46 years



Education/Training:

- Bachelor's Degree in Accounting from Thammasat University, Thailand
- Certified Public Accountant from Thailand Federation of Accounting Professions
- Strategic CFO in Capital Markets Program from the Stock Exchange of Thailand

Shareholding in the Company (%): 0.26

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
2020 - present Member of the Executive Committee and Member of the Risk Management Committee
2019 - present Chief Financial Officer
- **Other Listed Companies**
None
- **Non-Listed Companies**
2020 - present Director, Kerry Express Service Ltd.
2018 - present Director, Siam Chao Phraya Express Ltd.

Ms. Kultaree Samakkeenitch
Chief Accountant
Age: 43 years



Education/Training:

- Bachelor's Degree in Business Administration, Major in Accounting with Cum Laude Honours from Assumption University, Thailand
- Certified Public Accountant from Thailand Federation of Accounting Professions

Shareholding in the Company (%): 0.0207

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- **Position in Company**
2019 - present Chief Accountant
- **Other Listed Companies**
None
- **Non-Listed Companies**
2014 - present Director,
Gastropolis Co., Ltd.

Company Secretary

Ms. Rasamee Yongrasameewong

Age: 37 years

Education/Training:

- Bachelor's Degree in Economics in International Economics from Kasetsart University, Thailand
- Company Secretary Program (CSP) by Thai Institute of Directors
- Anti-Corruption the Practical Guide (ACPG) by Thai Institute of Directors

Shareholding in the Company (%): 0.00456

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- Position in Company
2020 - present Company Secretary
- Other Listed Companies
2015 - 2019 Compliance and Sustainability Specialist,
Advanced Info Service Plc.
- Non-Listed Companies
None

Head of Internal Audit

Mr. Ekaphon Kupnatarak

Age: 34 years

Education/Training:

- Master's Degree in Accounting, Chulalongkorn University, Thailand
- Bachelor's Degree in Accounting with First Class Honours, Thammasat University, Thailand

Shareholding in the Company (%): 0.00057

Family Relationship with Other Directors and Executives: None

Work Experience during past 5 years:

- Position in Company
2020 - present Manager - Internal Audit
- Other Listed Companies
None
- Non-Listed Companies
2009 - 2020 Associate Director - Audit,
KPMG Phoomchai Audit Ltd.

Information on Directors of KEX and Subsidiaries

The Position of Directors and Management in KEX and Subsidiaries

As of 31 December 2020

Directors and Management	KEX	KETH Corporate Services	KESL
Mr. Kledchai Benjaathonsirikul	●	-	-
Mr. Ng Kin Hang Alex	△	■	■
Mr. Prasan Chuapanich	■	-	-
Mr. Kamthorn Tatiyakavee	■	-	-
Ms. Yeo Hwee Leng Eileen	■	-	-
Mr. Kavin Kanjanapas	■	-	-
Mr. Chalush Chinthammit	■	-	-
Mr. Choi Chun Sang Michael	△	■	■
Mr. Warawut Natpradith	△	-	■
Mr. Issarin Patramai	◎	-	■
Ms. Wanvisah Tasanaprechachai	◎	-	■
Ms. Kultaree Samakkeenitch	◎	-	-

● Chairman

■ Director

△ Executive Director

◎ Management

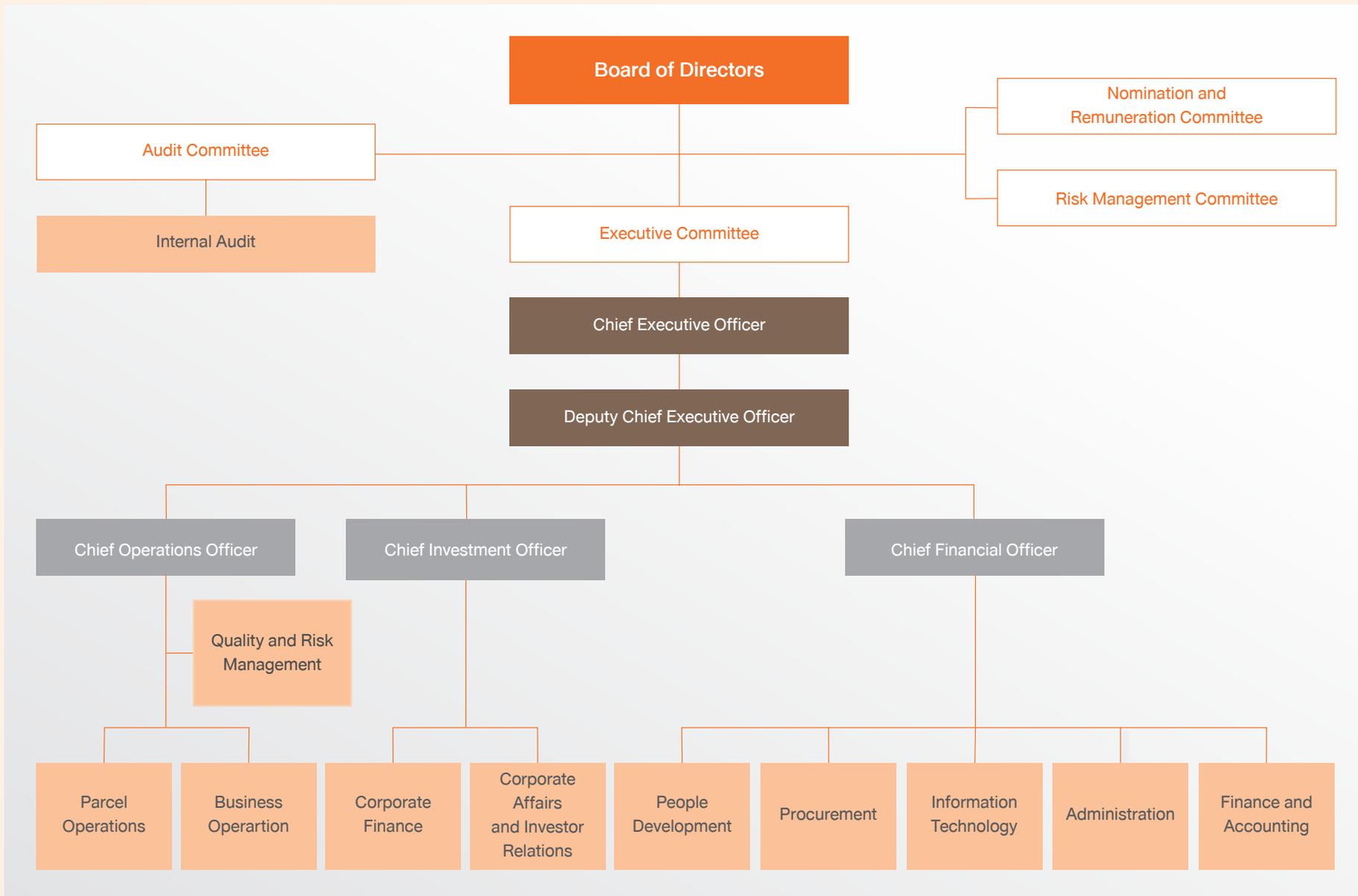
Report on Changes in KEX Share Held by Directors and Executives

Directors and Management Shareholding in KEX and Subsidiaries

As of 31 December 2020

Directors and Management	KEX	KETH Corporate Services	KESL
	Common Share	Common Share	Common Share
Mr. Kledchai Benjaathonsirikul	13,221,600	-	-
• Spouse/Cohabiting Person	2,000	-	-
• Minor Child	-	-	-
Mr. Ng Kin Hang Alex	24,482,400	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Prasan Chuaphanich	200,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Kamthorn Tatiyakavee	100,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Ms. Yeo Hwee Leng Eileen	100,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Kavin Kanjanapas	-	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Chalush Chinthammit	100,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Choi Chun Sang Michael	11,220,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Warawut Natpradith	9,374,400	-	1
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Issarin Patramai	-	-	1
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Mr. Chakpetch Ratjaroensuk	1,469,600	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Ms. Wanvisah Tasanaprechachai	5,562,000	-	1
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-
Ms. Kultaree Samakkeenitch	360,000	-	-
• Spouse/Cohabiting Person	-	-	-
• Minor Child	-	-	-

Governance Structure



Meeting Attendance

Name	Number of Meetings Attended/Total Meetings				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee ⁽¹⁾	Executive Committee ⁽²⁾
Mr. Kledchai Benjaathonsirikul	9/9		1/1		
Mr. Ng Kin Hang Alex	9/9			3/3	5/5
Mr. Prasan Chuaphanich	9/9	5/5	1/1		
Mr. Kamthorn Tatiyakavee	9/9	5/5			
Ms. Yeo Hwee Leng Eileen	9/9	5/5	1/1		
Mr. Kavin Kanjanapas	6/9				
Mr. Chalush Chinthammit	9/9			3/3	
Mr. Choi Chun Sang Michael	9/9				5/5
Mr. Warawut Natpradith	9/9				5/5

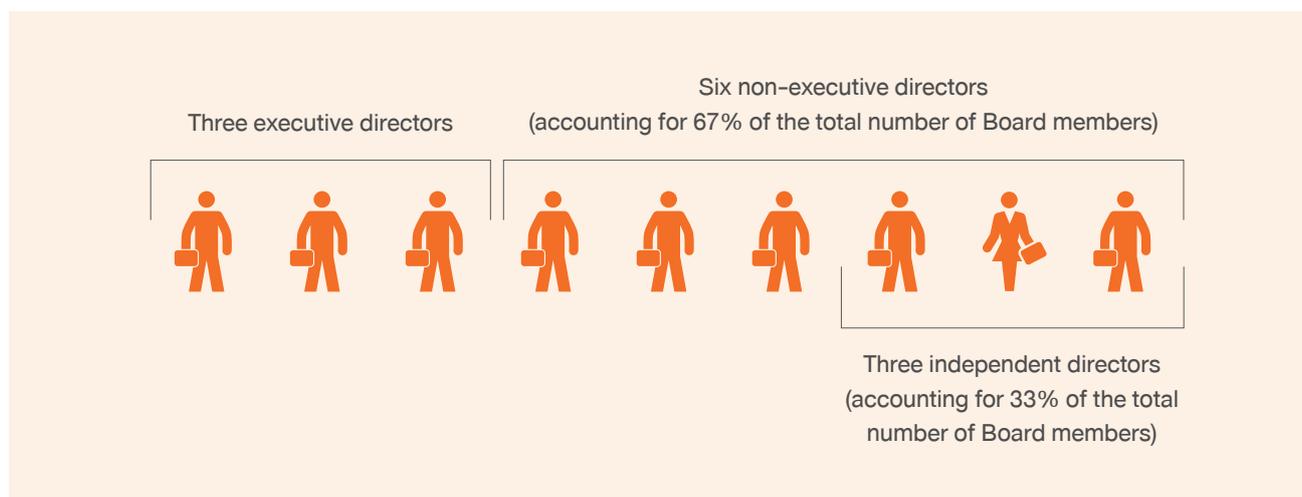
Notes: ⁽¹⁾ The other 2 members of the Risk Management Committee are executive officers.

⁽²⁾ The other 3 members of the Executive Committee are executive officers.

The Board of Directors

Board Composition

The Board of Directors comprises nine qualified persons who possess knowledge, ability, and experience considered beneficial to KEX. The Chairman of the Board of Directors is non-executive director.



Authorities, Duties and Responsibilities

The main responsibilities of the Board of Directors are to oversee and guide KEX's business strategy, business plan, and annual budget, and to ensure that the management of KEX is consistent with the shareholders' resolution and performance objectives and in compliance with the law and good governance practice so as to ensure the sustainable growth of KEX and create long-term value to our shareholders.

Scan to access full charter of the Board of Directors



Sub-Committees

The Audit Committee

Composition

The Audit Committee comprises three independent directors who possess financial and accounting backgrounds as well as independent qualifications as required by law.

Authorities, Duties and Responsibilities

The main responsibilities of the Audit Committee are to check and balance the interests of KEX and our major shareholders with the interests of our minority shareholders. It is the duty of the Audit Committee to ensure the integrity of KEX's Board of Directors and management, financial statements, and internal controls over the financial reporting of KEX.

Scan to access full charter of the Audit Committee



The Executive Committee

Composition

The Executive Committee consists of six qualified persons who have experience with KEX's business and possess knowledge and ability considered beneficial to KEX.

Authorities, Duties and Responsibilities

The main responsibilities of the Executive Committee are to operate and manage KEX's business operations efficiently and in accordance with KEX's objectives, Articles of Association, policies, vision, business strategies, business plans and goals, and in line with the expectations of the Board of Directors.

Scan to access full charter of the Executive Committee



The Risk Management Committee

Composition

The Risk Management Committee consists of four competent persons who possess knowledge and experience on financial and business aspects as well as enterprise risk management and business continuity management. One out of the Committee's four members is a non-executive director.

Authorities, Duties and Responsibilities

The main responsibilities of the Risk Management Committee are to ensure the sufficiency and efficiency of KEX's internal control and corporate risk management in all areas. The Risk Management Committee shall ensure that KEX takes the appropriate measures to achieve a prudent balance between risks and rewards in both ongoing and new business activities.

Scan to access full charter
of the Risk Management Committee



The Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee is chaired by an independent director and comprises two independent directors and one non-executive director.

Authorities, Duties and Responsibilities

The main responsibilities of the Nomination and Remuneration Committee are the selection and nomination of candidates for the positions of directors and Chief Executive Officer for consideration and approval at Board of Directors' meetings and/or shareholders' meetings, as the case may be, as well as defining the criteria and principles for the remuneration and compensation of the directors and Chief Executive Officer.

Scan to access full charter
of the Nomination and Remuneration
Committee



Authorised Directors

The Directors who are authorised to sign and bind KEX are as follows:

- (1) Any two (2) of the following directors, Mr. Kledchai Benjaathonsirikul, Mr. Ng Kin Hang Alex, Mr. Kavin Kanjanapas, Mr. Chalush Chinthammit, Mr. Choi Chun Sang Michael, or Mr. Warawut Natpradith, when jointly signing their names with KEX's seal affixed, for any transaction not exceeding Baht 125,000,000; or
- (2) Any of the following directors, Mr. Kledchai Benjaathonsirikul, Mr. Ng Kin Hang Alex, Mr. Choi Chun Sang Michael or Mr. Warawut Natpradith, when signing their name jointly with any of the following directors, Mr. Kavin Kanjanapas or Mr. Chalush Chinthammit, with KEX's seal affixed, for any transaction exceeding Baht 125,000,000.

Executives

KEX is principally managed by the executives who comprise the management team, including the Chief Executive Officer, and the heads of the various business segments. This management team is responsible for determining KEX's strategy and reviewing its policies. The management team is also responsible for managing the affairs of KEX in accordance with the policies established by the Board of Directors. The executive officers include:

- | | |
|----------------------------------|--------------------------------|
| 1. Mr. Ng Kin Hang Alex | Chief Executive Officer |
| 2. Mr. Choi Chun Sang Michael | Deputy Chief Executive Officer |
| 3. Mr. Warawut Natpradith | Chief Operations Officer |
| 4. Mr. Issarin Patramai | Chief Investment Officer |
| 5. Ms. Wanvisah Tasanaprechachai | Chief Financial Officer |
| 6. Ms. Kultaree Samakkeenitch | Chief Accountant |

Note: Name list of executive officers under the definition of the Securities and Exchange Commission (SEC)

Directors' Remuneration Scheme

Monthly Remuneration	Meeting Allowance	Annual Bonus
<ul style="list-style-type: none"> Baht 80,000 for the Chairman of the Board and Chairman of the Audit Committee Baht 40,000 for Directors 	<ul style="list-style-type: none"> Baht 30,000 for the Chairman of a sub-committee Baht 20,000 for the member of a sub-committee 	<ul style="list-style-type: none"> 0.3% of the annual dividend payment

Note: Directors who are executives or employees are not entitled to receive the monthly remuneration and meeting allowances.

In 2020, the total remuneration paid to directors was Baht 4.28 million (excluding bonus).

Directors' Remuneration in 2020

Unit: Baht

Name	Position	Annual Remuneration	Meeting Allowance
Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors	960,000.00	-
Mr. Prasan Chuaphanich	Chairman of the Audit Committee	960,000.00	180,000.00
Mr. Kamthorn Tatiyakavee	Independent Director	480,000.00	120,000.00
Ms. Yeo Hwee Leng Eileen	Independent Director	480,000.00	120,000.00
Mr. Kavin Kanjanapas	Director	480,000.00	-
Mr. Chalush Chinthammit	Director	480,000.00	20,000.00
Total		3,840,000.00	440,000.00
			4,280,000.00

Remuneration for Chief Executive Officer and other Senior Executives

In 2020, the aggregate remuneration for six executive officers in accordance with the SEC's definition of the term 'executives' was Baht 58.06 million, including monthly remuneration, bonus and provident fund payments.

Other Benefits**Ordinary Shares**

KEX allocated approximately 900,000 ordinary shares to its directors as a part of Initial Public Offerings (IPO) at IPO price. The details of their allocation are as follows:

Name	Position	Maximum Allotted Shares (No. of shares)	% of the Offer Shares
Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors	300,000	0.10
Mr. Prasan Chuaphanich	Chairman of the Audit Committee	200,000	0.07
Mr. Kamthorn Tatiyakavee	Independent Director	100,000	0.03
Ms. Yeo Hwee Leng Eileen	Independent Director	100,000	0.03
Mr. Kavin Kanjanapas	Director	100,000	0.03
Mr. Chalush Chinthammit	Director	100,000	0.03
Total		900,000	0.30

ESOP Warrants

KEX has offered ESOP warrants to directors, executives, and employees, including those of our subsidiaries, in the total amount of 40,000,000 units. On 25 November 2020, the Board of Directors resolved to allocate up to 10,300,000 ESOP warrants to our directors and executives. The details of their allocation are as follows:

Name	Position	Allotted Warrants (units)
Mr. Kledchai Benjaathonsirikul	Chairman of the Board of Directors	1,200,000
Mr. Ng Kin Hang Alex	Director and Chief Executive Officer	1,000,000
Mr. Prasan Chuaphanich	Chairman of the Audit Committee	200,000
Mr. Kamthorn Tatiyakavee	Independent Director	200,000
Ms. Yeo Hwee Leng Eileen	Independent Director	200,000
Mr. Kavin Kanjanapas	Director	200,000
Mr. Chalush Chinthammit	Director	200,000
Mr. Choi Chun Sang Michael	Director and Deputy Chief Executive Officer	1,500,000
Mr. Warawut Natpradith	Director and Chief Operations Officer	1,500,000
Mr. Issarin Patramai	Chief Investment Officer	2,000,000
Ms. Wanvisah Tasanaprechachai	Chief Financial Officer	1,500,000
Ms. Kultaree Samakkeenitch	Chief Accountant	600,000
Total		10,300,000

Employees

KEX recognises the importance of personnel as key components in propelling our organisation towards sustainable progress and growth. For this reason, we are determined to develop our current personnel so that they are fully equipped with the knowledge and abilities required, both soft and functional skills. We also strive to foster positive attitudes in line with our HI STEP corporate values and we do this through various training programmes in accordance with our defined personnel development policies. In addition, we continue to seek out new employees with the relevant skills and character traits befitting our corporate values so that they too can become an important part of the driving force for growth in line with the clearly defined goals of KEX. As such, we offer competitive and performance related remuneration, benefits, and human resource development opportunities that will help retain the effective personnel.

HI STEP encapsulates our core values that encourage belief in the creation of a culture and modus operandi that are forward-thinking and uniformly applied by both management and employees alike. It is expressed in the thinking, behaviour, and decision-making of our employees and is analogous to our company culture and the way we interact and operate together within our organisation, further establishing our unique place and leading us forward as a sustainable company of excellence.

KEX organises a wide variety of activities to help encourage our employees to conduct themselves and behave in ways that are consistent with our corporate values. One stand-out project that has captured the interest of our employees, with more than 90% employee involvement, is the HI STEP The Idol project, which has been operational since June 2019. The project is the result of the foresight and vision of our executive management and of our Human Resource Management and Development Department, who wanted to establish a project within KEX that honours employees who do good deeds, who demonstrate behaviours consistent with our values or HI STEP, who set a positive example for others, and who take constructive action to help others in society and within KEX itself. From this, the HI STEP The Idol project was initiated, with stories from KEX employees from all over the country being communicated throughout our organisation, providing our employees with an opportunity to tell their own stories and motives that drive them as model employees in KEX.

In 2020, we organised an opportunity for our employees to vote on their favourite role model from the project, selecting the 6 most impressive stories out of a total of 78 submitted. In all, a total of 24,681 employees participated in the vote, accounting for 91% of our total workforce.

Employee Remuneration

At of 31 December 2020, the remuneration provided to our employees (excluding 6 executives) totalled Baht 6,008.63 million and included salaries, bonuses, overtime pay, social security, provident fund, and other various employee benefits, such as medical, etc. Additionally, KEX offers our employees and executives the Employee Stock Ownership Plan (ESOP) as an incentive to align their interests with those of KEX and its shareholders. Details of our employee remuneration are categorised as follows:

Type of Employee Remuneration	Baht million
Salary, bonuses, and other benefits	5,962.23
Provident fund	46.40
Total	6,008.63

Number of Employees

As of 31 December 2020, KEX employed 18,016 full-time employees in total. The numbers of employees by key function and their average age are as follows:

Order	Department	Number of Employees (persons)
1.	Parcel and Business Operations	17,308
2.	Accounting & Finance	98
3.	Investment	5
4.	Corporate Admin & Support	595
5.	Internal Audit	4
6.	Management	6
Total		18,016

Note: The total number of employees does not include daily and monthly contract employees.

Average age	30 years
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In addition, the gender diversity ratio is calculated based on the number of fulltime employees of KEX, and does not include daily workers or employees with a daily or monthly contract with KEX.

Gender	Number of persons/percentage
Male	10,662 persons (59.18%)
Female	7,354 persons (40.82%)

Workplace Welfare Committee

KEX has established a Workplace Welfare Committee (“the Committee”) for both the head office and our regional distribution centres according to Section 96 of the Labour Protection Act, B.E. 2541 (1998).

This Workplace Welfare Committee was formed by the election of employee representatives using the secret ballot method. The representatives have a 2-year term of office, after which KEX will arrange for the election of new employee representatives to carry out the duties of the Workplace Welfare Committee. The responsibilities of the Committee are as follows:

- Confer with KEX to organise and provide welfare for employees
- Provide consultation, suggestions, and advice to KEX in organising and providing welfare for our employees
- Inspect, control, and supervise welfare arrangements provided to employees by KEX
- Offer ideas and guidelines for the organisation of welfare and benefits for employees to the Labour Welfare Committee (in accordance with the law).

KEX’s Workplace Welfare Committee continuously participates in the presentation and oversight of welfare arrangements for employees. For example, the Committee proposed that KEX consider increasing the provident fund contribution rate for the benefit of our employees; the Committee participates in the selection of shops and restaurants placed in our distribution centres; and the Committee participates in monitoring and recommendations for the supervision and prevention of the spread of COVID-19, etc.

Employee Engagement Survey

In 2020, KEX organised an engagement survey of our employees at all levels. The topics of the survey were designed to cover five main areas: Engaging Leadership, Talent Focus, the Work, the Basics, and Agility. The three categories that received the highest employee engagement scores were Survey Follow-up, Diversity and Inclusion, and Change Readiness. KEX is now focused on developing a work plan to increase employee engagement and satisfaction in the most important and urgent categories. In terms of development, we have organised a training and development course for high-calibre supervisors and employees in order to increase operational efficiency and to prepare them for future promotions. In addition, we have established a set of functional competencies for all positions within KEX for ability assessment and the selection of high-calibre employees as successors for key positions within KEX. The wages and remuneration schemes are reviewed regularly to ensure they are appropriate as compared to the external market for groups of highly-skilled employees, particularly for those in key positions critical to the forward progress of our business, as well as for the good retention and motivation of our employees in general. KEX also places great emphasis on our performance evaluation systems related to incentive pay, also known as “pay for performance compensation”, to ensure it is appropriate to the performance and competence of individual employees, so as to motivate increased work efficiency and to help achieve desired performance, as well as to raise awareness.

Human Resource Development Policy

KEX has established key policies to provide career development for our employees. We focus on promoting employee engagement in career planning, allowing our employees to learn; to assess their own individual aptitudes, interests, and abilities; to seek additional opportunities; and to set goals for personal needs in both the short and long-term future.

In 2020, KEX created an e-learning system called Kerry GURU which can be used to develop employee training covering every area, timing and level. The system can also be utilised as a channel for the dissemination of our basic training curriculum to employees in a comprehensive manner such as KE Ready and the Compliance Program. These are the basic training courses for which all new employees of KEX are required to attend and pass and all current employees are required to pass the Compliance Program at least once a year. If any employee fails the test, he or she must attend a 60-day retraining programme with a Compliance Specialist. In addition, we also have established the Sunshine Program course in order to disseminate information and knowledge about KEX’s No Gift and Anti-Corruption Policies in compliance with the Code of Conduct for employees in the workplace. In the year 2020, all employees passed the test completely.

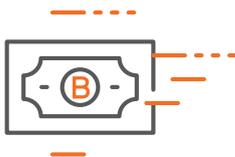
In 2021, KEX is placing greater emphasis than ever on human resource development and, as such, we have transformed our learning structure to meet the needs of our business expansion. With nearly 20,000 employees under the new “People Learning Solutions” structure, this will allow for learning throughout KEX to be continually developed and to cover all skills comprehensively. This structure will comprise the necessary knowledge and skill development for effective operations in all employee positions and roles and at all levels, whether parcel delivery and operations, customer service in parcel shops, or other corporate positions. Additionally, this structure will help to provide both technical and soft skills, giving our employees access to opportunities to learn new cognitive processes and use various tools that will, in turn, help to more efficiently drive KEX forward as a leader in the transportation and delivery business. Even more importantly, we have established processes to strengthen leaders within KEX, with a Leadership Development agency set up under the new structure. This agency has created a Leadership Series Development program for KEX, the goal of which is enhanced development of KEX’s leaders throughout the country. We believe it is yet another important driving force that will allow our People Learning Solutions team to develop our personnel more thoroughly. In 2020, the Rookie Leader Development course, known as Rookie Leader 1, was created. More than 18 groups of leaders have now been developed through this course, with more than 775 supervisor-level employees having completed the course. In addition, 2021 will see another two courses under the same program, namely Rookie Leader 2 and Pro Leader, with even greater content concentration for improved skill and competence-building of employees that will then better meet the needs of our people, our business, and our customer insights.

Training Cost/Head
in 2020

Baht **1,500**

Training Hours
in 2020

2,041 Hours



To enable our employees and staff to develop, move forward, and reach our target goals, we will also be carrying out Employee Competency Assessments. These will help each person employed within KEX to be aware of any competency gaps as compared to the expected levels and qualifications of the Employee Competency Model established by KEX. Employees and staff can then use these assessment results to support their personal development planning.

Additionally, to provide for even more concrete self-development of our employees and staff, KEX supports the formulation of Individual Development Plans (IDP) in order to fill any gaps or supplement areas needing further development, as well as to support the career growth of individuals in accordance with our organisational needs. Individual employee development planning is carried out through a variety of methods and processes, including both internal and external training, learning with experts via coaching or mentoring, and hands-on practical training in the form of carrying out projects, additional assignments, and job migration, thus building upon the diverse knowledge, skills, and experience of our employees and allowing them the opportunity to reach their target goals and ambitions.

Employee career advancement planning is carried out as part of our annual performance evaluation process in which supervisors, employees, and staff hold joint discussions for planning career advancement for individuals within KEX.

In addition, KEX also encourages both the horizontal and vertical career growth of employees and staff via development or migration, allowing them to gain knowledge and experience in a broader way – horizontal career progression – and upward growth through promotion – vertical career progression. To this end, we have established a policy framework defining three key factors that will enable our employees to achieve successful career growth as follows:

- **Depth of Knowledge and Skills:** Employees and staff are knowledgeable and proficient in their work, demonstrating the knowledge and skills needed for successful job performance.
- **Required Competency:** Employees and staff have the necessary capabilities expected for their level/ position and are able to carry out their assignments and achieve specified goals.
- **Breadth of Experience:** Employees and staff have sufficient/diverse work experience and a readiness to strive for continued growth at a higher level.

2020 Audit Fee

In 2020, KEX paid the audit fee comprising KEX's and KESL's. The details of which are as follows:

	KEX	KESL
Audit of financial statements	2,075,000	600,000
Review of quarterly financial information	1,170,000	-
Total	3,245,000	600,000

Note: The above auditing fee excluded out-of-pocket expense.

KEX ensured that the engagement between auditors and KEX had not aroused the conflict of interest or created any situations where auditors' independence and judgement were limited.

Legal Disputes

As of the date of this Form 56-1 One Report being published, KEX is not involved in any litigation, arbitration or claims (including personal injuries, employee compensation or product liability claims) of material importance and KEX is not aware of any litigation, arbitration or claims of material importance pending or threatened against us that would have a material adverse effect on our business, financial condition or operating results.

Nomination and Remuneration Committee's Performance Report for the Year 2020

Dear Shareholders,

In 2020, the Nomination and Remuneration Committee ("NRC") consisted of three directors. The details of the Committee's members and their meeting attendance are summarised in the Governance Structure. The NRC performed its duties as stipulated in the NRC Charter as approved by the Board of Directors with diligence and full accountability. The responsibilities of the NRC are summarised as follows:

- Consider and propose the structure of the Board of Directors together with the criteria and process for nominating candidates to be appointed as directors;
- Consider the appropriate structure, remuneration scheme (monetary and non-monetary) for the Board of Directors, including the Chairman of the Board of Directors, the Directors, the sub-committees and the Chief Executive Officer, together with the performance evaluation criteria for the Chief Executive Officer and propose such recommendations to the Board of Directors for approval;
- Conduct the annual evaluation of the NRC's performance and report the results to the Board of Directors;
- Formulate succession plans for key executive and non-executive directors;
- Report the NRC performance to the Board of Directors and shareholders in the annual general meeting on a yearly basis and by reporting such performance in the annual report;
- Undertake any actions in relation to the nomination and determination of remuneration as designated by the Board of Directors and perform any other tasks as stipulated by the relevant laws and regulations of the governmental authorities.

The first meeting of the NRC in 2020 was convened to formulate its composition and appoint the Chairman and secretary of the NRC. In this regard, the NRC unanimously resolved to propose Mr. Prasan Chuaphanich, the independent director, to perform the duties of the Chairman of the Committee with Ms. Rasamee Yongrasameewong, the Company Secretary, acting as secretary to the NRC, with Mr. Kledchai Benjaathonsirikul and Ms. Yeo Hwee Leng Eileen as the member of the Nomination and Remuneration Committee.

On behalf of
the Nomination and Remuneration Committee

Mr. Prasan Chuaphanich

Internal Control

The Audit Committee's Performance Report for the Year 2020

Dear Shareholders,

The Audit Committee consists of three independent directors who possess qualifications in finance and accounting.

The Audit Committee held five meetings in 2020. Mr. Ekaphon Kupnantarak, the Company's Head of Internal Audit, acts as Secretary of the Audit Committee.

The Audit Committee has performed its duties independently and with objectivity in accordance with the Audit Committee Charter and the regulations of the Stock Exchange of Thailand. The Audit Committee has performed its responsibilities in reviewing KEX's activities to ensure good corporate governance, accurate and reliable financial reporting, proper risk management and adequate internal control, while also reviewing the proposed appointment of the Company's statutory auditors to the Board of Directors. The Audit Committee's duties in the year 2020 are summarised below:

KEX's Financial Reports

The Audit Committee has reviewed the accuracy, completeness and reliability of the quarterly and annual separate and consolidated audited financial statements of KEX and its subsidiaries for 2020, conducted in accordance with Thai Financial Reporting Standards.

The Audit Committee discussed significant matters arising from the audit and reviewed important accounting policies, estimates, and the management judgements applied in the preparation of these financial statements with the statutory auditor. The Audit Committee also discussed the disclosure in the notes to the financial statements, including providing opinions concerning any related parties transactions that potentially conflicted with KEX's interests to ensure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with Thai Accounting Standards and Thai Financial Reporting Standards.

The Audit Committee arranged a meeting of the Audit Committee and the statutory auditors in compliance with the Practice Guidance issued by the Stock Exchange of Thailand, thereby allowing both parties to discuss any issues of interest to either of the two side without the participation of the management.

KEX's Statutory Auditor

The Audit Committee evaluated the quality of the services provided by PricewaterhouseCoopers ABAS Limited, the statutory auditors, and the worthiness of their remuneration, in consideration of their professionalism, efficiency and independence. The Audit Committee considered that PricewaterhouseCoopers ABAS Limited had given satisfactory services accordingly, providing KEX with useful advice and recommendations which were helpful for KEX's Financial Reporting and for the improvement of KEX's internal control.

KEX's Operations

The Audit Committee monitored KEX's operations through the internal audit performance to ensure that laws and regulations relating to the Good Corporate Governance and the Code of Best Practice of the Securities Exchange Commission and the Stock Exchange of Thailand were adhered to appropriately and consistently. The Audit Committee consistently followed the guidelines for the strengthening of good corporate governance by KEX.

Internal Control Systems and Internal Auditing Activities

The Audit Committee considered and approved the scope of work and audit plan for 2020, including the monitoring of KEX's internal audit, internal control and risk management for the efficiency and consistency of the internal control systems.

The Audit Committee conducted quarterly reviews of the adequacy and suitability of KEX's internal control systems and activities. In this regard, reports presented under the internal audit, including those relating to addressing the risk of fraud or error, were carefully considered and followed up to ensure that correct internal control systems were undertaken and improvements on controls and preventive measures were carried out properly and on a timely basis by KEX's management as advised by the internal auditor.

In summary, the Audit Committee executed its duties and responsibilities according to the charter with due competence, prudence and independence, while providing views and recommendations for the equitable benefit of all stakeholders.

The opinion of the Audit Committee is that KEX's financial reports are accurate and reliable and that they align with Thai Accounting Standards and Thai Financial Reporting Standards. In addition, KEX practiced compliance with applicable laws related to its business operations with good governance, adequate risk management and efficient and effective internal audit activities.

On behalf of
the Audit Committee

Mr. Prasan Chuaphanich

Internal Control

KEX operates its internal control system prudently in accordance with the COSO Internal Control – Integrated Framework 2013 (COSO 2013) of the Committee of Sponsoring Organizations of the Treadway Commission. The system supports and enhances performance while safeguarding the shareholders' investments and KEX's assets.

The Board of Directors Meeting No. 2/2021, held on 15 February 2021 assessed and acknowledged the Audit Committee's opinion on the adequacy of KEX's internal control system which oversees operations to ensure that they achieve KEX's goals and objectives while remaining in compliance with applicable laws, safeguard and optimally utilise assets in the company's best interests, and deliver accurate and reliable financial reporting.

The consolidated financial statements for the period ending 31 December 2020 were audited by independent certified public accountants in conformance with Thai Standards on Auditing ("TSAs"). The external auditors exercised their professional judgment and expressed their unmodified opinions on the consolidated and separate financial statements of KEX and its subsidiaries.

The internal control activities in 2020 can be summarised as follows:

Control Environment

- **Commitment to integrity and ethical values**

KEX operated based on integrity and a code of conduct which covers the following areas:

- Daily routine operations and decision-making in relation to, for example, the treatment of shareholders and employees and conflict of interest issues. KEX has specified in writing the business ethics, good governance, anti-corruption policy and operational policy that guide KEX's activities so that the Board of Directors, management executives and employees can be conscious of maintaining integrity in their daily operations.
- Treatment of trade partners, clients and other concerned parties, including creditors, competitors, and regulators, on matters that include human rights, intellectual property and copyrighted work. KEX has specified in writing the company's principles regarding the treatment of partners, customers and third parties in terms of business ethics policy, good governance policy, anti-corruption policy, corporate social responsibility policy, and related party transaction policy.

KEX has set the penalties regarding violations of business ethics and communicates in writing the work regulations applicable to all employees.

- **Independent oversight of internal control performance**

KEX clearly defines the roles, duties and responsibilities of the Board of Directors separately from those of the Executive Committee in the Charter of the Board of Directors and the Charter of the Executive Committee. In addition, KEX has also clearly established a written rules, authority, and authorisation matrix to govern daily operations.

The Board of Directors appoints or amends sub-committees including the Executive Committee and Audit Committee

to assist and support in executing its duties. The Board of Directors also gives due consideration to determining appropriate remuneration for sub-committees which is in accordance with the qualifications and prohibited characteristics of the Board of Directors as clearly defined in writing in the Charter of the Board of Directors and the Charter of all sub-committee.

The Board of Directors supervises the development and implementation of internal controls covering the creation of a controlled environment, risk assessment, control activities, information and communication, and monitoring. The Board of Directors holds regular meetings to consider various aspects of internal control, including auditing the reports on various matters such as financial statements and internal control, which includes the internal audit report, corporate governance and related transactions, and enterprise risk management.

- **Appropriate management structure, reporting line, and authorities**

KEX has established an organisational structure which includes various departments and sections that correspond to the various activities performed to achieve the company's objectives. KEX applies a clear separation of duties and cross-functional examinations and sets reporting lines in accordance with the authority and duties.

- **Commitment to attract, develop and retain competent employees**

KEX has established rules and stipulated the procedures for the recruitment, development, and training of all personnel with appropriate knowledge and capabilities and reviews these procedures annually. KEX recruits employees in accordance to qualifications and job description. In addition, KEX prepares an annual training plan, which includes both internal and external programs according to the personnel development policy. KEX has conducted employee engagement in order to gain employees' feedback to enhance the retention program.

- **Accountability for internal control responsibilities**

KEX ensures that employees of all levels understand the importance of good internal control system and implement this principle in an optimistic manner through consistent assessment.

Risk Assessment

- **Clear risk objective specifications**

KEX has established a Risk Management Committee to manage KEX's risks and to report to the Board of Directors on a quarterly basis. The corporate risk management strategy and activities are thoroughly communicated to employees and any risks, from either internal or external factors, are regularly analysed. Once a risk is specified, a solution will be developed and a responsible party will be assigned to manage that risk. Afterwards, a follow-up process will be conducted, including evaluation and examination of the issues that needed to be resolved.

- **Risk identification and analysis**

Risk identification covers the entire organisation, including business units, process, and job functions, as well as all forms of risk, such as operational risk, financial risk, reputational risk and anti-corruption risk.

The Quality and Risk Management Department ("QRM") has compiled risk data and analysed the identified risks from both internal and external factors. A risk map and strategies are then formulated in order to reduce, retain, share and avoid such identified risks.

- **Change identification and assessment**

In accordance with the Corporate Risk Management policy, the Risk Management Committee is required to review the risk management policy at least once a year or whenever there is any change to the corporate context or in the situations that have a significant impact on KEX's business

operations. Amendments to the policy must be approved by the Risk Management Committee and reported to the Board of Directors before formal announcement.

KEX specifies that the Risk Management Committee must hold at least one meeting per quarter to review the risks that may affect KEX, including but not limited to operational risk, financial risk and reputational risk. The QRM team will engage with each functional head to identify key risks and review against the competitive landscape, market environment and strategic direction, after which the QRM team will propose to the Risk Management Committee for consideration.

Control Activities

• Control activity selection and development

KEX has extended its control activities in various angles such as policy and procedure to prevent the risk that may occur from unexpected circumstances or asset management. In the meantime, KEX's detective control includes the internal audit and review as well as asset count and registration. These activities are mixed manual control and automate control for both preventive and directive control. Record keeping, resource management and segregated functional responsibilities are set for check and balance.

• General controls over technology development

KEX has underlined the importance of using only legitimate copyrighted computer programs in various work processes, including in the information technology used in both operational processes and in the general control of the information system.

KEX has established an access control policy, information security system policy, information security policy, and information technology classification policy. Those policies specify the acceptable practices of computer users, the guidelines for system administrators and the limitations on access to the system. The level of access rights is assigned according to the authority and responsibility of each position.

• Control activity deployment through policies and procedures

KEX communicates to all relevant parties notifying them as soon as a new policy, quality manual or procedure are effective. The management of each department is responsible for supervising the employees in their department to comply with all policies and procedures that relate to their operations. The audit team also conducts internal quality assessments to ensure that it complies with required standards and is continuously improved.

KEX regularly reviews all policies and procedures to ensure they remain appropriate in relation to the current business factors and the changing situations.

KEX arranges meetings at the executive level where the operating results are reported on a monthly basis. In the event that a policy or operational process is no longer considered suitable for the current operations, the management will initiate proceedings to improve such policy or operational procedure to bring it in line with current business factors and situations as appropriate.

Internal auditors are responsible for verifying that KEX and its subsidiaries have implemented all policies and procedures into their actual operations as intended. In the event that a policy or operational procedure is inappropriate, the management will be notified of the need to find a solution for the situation.

Information and Communications

• Internal control information generation and utilisation

KEX has set a policy on the use of internal information and implemented methods to prevent employees, i.e., directors, executives, or those with management positions, from using confidential information and/or inside information that has not been disclosed to the public for the benefit of themselves or others. Any improper use of undisclosed information is prohibited,

whether it is done directly or indirectly and whether benefits are received or not, including the use of such undisclosed information for trading securities.

When collecting and utilising important information, KEX takes into account the accuracy, adequacy, necessity and benefits that are expected to be derived from such information, including giving due consideration to the cost of providing such information.

- **Internal communications**

KEX provides several important communication channels for employees and executives to acknowledge and access the information effectively, including direct communications through physical and online meetings; two-way communications through the Town Hall, emails, documents and publications available through the official Shared Drive and other information and communication platforms of KEX.

KEX has also set up the Kerry Nokweed (whistleblowing) channel for employees to report information or evidence about fraud or corruption within the company (whistle-blower hotline) in compliance with business ethics.

- **External communications**

For sharing important information with external stakeholders, KEX has established the Investor Relations Department. The department communicates information related to KEX's performance and important movements to external parties through the Stock Exchange of Thailand (SET) channel and KEX's website, while external parties can also share their questions and issues with KEX by email: ir@kerryexpress.com, and telephone: +66 (0) 63 198 1217. Those questions and issues will then be evaluated by third parties and sent to management and the Executive Committee for their consideration.

In addition, the Marketing and Communication Department is responsible for communicating KEX's services and campaigns to customers with transparency and in compliance with the related laws on the disclosure of information.

Monitoring Activities

- **Internal control component monitoring and evaluation**

In accordance with the Audit Committee Charter, KEX has in place an internal control system and internal audit process. The internal auditors report the audit results to the Quarterly Audit Committee. KEX is committed to conducting business in accordance with the principles of good corporate governance and business ethics in order to ensure the company operates in an effective and sustainable way.

The internal auditor conducts the audit in accordance with the annual internal audit plan, which has been considered and approved by the Audit Committee. The conditions and scope of KEX's business operations are considered in the audit plan.

In accordance with the organisational structure of KEX, the Internal Audit Department reports directly to the Audit Committee, which is responsible for considering the independence of the Internal Audit Department as specified in the Audit Committee Charter.

- **Timely internal control deficiency evaluation and communications**

KEX evaluates and communicates internal control deficiencies as identified in the internal audit report of 2020 to the executives and responsible managers for their acknowledgement and prompt corrective actions. All such corrective actions have been completely resolved within the specified timelines.

Head of Internal Audit

Mr. Ekaphon Kupnantarak was appointed as the Head of Internal Audit based on his expertise and experience in internal auditing. All appointments, dismissals, and transfers, as well as the performance assessment of the Head of Internal Audit, must be approved by the Audit Committee.

Related Party Transactions

The Board of Directors has approved the Related Party Transactions Policy for considering transactions that involve or may involve a conflict of interest, to which all Directors, Executives and employees must adhere as well as refrain from violating the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). The Directors and Executives under the SEC's definition must report their interests and those of their related party to KEX. In addition, KEX has communicated the principles concerning the related party transactions to relevant party under KEX and subsidiaries.

In 2020, the Audit Committee has reviewed and remarked on the related party transactions that have or may have conflicts of interests with KEX and its subsidiaries, based upon the principles of fairness, justifiability, transparency, adequacy of information disclosure, and for the utmost benefit of KEX and subsidiaries. All related party transactions in 2020 have been reviewed and justified as being appropriate. Prices and terms and conditions have been proven to be fair and mutually beneficial to all party based on market prices and without any undue transfer of benefits.

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Kerry Logistics (Thailand) Company Limited ("KLTH") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery service and collects COD for KLTH. • The last-mile delivery and COD surcharge rates and conditions are comparable to those given to third party. • KEX pays for damage & loss to KLTH at the comparable rate to that of third party. • KEX sub-leases office space in Chao Phya Tower from KLTH at the cost of KLTH's rental.
	Sales and service income	4.02	2.90	
	Trade and other receivables	0.61	0.23	
	Cash on delivery payable	0.13	0.18	
	Purchases of goods and services			
	Cost of sales and services	0.004	0.003	
	Rental expenses	-	0.20	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
KMMT Company Limited (“KMMT”) - A subsidiary of KLN, KEX’s major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services for KMMT. • The last-mile delivery rates charged to KMMT are comparable to those charged to third party clients.
	Sales and service income	0.22	0.14	
	Trade and other receivables	0.02	0.01	<ul style="list-style-type: none"> • KEX rents office space in Chao Phya Tower from KMMT at the cost of KMMT’s rental. • KEX purchases office equipment from KMMT at cost-plus margin basis, allowing smooth transfer of office space.
	Purchases of goods and services			
	Rental and service expenses	0.44	0.47	
	Other expenses	-	0.03	
Trade and other payables	0.001	-		
Deposit	0.07	0.04		
KART (Thailand) Company Limited (“KART”) - A subsidiary of KLN, KEX’s major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services for KART. • The last-mile delivery rates charged to KART are comparable to those charged to third party.
	Sales and service income	0.006	0.005	
	Trade and other receivables	0.0007	0.0017	
Kerry-APEX (Thailand) Company Limited (“K-APEX”) - A subsidiary of KLN, KEX’s major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services for K-APEX. • The last-mile delivery rates charged to K-APEX are comparable to those charged to third party.
	Sales and service income	-	0.11	
	Trade and other receivables	-	0.05	<ul style="list-style-type: none"> • KEX uses the services of K-APEX for domestic air transportation for the delivery of parcels due to urgent parcel delivery requirements and of high value goods. • The fee charged is comparable to the fee charged by third party companies that offers the same service.
	Purchases of goods and services			
	Purchase of services	0.066	0.006	
Trade and other payables	0.001	-		

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
KLN (Thailand) Company Limited ("KLN (Thailand)") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Other Income			<ul style="list-style-type: none"> • KLN (Thailand) sub-leases Sathon Square Bulding, 38th Floor from KEX. • The rate charged is based on cost-plus-margin, which includes other expenses and service fees.
	Rental income	-	5.91	
	Trade and other receivables	-	5.91	
Kerry Siam Seaport Company Limited ("KSSP") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Purchases of goods and services			<ul style="list-style-type: none"> • KEX enters into shared service agreement with KSSP for Office, administrative, legal, insurance and IT services due to KSSP expertise and proximity of office locations. • The service rates are mutually-agreed price on an actual cost incurred plus margin basis. • KEX sub-leases office space in Chao Phya Tower from KSSP at cost of KSSP's rental. • KEX reimburses miscellaneous expenses e.g., telephone charges and fuel expense, to KSSP.
	Shared service fee	1.93	-	
	Rental expense	-	0.39	
	Other expenses	0.036	0.23	
	Trade and other payables	0.04	-	
Kerry Logistics Bangna Company Limited ("KLBN") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Purchases of goods and services			<ul style="list-style-type: none"> • KEX rents warehouse from KLBN for sorting hub and office spaces at market rates, under terms and conditions which are comparable to those from third party. • KEX also pays utility bills to KLBN at cost incurred plus margin basis.
	Rental expense	90.93	33.67	
	Payment on lease liability	-	73.85	
	Interest expense	-	2.09	
	Lease liabilities	-	244.10	
	Trade and other payables	1.69	15.29	
	Deposit	16.42	17.36	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Shangri-La Hotel Public Company Limited (“SHANG”) - A subsidiary of Shangri-La Asia Limited (“SA”), a member under Kerry Group Limited (“KGL”), which is the major shareholder of KLN - Common Director: Mr. Kledchai Benjaathonsirikul	<p>Sales of goods and services</p> <p>Sales and service income</p> <p>Purchases of goods and services</p> <p>Rental expenses</p> <p>Other expenses</p> <p>Payment on lease liability</p> <p>Interest expense</p> <p>Lease liabilities</p> <p>Trade and other payables</p> <p>Deposit</p>	<p>0.014</p> <p>38.73</p> <p>4.48</p> <p>-</p> <p>-</p> <p>-</p> <p>0.61</p> <p>7.33</p>	<p>0.002</p> <p>25.84</p> <p>2.89</p> <p>12.01</p> <p>0.68</p> <p>27.62</p> <p>1.22</p> <p>8.29</p>	<ul style="list-style-type: none"> • KEX provides last-mile delivery services for SHANG at rates and conditions comparable to those of third party. • KEX enters into lease and service agreements with SHANG for its office and parcel shop at the Chao Phya Tower. The rental and service cost as well as the terms and conditions are comparable to the market rental rates of office spaces in the area. • KEX also pays utility bills to SHANG at the actual cost. • KEX rents spaces to install company’s sign and advertising at Chao Phya Tower, from SHANG. The rental rates as well as the terms and conditions are at an arm-length basis. • KEX has other expenses with SHANG such as rental of meeting rooms, F&B expenses and accommodation expenses at the Shangri-La Hotel Bangkok, at discounted rates, as a member of Kerry Group Limited.
Kerry Pacific (Thailand) Company Limited (“KPTH”) - A subsidiary of KLN, KEX’s major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	<p>Purchases of goods and services</p> <p>Purchase of equipment</p>	<p>0.03</p>	<p>-</p>	<ul style="list-style-type: none"> • KEX purchased office equipments from KPTH at cost-plus margin basis.

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Kerry Freight (Thailand) Company Limited (“KFTH”) - A subsidiary of KLN, KEX’s major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul	Purchases of goods and services			<ul style="list-style-type: none"> • KEX purchased office equipments and supplies from KFTH at cost-plus margin basis.
	Purchase of equipment	0.14	0.01	
	Other expenses	-	0.03	
	Trade and other payables	-	0.04	
Kerry Logistics (Hong Kong) Limited (“KLHK”) - A subsidiary of KLN, KEX’s major shareholder	Purchases of goods and services			<ul style="list-style-type: none"> • KEX engaged KLHK to provide IT services, which includes software and hardware advisory, IT maintenance and E-mail services at the rates comparable to those of third party service providers. • KEX reimburses other expenses to KLHK such as travelling and subscription expenses.
	IT service expense	39.26	13.70	
	Other expenses	1.34	0.34	
	Trade and other payables	16.92	10.20	
	Advance payment			
Other receivables	0.45	-		
TG Delivery Service Limited (“TGDS”) - A subsidiary of KLN, KEX’s major shareholder	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides custom clearance, last-mile delivery, and COD services to TGDS at the comparable rates and conditions to those charged to third party. • KEX provides international delivery service for TGDS at the rates and conditions comparable with those of third parties.
	Sales and service income	64.94	117.16	
	Other income	-	0.011	
	Trade and other receivables	29.32	23.57	
	Deposit	3.00	3.00	
Cash on delivery payable	-	-		

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Times E-Commerce Company Limited ("TEC") - A joint venture of KLN, KEX's major shareholder, and Times Global Logistics Limited - Common Director: Mr. Ng Kin Hang Alex	Sales of goods and services			
	Sales and service income	71.46	106.84	<ul style="list-style-type: none"> • KEX provides custom clearance, last-mile delivery, COD and warehouse-related services to TEC at rates and conditions to those charged to third party. • KEX sold computers, barcode printers, and other equipment to TEC at cost-plus margin basis. • KEX pays for damage & loss to TEC at a rate comparable to that of third party.
	Trade and other receivables	32.01	15.28	
	Deposit	11.86	18.52	
	Advance to customers	7.38	0.39	
	Cash on delivery payable	10.22	10.64	
	Other income			
Sales of equipment	0.78	0.05		
Kerry Express (Cambodia) Company Limited ("KEC") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Kledchai Benjaathonsirikul and Mr. Ng Kin Hang Alex	Purchases of goods and services			
	Trade and other receivables	0.36	0.42	
	Cost of sales and services	0.04	0.25	
	Other income			
IT service income	0.69	-	<ul style="list-style-type: none"> • KEX provides IT services to KEC in 2019 at cost-plus margin basis. • KEC reimburses KEX certain trade and other receivables with KEC for IT service income supply as well as miscellaneous expenses that KEX paid for in advance for KEC. 	
Trade and other receivables	1.69	1.64		
Kerry Express (Vietnam) Company Limited ("KEVN") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Ng Kin Hang Alex	Other income			<ul style="list-style-type: none"> • KEX provides IT services to KEVN in 2019 at cost-plus margin basis.
	IT service income	1.39	-	
	Trade and other receivables	1.49	-	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
ABX Express (Malaysia) Sdn Bhd ("ABX") - A subsidiary of KLN, KEX's major shareholder	Other income			<ul style="list-style-type: none"> • KEX provides IT services to ABX in 2019 at cost-plus margin basis.
	IT service income	1.91	-	
	Trade and other receivables	2.04	-	
	Other income			<ul style="list-style-type: none"> • KEX provides IT services to KNEX in 2019 at cost-plus margin basis.
PT. Kerry Nex Express ("KNEX") - A subsidiary of KLN, KEX's major shareholder - Common Director: Mr. Ng Kin Hang Alex	IT service income	0.82	-	
	Trade and other receivables	0.88	-	
Kuok Registrations Limited ("KRL") - A subsidiary of Kerry Group Limited, KLN's major shareholder	Purchases of goods and services			<ul style="list-style-type: none"> • KEX pays KRL fees for the professional services consisting of negotiating with a-third-party companies that uses the "KERRY" trademark without the consent of KRL, which is the owner of the "KERRY" trademark, which is registered with the Department of Intellectual Property of Thailand. • The professional service fee was split between related companies, including KEX, KRL and KLN. • In 2020, KEX has made a one-time payment of HKD 100 for the right to use the trademark.
	Professional service expense	0.11	0.0004	
	Trade and other payables	0.09	-	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Kerry Express (Hong Kong) Limited ("KEHK") - A subsidiary of KLN, KEX's major shareholder	Sales of goods and services			<ul style="list-style-type: none"> • KEX has trade payables with KEHK, which are for the purchase from KEHK. • KEX provides custom clearance, last-mile delivery, COD services and information technology services to KEHK at the comparable rates and conditions to those charged to third party.
	Sales and service income	19.78	-	
	IT service income	0.23	-	
	Cash on delivery payable	0.003	-	
	Trade and other payables	0.11	0.11	
BTS Group Holdings Public Company Limited ("BTS") - A major shareholder of VGI, which holds 19.0% shares in KEX	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services for BTS in a special charity project which is a collaboration between KEX and BTS to provide approximately 20,000 charity sets to those economically impacted by the COVID-19 pandemic. The delivery rates are mutually agreed.
	Sales and service income	-	7.40	
Bangkok Smartcard System Company Limited ("BSS") - A subsidiary of VGI, which has a 19.0% stake in KEX - Common Director: Mr. Kavin Kanjanapas	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services and collects Cash-On-Delivery (COD) for BSS at rates comparable to those given to other third party. • KEX receives commission from BSS customers who top-up their Rabbit Cards at KEX parcel shops at the fixed-percentage rate which was agreed upon by both party.
	Sales and service income	-	0.01	
	Commission income	0.00001	0.0004	
	Trade and other receivables	-	0.0004	
	Trade and other payables	0.004	0.004	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
RABBIT-LINE Pay Company Limited (“RLP”) - An associated company of VGI, which has a 19.0% stake in KEX - Common Director: Mr. Ng Kin Hang Alex	Sales of goods and services			<ul style="list-style-type: none"> • KEX has entered into an agreement with RLP to allow RLP customers to top-up their Rabbit LINE Pay E-Wallet at KEX’s parcel shops and couriers at fixed percentage rate, which was agreed upon by both party. • KEX pays a transaction fee for transactions made via Rabbit LINE Pay E-Wallet to RLP at a fixed percentage rate which is comparable to that of third-party service providers.
	Commission income	4.62	0.04	
	Trade and other receivables	0.02	0.002	
	Trade and other payables	2.04	0.10	
	Purchases of goods and services			
Cost of sales and services	27.67	15.62		
Trade and other receivables	1.26	1.53		
Rabbit Insurance Broker Company Limited (“RABFI”) - A subsidiary of VGI, which has a 19.0% stake in KEX	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services for RABFI. • The last-mile delivery rates charged to RABFI are comparable to those charged to third party.
	Sales and service income	-	0.24	
	Trade and other receivables	-	0.24	
888 Media Company Limited (“888”) - A subsidiary of VGI, which has a 19.0% stake in KEX	Purchases of goods and services			<ul style="list-style-type: none"> • KEX pays 888 Media for BTS train body sticker wrap and static media inside BTS train. • The rates are comparable to the market rate.
	Advertising expenses	9.99	5.04	
Rabbit Rewards Company Limited (“RR”) - A subsidiary of BTS, VGI’s major shareholder - Common Director: Mr. Kavin Kanjanapas	Purchases of goods and services			<ul style="list-style-type: none"> • As a part of the marketing and promotional campaign, KEX purchases points from RR to offer as KEX’s loyalty program redemption voucher.
	Cost of sales and services	0.32	3.96	
	Trade and other payables	0.05	-	

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
VGI Public Company Limited ("VGI")	Sales of goods and services			
- Held 19% of shares in KEX	Sales and service income	1.55	2.69	<ul style="list-style-type: none"> • KEX receives revenue share from VGI for renting out advertising spaces on KEX delivery vehicles for its clients.
- Common Director: Mr. Kavin Kanjanapas	Trade and other receivables	0.68	0.37	
	Purchases of goods and services			
	Rental and service expenses	3.50	1.91	<ul style="list-style-type: none"> • KEX receives revenue from delivering sampling products with the client's parcels at cost-plus margin basis.
	Administrative expenses	38.32	13.81	
	Payment on lease liabilities	-	2.66	<ul style="list-style-type: none"> • KEX entered into lease and service agreements with VGI for the rental of retail spaces on BTS stations for its parcel shops at the rental and service rates comparable to those VGI gives to third party.
	Interest expense	-	0.25	
	Lease liabilities	-	11.08	<ul style="list-style-type: none"> • KEX also pays the utility bills to VGI at the actual cost.
	Trade and other payables	10.72	4.94	
	Deposit	1.01	1.22	<ul style="list-style-type: none"> • As a part of its marketing and promotional campaigns, KEX pays VGI to provide digital media advertising services as well as various advertising spaces on BTS trains and platforms at prevailing market rates. • KEX paid for miscellaneous expenses relating to its parcel shops on BTS stations to VGI, such as registration/entrance fee, smoke detector and stamp duty, with rates comparable to those VGI charges other party.

Unit: Baht million

Related Party/ Relationships	Nature of Transactions	2019	2020	Transaction Rationale
Advanced Wireless Network Company Limited (“AWN”) - Common Director: Mr. Prasan Chuaphanich	Sales of goods and services			<ul style="list-style-type: none"> • KEX provides last-mile delivery services and collects Cash-On-Delivery (COD) for AWN at the rates and terms comparable to those given to third party. • KEX provides advertising services to promote AIS top up services at KEX’s parcel shops at the market rate and conditions agreed upon by both party. • KEX pays for damage & loss to AWN at a rate comparable to that of third party. • KEX buys mobile phones and uses mobile phone & internet services from AWN at the rates charged based on arm-length basis.
	Sales and service income	11.56	37.28	
	Trade and other receivables	8.06	15.41	
	Advance Received	-	1.40	
	Purchases of goods and services			
	Cost of sales and services	0.01	0.10	
Administrative expenses	108.85	137.53		
Trade and other payables	43.64	19.20		
The Siam Commercial Bank Public Company Limited (“SCB”) - Common Director: Mr. Prasan Chuaphanich	Other income			<ul style="list-style-type: none"> • KEX receives interest from its savings account at SCB at the market rate.
	Interest income	0.03	0.004	
	Cash deposit	2.18	7.48	
Tamaka Sugar Industry Company Limited (“TMK”) - Common Director: Mr. Chalush Chinthammit	Purchases of goods and services			<ul style="list-style-type: none"> • KEX rents warehouse spaces from TMK for its sorting and distribution hub at rates and terms comparable to those given to third parties. • KEX also pays utility bills to TMK at the rate agreed upon by both parties.
	Rental and service expenses	0.90	1.54	
	Trade and other payables	0.01	0.01	
	Deposit	0.25	0.25	

Measures and Procedures for Approving Related Party Transactions

KEX's approved Related Party Transactions Policy stated that the management may approve a connected transaction or transactions under the ordinary business transactions or ordinary business support transactions and any future connected transactions between KEX and related party that are regarded as part of the normal course of business. For related party transactions not classified as ordinary business transactions or ordinary business support transactions, the Audit Committee must consider and opine on the necessity and justification of the connected transaction and receive approval from the Board of Directors before entering into the transactions. However, should the size of the transactions be considered as large size in accordance with the transaction size definition of the SEC and SET, the said transactions must be approved by the KEX's shareholders.

In every aspect, related party transactions entered into by KEX and/or subsidiaries must be deemed as if they were conducted with independent third party on an arm's-length basis. Prices must prove to be mutually beneficial and based on the market practice without any undue transfer of benefits and all transactions were performed for the benefits of KEX and/or subsidiaries.

For the avoidance of doubt, the vested interest Directors or Executives will be prohibited from participating in the approval process and casting the vote on the matter.

Policy and Potential Future Related Party Transactions

In the event that there is future Related Party Transactions, KEX will conduct the transaction as part of the normal course of business with no transfer of benefits. All terms and conditions will be in the comparable manners as conducting with an independent third party on an arm's length basis, in accordance with KEX's Related Party Transactions Policy, and for the best interests of KEX and subsidiaries. Further, all disclosure of KEX's Related Party Transactions shall be in compliance with the rules and regulations of the SEC and SET. The audit standards for Related Party will be as specified by the Federation of Accounting Professions under The Royal Patronage of His Majesty the King.

FINANCIAL
STATEMENTS

3

Independent Auditor's Report

To the Shareholders and the Board of Directors of Kerry Express (Thailand) Public Company Limited
(Formerly "Kerry Express (Thailand) Limited")

My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Kerry Express (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

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 issued by the Federation of Accounting Professions that are 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.

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.

Key audit matter	How my audit addressed the key audit matter
<p>1) Recognition of revenue from parcel delivery service</p> <p>Refer to note 6.16 'Accounting policies - Revenue recognition' and note 25 'Sales and services income' to the financial statements.</p> <p>Revenue from the parcel delivery service represents the major operating revenue of the Company and the Group with the characteristics of small parcel delivery transactions and large volume.</p> <p>The revenue from the parcel delivery service is recognised overtime where the collectability of the consideration is highly probable. The Group tracks the rendering of the parcel delivery service on a real-time basis, using the application on its information and technology systems, from which the data is used to determine revenue recognition. Also, the transaction price is determined based on a parcel's dimension and weight that's calculated by using the information and technology systems that support the revenue cycle. So, revenue recognition largely relies on the effectiveness of the design and operation of the internal controls over the relevant information and technology systems.</p> <p>For the year ended 31 December 2020, the Group made revenue of Baht 18,609 million from the parcel delivery service, accounting for 98.37% of total sales and service income in the consolidated and separate financial statements.</p> <p>I considered the recognition of revenue from the parcel delivery service as a key audit matter because the revenue from this service is material to the financial statements, and the Group has to deal with a large volume of transactions that relies on calculations and data collection in complex information and technology systems.</p>	<p>In response to the key audit matter, I performed the following procedures:</p> <ul style="list-style-type: none"> • Understood the process of the Group's parcel delivery business, obtained contract terms relating to revenue, and evaluated the revenue recognition accounting policy adopted by the Group with the requirements for revenue recognition under Thai Financial Reporting Standard no. 15- Revenue from contracts with customers. • Understood, evaluated and tested the Group's key internal controls relating to the recognition of revenue from the parcel delivery service to consider the effectiveness of internal controls relating to the accuracy, occurrence and completeness of transactions • Understood, evaluated and tested the information and technology system's general controls and application controls which are relating to revenue from the parcel delivery service. This was executed with the assistance of information and technology system audit specialist. • With respect to the revenue from the parcel delivery service, on sample basis, I checked the relative supporting evidence such as contracts, invoices, receipt confirmation records, bank statements, etc. as well as reconciliation records with data from its information system and collection. • With respect to the revenue from the parcel delivery service which hadn't been settled, on sample basis, I requested confirmations of the outstanding accounts receivable year-end balance. • Tested the revenue from the parcel delivery service that occurred near the end of the accounting period (cut-off testing) including the revenue recognised before and after the end of reporting date. On a sample basis, I checked the parcels tracking status and relative supporting documents, so as to evaluate whether the revenue was recognised in the appropriate period. <p>Based on the above procedures performed, I note that the recognition of revenue from the parcel delivery service conformed to the Group's accounting policy of revenue recognition and was properly supported by the audit evidence we obtained.</p>

Key audit matter	How my audit addressed the key audit matter
<p>2) Share-based payment</p> <p>Refer to note 6.13 'Accounting policies - Share-based payment', note 8 (d) 'Critical accounting estimates and judgements - Share-based payment' and note 24 'Share-based payment' to the financial statements.</p> <p>In 2020, the Group granted 40 million warrants to the Group's director, executives and employees. According to the terms and conditions of the warrants that the warrant holders are entitled the right to purchase newly issued ordinary share of the Company, it is classified as an equity-settled share-based payment transaction in accordance with the principles of Thai Financial Reporting Standard no. 2 (TFRS 2) - Share-based payment.</p> <p>Management valued the warrants using the Black Shchole model and recognised share-based payment expense throughout the vesting period.</p> <p>I considered the share-based payment transaction as a key audit matter because</p> <ul style="list-style-type: none"> • The accounting for share-based payment is complex in relation to the interpretation against the principles-based criteria in TFRS 2. • The fair valuation of warrants requires a management's judgement for key assumptions, such as the underlying stock fair value as at the valuation date, the volatility of the underlying stock, the dividend yield and risk-free rate. 	<p>In response to the key audit matter, I performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluated the accounting treatment of share-based payment transaction adopted by management to determine whether it was consistent with the requirements of TFRS 2. • Compared the warrant's terms and conditions included in the expense related to share-based payment calculations with applicable Board minutes, publicly available supporting data and announcement letters for warrants granted to employees. • Engaged an auditor's expert to evaluate the appropriateness of the valuation technique to ensure that it was consistent with generally accepted valuation methodologies for financial instruments and assess the appropriateness of key assumptions used. • Challenged the key assumptions used in the valuation by management to determine whether they were reasonable and in line with the Group's circumstances. This included looking at the following supporting documents: <ul style="list-style-type: none"> • The warrants' valuation date compared with the facts given in the announcement letter for warrants granted to employees. • The underlying stock fair value as at the valuation date compared with the IPO price of the Company's shares as at the grant date. • The volatility of the underlying stock price compared with the volatility of the reference stock prices which is computed from the listed stocks within the same industry. • The dividend yield of the underlying stock compared with the dividend yield of the reference listed stocks within the same industry. • The risk-free rate compared with the Thailand Government Bond yield for the period of five years based on the warrants' period which is generally accepted benchmark. • Tested the warrants' fair value calculation and the expenses recognised over the appropriate vesting period. • Evaluated the adequacy of disclosures made by the Group in the financial statements in view of the requirements of TFRS 2. <p>Based on the procedures above, I noted that the methodology and key assumptions used for evaluating the fair value of warrants were acceptable.</p>

Key audit matter	How my audit addressed the key audit matter
<p>3) Adoption of TFRS 16 - Leases</p> <p>Refer to note 4.1 b) 'New and amended financial reporting standards - TFRS 16, Leases', note 5 'Impacts from initial application of the new and amended financial reporting standards', and note 6.9 'Accounting policies - Leases' to the financial statements.</p> <p>The Group initially adopted TFRS 16 - 'Leases' on 1 January 2020, using the modified retrospective approach with no restatement of comparative figures. During the year, management determined accounting treatments of the new and amended leases in accordance with TFRS 16 principles, except for the discounts in the lease payments due to the COVID-19 situation which the Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC.</p> <p>As at 31 December 2020, the Group recognised right-of-use assets and lease liabilities of Baht 5,321 million and Baht 5,354 million in the consolidated financial statement, respectively which account for 27.54% and 63.20% of total assets and liabilities in the consolidated financial statements, respectively and recognised right-of-use assets and lease liabilities of Baht 1,414 million and Baht 1,432 million in the separate financial statement, respectively which account for 9.15% and 30.65% of total assets and liabilities in the separate financial statements.</p> <p>The consideration to include TFRS 16 adoption as a key audit matter because</p> <ul style="list-style-type: none"> • this standard has a significant impact upon the Group's financial statements because the Group has a large number of lease contracts. • the assumptions and estimates used in the assessment of lease terms and the determination of appropriate discount rates require management judgements, and • the accounting treatment for amendments of lease terms is complex and requires interpretation of specified criteria in TFRS 16. 	<p>In response to the key audit matter, I performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the content in lease contracts and evaluated the accounting treatment of leases adopted by the Group to determine whether it was consistent with the requirements of TFRS 16. • On a sample basis, I: <ul style="list-style-type: none"> • tested the completeness of the lease data used in the of lease liability calculation prepared by management by selecting signed lease contracts and comparing them with the lease contract listing and reconciling total lease payments with rental expense during the year • tested the accuracy of the lease data i.e. contract effective date, lease payments, lease terms and other terms specified in lease contract through the inspection, on a sample basis, of signed lease contracts • challenged management to assess the appropriateness of the discount rates and lease terms by considering the renewal options • recalculated right-of-use assets and lease liabilities, including depreciation on the right-of-use assets and interest expense on lease liabilities recognised during the year • On a sample basis, I verified whether adjustments arising from re-measurement of lease liabilities (including the corresponding adjustment to the related right-of-use assets) due to lease modification or termination, were appropriately made. • Evaluated the appropriateness of the associated presentation and disclosure made by the Group in the financial statements under the requirements of TFRS 16. <p>Based on the above procedures, the Group's accounting treatments of leases were consistent with the requirements of TFRS 16. The recognition of right-of-use assets and lease liabilities including depreciation and interest expenses related to lease contracts was reasonable and supported by the available audit evidence.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 will 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 identified above when it becomes available 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 the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities 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 TSAs 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 TSAs, I exercise professional judgement and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 the audit committee 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 the audit committee 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 the audit committee, 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.

PricewaterhouseCoopers ABAS Ltd.



Nopanuch Apichatsatien

Certified Public Accountant (Thailand) No. 5266

Bangkok

15 February 2021

Statements of Financial Position

As at 31 December 2020



	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Assets				
Current assets				
Cash and cash equivalents	10	9,696,762	9,683,019	909,798
Trade and other receivables	11	1,466,786	1,463,452	1,722,468
Short-term loan to related party	31.4	-	60,000	-
Inventories	13	79,675	79,675	136,127
Other current assets		34,703	34,703	49,828
Total current assets		11,277,926	11,320,849	2,818,221
Non-current assets				
Investment in subsidiaries	14	-	530	-
Plant and equipment	15	2,258,546	2,258,546	2,706,036
Right-of-use assets	16	5,320,589	1,414,006	-
Intangible assets	17	199,150	199,112	235,252
Deferred tax assets	18	43,009	39,162	24,030
Deposits		219,015	219,015	228,279
Other non-current assets		-	-	2,389
Total non-current assets		8,040,309	4,130,371	3,195,986
Total assets		19,318,235	15,451,220	6,014,207

Director _____

Director _____

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Financial Position (Cont'd)

As at 31 December 2020

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Liabilities and equity				
Current liabilities				
Current portion of long-term borrowings				
from financial institution	19	800,000	800,000	-
Trade and other payables	20	1,347,028	1,495,630	1,800,423
Cash on delivery payable		615,059	615,059	884,233
Deferred income		44,536	44,536	15,767
Accrued income tax		86,113	84,676	104,211
Current portion of lease liabilities	19	1,760,568	597,619	-
Other current liabilities		44,939	40,093	56,421
Total current liabilities		4,698,243	3,677,613	2,861,055
Non-current liabilities				
Long-term borrowings from financial institution	19	-	-	800,000
Lease liabilities	19	3,593,057	834,237	-
Employee benefit obligations	21	104,112	84,879	66,955
Other non-current liabilities		75,351	74,841	53,035
Total non-current liabilities		3,772,520	993,957	919,990
Total liabilities		8,470,763	4,671,570	3,781,045

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Financial Position (Cont'd)

As at 31 December 2020



	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Liabilities and equity (Cont'd)				
Equity				
Share capital				
Authorised share capital				
		Ordinary share, 1,780,000,000 shares at par value of Baht 0.50 each		
		(2019: Ordinary share, 1,200,000 shares at par value of Baht 100 each)		
	22	890,000	890,000	120,000
Issued and paid-up share capital				
		Ordinary share, 1,740,000,000 shares paid-up at Baht 0.50 each		
		(2019: Ordinary share, 1,200,000 shares paid-up at Baht 100 each)		
	22	870,000	870,000	120,000
	22	8,111,061	8,111,061	-
	24	33,364	33,364	31,364
Retained earnings				
		Appropriated - legal reserve		
	23	89,000	89,000	12,000
		Unappropriated		
		1,744,047	1,676,225	2,069,798
Total equity		10,847,472	10,779,650	2,233,162
Total liabilities and equity		19,318,235	15,451,220	6,014,207

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Comprehensive Income

For the year ended 31 December 2020

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Sales and service income	25	18,917,062	18,917,062	19,781,926
Cost of sales and services		(15,849,763)	(15,984,806)	(16,704,157)
Gross profit		3,067,299	2,932,256	3,077,769
Other income	26	92,992	120,120	112,678
Selling expenses		(250,111)	(246,567)	(318,950)
Administrative expenses		(1,064,157)	(1,063,319)	(1,195,201)
Finance costs		(111,961)	(83,023)	(24,053)
Profit before income tax		1,734,062	1,659,467	1,652,243
Income tax	28	(329,037)	(321,856)	(323,691)
Profit for the year		1,405,025	1,337,611	1,328,552
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of post-employment benefit obligations, net of tax		(7,376)	(7,784)	(18,989)
Other comprehensive expense for the year, net of tax		(7,376)	(7,784)	(18,989)
Total comprehensive income for the year		1,397,649	1,329,827	1,309,563
Profit attributable to:				
Owners of the Company		1,405,025	1,337,611	1,328,552
Non-controlling interests		-	-	-
		1,405,025	1,337,611	1,328,552
Total comprehensive income attributable to:				
Owners of the Company		1,397,649	1,329,827	1,309,563
Non-controlling interests		-	-	-
		1,397,649	1,329,827	1,309,563
Earnings per share				
Basic earnings per share (Baht)	29	1.111	1.058	5.536
Dilute earnings per share (Baht)	29	1.111	1.058	5.536

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Changes in Equity

For the year ended 31 December 2020



Consolidated financial statements						
Attributable to owners of the Company						
Notes	Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Other reserves - Share-based payments Thousand Baht	Retained earnings		Total equity Thousand Baht
				Appropriated - legal reserve Thousand Baht	Unappropriated Thousand Baht	
Opening balance at 1 January 2020	120,000	-	31,364	12,000	2,069,798	2,233,162
Transactions with owners during the year						
Issue of shares	22 750,000	8,111,061	-	-	-	8,861,061
Legal reserve	23 -	-	-	77,000	(77,000)	-
Dividends	30 -	-	-	-	(1,646,400)	(1,646,400)
Share-based payments	24 -	-	2,000	-	-	2,000
Total comprehensive income for the year	-	-	-	-	1,397,649	1,397,649
Closing balance at 31 December 2020	870,000	8,111,061	33,364	89,000	1,744,047	10,847,472

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2020



	Notes	Separate financial statements					Total equity Thousand Baht
		Issued and paid-up share capital Thousand Baht	Share premium Thousand Baht	Other reserves - Share-based payments Thousand Baht	Retained earnings		
					- legal reserve Thousand Baht	Unappropriated Thousand Baht	
Opening balance at 1 January 2019		120,000	-	9,574	12,000	1,348,235	1,489,809
Transactions with owners during the year							
Dividends	30	-	-	-	-	(588,000)	(588,000)
Share-based payments		-	-	21,790	-	-	21,790
Total comprehensive income for the year		-	-	-	-	1,309,563	1,309,563
Closing balance at 31 December 2019		<u>120,000</u>	<u>-</u>	<u>31,364</u>	<u>12,000</u>	<u>2,069,798</u>	<u>2,233,162</u>
Opening balance at 1 January 2020		120,000	-	31,364	12,000	2,069,798	2,233,162
Transactions with owners during the year							
Issue of shares	22	750,000	8,111,061	-	-	-	8,861,061
Legal reserve	23	-	-	-	77,000	(77,000)	-
Dividends	30	-	-	-	-	(1,646,400)	(1,646,400)
Share-based payments	24	-	-	2,000	-	-	2,000
Total comprehensive income for the year		-	-	-	-	1,329,827	1,329,827
Closing balance at 31 December 2020		<u>870,000</u>	<u>8,111,061</u>	<u>33,364</u>	<u>89,000</u>	<u>1,676,225</u>	<u>10,779,650</u>

Statements of Cash Flows

For the year ended 31 December 2020

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Cash flows from operating activities				
Profit before income tax		1,734,062	1,659,467	1,652,243
Adjustments for:				
Depreciation expense and amortisation expense	15, 16, 17	2,355,559	1,974,491	677,615
Impairment losses		317	317	6,475
Share-based payment expense		2,000	2,000	21,790
Employee benefits expenses	21	28,282	25,047	14,434
Loss from disposal of equipment		21,558	21,558	2,536
Gain from disposal of intangible assets		-	-	(19)
Reversal of provision for decommissioning		(727)	(727)	-
Loss from cancellation of lease contracts		3,800	5,181	-
Gain from transfer of lease contracts to subsidiary	26	-	(24,955)	-
Loss from written-off of deposits		10,847	10,847	-
Interest income	26	(8,289)	(8,614)	(7,218)
Finance costs		111,961	83,023	24,053
		4,259,370	3,747,635	2,391,909
Changes in working capital:				
- Trade and other receivables		243,712	247,371	(178,599)
- Inventories		56,452	56,452	(97,009)
- Other current assets		21,196	21,196	22,148
- Deposits		-	-	(54,897)
- Other non-current assets		-	-	352
- Trade and other payables		(417,903)	(269,301)	230,304
- Cash on delivery payable		(269,174)	(269,174)	(86,758)
- Deferred income		28,769	28,769	145
- Other current liabilities		(11,482)	(16,328)	6,270
- Other non-current liabilities		13,022	13,022	(4,925)
- Employee benefit obligations	21	(345)	(16,853)	(34)
Cash generated from operations		3,923,617	3,542,789	2,228,906
Interest received		8,101	8,101	7,342
Interest paid		(110,706)	(81,768)	(22,711)
Income tax paid		(364,270)	(354,577)	(352,102)
Net cash generated from operating activities		3,456,742	3,114,545	1,861,435

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2020

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht
Cash flow from investing activities				
Cash payment for purchases of plant and equipment		(325,049)	(325,130)	(1,421,055)
Cash payment for purchases of intangible assets		(42,091)	(42,050)	(112,733)
Cash receipt from disposal of equipment		6,801	6,801	940
Cash receipt from disposal of intangible assets		-	-	65
Cash payment for deposits		(15,160)	(15,160)	-
Cash payment for short-term loan to related party	31.4	-	(60,000)	-
Cash payment for investment in subsidiaries	14	-	(490)	-
Net cash used in investing activities		(375,499)	(436,029)	(1,532,783)
Cash flows from financing activities				
Cash receipt from short-term borrowing from financial institutions		-	-	2,800,000
Cash repayments to short-term borrowings from financial institutions		-	-	(2,300,000)
Cash receipt from long-term borrowing from financial institutions	19	-	-	100,000
Cash payment on lease liabilities		(1,509,490)	(1,119,956)	-
Proceeds from issue of ordinary shares	22	8,861,061	8,861,061	-
Dividends paid	30	(1,646,400)	(1,646,400)	(588,000)
Proceeds from issue of shares of subsidiaries	14	550	-	-
Net cash generated from financing activities		5,705,721	6,094,705	12,000
Net increase in cash and cash equivalents		8,786,964	8,773,221	340,652
Opening balance of cash and cash equivalents		909,798	909,798	569,146
Closing balance of cash and cash equivalents	10	9,696,762	9,683,019	909,798

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2020

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2020	2020	2019
		Thousand	Thousand	Thousand
		Baht	Baht	Baht
Significant non-cash transactions				
Payables arising from purchases of plant and equipment		9,214	9,214	23,693
Payables arising from purchases of intangible assets		402	402	20,559
Payables arising from investment in a subsidiary	14	-	40	-
Provision arising from decommissioning costs		8,784	8,784	7,839
Acquisition of right-of-use assets under lease contracts	16	461,475	461,475	-
Acquisition of right-of-use assets under lease contracts from lease modification	16	2,356,684	226,903	-
Transfer lease contracts to subsidiary	16	-	2,170,099	-
Plant and equipment transferred to other current assets	15	6,071	6,071	-
Share-based payment expense		2,000	2,000	21,790
Reclassify from short-term borrowing from financial institutions to long-term borrowing from financial institutions	19	-	-	700,000

The accompanying notes are an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2020

1 General information

Kerry Express (Thailand) Public Company Limited (“the Company”) is a public limited company which listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

Head office: No.89 Chao Phaya Tower, 9 Fl. Room 906, Soi Wat Suanphloo, Charoen Krung Rd. Bang Rak, Bangkok 10500.

Main hub: 33/2 Moo7 Bang Pla, Bang Phli, Samut Prakarn 10540.

The Company registered to transform to a public limited company with the Department of Business Development on 24 February 2020. As a result, the Company changed its name from Kerry Express (Thailand) Limited to Kerry Express (Thailand) Public Company Limited. The Company’s ordinary shares are traded in the Stock Exchange of Thailand (SET) on 24 December 2020.

The principal business operations of the Company and its subsidiaries (together “the Group”) is domestic parcel delivery service. Kerry Logistics Network Limited, incorporated in British Virgin Islands and continued into Bermuda, is the ultimate parent company. For subsidiaries, KETH Corporate Services Limited was registered on 17 February 2020 in Hong Kong and Kerry Express Service Limited incorporated on 3 July 2020.

These consolidated and separate financial statements were authorised for issue by the Company’s authorised directors on 15 February 2021.

2 Significant events during the current year

Coronavirus Disease 2019 outbreak

Management considers that the outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has no significant impact to the Group on operating results for the year ended 31 December 2020. However, the Group applies the temporary measures to relieve the impact from COVID-19 in respect to modification of lease contracts due to the situation of COVID-19 as described in note 6.9.

3 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except certain financial assets as disclosed in note 6.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in note 8.

An English version of the consolidated and separate financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The Group prepares the consolidated financial statements for the year ended 31 December 2020 for the first time since the Group established the subsidiaries during the year 2020 as described in note 14.

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2020 that are relevant and have significant impacts to the Group

a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in note 5.

b) TFRS 16, *Leases*

Where the Group is a lessee, TFRS 16, *Leases* will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in note 5.

c) Amendment to TAS 12, *Income tax* clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

d) Amendment to TAS 19, *Employee benefits (plan amendment, curtailment or settlement)* - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

e) TFRIC 23, *Uncertainty over income tax treatments* explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The management has assessed that the amendments to TAS 12 *Income tax*, amendment to TAS 19 *Employee benefits (plan amendment, curtailment or settlement)* and TFRIC 23 *Uncertainty over income tax treatments* do not have a significant impact to the financial statements.

4.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 that are relevant to the Group and are not early adopted by the Group

The Group are evaluating the impact of certain new and amended financial reporting standards that are not mandatory for current reporting period.

- a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:
- Measurement basis, including factors in considering difference measurement basis
 - Presentation and disclosure, including classification of income and expenses in other comprehensive income
 - Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
 - Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

- b) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.
- c) **Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce lease payments due from 1 June 2020 to 30 June 2021. The amendment is effective for the annual accounting period beginning on or after 1 June 2020 where early application is permitted.

The Group and the Company has chosen to early apply the exemption for the current reporting period. The impacts from the exemptions is disclosed in note 6.9.

4.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 that are relevant to the Group and are not early adopted by the Group

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Group.

- a) **Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to the cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted.

The Group and the Company are assessing the impacts and have chosen not to early apply the exemption for the current reporting period.

5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the first-time adoption of TAS 32 *Financial Instruments: Presentation*, TFRS 7 *Financial Instruments: Disclosure*, TFRS 9 *Financial Instruments* and TFRS 16 *Leases* on the Group's consolidated financial statements and the Company's separate financial statements. The new accounting policies applied were disclosed in note 6.

The Group and the Company have adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

The impacts of the first-time adoption of new financial reporting standards on the consolidated and separate statements of financial position are as follows:

		Consolidated and separate financial statements				
		31 December 2019	TFRS 9 and TAS 32	TFRS 16	1 January 2020	
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Notes						
Current assets						
	Trade and other receivables	C	1,722,468	-	(11,841)	1,710,627
Non-current assets						
	Right-of-use assets	A, B, C	-	13,577	4,170,111	4,183,688
	Deposits	A	228,279	(13,577)	-	214,702
	Other non-current assets	C	2,389	-	(2,389)	-
Total assets affected			1,953,136	-	4,155,881	6,109,017
Current liabilities						
	Current portion of lease liabilities	B	-	-	1,586,525	1,586,525
Non-current liabilities						
	Lease liabilities	B	-	-	2,569,356	2,569,356
Total liabilities affected			-	-	4,155,881	4,155,881

Note:

A) Impacts from changes in classification and measurement of financial assets (note 5.1)

B) Recognition of right of use assets and lease liabilities under TFRS 16 (note 5.2)

C) Reclassification of prepaid rental expense incurred before adoption of TFRS 16 (note 5.2)

5.1 Financial instruments

Classification and measurement

On 1 January 2020 (the date of initial application), the management has assessed which business models apply to every item of financial assets and financial liabilities, and has classified its financial instruments into the appropriate TFRS 9 categories as follows.

	Consolidated and separate financial statements				
	Measurement categories		Carrying amounts		
	Previously reported (TAS 105 and other TAS)	Revised (TFRS 9)	Previously reported Thousand Baht	Revised Thousand Baht	Differences Thousand Baht
Current financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	909,798	909,798	-
Trade and other receivables	Amortised cost	Amortised cost	1,652,959	1,652,959	-
Non-current financial assets					
Deposits	Cost less impairment	Amortised cost	228,279	214,701	(13,578)
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	1,724,138	1,724,138	-
Cash on delivery payable	Amortised cost	Amortised cost	884,233	884,233	-
Current portion of lease liabilities	Amortised cost	Amortised cost	-	1,586,525	1,586,525
Non-current financial liabilities					
Long-term borrowings from financial institution	Amortised cost	Amortised cost	800,000	800,000	-
Lease liabilities	Amortised cost	Amortised cost	-	2,569,356	2,569,356

On 1 January 2020, the Group reclassified deposit in respect of lease contracts from previously measured at cost less impairment of Baht 228.28 million to be measured at amortised cost. The difference amount of Baht 13.58 million was recognised to right-of-use assets.

Impairment of financial assets

The Group and the Company have following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables
- contract assets

Management considers that the impairment losses on cash and cash equivalents is immaterial.

Trade receivables and contract assets

The Group applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

As of 1 January 2020, the impact from change in basis of impairment assessment in accordance with this financial reporting standards does not have significant impact to the financial statements.

5.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases for leases of parcel shops, offices, warehouses and vehicles with lease terms more than 12 months. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was ranged between 1.96% to 4.11%.

The right-of-use assets were measured at the amount equal to the lease liability in which the incremental borrowing rate for the remaining lease terms from the initial application date is applied, adjusted by the amount of any prepaid relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Consolidated and separate financial statements Thousand Baht
Operating lease commitments disclosed as at 31 December 2019	4,413,773
Less: Discounted using the lessee's incremental borrowing rate of at the date of initial application	(108,379)
Less: Short-term leases recognised on a straight-line basis as expense	(294,876)
Less: Low-value leases recognised on a straight-line basis as expense	(227,386)
Less: Contracts reassessed as service agreements	(154,380)
Add: Adjustments as a result of extension option	527,129
Lease liabilities recognised as at 1 January 2020	4,155,881
Current lease liabilities	1,586,525
Non-current lease liabilities	2,569,356

Practical expedients applied

In applying TFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- low-value leases contracts
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining Whether an Arrangement Contains a Lease.

6 Accounting policies

6.1 Principles of consolidation

a) Subsidiaries

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

In the separate financial statements, investment in subsidiaries are accounted for at cost less impairment (if any).

b) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated.

6.2 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

c) Group companies

The operational results and financial position of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a different functional currency from the Group's presentation currency are translated into the presentation currency as follows.

- Assets and liabilities are translated at the closing rate at the date of respective statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

6.3 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date.

6.4 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables is disclosed in notes 6.6 e) and 11.2.

6.5 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the weighted average method. Cost of inventories comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts.

6.6 Financial assets

a) Classification

From 1 January 2020, the Group classifies its financial assets as follows:

- those to be measured subsequently at fair value either through profit or loss (FVPL) or through other comprehensive income (FVOCI)
- those to be measured at amortised cost

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

As at 31 December 2020, the Group has no financial assets to be measured subsequently at fair value.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Impairment

From 1 January 2020, the Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group and the Company write-off trade receivables and contract assets when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments or cannot be contacted for a period greater than 24 months.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables for comparative period

In the year 2019, the Group recognised impairment of trade receivables based on the incurred loss model by considering the impairment indicator such as uncollectible or late payments more than 180 days, significant financial difficulties of the debtor and probability that the debtor will enter bankruptcy or financial restructuring.

For other financial assets carried at amortised cost, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

Classification and measurement of financial assets for the year ended 31 December 2019 is disclosed in note 5.1.

6.7 Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvements	Based on lease period (include extended period)
Leasehold improvements	Based on lease period (include extended period)
Operating equipment	5 years
Furniture, fixtures and office equipment	5 years
Computers	5 years
Vehicles	5 - 10 years

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

Gains or losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in other gains or losses.

6.8 Intangible assets - Computer software

Acquired computer software

Acquired computer software is measured at historical cost. These costs are amortised over their estimated useful lives of 5 - 10 years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

Internally generated intangible asset

Research expenditure is recognised as an expense as incurred.

Development expenditure is recognised as an asset when the Company can demonstrate all of the following:

- the expenditure attributable to its development can be measured reliably;
- the Company can demonstrate that it is technically, financially, commercially, and resourcefully feasible; and
- the Company intends to and has the ability to complete the development for the purpose of using or selling.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are amortised when the asset is ready to use by applying a straight-line method over the period of its expected benefit, which is 5 - 10 years.

6.9 Leases

For the year ended 31 December 2020

Leases - where the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise motorbike and small items of office equipment.

Lease Modifications

At the date of lease modifications, the Group shall account for lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. At commencement date, the Group shall account for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset for all other lease modifications.

However, during 2020 the Group received discounts in the lease payments from lessors due to the COVID-19 situation. The Group has chosen not to account for discounts in the lease payments under the lease modification in accordance with TFRS 16. Instead, the Group has chosen to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ending between 1 January 2020 and 31 December 2020 by reducing lease liabilities in the proportion of the reduction to the lease payments throughout the period that the Group has received the reduction. The effect of receiving discounts of Baht 122,544 are recognised in profit or loss.

For the year ended 31 December 2019

Leases - where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

6.10 Financial liabilities

a) Classification

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Measurement

Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

6.11 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.12 Employee benefits

6.12.1 Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

6.12.2 Defined contribution plan

The Group pays contributions to a separate fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

6.12.3 Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

6.13 Share-based payment

The Group receives services from employees as consideration for equity instruments of the Group in the forms of share and warrants. Share-based compensation plan operates an equity-settled. The fair value of the employee services received by the Group in exchange for the Group's equity instruments is determined at grant date. Fair value is recognised as an expense in the Group's profit or loss over the vesting period with a corresponding increase in equity.

The fair value of services received by the Group should be measurable directly. If the fair value cannot be measured reliably, the Group measures the value of the services by reference to the fair value of the equity instruments granted as consideration. This is referred to as the 'indirect method'.

The Group measures the value of the services by reference to the fair value of the equity instruments granted as consideration. The fair value of the Group's share is determined by Price-to-Earnings ratio of comparable entities in The Stock Exchange of Thailand within the same industry and adjusted by Discounts for Lack Of Marketability (DLOM) to reflect the Group's share value.

The fair value of the warrants is determined by:

- including any market performance conditions (e.g. the entity's share price);
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time); and
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of warrants that are expected to vest.

At the end of each reporting period, the Group reviews the number of warrants that are expected to vest. It recognises the impact of the revision, if any, in profit or loss with a corresponding adjustment to equity.

When the warrants are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

6.14 Provisions

6.14.1 General provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

6.14.2 Provision for decommissioning costs

The Group recognises provision for decommissioning costs of plant and leasehold improvements, which are provided at the end of lease period by considering the option of extension of lease contract, at the present value of the estimate of the eventual costs relating to the removal of plant and leasehold improvement. The recognised provision for decommissioning costs is calculated based on many assumptions such as abandonment time, future inflation rate and the discount rate estimated by the management.

6.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

6.16 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities are also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is highly probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Services

Revenue of parcel delivery services, which are presented in sales and services income, are recognised over time based on the output method (progress of the delivery), regardless of the payment pattern. Normally, parcel delivery services occur over the short period of time.

Advertising income

Advertising income is recognised over time based on a straight-line basis over the period stipulated in the contract.

Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities are set off against contract assets.

Sale of goods

Sales are recognised when control of the products has transferred, being when the products are delivered, and there is no unfulfilled obligation that could affect the acceptance of the products.

Customer loyalty programme

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is recognised at the time of the sale or service. Revenue is recognised when the points are redeemed or when they expire not over 12 months after the initial sale.

Other income and interest income

Other income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

6.17 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

7 Financial risk management

7.1 Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the investment department under policies approved by the board of directors. The Group identifies, evaluates, and hedges financial risks in close co-operation with the Group's operating units.

7.1.1 Market risk

a) Foreign exchange risk

The Group has no material business transactions in foreign currencies thus the risk arising from exchange rate fluctuation does not significantly have impacts to the Group.

b) Interest rate risk

The Group's income and operating cash flows are substantially independent of change in market interest rates. The Group's significant cash flow interest rate risk are deposits at financial institutions, short-term loans to related parties, long-term borrowings and lease liabilities.

The Group does not use derivative financial instruments to hedge certain exposures.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below

	Consolidated financial statements								
	Fixed interest rates			Floating interest rates			Non-Interest bearing	Total	Interest rate
	Within 1 year	1 - 5 years	Over 5 years	Within 1 year	1 - 5 years	Over 5 years			
As at 31 December 2020	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	(% p.a.)
Financial assets									
Cash and cash equivalents	-	-	-	9,654,146	-	-	42,616	9,696,762	0.25 - 0.30
Financial liabilities									
Borrowings from financial institutions	800,000	-	-	-	-	-	-	800,000	2.20
Lease liabilities	1,760,568	3,587,347	5,710	-	-	-	-	5,353,625	1.21 - 4.11
	Separate financial statements								
	Fixed interest rates			Floating interest rates			Non-Interest bearing	Total	Interest rate
	Within 1 year	1 - 5 years	Over 5 years	Within 1 year	1 - 5 years	Over 5 years			
As at 31 December 2020	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	(% p.a.)
Financial assets									
Cash and cash equivalents	-	-	-	9,640,443	-	-	42,576	9,683,019	0.25 - 0.30
Short-term loans to related parties	60,000	-	-	-	-	-	-	60,000	2.50
Financial liabilities									
Borrowings from financial institutions	800,000	-	-	-	-	-	-	800,000	2.20
Lease liabilities	597,619	828,527	5,710	-	-	-	-	1,431,856	1.21 - 4.11

7.1.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables.

a) Risk management

The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Deposits are limited to high credit quality financial institutions.

b) Impairment of financial assets

The Group and the Company have four types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Contract assets
- Short-term loan to a related party
- Deposits

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Short-term loan to a related party

Short-term loan to a related party measured at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Lifetime expected credit losses is recognised for the loans that the credit risk is significant increased.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include deposits in respect of lease contracts.

7.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

a) Financing arrangements

The Group has access to the following undrawn credit facilities as at 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Floating rate				
Expiring within one year				
- Bank overdraft	20,000	-	20,000	-
- Bank loans	1,530,000	1,500,000	1,530,000	1,500,000
	1,550,000	1,500,000	1,550,000	1,500,000

b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Consolidated financial statements				
	On demand Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2020					
Trade and other payables	165,046	1,119,248	-	-	1,284,294
Cash on delivery payable	18,776	596,283	-	-	615,059
Lease liabilities	-	1,777,885	3,725,246	8,525	5,511,656
Current portion of long-term borrowings from financial institutions	-	800,000	-	-	800,000
Other financial liabilities	-	-	38,499	-	38,499
Total	183,822	4,293,416	3,763,745	8,525	8,249,508
	Separate financial statements				
	On demand Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2020					
Trade and other payables	165,046	1,267,850	-	-	1,432,896
Cash on delivery payable	18,776	596,283	-	-	615,059
Lease liabilities	-	604,205	868,818	8,525	1,481,548
Current portion of long-term borrowings from financial institutions	-	800,000	-	-	800,000
Other financial liabilities	-	-	38,499	-	38,499
Total	183,822	3,268,338	907,317	8,525	4,368,002
	Separate financial statements				
	On demand Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2019					
Trade and other payables	307,266	1,416,872	-	-	1,724,138
Cash on delivery payable	24,074	860,159	-	-	884,233
Long-term borrowings from financial institutions	-	-	800,000	-	800,000
Other financial liabilities	-	-	94,680	-	94,680
Total	331,340	2,277,031	894,680	-	3,503,051

7.2 Capital management

7.2.1 Risk management

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7.2.2 Loan covenants

Under the terms of the major borrowing facilities, the Group is required to maintain Debt Service Coverage Ratio (DSCR) not less than 1.20 times. The Group has complied with these covenants throughout the reporting period. As at 31 December 2020, the DSCR was 3.10 times (2019: 2.68 times).

8 Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Allocation of transaction price in contracts with customers

The customer loyalty programme provides a material right to customers. The promise to provide points to the customer is a separate performance obligation. Therefore, the transaction price is allocated to the provided service and the points on a relative stand-alone selling price basis. Management estimates stand-alone price per point on the basis of the discount granted when the points are redeemed and the likelihood of the redemption, based on past experience.

b) Determination of lease terms

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on parcel shops, offices, and warehouses leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

c) Determination of discount rate applied to leases

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

d) Share-based payment

The Group measures the value of the services by reference to the fair value of the equity instruments granted as consideration. The fair value of the Group's share price is determined by Price-to-Earnings ratio of comparable entities in The Stock Exchange of Thailand and adjusted by Discounts for Lack Of Marketability (DLOM) to reflect the Company's share price.

The Group measures warrants granted to the Group's executives and employees by reference to the fair value of the warrants at the grant date. Fair value has been recognised depending on the assumptions used in the valuation of warrants' fair value. The variability of those assumptions would affect to employee expense recognised in each year.

Management determines the appropriateness of the assumptions used in the equity's purchase option fair valuation. Additional information of key assumptions used in assessing the fair value is disclosed in note 24.

e) Useful life of plant, equipment and intangible assets

Management assess the estimated useful lives and the residual values of the Group's plant, equipment and intangible assets. Management review depreciation when useful lives and the residual values are difference from the previous estimation or written-off the damage or inactive assets when are sold.

f) Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 21.

g) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

9 Segment information

The Group has not presented segment information since the chief operating decision-maker considers the Company only operates in one segment which is the domestic parcel delivery business. The chief operating decision-maker primarily uses of segment profit before tax, which is derived on a basis consistent with the measurement of profit for the year in the financial statements. The revenues by service type and by customer type are disclosed in note 25.

10 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Cash on hand	42,616	42,576	42,141
Cash at bank	9,654,146	9,640,443	867,657
Total	9,696,762	9,683,019	909,798

11 Trade and other receivables and contract assets

11.1 Trade and other receivables

	Consolidated	Separate	
	financial statements	financial statements	
	2020	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht
Trade receivables - third parties	984,984	981,403	1,172,704
- related parties (note 31.3)	38,708	38,708	62,197
Contract assets - third parties	374,368	374,368	418,718
- related parties (note 31.3)	8,920	8,920	2,061
<u>Less</u> Allowance for expected credit loss (2019: Allowance for doubtful accounts under TAS 101)	(9,972)	(9,972)	(9,655)
Trade receivables, net	1,397,008	1,393,427	1,646,025
Other receivables - related parties (note 31.3)	1,620	2,294	6,811
Accrued interest income - third parties	311	311	123
- related parties (note 31.3)	-	325	-
Prepayments	67,847	67,095	69,509
Total	1,466,786	1,463,452	1,722,468

11.2 Impairments of trade receivables and contract assets

The loss allowance for trade receivables and contract assets was determined as follows:

	Consolidated financial statements				
	Within 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 31 December 2020					
Gross carrying amount					
- trade receivables	1,009,071	4,598	2,536	7,487	1,023,692
- contract assets	383,288	-	-	-	383,288
Loss allowance	-	64	2,421	7,487	9,972
	Separate financial statements				
	Within 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 31 December 2020					
Gross carrying amount					
- trade receivables	1,005,490	4,598	2,536	7,487	1,020,111
- contract assets	383,288	-	-	-	383,288
Loss allowance	-	64	2,421	7,487	9,972
	Separate financial statements				
	Within 3 months	3 - 6 months	6 - 12 months	Over 12 months	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 1 January 2020					
Gross carrying amount					
- trade receivables	1,226,125	2,243	2,334	4,199	1,234,901
- contract assets	420,779	-	-	-	420,779
Loss allowance	879	2,243	2,334	4,199	9,655

The reconciliations of loss allowances for trade receivables and contract assets for the year ended 31 December 2020 are as follows:

	Consolidated and separate financial statements Thousand Baht
31 December 2019 - calculated under TAS 101	9,655
Amounts restated through opening retained earnings	-
Opening credit loss allowance as at 1 January 2020 - calculated under TFRS 9	
Increase in loss allowance recognised in profit or loss during the year	1,827
Unused amount reversed	(1,510)
As of 31 December 2020	9,972

12 Financial assets and financial liabilities

As at 31 December 2020, classification of the Group's financial assets and financial liabilities are as follows:

	Consolidated financial statements Amortised cost Thousand Baht	Separate financial statements Amortised cost Thousand Baht
Financial assets		
Cash and cash equivalents	9,696,762	9,683,019
Trade and other receivables*	1,015,651	1,013,069
Short-term loan to a related party	-	60,000
Deposit	219,015	219,015
Financial liabilities		
Current portion of long-term borrowings from financial institution	800,000	800,000
Trade and other payables*	1,284,294	1,432,896
Cash on delivery payable	615,059	615,059
Lease liabilities	5,353,625	1,431,856
Other non-current financial liabilities	38,499	38,499

* Not including items that are not financial assets/liabilities

a) Fair values of other financial assets at amortised cost

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

As at 31 December 2020 loans to a related party with a carrying amount of Baht 60 million (2019: Nil) have a fair value approximate their carrying amount, as the impact of discounting is not significant.

b) Loss allowance

There was no loss allowance for other financial assets at amortised cost other than trade receivables were recognised for the year ended 31 December 2020

13 Inventories

	Consolidated	Separate	
	financial statements	financial statements	
	2020	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht
Boxes	29,181	29,181	19,606
Satchels	11,011	11,011	58,541
Labels and tapes	23,691	23,691	27,781
Others	15,792	15,792	30,199
Total	79,675	79,675	136,127

During the year ended 31 December 2020, the cost of inventories was recognised as cost of sales and services in profit or loss in the consolidated and separate financial statement amounting to Baht 377.02 million (2019: Baht 360.94 million).

14 Investments in subsidiaries

14.1 Investment details

As at 31 December 2020, the subsidiaries included in consolidated financial statement are listed below. The subsidiaries have ordinary shares and preference shares of which entitle to the different voting right. The Group only directly holds the subsidiaries' ordinary shares. At the result, the proportion of ownership interests held by the Group is not equal to voting rights in subsidiaries held by the Group.

Entity name	Country of incorporation	Nature of business	Ownership interest held by Company		Ownership interest held by the Group		Ownership interests held by non-controlling interests		Voting rights held by non-controlling interests		Investment in cost method	
			2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 Thousand Baht	2019 Thousand Baht
KETH Corporate Services Limited	Hong Kong	Providing administrative and corporate support	100.00	-	100.00	-	-	-	-	-	39.76	-
Kerry Express Service Limited	Thailand	Providing transportation services	49.00	-	49.00	-	51.00	-	9.43	-	490.00	-

14.2 Movements of investments

Movements of investments in subsidiaries during the year are as follows:

	Separate financial statements	
	Investment at cost method	
	2020	2019
	Thousand Baht	Thousand Baht
Opening net book amount	-	-
Increase in investment	530	-
Closing net book amount	530	-

On 4 February 2020, the Executive Committee's meeting approved to establish a new subsidiary, KETH Corporate Services Limited, in Hong Kong with the registered share capital of Hong Kong Dollar 10,000 represents 10,000 ordinary shares with a par value of Hong Kong Dollar 1 each. The Company acquired 100% ownership interest in KETH Corporate Services Limited with the aim to provide administrative and corporate support for the Company. The new subsidiary was registered on 17 February 2020. Kerry Logistics (Hong Kong) Limited, a related company, has paid the share subscription on behalf of the Company amounting to Hong Kong Dollar 10,000.

On 24 June 2020, the Executive Committee's meeting approved to establish a new subsidiary, Kerry Express Service Limited (KESL) with the registered capital of Baht 1 million consisting of 4,900 ordinary shares and 5,100 preferred shares with a par value of Baht 100 each. The Company holds all common shares of the new subsidiary while Miracle Rich Holding Limited, a related party, holds all preferred shares which ten preferred shares is entitled to one vote. The preferred shares shall receive only fixed dividend at 5% per annum of the paid-up value of the preferred shares which is made on a non-cumulative basis and shall not be entitled to any a residual. The new subsidiary will provide the Company with the transportation services. The new subsidiary was registered on 3 July 2020. Management consider that the Group has control over Kerry Express Service Limited with the 90.52% voting rights and the Company has right in the sharing of financial interests even though the Group has less than 50% shareholdings.

Non-controlling interests in subsidiaries are insignificant to the Group.

15 Plant and equipment

	Consolidated and separate financial statements							Total Thousand Baht
	Buildings and buildings improvements Thousand Baht	Leasehold improvements Thousand Baht	Operating equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Computers Thousand Baht	Vehicles Thousand Baht	Assets under installation Thousand Baht	
For the year ended 31 December 2020								
Opening net book amount	113,925	361,671	795,262	599,784	687,867	61,753	85,774	2,706,036
Additions	14,425	20,745	73,403	60,709	70,413	-	78,683	318,378
Disposals, net	-	(19,068)	(3,005)	(283)	(754)	(5,616)	-	(28,726)
Transfer out to current assets held for sale	-	-	(3,545)	(2,478)	(48)	-	-	(6,071)
Transfer in (out)	69,952	33,560	28,920	751	8,449	-	(141,632)	-
Depreciation charge	(48,053)	(97,183)	(198,813)	(168,935)	(200,297)	(17,790)	-	(731,071)
Closing net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546
At 31 December 2020								
Cost	215,143	542,211	1,173,280	882,320	1,075,091	84,756	22,825	3,995,626
Less Accumulated depreciation	(64,894)	(242,486)	(481,058)	(392,772)	(509,461)	(46,409)	-	(1,737,080)
Net book amount	150,249	299,725	692,222	489,548	565,630	38,347	22,825	2,258,546

	Separate financial statements							
	Buildings and buildings improvements Thousand Baht	Leasehold improvements Thousand Baht	Operating equipment Thousand Baht	Furniture, fixtures and office equipment Thousand Baht	Computers Thousand Baht	Vehicles Thousand Baht	Assets under installation Thousand Baht	Total Thousand Baht
At 1 January 2019								
Cost	35,030	274,212	649,325	542,454	709,444	100,659	288,013	2,599,137
<u>Less</u> Accumulated depreciation	(3,243)	(50,102)	(126,030)	(80,488)	(137,365)	(20,021)	-	(417,249)
Net book amount	31,787	224,110	523,295	461,966	572,079	80,638	288,013	2,181,888
For the year ended 31 December 2019								
Opening net book amount	31,787	224,110	523,295	461,966	572,079	80,638	288,013	2,181,888
Additions	25,450	171,928	191,543	259,446	282,445	-	226,297	1,157,109
Disposals, net	-	-	(1,507)	(267)	(1,489)	(215)	-	(3,478)
Transferred in (out)	70,286	70,094	249,472	23,225	15,459	-	(428,536)	-
Depreciation charge	(13,598)	(104,461)	(167,541)	(144,586)	(180,627)	(18,670)	-	(629,483)
Closing net book amount	113,925	361,671	795,262	599,784	687,867	61,753	85,774	2,706,036
At 31 December 2019								
Cost	130,766	516,234	1,084,548	824,572	1,000,265	99,687	85,774	3,741,846
<u>Less</u> Accumulated depreciation	(16,841)	(154,563)	(289,286)	(224,788)	(312,398)	(37,934)	-	(1,035,810)
Net book amount	113,925	361,671	795,262	599,784	687,867	61,753	85,774	2,706,036

The depreciation charge has been recognised in the profit and loss as follows:

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Cost of sales and services	634,865	634,865	634,865	546,595
Selling expenses	5,760	5,760	5,760	4,233
Administrative expenses	90,446	90,446	90,446	78,655
	731,071	731,071	731,071	629,483

16 Right-of-use assets

	Consolidated financial statements			
	Vehicles Thousand Baht	Buildings Thousand Baht	Operating equipment Thousand Baht	Total Thousand Baht
Balance as at 1 January 2020 (note 5)	2,633,389	1,532,871	17,428	4,183,688
Additions	158,269	300,887	2,319	461,475
Lease cancellation	(12,232)	(102,574)	-	(114,806)
Lease modifications and reassessments	2,129,781	226,903	-	2,356,684
Depreciation	(994,448)	(564,230)	(7,774)	(1,566,452)
Balance as at 31 December 2020	3,914,759	1,393,857	11,973	5,320,589

	Separate financial statements			
	Vehicles Thousand Baht	Buildings Thousand Baht	Operating equipment Thousand Baht	Total Thousand Baht
Balance as at 1 January 2020 (note 5)	2,633,389	1,532,871	17,428	4,183,688
Additions	158,269	300,887	2,319	461,475
Lease cancellation	-	(102,574)	-	(102,574)
Lease modifications and reassessments	-	226,903	-	226,903
Transfer lease contracts to subsidiary	(2,170,099)	-	-	(2,170,099)
Depreciation	(613,383)	(564,230)	(7,774)	(1,185,387)
Balance as at 31 December 2020	8,176	1,393,857	11,973	1,414,006

During the year ended 31 December 2020, the Company transferred all lease contracts of trucks and pick-up trucks from the Company to Kerry Express Service Limited. As a result, the Company reversed right-of-use assets and lease liabilities amount of Baht 2,170.10 million and Baht 2,195.05 million respectively and recognised gain from transferring lease contracts amount of Baht 24.95 million in the separate financial statements (note 26). In relation to the lease transfer, the Group has agreed to change certain conditions of the lease contracts such as lease period, monthly lease payment and obligation to purchase assets at end of lease period etc. At the consolidation level, these changes have been considered as lease modifications under TFRS 16, as a result, the Group adjusted the balance of right-of-use assets and lease liabilities at the modification date amounting to Baht 2,129.78 million in the consolidated financial statements.

The expense relating to leases that not included in the measurement of lease liabilities and right-of-use and cash outflows for leases is as follows:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Expense relating to short-term leases	693,594	681,559
Expense relating to leases of low-value assets	138,572	138,572
Expense relating to variable lease payments	28,415	28,415

Total cash outflow for leases in 2020 was Baht 2,462.33 million in the consolidated financial statements and Baht 2,031.82 million in the separate financial statements.

17 Intangible assets

	Consolidated financial statements		
	Computer software	Software under installation	Total
	Thousand Baht	Thousand Baht	Thousand Baht
For the year ended 31 December 2020			
Opening net book amount	235,252	-	235,252
Additions	16,948	4,986	21,934
Transferred in (out)	4,452	(4,452)	-
Amortisation charge	(58,036)	-	(58,036)
Closing net book amount	198,616	534	199,150
At 31 December 2020			
Cost	348,385	534	348,919
<u>Less</u> Accumulated amortisation	(149,769)	-	(149,769)
Net book amount	198,616	534	199,150

	Separate financial statements		
	Computer software Thousand Baht	Software under installation Thousand Baht	Total Thousand Baht
At 1 January 2019			
Cost	212,931	-	212,931
<u>Less</u> Accumulated amortisation	(43,617)	-	(43,617)
Net book amount	169,314	-	169,314
For the year ended 31 December 2019			
Opening net book amount	169,314	-	169,314
Additions	93,822	20,294	114,116
Disposals, net	(46)	-	(46)
Transfer in (out)	20,294	(20,294)	-
Amortisation charge	(48,132)	-	(48,132)
Closing net book amount	235,252	-	235,252
At 31 December 2019			
Cost	326,985	-	326,985
<u>Less</u> Accumulated amortisation	(91,733)	-	(91,733)
Net book amount	235,252	-	235,252
For the year ended 31 December 2020			
Opening net book amount	235,252	-	235,252
Additions	16,907	4,986	21,893
Transfer in (out)	4,452	(4,452)	-
Amortisation charge	(58,033)	-	(58,033)
Closing net book amount	198,578	534	199,112
At 31 December 2020			
Cost	348,344	534	348,878
<u>Less</u> Accumulated amortisation	(149,766)	-	(149,766)
Net book amount	198,578	534	199,112

Amortisation recognised in profit and loss are as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Cost of sales and services	34,649	34,649	29,880
Selling expenses	618	618	587
Administrative expenses	22,769	22,766	17,665
	58,036	58,033	48,132

18 Deferred income taxes

The analysis of deferred tax assets is as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Deferred tax assets:			
Deferred tax assets to be recovered within 12 months	5,187	5,128	2,046
Deferred tax assets to be recovered more than 12 months	37,822	34,034	21,984
	43,009	39,162	24,030

The movements of deferred tax assets are as follows:

	Consolidated financial statements				
	Provision for decommissioning Thousand Baht	Employee benefit obligations Thousand Baht	Depreciation charge Thousand Baht	Loyalty program Thousand Baht	Total Thousand Baht
Deferred tax assets					
At 1 January 2020	420	13,391	10,219	-	24,030
Charged to profit or loss	376	5,588	6,866	4,305	17,135
Charged to other comprehensive expense	-	1,844	-	-	1,844
At 31 December 2020	796	20,823	17,085	4,305	43,009
	Separate financial statements				
	Provision for decommissioning Thousand Baht	Employee benefit obligations Thousand Baht	Depreciation charge Thousand Baht	Loyalty program Thousand Baht	Total Thousand Baht
Deferred tax assets					
At 1 January 2019	152	5,764	3,489	-	9,405
Charged to profit or loss	268	2,880	6,730	-	9,878
Charged to other comprehensive expense	-	4,747	-	-	4,747
At 31 December 2019	420	13,391	10,219	-	24,030
At 1 January 2020	420	13,391	10,219	-	24,030
Charged to profit or loss	376	1,639	6,866	4,305	13,186
Charged to other comprehensive expense	-	1,946	-	-	1,946
At 31 December 2020	796	16,976	17,085	4,305	39,162

19 Borrowings

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Current			
Current portion of long-term borrowings from financial institution	800,000	800,000	-
Current portion of lease liabilities	1,760,568	597,619	-
Total current borrowings	2,560,568	1,397,619	-
Non-current			
Long-term borrowings from financial institution	-	-	800,000
Lease liabilities	3,593,057	834,237	-
Total non-current borrowings	3,593,057	834,237	800,000
Total borrowings	6,153,625	2,231,856	800,000

As at 31 December 2020, the Company has the long-term borrowings from a financial institution for the purpose of capital expenditure. The borrowings are dominated in Thai Baht and secured by the ultimate parent company. The borrowings bear interest at the rate of 2.20% per annum and were due on 30 December 2021.

The movements of long-term borrowings can be analysed are as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
At 1 January	800,000	800,000	-
Reclassified from short-term borrowings	-	-	700,000
Additions	-	-	100,000
At 31 December	800,000	800,000	800,000

The fair values of long-term borrowings are based on discounted cash flows using a discount rate based upon the borrowing rate of 1.60% and are within the level 2 of the fair value hierarchy. Fair value is equivalent to the carrying value of long-term borrowings.

Maturity of lease liabilities are as follows;

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Minimum lease liabilities payments			
Not later than one year	1,777,885	604,205	-
Later than 1 year but not later than 5 years	3,725,246	868,818	-
Later than 5 years	8,525	8,525	-
	5,511,656	1,481,548	-
<u>Less</u> Future finance charges on leases	(158,031)	(49,692)	-
Present value of lease liabilities	5,353,625	1,431,856	-

	Consolidated financial statements		Separate financial statements		
	2020		2020		2019
	Thousand Baht		Thousand Baht		Thousand Baht
Present value of lease liabilities:					
Not later than one year	1,760,568	597,619			-
Later than 1 year but not later than 5 years	3,587,347	828,527			-
Later than 5 years	5,710	5,710			-
	5,353,625	1,431,856			-

20 Trade and other payables

	Consolidated financial statements		Separate financial statements		
	2020		2020		2019
	Thousand Baht		Thousand Baht		Thousand Baht
Trade payable - third parties	477,307	414,558			627,577
- related parties (note 31.3)	-	248,341			1
Other payables - third parties	99,514	99,514			133,378
- related parties (note 31.3)	11,014	51,098			14,032
Accrued staff costs	378,430	307,617			557,780
Accrued agent service fees	91,253	91,253			106,028
Accrued transportation expense	9,484	9,484			14,177
Accrued rental expense	22,379	22,379			26,110
Other accruals - third parties	166,481	160,229			217,086
- related parties (note 31.3)	20,903	20,894			18,249
Refundable deposits - third parties	7,529	7,529			9,720
Deferred franchise fee	62,734	62,734			76,285
Total	1,347,028	1,495,630			1,800,423

21 Employee benefit obligations

	Consolidated financial statements		Separate financial statements		
	2020		2020		2019
	Thousand Baht		Thousand Baht		Thousand Baht
Statement of financial position:					
Retirement benefits	104,112	84,879			66,955
Profit or loss charge included in operating profit for:					
Retirement benefits	28,282	25,047			14,434
Remeasurement for:					
Retirement benefits	9,220	9,730			23,736

The movement in the defined benefit obligation over the year is as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
At 1 January	66,955	66,955	28,819
Current service cost	26,938	23,818	10,336
Past service cost	-	-	3,295
Interest expense	1,344	1,229	803
	95,237	92,002	43,253
Remeasurements:			
Gain from change in demographic assumptions	(158)	(158)	-
(Gain) Loss from change in financial assumptions	(3,135)	(2,906)	12,079
Experience loss	12,513	12,794	11,657
	9,220	9,730	23,736
Benefit payment from transfer of employees to subsidiary	-	(16,649)	-
Benefit payment	(345)	(204)	(34)
	(345)	(16,853)	(34)
At 31 December	104,112	84,879	66,955

The significant actuarial assumptions used were as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Percentage	2020 Percentage	2019 Percentage
Discount rate	1.80%	1.80%	1.80%
Salary growth rate	3.75%	3.75%	4.00%
Staff turnover rate	15.95%	15.95%	15.90%

Sensitivity analysis for each significant assumption used is as follows:

	Consolidated financial statements		
	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
	2020	2020	2020
Discount rate	0.50%	Decrease by 6.34%	Increase by 6.90%
Salary growth rate	0.50%	Increase by 6.61%	Decrease by 6.11%
Staff turnover rate	1.00%	Decrease by 22.84%	Increase by 31.13%

	Separate financial statements					
	Change in assumption		Impact on defined benefit obligations			
			Increase in assumption		Decrease in assumption	
	2020	2019	2020	2019	2020	2019
Discount rate	0.50%	0.50%	Decrease by 6.49%	Decrease by 6.79%	Increase by 7.08%	Increase by 7.42%
Salary growth rate	0.50%	1.00%	Increase by 6.74%	Increase by 14.72%	Decrease by 6.23%	Decrease by 12.52%
Turnover rate	1.00%	1.00%	Decrease by 23.36%	Decrease by 14.34%	Increase by 32.04%	Increase by 17.15%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefits recognised in the statement of financial position.

The weighted average duration of the defined benefit obligations is 13.23 years (2019: 13.80 years).

Expected maturity analysis of undiscounted retirement benefits are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Less than 1 year	436		295	348
Between 1 - 5 years	7,591		5,673	3,583
Over 5 years	125,183		103,276	83,077
Total	133,210		109,244	87,008

22 Share capital and premium on share capital

	Consolidated and separate financial statements					
	Authorised share capital		Issued and paid-up share capital		Share premium	Total
	Number of Shares	Amount Thousand Baht	Number of Shares	Thousand Baht		
At 31 December 2019	1,200,000	120,000	1,200,000	120,000	-	120,000
Change in par value of shares	238,800,000	-	238,800,000	-	-	-
Issue of shares	1,540,000,000	770,000	1,500,000,000	750,000	8,250,000	9,000,000
Shares issuance expenses	-	-	-	-	(138,939)	(138,939)
At 31 December 2020	1,780,000,000	890,000	1,740,000,000	870,000	8,111,061	8,981,061

On 17 February 2020, the Extraordinary Shareholders Meeting passed the resolutions to approve the change in the par value of the Company's ordinary shares from Baht 100 to Baht 0.50 per share. As a result, the number of registered shares increased from 1.20 million shares to 240 million shares. The shareholders also passed a resolution to approve the increase in the registered shares by 1,540 million shares at the par value of Baht 0.50 per share totaling Baht 770 million. After the increase, the Company's registered shares are 1,780 million shares at the par value of Baht 0.50 per share totaling Baht 890 million. The Company registered the increased share capital with the Ministry of Commerce on 24 February 2020.

On 27 February 2020, the Company received subscription of newly issued 1,200 million shares at par value of Baht 0.50 per share, totaling Baht 600 million.

Besides, the Company offered its newly issued 300 million shares to the initial public offering. The new shares were sold to subscribers at price of Baht 28 per share (Baht 0.50 of paid-up capital and Baht 27.50 of share premium), totaling Baht 8,400 million. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 22 December 2020. The Company's shares began trading in the Stock Exchange of Thailand on 24 December 2020. Directly attributable expenses of the initial public offering amounted to Baht 138.94 million were presented deducting from premium on share capital. Directly attributable expenses to the initial public offering is presented net of tax.

23 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
At 1 January	12,000	12,000		12,000
Appropriation during the year	77,000	77,000		-
At 31 December	89,000	89,000		12,000

Under the Public Companies Act., B.E. 2535, the Company is required to set aside as statutory reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. This reserve is not available for dividend distribution.

24 Share-based payment

On 22 December 2020, the Company granted ESOP warrants to the Company's directors, executives and employees which is an equity-settled scheme. The scheme's details are below:

	Grant date	Issued units Units	Exercise ratio Unit/Share	Exercise price Baht/Unit	Exercise period		
					Units	Start	End
KEX - ESOP	22 Dec 2020	40,000,000	1 : 1	28.00	20,000,000	25 Dec 2021	22 Dec 2025
					20,000,000	26 Dec 2022	22 Dec 2025

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As at 31 December 2020, warrants of 39,800,000 units are outstanding (2019: Nil). There were no warrants exercised during the year 2020.

The Company assessed the weighted average fair value of the warrants using the Black Shchole model. The key assumptions of valuation model are as follows:

Assumptions	KEX - ESOP
Weighted average fair value of underlying stock as at the valuation date (Baht per share)	28.00
Volatility of underlying stock's price (%)	17.85
Dividend yield (%)	1.64
Risk free rate (%)	0.66
Expected warrant exercise life (years)	2.15

During 2020, Baht 2.00 million has been recognised as share-based payment expense in the statement of comprehensive income, corresponding to share-based payment reserve in equity.

25 Sales and services income

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Parcel delivery services income	18,609,162	18,609,162	19,360,314
Sales income	282,294	282,294	246,570
Advertising income	25,606	25,606	175,042
Total	18,917,062	18,917,062	19,781,926

Sales and parcel delivery service income (exclude advertising income) are categorised by types of customers as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Business to Business (B2B)	352,078	352,078	426,220
Business to Customer (B2C)	8,528,429	8,528,429	8,948,887
Customer to Customer (C2C)	10,010,949	10,010,949	10,231,777
Total	18,891,456	18,891,456	19,606,884

26 Other income

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Commission income	1,057	1,057	5,420
Management services income	37,005	40,155	22,974
IT services income	2,784	2,784	27,900
Interest income	8,289	8,614	7,218
Others	43,857	42,555	49,166
Gain from transfer of lease contracts to subsidiary (note 16)	-	24,955	-
Total	92,992	120,120	112,678

27 Expenses by nature

The following expenditure items, classified by nature, have been charged to profit or loss:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Staff expenses	6,065,174	5,644,783	6,632,401
Subcontract cost	3,789,050	5,020,427	3,584,226
Fuel cost	1,296,220	1,033,098	1,886,253
Lease payment - short-term leases	693,594	681,559	-
Lease payment - low-value leases	138,572	138,572	-
Operating lease payment	-	-	2,393,771
Cost of inventories and consumables supplies	480,347	480,347	604,514
Depreciation and amortisation	2,355,559	1,974,491	677,615
IT service fee (note 31.2)	13,712	13,703	39,256
Agent service fees	1,362,178	1,362,178	1,099,187
Mobile phone expense	148,387	148,387	185,083
Advertising expense	104,994	101,450	182,391

28 Income tax

Income tax for the year comprises the following:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Current tax:			
Current tax on profits for the year	346,172	335,042	333,569
Deferred income tax:			
Increase in deferred tax assets (note 18)	(17,135)	(13,186)	(9,878)
Income tax	329,037	321,856	323,691

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Profit before tax	1,734,062	1,659,467	1,652,243
Tax calculated at a tax rate of 20%	346,812	331,893	330,449
Tax effect of:			
Expenses not deductible for tax purpose	6,376	14,114	11,701
Double deductible expense	(24,151)	(24,151)	(18,460)
Others	-	-	1
Tax charge	329,037	321,856	323,691

The weighted average applicable tax rate was 19.40% (2019: 19.59%).

The tax relating to component of other comprehensive income is as follows:

	Consolidated financial statements		
	2020		
	Before tax Thousand Baht	Tax credit Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	9,220	(1,844)	7,376
Other comprehensive income	9,220	(1,844)	7,376

	Separate financial statements					
	2020			2019		
	Before tax Thousand Baht	Tax credit Thousand Baht	After tax Thousand Baht	Before tax Thousand Baht	Tax credit Thousand Baht	After tax Thousand Baht
Remeasurement on retirement benefit obligations	9,730	(1,946)	7,784	23,736	(4,747)	18,989
Other comprehensive income	9,730	(1,946)	7,784	23,736	(4,747)	18,989

29 Earnings per share

	Consolidated financial statements	Separate financial statements	
	2020	2020	2019
Reconciliations of earnings used in calculating earnings per share			
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company used in calculating basic earnings per share (Thousand Baht)	1,405,025	1,337,611	1,328,552
Weighted average number of shares used as the denominator (Thousand shares)			
Weighted average number of ordinary shares outstanding used as the dominator in calculating basic earnings per share	1,264,110	1,264,110	240,000
Adjustments for diluted earnings per share calculation: Warrants - KEX ESOP	430	430	-
Weighted average number of ordinary shares outstanding used as the dominator in calculating diluted earnings per share	1,264,540	1,264,540	240,000
Basic earnings per share (Baht per share)	1.111	1.058	5.536
Diluted earnings per share (Baht per share)	1.111	1.058	5.536

On 17 February 2020, the Extraordinary Shareholders Meeting approved the change in par value of the Company's ordinary shares from Baht 100 to Baht 0.50 per share (note 22). The Company calculated basic earnings per shares for those periods based on the new number of shares. The weighted average number of ordinary shares used as the denominator in calculating basic earnings per share for the year ended 31 December 2019 have been adjusted to reflect such changes as if the change occurred since the beginning of such periods.

30 Dividends

2020

On 14 August 2020, the Board of Directors' Meeting approved an interim dividend payment in respect of the financial results of 2020 at Baht 0.435 per share for 1,440 million ordinary shares totaling Baht 626.40 million and appropriate its net income to legal reserve amounting to Baht 10.50 million. The dividends were paid on 11 September 2020.

On 23 April 2020, the Annual General Meeting of Shareholders approved an annual dividend payment in respect of the financial results of 2019 at Baht 0.25 per share for 1,440 million ordinary shares totaling Baht 360 million and appropriate its net income to legal reserve amounting to Baht 66.50 million. The dividends were paid on 22 May 2020.

On 17 January 2020, the Board of Directors' meeting approved an interim dividend payment in respect of the financial results of 2019 at Baht 550 per share for 1.20 million ordinary shares totaling Baht 660 million. The dividends were paid on 13 February 2020.

2019

On 29 March 2019, the Board of Directors' meeting approved an interim dividend payment in respect of the financial results of 2018 at Baht 280 per share for 1.20 million ordinary shares totaling Baht 336 million. The dividends were paid in May 2019.

On 8 November 2019, the Board of Directors' meeting approved an interim dividend payment in respect of the financial results of 2019 at Baht 210 per share for 1.20 million ordinary shares totaling Baht 252 million. The dividends were paid in December 2019.

31 Related party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint venture and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities controlled or jointly controlled by these individuals also constitute related parties.

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

The Company's major shareholder is KLN Logistics (Thailand) Limited which owns 52.14% (2019: 63.00%) of the Company's shares. The Company's ultimate controlling party is Kerry Logistics Network Limited.

Relationship between the Company and related parties, which has transactions are as follows:

Company	Nature of relationship
Kerry Logistics Network Limited	Ultimate parent company
Kerry Logistics (Hongkong) Limited	Entity under common control
Kerry Logistics (Thailand) Limited	Entity under common control
Kerry Logistics (Bangna) Limited	Entity under common control
Kerry Express (Hong Kong) Limited	Entity under common control
Kerry Express (Cambodia) Limited	Entity under common control
Kerry Express (Vietnam) Limited	Entity under common control
Kerry Freight (Thailand) Limited	Entity under common control
Kerry Freight (Lao) Co., Ltd.	Entity under common control
Kerry-Apex (Thailand) Co., Ltd.	Entity under common control
Kerry Siam Seaport Limited	Entity under common control
Kerry Distribution (Thailand) Limited	Entity under common control
Kerry Worldbridge Express (Holdings) Limited	Entity under common control
Kerry Worldbridge Express Limited	Entity under common control
KART (THAILAND) Limited	Entity under common control
KMMT Company Limited	Entity under common control
Times E-Commerce Limited	Entity under common control
Times E-Commerce (Thailand) Limited	Entity under common control
Shangri-la Hotel Public Company Limited	Entity under common control
Kuok Registrations Ltd.	Entity under common control
VGI Global Media Public Company Limited	Shareholder
Rabbit - Line Pay Company Limited	Joint venture of shareholder
Rabbit Rewards Company Limited	Joint venture of shareholder
888 Media Co., Ltd.	Subsidiary of shareholder
Kerry Express Service Limited	Subsidiary (since 3 July 2020)
Rabbit Insurance Broker Company Limited	Joint venture of shareholder
KLN (Thailand) Co., Ltd	Entity under common control

Pricing policy regarding business transactions with related entities comprises the following:

Related transaction	Pricing policies
Sales and services income	Mutually-agreed price by referring to market price or actual cost incurred plus margin
Management service income	Mutually-agreed price by referring to actual cost incurred plus margin
Commission income	Mutually-agreed price by referring to market price
Interest income	Fixed rate at 2.50% per annum
Rental income	Mutually-agreed price by referring to actual cost incurred plus margin
Cost of services and purchase of equipment and advertising	Mutually-agreed price by referring to market price or actual cost incurred plus margin
Transaction fee	Fixed percentage by referring to market price
Cost of rental and services	Mutually-agreed price by referring to market price
Management fee and IT service fee	Mutually-agreed price by referring to actual cost incurred

Transactions with related parties are as follows:

31.1 Sales of goods and services

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
For the year ended 31 December			
Revenues			
Sales of services to:			
Shareholder	2,692	2,692	-
Related parties	234,818	234,818	161,992
	237,510	237,510	161,992
Other income			
Interest income from:			
Subsidiary	-	325	-
Management service income from:			
Subsidiary	-	3,150	-
Commission income from:			
Joint venture of shareholder	43	43	4,625
IT service income from:			
Related parties	-	-	5,036
Sales of equipment:			
Related parties	54	54	781
Rental income from:			
Related parties	5,911	5,911	-

31.2 Purchases of goods and services

	Consolidated	Separate	
	financial statements	financial statements	
For the year ended 31 December	2020	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht
Purchases of service from:			
Shareholder	8,914	8,914	38,315
Subsidiary	-	1,231,377	-
Related parties	17,718	17,718	18,280
	26,632	1,258,009	56,595
Transaction fee:			
Joint venture of shareholder	15,620	15,620	27,669
Rental and service expense:			
Shareholder	1,874	1,874	3,501
Related parties	58,854	58,854	128,955
	60,728	60,728	132,456
Payment on lease liabilities:			
Shareholder	2,657	2,657	-
Related parties	85,860	85,860	-
	88,517	88,517	-
Interest expense on lease liabilities:			
Shareholder	249	249	-
Related parties	2,774	2,774	-
	3,023	3,023	-
IT service fee:			
Related parties	13,712	13,703	39,256
Purchases of equipment from:			
Related parties	5	5	177

31.3 Outstanding balances arising from sales and purchases of goods and services

The outstanding balances at the end of the period in relation to transactions with related parties are as follows:

	Consolidated	Separate	
	financial statements	financial statements	
	2020	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht
Trade receivables from:			
Related parties	38,708	38,708	62,197
Other receivables from:			
Subsidiary	-	674	-
Related parties	1,620	1,620	6,811
	1,620	2,294	6,811
Contract assets:			
Shareholder	369	369	-
Related parties	8,551	8,551	2,061
	8,920	8,920	2,061
Accrued interest income from:			
Subsidiary	-	325	-
Deposit and advance to:			
Shareholder	1,219	1,219	-
Related parties	25,941	25,941	32,203
	27,160	27,160	32,203
Trade payables to:			
Subsidiary	-	248,341	-
Related parties	-	-	1
	-	248,341	1
Other payables to:			
Subsidiary	-	40,084	-
Related parties	11,014	11,014	14,032
	11,014	51,098	14,032
Cash on delivery payable to:			
Related parties	10,816	10,816	10,347
Accruals to:			
Related parties	20,903	20,894	18,249
Lease liabilities:			
Shareholder	11,076	11,076	-
Related parties	271,721	271,721	-
	282,797	282,797	-
Refundable deposits from:			
Related parties	21,521	21,521	14,857

31.4 Short-term loan to related party

The movements of short-term loan to related party can be analysed are as follows:

	Separate financial statements	
	2020 Thousand Baht	2019 Thousand Baht
At 1 January	-	-
Loans advanced during the period	60,000	-
Loans repayment received	-	-
At 31 December	60,000	-

The short-term loan to related party is unsecured loan denominated in Thai Baht. The loan bears interest rate at 2.50% per annum. This loan is due on 30 September 2021. No loss allowance has been required in 2020 for the loan made to the subsidiary.

Loan is current portion. The fair value is equal to the book value since the effect of the discount rate is insignificant. The fair value of loan to related party is calculated from future cash flows that is discounted at market interest rates of 2.50%. This is within the level 2 of the fair value hierarchy.

31.5 Key management compensation

Key management includes directors (executive and non-executive), members of the executive committee. The compensation paid or payable to key management are as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Salaries and other short-term employee benefits	58,732	58,732	44,885
Post-employment benefits	3,489	3,489	2,825
Share-based payments	594	594	-
Total	62,815	62,815	47,710

32 Commitments and contingent liabilities

32.1 Capital expenditure commitments

Capital expenditure contracted as at the statement of financial position date but not recognised as liabilities is as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Purchases of equipment	19,668	19,668	36,783
Purchases of intangible assets	3,685	3,685	2,486
	23,353	23,353	39,269

Capital expenditures arisen from purchases of equipment in the separate financial statements include the Company's commitments to purchase pick-up trucks from lessors at end of lease contracts of subsidiary during 2022 to 2023.

32.2 Leases - where the Company is the lessee

The Group entered into various leases in respect of parcel shops, offices, warehouses and vehicles which are non-cancellable agreements. The majority of lease terms are between 1 year and 5 years renewable at the end of the lease period at market rate.

Commitments for minimum lease payments and related services in relation to non-cancellable leases which are not recognised in statement of financial position are as follows:

	Consolidated financial statements	Separate financial statements	
	2020 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Within 1 year	443,406	435,745	2,032,402
Later than 1 year but not later than 5 years	105,622	105,622	2,370,881
Later than 5 years	1,569	1,569	10,490
Total	550,597	542,936	4,413,773

From 1 January 2020, the Group has recognised lease liabilities from lease contracts in the financial statements, except for short-term and low-value leases, see note 5. Therefore, the commitments as at 31 December 2020 and 2019 are non-comparable.

32.3 Letters of bank guarantee

As at 31 December 2020, the Group has letters of guarantee issued by a financial institution for the purpose of ordinary course of business amounting to Baht 204.04 million (31 December 2019: Baht 18.61 million).

32.4 Guarantee

As at 31 December 2020, the Company guaranteed to lessors under the lease contracts of trucks and pick-up trucks which are leased by a subsidiary. The guarantees are full amount of lease payments amounting to Baht 4,000.44 million (31 December 2019: Nil).

33 Events occurring after the reporting period

On 29 January 2021, the Group repaid long-term borrowings from financial institution which was shown as the current portion of long-term borrowings from financial institution in statements of financial position totalling Baht 800 million.

On 10 February 2021, Flourish Harmony Holdings Company Limited, an indirectly wholly-owned subsidiary of S.F. Holdings Co., Ltd., has expressed its intention to Kerry Logistics Network Limited ("KLN") to make a conditional partial cash offer to acquire approximately 51.8% of total issued and paid-up shares of KLN. KLN is ultimate parent company and indirectly holds an interest in KLN Logistics (Thailand) Company Limited approximately 52.14% of the Company's shares. However, the offer may not proceed subject to satisfaction or waiver of the pre-conditions and other relevant conditions.

General and Other Significant Information

Company Information

Name	Kerry Express (Thailand) Public Company Limited
Headquarters	906, 9 th Floor, Chao Phya Tower, 89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500, Thailand
Registration Number	0107563000037
Telephone Number	+66 (0) 2238 5558
Facsimile Number	+66 (0) 2237 3752
Website	https://th.kerryexpress.com
Call Centre	1217
Investor Relations	Ms. Jinthip Prakobwit Head of Investor Relations https://investor.th.kerryexpress.com ir@kerryexpress.com Tel. +66 (0) 63 198 1217
Company Secretary	company.secretary@kerryexpress.com Tel. +66 (0) 62 592 9237
Registered Capital	Baht 890,000,000 (1,780,000,000 shares)
Paid-up Capital	Baht 870,000,000 (1,740,000,000 shares)
Par Value	Baht 0.50 per share

Other Significant Information

Registrar	Thailand Securities Depository Company Limited
Address	93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
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