



Strong Fundamental towards
New Opportunity for **Business Sustainability**

Annual Report 2019





ABOUT STP&I

STP&I is certified by international institution for the fabrication of its fabricated products and the safety award for guarantee in security of operating the project.

MISSION

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

VISION

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties

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“I and Executive Management team emphasize on utilizing lesson learned from past projects experience to analyze, study, improve, and transfer knowledge to employees at all level by arranging internal trainings. This also led to our organizational and managerial restructuring in early 2019. Changes have been implemented to define responsible person for better management, sufficiency, clarity, and suitability in preparation for future projects. We will also ensure that our products and services meet proper standards and can be delivered on time within the budget as well as to maximize customer satisfaction....”

Mr. Masthawin Charnvirakul
Managing Director
STP&I Public Company Limited

MESSAGE FROM THE MANAGING DIRECTOR

2019 is a year of preparation for the growth of Company's business. I and Executive Management team seek for project bidding opportunities due to investment expansion in oil and natural gas industry and petrochemical industry, both locally and internationally. The industries are starting to recover after the investments have been delayed over the past few years. The Company succeeded in winning the bid for a Chemical & Refinery Plant module project in Singapore. This project will take place between 2020 — 2021 and the company is also waiting for other bidding results that will be concluded in early 2020. These clearer investment plans of our potential customers have made us more confident of future project opportunities for the Company. Various successful works in the past have built our reputation and trust among current and new customers, especially in terms of safety statistics and punctual delivery.

Meanwhile, I and Executive Management team emphasize on utilizing lesson learned from past projects experience to analyze, study, improve, and transfer knowledge to employees at all level by arranging internal trainings. This also led to our organizational and managerial restructuring in early 2019. Changes have been implemented to define responsible person for better management, sufficiency, clarity, and suitability in preparation for future projects. We will also ensure that our products and services meet proper standards and can be delivered on time within the budget as well as to maximize customer satisfaction.

The greatest achievement in 2019 that I must mention is the fact that the Company received final arbitral award on the

legal case ordering the employer to pay all due amount in full and as requested by the Company. This included interest and cost compensation. I sincerely thanks the Company's team, lawyer team, and all relevant advisors who have work tirelessly to handle this legal case for over 2 years until we reached such accomplishment.

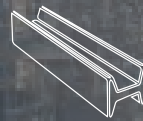
In the next 2-3 years, the Company plans to invest further in machinery and equipment for steel fabrication and module projects, which is our main business. This is aimed to replace some of labour tasks, which will result in cost reduction and productivity improvement in the long term. All costs will be strictly controlled to enhance competitive advantage in international market. Moreover, our 8 subsidiaries will be managed and restructured in the best possible way to suit with economics and risks of each company. Business development in property and logistics will continue to be our focus as they have evidently generated recurring income to the Company group and are expected to be so in the long run.

On behalves of the Company's Board of Directors and Executive Management, I would like to thank our shareholders, customers, business alliances, advisors, and financial institutes for your continuous support for the group. Also our great appreciation to the management team, employees, and workers for performing your tasks to the best capability and efforts and for developing the Company together to grow sustainably and be able to contribute to the best interests of all related parties.

PRODUCTS & SERVICES

STP&I has strong experience in design, supply and fabrication of complicated Steel Structure & General Steelwork according to Thai and International design codes and standards.

PRODUCTS



Steel Structure



Piping



Module

SERVICES



Engineering



Fabrication



Construction

COMPANY INFORMATION

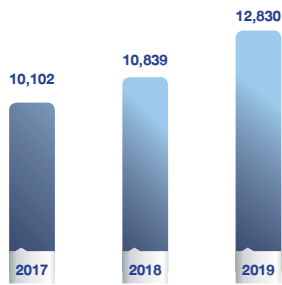
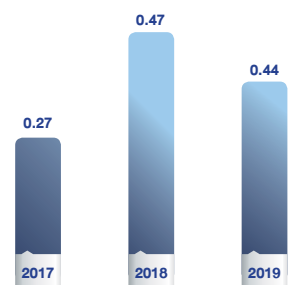
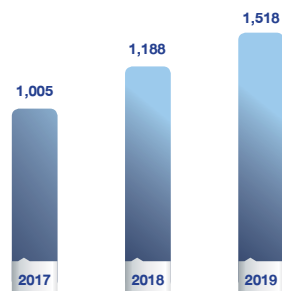
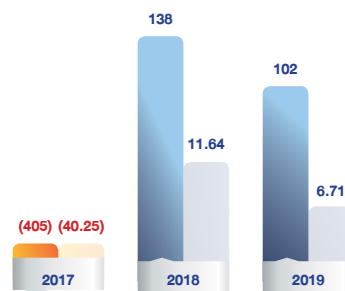
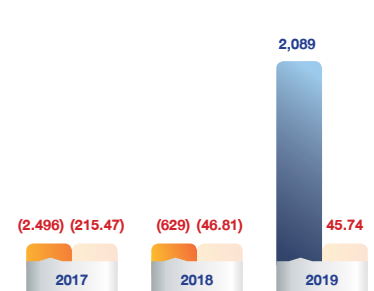
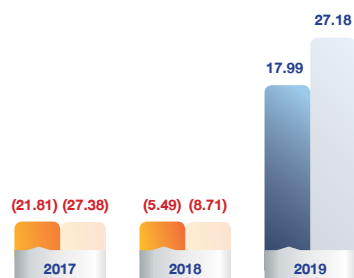
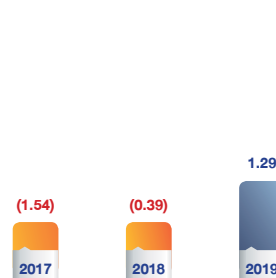
Company name	: STP&I Public Company Limited
Types of Business	: Steel Structure Fabrication Piping Fabrication Process Module Other Steel Fabrication
Address	: 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Klongtoey-Nua, Wattana, Bangkok 10110 Thailand
Company registration number	: 0107538000452 (Bor Mor Jor 568)
Telephone	: +66 (0) 2260 1181
Facsimile	: +66 (0) 2260 1182
e-mail	: contact@stpi.co.th
website	: www.stpi.co.th
Registered Capital	: 406,209,600 Baht including 1,624,838,400 common shares at 0.25 Baht Par Value (as of Dec. 31, 2019)
Paid-up Capital	: 406,207,869.50 Baht including 1,624,831,478 common shares at 0.25 Baht Par Value (as of Dec. 31, 2019)

FINANCIAL HIGHLIGHT

		For the year ended 31 December		
		2017	2018	2019
Financial Position				
Total assets	(Mil.Baht)	10,102	10,839	12,830
Total liabilities	(Mil.Baht)	2,007	3,257	3,740
Total shareholders' equity	(Mil.Baht)	8,095	7,583	9,090
Equity attributable to owners of the Company	(Mil.Baht)	7,552	6,908	8,466
Operating Result				
Revenues from Fabrication Work, Sales and Services, Rental of Property	(Mil.Baht)	1,005	1,188	1,518
Cost of Fabrication Work, Sales and Services, Rental of Property	(Mil.Baht)	1,410	1,050	1,416
Gross Earnings (Loss)	(Mil.Baht)	(405)	138	1,102
Factory overhead expenses not allocate to cost of fabrication work	(Mil.Baht)	401	402	387
Selling and Administrative expenses	(Mil.Baht)	208	407	360
Revenues from fabrication work recognized the remaining contract value received in accordance with the arbitral award	(Mil.Baht)	-	-	843
Interest income and cost received in accordance with the arbitral award	(Mil.Baht)	-	-	716
Other income	(Mil.Baht)	153	150	296
Gain (Loss) on foreign exchange	(Mil.Baht)	(305)	7	(277)
Doubtful debt expenses	(Mil.Baht)	722	-	-
Provisions for rights of claim in litigation	(Mil.Baht)	473	-	-
Loss from lawsuit	(Mil.Baht)	110	-	-
Duty penalties expenses	(Mil.Baht)	-	60	-
Reversal of allowance for doubtful debt	(Mil.Baht)	-	-	1,195
Earnings (Loss) from Operating Activities	(Mil.Baht)	(2,471)	(574)	2,128
Finance cost	(Mil.Baht)	4	35	89
Income tax expenses	(Mil.Baht)	35	38	1
Profit (Loss) attributable to Non-controlling interests of the subsidiaries	(Mil.Baht)	(14)	(18)	(51)
Profit (Loss) attributable to Equity holders of the Company	(Mil.Baht)	(2,496)	(629)	2,089
Financial Ratio				
Gross Profit (Loss)	(%)	(40.25)	11.64	6.71
Net Profit (Loss) Margin	(%)	(215.47)	(46.81)	45.74
Return on Asset	(%)	(21.81)	(5.49)	17.99
Return on Equity	(%)	(27.38)	(8.71)	27.18
Debt/Equity Ratio	(Times)	0.27	0.47	0.44
Share Information				
Earnings (Loss) per Share ¹⁾	(Baht)	(1.54)	(0.39)	1.29
Book Value per Share ²⁾	(Baht)	4.65	4.25	5.21
Dividend per Share	(Baht)	N/A	N/A	0.34

Remark : ¹⁾ Earnings (loss) per Share = Profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company. The Company registered the decrease of its share capital with the Ministry of Commerce on 10 April 2019.

²⁾ Book Value per Share = Equity attributable to owners of the Company divided by weighted average of number of ordinary shares as described in 1) above

Total Assets
(Mil.Baht)Total Liabilities &
Equity attributable to owners of the Company
(Mil.Baht)Debt/Equity Ratio
(Time)Revenues from Fabrication, Sales &
Services, Rental of Property
(Mil.Baht)Gross Earnings (loss) &
Gross Profit (loss)
(Mil.Baht, %)Net Profit (loss) &
Net Profit (loss) Rate
(Mil.Baht, %)ROA & ROE
(%)Net Earnings (loss) per Share
(Baht)

BOARD OF DIRECTORS



1

1. Mr. Chavarat Charnvirakul
Chairman of the Board

2

2. Dr. Wicha Jiwalai
Independent Director and
Chairman of the Audit Committee

3

6

3. Police General Jate Mongkolhutthi
Independent Director and
Member of Audit Committee

4

4. Miss Sirangrong Chowiwatana
Independent Director and
Member of Audit Committee

5

5. Mr. Chamni Janchai
Director

7

6. Mr. Masthawin Charnvirakul
Director, Executive Director,
Managing Director

8

7. Mr. Suwat Riensiriwan
Director

8. Mr. Choavalit Limpanich
Director, Executive Director,
Deputy Managing Director

EXECUTIVE COMMITTEE AND MANAGERMENTS



1

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1. Mr. Masthawin Charnvirakul

Director, Executive Director,
Managing Director

2. Mr. Choavalit Limpanich

Director, Executive Director,
Deputy Managing Director

3. LT. JG. Kitt Junsangsri

Executive Director,
Marketing & Estimation
Department Manager

4. Mrs. Atitaya Charnvirakul

Executive Director, Administrative
Department Manager and
Corporate Secretary

5. Ms. Supattra Yangtrong

Executive Director,
Finance & Accounting
Department Manager

6. Mrs. Anilrat Nitisaraj

Executive Director,
Business Development &
Legal Department Manager

7. Mr. Thammanoon Narind

Fabrication Department Manager
(Chonburi and Sriracha)

8. Mr. Damrong Panket

LaemChabang Assembly Yard
Department Manager

9. Mr. Supot Pongtong

Fabrication Department
Manager (Rayong)

10. Mr. Tawan Chaisomtip

Project Control & Contract Administrative
Department Manager

PROFILES BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE AND MANagements



Mr. Chavarat Charnvirakul

Chairman of the Board

Directorship

- Induction on December 15th, 2018
- 1 Directorship period

2019 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- 56,906,765 shares, 3.50% (as of Dec. 31st, 2019)

Qualification

- Honorary Doctorate Degree in Management at Ramkhamhaeng University
- Bachelor of Science in Economics, Thammasat University
- Diploma, National Defence College, The Joint State — Private Sector (Course Class 3rd)
- Certificate of Role of the Chairman Program (RCP), Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 17th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND), Class 22nd, Thai Institute of Directors (IOD)

Experience

- Minister of Interior
- Act on behalf of Prime Minister
- Deputy of Prime Minister
- Deputy Minister of Public Health
- Minister of Social Development and Human Security
- Deputy Minister of Finance
- Party Leader of Phoom Jai Thai
- Vice Chairman of the Listed Companies Sub-Committee.
- *The Stock Exchange of Thailand

- Chairman of the Board of Advisors
*Iron and Steel Institute of Thailand
- Chairman of the Board
*South East Asia Iron and Steel Institute (SEAISI)
*STP&I Public Company Limited
- Advisory Board
*The Federation of Thai Industries
- Director
*Krung Thai Bank Public Company Limited
*United Motor Works (Siam) Public Company Limited
*Phoenix Pulp & Paper Public Company Limited
*Thai Glass Industries Public Company Limited
*Thai Industrial Gases Public Company Limited
*DHL Express International (Thailand) Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Honorary Consul General of Papua New Guinea to Thailand

Relationship with other Executives

- Father of Mr. Masthawin Charnvirakul (Executive Director)
- Father of Mrs. Anilrat Nitisoroj (Executive Director)



Dr. Wicha Jiwalai

Independent Director and
Chairman of the Audit Committee

Directorship

- Induction on April 9th, 1999
- 7 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings and
5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Ph.D. (Geodetic Science), The Ohio State University, USA.
- Master Degree of Geodetic Science, The Ohio State University, USA.
- Master Degree of Photogrammetric. Engineering, ITC, The Netherlands.
- B.Eng (Civil Engineering), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Chairman 2000 (RCP) Class 13th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND) Class 10th, Thai Institute of Directors (IOD)

Experience

- Chairman of Director * Geo-Information and Space Technology Development Agency (Public Organization)
- Associated Governor of Bangkok Metropolitan

- Associated Professor and Head of Department of Survey Engineering, Faculty of Engineering, Chulalongkorn University

Other position in listed company in SET:

- Chairman of the Audit Committee
*Thai Nondestructive Testing Plc.
- Audit Committee
*Thai Optical Group Plc.

Other position in non-listed companies

- Chairman of the Board
*Salintara Co., Ltd.
- Director
*World Resort Co., Ltd.

Relationship with other Executives

- None



Police General Jate Mongkolhutthi

Independent Director
and Member of Audit Committee

Directorship

- Induction on April 9th, 1999
- 7 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings and
5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Bachelor of Civil Law, Ramkhamhaeng University
- Master of Law, Chulalongkorn University
- Certificate of Advanced courses Police Administration Class 16th
- Certificate of Advanced Development Management Course Class 7th (NIDA)
- Certificate of The National Defence College (NDC 45)
- Certificate of Program on judicial administration for the director general public prosecutor 6th Training, Office of The Attorney General
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non — Finance Directors (FND) Class 30th, Thai Institute of Directors Association
- Certificate of Director Certificate Program (DCP) Class 117th, Thai Institute of Directors Association

Experience

- Advisor (Sor.Bor.10) in Law and Investigation, Office of Commissioner General, Royal Thai Police

- Director (Independent Director)
*Government Housing Bank
- Director (Independent Director)
*Liquor Distillery Organization Excise Department
- Director (Independent Director)
*The Market Organization under the Ministry of Interior
- Member of University Council
*Valaya Alongkorn Rajabhat University
- Director (Independent Director)
*Government Housing Bank
- Commission official information
*Board Information Act Official 2540
- Consultants
*National Credit Bureau Co., Ltd.
- Independent Director and Member of the Audit Committee
*Southeast Insurance Plc.
*Southeast Life Insurance Plc.

Other position in listed company in SET:

- Independent Director and Member of the Audit Committee
*Sino-Thai Engineering and Construction Plc.
*Lease It Plc.
- Independent Director and Chairman of Risk Management Committee
*Thai Group Holdings Public Company Limited

Other position in non-listed companies

- None

Relationship with other Executives

- None



Miss Sirangrong Chowiwatana

Independent Director and
Member of Audit Committee

Directorship

- Induction on August 10th, 2017
- 2 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings and
5/5 Audit Committee Meetings

Stock Holding

- none

Qualification

- Master Degree of MBA (Summa Cum Laude) California State University, USA
- B.A. (Accounting), Second Class Honors, Thammasat University
- Bachelor of Public Health Program (Occupational Health and Safety) Sukhothai Thammathirat Open University
- C.P.A. License No. 6406
- The safety officer in professional level
- TISCO Wealth Enhancement Program Class 1st, TISCO Bank Public Company Limited
- Ultra Wealth 2nd The Faculty of Economic Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 142/2017, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 252/2018, Thai Institute of Directors (IOD)
- Certificate of Advanced Audit Committee Program (AACP) Class 28/2018, Thai Institute of Directors (IOD)

- Top Executive Program on China Business Insights and Network (T E P C I A N) Class 1, Beijing Language and Culture University Bangkok Office And University of the Thai Chamber of Commerce
- Senior executive program justice Class 24, Judicial Training Institute

Experience

- Assistant Manager Investment Banking, KT ZMICO Securities Company Limited
- Senior Officer Strategic Planning, Pantavanij Co.,Ltd.
- Senior Inspector, SGV-NA Thalang Office Co.,Ltd. (Andersen)

Other position in listed company in SET:

- None

Other position in non-listed companies

- Executive Vice President
*Ch. Thawee Construction Co., Ltd.
- Managing Director
*Development Plus Co., Ltd.

Relationship with other Executives

- None



Mr. Chamni Janchai

Director

Directorship

- Induction on April 9th, 1999
- 6 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- 21,892,433 shares, 1.35% (as of Dec. 31st, 2019)

Qualification

- Advance Certificate — Public Economic Management, Prajadhipok's Institute
- Master of Business Administration, Thammasat University
- B.A. (Accounting), Thammasat University
- Certificate of Director Accreditation Program (DAP), Class 30th, Thai Institute of Directors (IOD)
- Certificate of Role of the Chairman Program (RCP), Class 21st, Thai Institute of Directors (IOD)

Experience

- Director and Deputy of Managing Director
*NTS Steel Group Plc.
- Vice President
*Nakorn Thai Strip Mill Plc.
- Qualified Director and Executive Director
*Iron and Steel Institute of Thailand
- Advisor to the Chairman of the Committee of Communications and Telecommunications.
*House of Representatives
- Advisor to the Board of Directors
*Iron and Steel Institute of Thailand
- Chairman

*Burapa Steel Industries Co., Ltd.

*Thai Capital Corporation Plc.

- Advisor to the Board of Directors

*National Housing Authority

- Advisor to the Chairman of the Provincial Electricity Authority

*Provincial Electricity Authority

- Director and Audit Committee

*Thai Theparos Food Products Plc.

- Chairman of the Board

*Max Metal Corporation Plc.

- President

*CJ Morgan Co., Ltd.

- Director

*Betong Green Power Co., Ltd.

*Betong Biofuel Co., Ltd.

*Chumphon Biofuel Co., Ltd.

- Director and Chief Executive

*BMP Energy Pcl.

- President

*CJM Consult Co., Ltd.

Other position in listed company in SET:

- Independent Director and Chairman of Audit Committee
*Sino-Thai Engineering & Construction Plc.
- Independent Director and Member of Audit Committee
*RPCG Public Company Limited

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mr. Masthawin Charnvirakul

Director, Executive Director,
Managing Director

Directorship

- Induction since 1996
- 8 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- None

Qualification

- MBA, University of Southern California, USA
- B.A. (Marketing), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP), Class 1st, Thai Institute of Directors (IOD)
- Capital Market Academy No. 11
- Ultra Wealth 2nd The Faculty of Economic, Chulalongkorn University
- Top Executive Program in Commerce and Trade : TEPCoT Class 11th, Commerce Academy
- Advanced Master of Management Program Class 4, Graduate School of Public Administration, National Institute of Development Administration
- Top Executive Program for Creative & Amazing Thai Services (ToPCATS) Class 1st, University of the Thai Chamber of Commerce

Experience

- Marketing Manager, SCC-Dow Chemical Joint Venture

Other position in listed company in SET:

- Director
 - *Sino-Thai Engineering and Construction Plc.
 - *Thai Solar Energy Public Company Limited

Other position in non-listed companies

- Director/ Managing Director
 - *STIT Co., Ltd.
- Chairman of the Board
 - *Fill Up Network Co., Ltd.

Relationship with other Executives

- Son of Mr. Chavarat Charnvirakul (Chairman of the Board)
- Spouse of Mrs. Atitaya Charnvirakul (Executive Director)
- Sibling of Mrs. Anilrat Nitisaroj (Executive Director)



Mr. Suwat Riensiriwan

Director

Directorship

- Induction on April 28th 2006
- 5 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- None

Qualification

- B.Eng (Mechanical), Chulalongkorn University
- Mini MBA, Thammasat University, Class 17th
- Certificate of Director Accreditation Program (DAP), Class 55th, Thai Institute of Directors (IOD)
- Certificate of Understanding the Fundamental of Finance Statement, Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 140th, Thai Institute of Directors (IOD)

Experience

- Associated General Manager
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director and Managing Director
*STIT Co., Ltd.
- Director
*STP&I Services Co., Ltd.
- Deputy Managing Director
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director/ Deputy Managing Director-Commercial
*STIT Co., Ltd.

Relationship with other Executives

- None



Mr. Choavalit Limpanich

Director, Executive Director,
Deputy Managing Director

Directorship

- Induction on April 23th, 2010
- 3 consecutive directorship periods

2019 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- 64,899,995 shares, 3.99% (as of Dec 31st , 2019)

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng. (Mechanical), Prince of Songkla University
- Certificate of Director Accreditation Program (DAP), Class 99th, Thai Institute of Directors (IOD)

Experience

- Plant Engineer
*Kao Industrial (Thailand) Co., Ltd.
- Mechanical Engineer
*Sino-Thai Engineering and Construction Public Co., Ltd.
- Technical Manager
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director of Operations/ Plant Management (Chonburi)
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*Thai Maintenance Contracting Co., Ltd.
*STP&I Services Co., Ltd.
*WPGE Phetchaburi Co., Ltd.
- President
*Fill Up Network Co., Ltd.

Relationship with other Executives

- None



LT. JG. Kitt Jungsang Sri

Executive Director, Marketing & Estimation
Department Manager

Stock Holding

- 16,224,995 shares, 1% (as of Dec 31st , 2019)

Qualification

- MBA, Chulalongkorn University
- Master of Engineering, King Mongkut Institute of Technology
- B.Eng (Mechanical), Chiang Mai University

Experience

- Designing and Planning Engineer
*King Rama 5 Naval Dock Yard, Naval Dock Yard Bureau, Royal Thai Navy
- Engineer
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*STP&I Services Co., Ltd.
*WPGE Phetchaburi Co., Ltd.

Relationship with other Executives

- None



Mrs. Atitaya Charnvirakul

Executive Director, Administrative Department
Manager and Corporate Secretary

Stock Holding

- None

Qualification

- MBA, University of Southern California, USA
- B.A. (Accounting), Chulalongkorn University

Experience

- Finance and Accounting Manager/ Auditing and Controlling Cost Manager
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*STIT Co., Ltd.
*WPGE Phetchaburi Co., Ltd.
*ST Property & Logistics Co., Ltd.
*ST Hill Co., Ltd.
*ST Hub Co., Ltd.
- Executive Vice President
*Fill Up Network Co., Ltd.

Relationship with other Executives

- Spouse of Mr. Masthawin Charnvirakul, Executive Director



Ms. Supattra Yangtrong

Executive Director, Finance &
Accounting Department Manager

Stock Holding

- 2,000 shares, 0.00012% (as of Dec. 31st , 2019)

Qualification

- Master of Accountancy , Chulalongkorn University
- B.A. (Accounting), Thammasat University
- Tax Auditor
- Strategic CFO in Capital Markets

Experience

- Finance & Accounting Section Manager
*STP&I Public Company Limited
- Revenue Officer
*The Revenue Department

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*WPGE Phetchaburi Co., Ltd.
*Fill Up Network Co., Ltd.

Relationship with other Executives

- None



Mrs. Anilrat Nitisaroj

Executive Director, Business Development &
Legal Department Manager

Stock Holding

- 67,486,724 shares, 4.15% (as of Dec. 31st , 2019)

Qualification

- MBA Finance & Strategy Sloan School of Management
Massachusetts Institute of Technology USA.
- B.A. (Accounting), Chulalongkorn University

Experience

- Commercial Manager
*Clough Sino-Thai Co., Ltd.

Other position in listed company in SET:

- Director and Executive Director
*Sino-Thai Engineering and Construction Public Co.,
Ltd.

Other position in non-listed companies

- Director
*WPGE Phetchaburi Co., Ltd.
*ST Property & Logistics Co., Ltd.
*ST Hill Co., Ltd.
*ST Hub Co., Ltd.

Relationship with other Executives

- Daughter of Mr. Chavarat Charnvirakul (Chairman of
the Board)
- Sibling of Mr. Masthawin Charnvirakul (Executive
Director)



Mr. Thammanoon Narind
Fabrication Department Manager
(Chonburi and Sriracha)

Stock Holding

- None

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng (Industrial), Prince of Songkla University

Experience

- Engineer
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Administrative Manager/ Engineering Manager/ QA/ QC Manager
*STP&I Public Company Limited
- Windsurf Production Manager/ Production section Manager 6
*Cobra International Co.,Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

**Mr. Damrong Panket**

LaemChabang Assembly Yard
Department Manager

Stock Holding

- None

Qualification

- MBA, Burapha University
- Master of Engineering, Chiang Mai University

Experience

- Mechanical Engineer
*Chiyoda (Thailand) Co., Ltd.
- Area superintendent
*Clough Sino-Thai Co., Ltd.
- Construction Manager
*Pro-En Technologies, Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Supot Pongtong

Fabrication Department Manager
(Rayong)

Stock Holding

- None

Qualification

- Bachelor of Industrial Engineering, Prince of Songkla University

Experience

- Construction Section Manager
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

**Mr. Tawan Chaisomtip**

Project Control & Contract Administrative
Department Manager

Stock Holding

- None

Qualification

- Master of Engineering, King Mongkut's University of Technology North Bangkok

Experience

- Project Controls Manager (Asia Pacific)
*Global Industries Offshore (Thailand) Ltd.
- Senior Project Controls Engineer
*Clough Thailand Co., Ltd.
- Technical Engineer
*Thai Nippon Steel & Sumikin Engineering & Construction Corp., Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

BUSINESS OVERVIEW

STP&I Public Company Limited was established in 1975, with over 45 years of experience, the Company has provided customers with professional manufacturing of customized quality steel fabrication including Steel Structure, Piping Fabrication, Process Module, and Other Fabrication steels such as Modules, Tank, Pressure Vessel, and Boiler. One of STP&I's strengths is its capability to fabricate large built-up beam steel for huge infrastructure and heavy industry projects such as power plants, refineries, high-rise buildings, roof structures, bridges, elevated highways, and airports.

STP&I operates four production plants include Steel Structure fabrication plants in Chonburi and Rayong, Piping

fabrication shop in Sriracha and Assembly yard at Laem Chabang Port. With a total capacity of 115,000 ton /year, STP&I has used its capacity at 7% in year 2019.

STP&I Public Company Limited has eight subsidiaries, STIT Co., Ltd ("STIT"), STP&I Services Co., Ltd. ("STPS"), ST Property & Logistics Co., Ltd. ("STPL"), Fill Up Network Co., Ltd., (Fill Up), STIT 2011 Co., Ltd. ("STIT 2011") which is owned by STIT Co., Ltd., WPGE Phetchaburi Co., Ltd., ("WPP") which is owned by STP&I Services Co., Ltd. and ST Hill Co., Ltd. ("ST Hill"), ST Hub Co., Ltd. ("ST Hub") which are owned by ST Property & Logistics Co., Ltd. with the following details;

Company Name	Type of Business	Paid-up Capital (Baht)	% of Shares Held by STP&I
1. STIT Co., Ltd. ("STIT")	• Sales and rental of machinery and equipment for construction and manufacturing industries	135,000,000	100
2. STP&I Services Co., Ltd. ("STPS")	• Construction Services	410,000,000	100
3. STIT 2011 Co., Ltd. ("STIT 2011")	• Sales and rental of machinery and equipment for construction industry	66,033,000	100 (By STIT)
4. WPGE Phetchaburi Co., Ltd. ("WPP")	• Operate a municipal solid Waste Power Plant (waste to energy)	700,000,000	60 (BY STPS)
5. ST Property & Logistics Co., Ltd. ("STPL")	• Logistics and Property Development	440,000,000	100
6. Fill Up Network Co., Ltd. ("FILL UP")	• Community automated gas station	500,000,000	70
7. ST Hill Co., Ltd. ("ST HILL")	• Property Development	30,000,000	100 (By STPL)
8. ST Hub Co., Ltd. ("ST HUB")	• Property Development	30,000,000	100 (By STPL)

Mission

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

Vision

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties



Corporate Objective / Goal

To be a leader in hi-technology steel construction for large project around the world with all-time competitiveness and development

1. To satisfy customer on production aspect;
 - (a) Standardized quality of products
 - (b) On time delivery
 - (c) Budget control
 - (d) Without loss time injury
 - (e) Strong and continued relationship with the old customer
2. Sustainable growth by seeking new opportunities that has strong growth and continuously generated income.

Strategy

The Company's strategy for sustainable growth are as follows:

1. Concentrated on customer satisfaction, on-time delivery, and no Loss Time Injury
2. Efficient management and people
3. Maintain strong financial position and management
4. Seeking new businesses that continuously generated income growth business in renewable energy industry and property development and logistics. And businesses that provide investment returns suitable for the current competitive environment

Core Business of STP&I can be categorized into 4 key groups:

1. Engineering Service: The Company provides engineering service in detail design of steel-to-steel connection, shop drawing for steel structure, piping, and erection works by various specialized software.
2. Fabrication: The Company provides fabrication service and has the capability to fabricate steel and pipe in workshop which equipped with state of the art machine and equipment, CNC Cutting and Welding machine, Press machine, automatic Blasting machine and other tools necessary to undertake the variety and complexity of fabricated products to ensure the efficiency of fabrication processes and cost effective.
3. Construction: STP&I's construction works include assembly, mechanical equipment installation and erection for various manufacturing plants. The Company performs the works both at the Company's facilities and at the client's project site.
4. Decommissioning & Dismantling relating to the oil and gas industry and petrochemical industry: The company provides service of demolishing all kinds of constructions including demolishing constructions in sea, on land, pipelines, petroleum storage, facilities, equipment and other materials used for exploring, manufacturing, maintaining, transporting, selling or distributing petroleum.

Company Products can be categorized into 4 groups.

1. Steel Structure

- 1.1 Steel structures for heavy industrial such as gas separation plant, power plant, refinery, petrochemical plant, etc.
- 1.2 Steel Structure for building such as high — rise building, airport terminal.
- 1.3 Steel Structure for infrastructure system such as bridge, elevated road, etc.

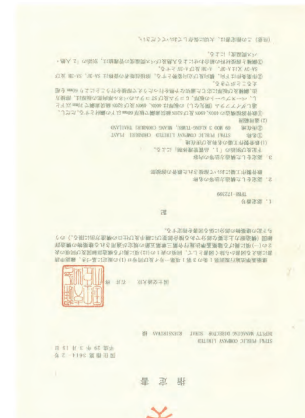
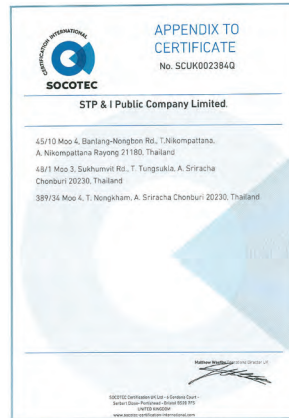
2. Piping: STP&I has expertise in piping fabrication which includes piping pre-fabrication, piping erection, and pipeline constructions. The spoon fabrication is carried out in STP&I's facilities, then the semi - completed products are transported to the project sites for installation. These pipes are essential parts in the production process of industrial plants such as power plants, oil refineries, petrochemical plants, offshore process plants, etc.

3. Module: STP&I expands its business to Process Module assembly. Module is a large system structure comprises steel structure, piping system, boiler, pressure vessels, machinery, electrical system and controlling system for various industries. Module mostly used in both onshore and offshore construction such as oil and gas platform or large projects that have limitation on working area or labor or time constraint.

4. Other Steelwork: The Company also fabricates other steelwork such as Pressure Vessel, Tank, Boiler and HRSGs by considering size of the project, schedule, availability of production capacity, machine efficiency, experiences and expertise of the personnel in each type of product.

STP&I places great importance in producing high quality and maintaining high standards of all its products. The Company follows stringent quality-control management practices as per international standards. And also, the Company realized that the commitment to the community on the safety of our products in various projects such as bridges, terminal buildings, and industrial plants. As such, STP&I has obtained accredited certifications from numerous internationally recognized institutions including:

- ISO 9001 : 2015 — The Manufacture of Structural Steel and Piping Work (Excluding Design) since 2009 to present
- JSA Grade "H" (Japan Steel Structure Appraisal Center) for Structural Steel Work for export to Japan from Japan Steel Structure Appraisal Center Limited
- ISO 45001:2018 Occupational health and safety
- ISO 14001 : 2015 Environmental Management



The Company delivers only high quality products and services, thus, it has fully earned trust from its customers and has established a world-class status in the market. STP&I always give priority to both quality products and operational safety to which the Company will continue to

invest in these two critical areas to even better serve both its domestic and overseas customers by increasing safety practices and ensuring all products are of exceptional quality. The Company has targeted to continuously compete with the highest record of accident free operation.

SHAREHOLDERS

1. Company's Equity

(A) Common Shares

Registered capital and paid up capital as of December 31st, 2019, as follow;

Registered capital	406,209,600.00	Baht
Paid up capital	406,207,869.50	Baht
Common stock	1,624,831,478	Shares
Par value per share	0.25	Baht

(B) Other Securities that the right or condition differ from Common share.

-None-

2. Shareholders

List of top 10 shareholders and percentage of shares holding as of October 2nd , 2019 (par value of Baht 0.25 each)

Name / Group	Number of Shares	% of holding
1. Phatra Asset Management Company Limited (transfer from Minister Anutin Charnvirakul for his asset management)	164,590,285	10.13
2. Best Quality Skills Company Limited	77,880,000	4.79
3. Mr. Jirath Tharaphetsawad	68,748,711	4.23
4. Mr. Yanyong Nitisaroj	67,486,724	4.15
5. Mr. Choavalit Limpanich	64,899,995	3.99
6. Mr. Chavarat Charnvirakul	56,906,765	3.50
7. Ms. Patchsita Pongpittayasiri	50,482,371	3.11
8. Mr. Suthep Setboonsang	45,970,731	2.83
9. Mr. Phanupong Kunopakarnphan	41,179,000	2.54
10. Mr. Somchai Prapakamol	39,193,381	2.41
Other Shareholders	947,493,515	58.32
Total	1,624,831,478	100.00

3. Dividend Policy

STP&I prohibits to pay the dividend if the company has deficit in the fiscal year. The dividend will only be paid from the Company's Net Profit and equally paid per share.

Our dividend policy is to distribute not less than 30% of the Company Net Profit after Tax and appropriated-statutory reserve to its shareholders. However, the Company may pay dividend less than the rate stated above upon the consideration of overall operational performance, the financial status and also other factors that can affect the company operations in the future.

Subsidiaries and affiliated companies have the Dividend Policy to pay the company under their performance each year.

STP&I has paid dividends for the performance of year 2016 - 2019 as per below.

	As of 31 st December			Interim Dividend Payment (The operation results from 1 st Jan 19 to 31 st Mar 19)
	2016	2017	2018	
Dividend per share (Baht)	0.39			0.34
Total Dividend paid	634	non-Issuance	non-Issuance	552
Dividend per Share	0.84	of Dividends	of Dividends	1.12
Net Profit	1,260	Payment	Payment	1,819
Dividend ratio	50.30			30.37

4. Other types of Company security issuance

(1) Warrant (STPI-W1)

Extraordinary General Meeting no. 1/2007 held on 6 November 2007 passed its resolution approving the issuance of not more than 83,500,000 warrants free of charge to offer to the Company's existing shareholders at a ratio of 3 ordinary shares to 1 warrant. On 3 April 2008, the Company was granted permission to offer such warrants to the shareholders from the Office of the Securities and Exchange Commission.

On 13 May 2008, the Stock Exchange of Thailand accepted 83,333,014 units of the warrants (STPI — W1) as listed securities, effective from 15 May 2008. A summary of the warrant is as below;

	STPI — W1
No. of warrants	83,333,014
Life of warrants (years)	5
Exercisable	Semi-annually
First exercise date	29 May 2009
Final exercise date	6 May 2013
Exercise price per 1 ordinary shares (Baht)	2.48200**
Exercise ratio (warrants to ordinary shares)	1:1.40418**

Remark: ** By resolution of Board of Directors Meeting No.1/2011 on March 7th, 2011, the Board approved dividend payment of 1.32 Baht per share. When combine with interim dividend payouts paid on November 19th, 2010 and December 24th, 2010, the total dividend paid for the year 2010 is 6.13 Baht per share which is more than 40% of net profit (after deduction of corporate income tax) according to the Company's financial statement as at December 31st, 2010. Therefore, the Exercise ratio and the Exercise price of Warrant have been adjusted as follows:

<u>Existing Rate</u>	<u>STPI-W1</u>
The Exercise price per share (Baht)	2.59600
The Exercise ratio	1:1.34267
<u>New Rate</u>	<u>STPI-W1</u>
The Exercise price per share (Baht)	2.48200
The Exercise ratio	1:1.40418

Presented below is a summary of warrant activity:-

	STPI-W1 (Units)	Share capital to support the warrant Exercise (Share)
No. of warrants issued	83,333,014	96,700,000
No. of warrants B/F at 1 January 2013	1,190,525	2,505,828
Exercised during the second quarter of 2013 (last)	(618,827)	(868,903)
Outstanding as at 31 December 2012	571,698	1,636,925

On 3 May, 2013 STPI-W1 was expired and invalid while the Stock Exchange of Thailand ("SET") delisted such warrants on 4 May, 2013.

2 Treasury Stock

The year 2008, by resolution of Board of Directors Meeting No.6/2008 on December 3rd, 2008 the Board approved a share buyback program for liquidity surplus management purposes. The summary of the program are:

- As at 2008, the Company has purchased back 4.4 million ordinary shares, a total spending of Baht 35.6 million (exclude fee & VAT)
- As at 2012, the Company resold the Treasury Stocks of 4,446,400 shares, totaling Baht 135.28 Million (Excluding Commission and Fee of resale)

The year 2015, the Board of Directors of the Company approved a share buyback program for liquidity surplus management purposes. The summary of the program are:

- a budget of Baht 2,000 million
- a number of shares to buy back is up to 162,518,147 shares (par value of Baht 0.25 each), or 10 percent of total shares issued
- the shares shall be purchased on the Stock Exchange of Thailand between 24 September 2015 and 23 March 2016
- The treasury shares shall be sold on the Stock Exchange of Thailand from 26th September 2016 to 22nd March 2019

On December 2015, the Company has bought back 350,000 ordinary shares (par value of Baht 0.25 each), for a total of Baht 3.1 million (excluding other buyback expense).

On 25 March 2019 The Company to decrease its paid-up capital amount of 350,000 shares. The Company's paid up capital decreases from 406,295,369.50 Baht to 406,207,869.50 Baht.

INVESTMENT STRUCTURE

Company Name	Type of Business	Registered Capital (Baht)	% of Holding
Subsidiaries			
STIT Co., Ltd. (STIT) 25 Moo 13 T. Bueng Kham Phroi Lamlukka, Pathumthani 12150 Tel : +66 (0) 2150 6833 FAX : +66 (0) 2150 6845 Website: www.stit.co.th	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction and manufacturing industries Engineering services 	135,000,000 (Fully paid-up)	100
STIT 2011 Co., Ltd. (STIT2011) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok 10110 Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction industry Contractor for steel and concrete works 	66,033,000 (Fully paid-up)	100 (By STIT)
STP&I Services Co., Ltd. (STPS) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok 10110 Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Construction Services 	410,000,000 (Fully paid-up)	100
WPGE Phetchaburi Co., Ltd. (WPP) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok 10110 Tel : +66 (0) 25380 7686-7 FAX : +66 (0) 2538 2699	<ul style="list-style-type: none"> Operate waste to energy (Electricity, Oil Fuel, And Fertilizer) Operate and sell Electricity Consultant on operation a municipal solid waste power plant and selling of electricity, including other related businesses 	700,000,000 (Fully paid-up)	60 (By STPS)
ST Property & Logistics Co., Ltd. (STPL) 25 Moo 13 T. Bueng Kham Phroi Lamlukka, Pathumthani 12150 Tel : +66 (0) 2150 6833 FAX : +66 (0) 2150 6845	<ul style="list-style-type: none"> Logistics services and Property Development 	440,000,000 (Fully paid-up)	100

Company Name	Type of Business	Registered Capital (Baht)	% of Holding
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Subsidiaries

Fill Up Network Co., Ltd. (FILL UP) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Selling Oil from Automated Gas Station 	500,000,000 (Fully paid-up)	70
ST Hill Co., Ltd. (ST HILL) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Property Development 	30,000,000 (Fully paid-up)	100 (By STPL)
ST Hub Co., Ltd. (ST HUB) 32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Property Development 	30,000,000 (Fully paid-up)	100 (By STPL)

REVENUE STRUCTURE

The revenue structure of STP&I and its subsidiaries in 2017 to 2019 are provided in the table below:

(Unit: Million Baht)

Revenue	By	2017		2018		2019	
		Amount	%	Amount	%	Amount	%
1. Structural Steel Fabrication	STP&I	580.01	50.07	326.00	24.25	549.32	16.29
2. Piping Fabrication	STP&I	-	-	-	-	-	-
3. Process Module	STP&I	-	-	-	-	-	-
4. Revenues from Sales and Services ¹⁾	STP&I / STIT / WPP / FILL UP	423.72	36.58	755.72	56.21	719.81	21.34
5. Revenue from rental of property	STPL / ST HILL / ST HUB	1.60	0.14	106.58	7.93	248.71	7.37
6. Other Income ²⁾	STP&I / STIT / STIT2011 / STPS / WPP / STPL / FILL UP / ST HILL / ST HUB	152.99	13.21	156.15	11.61	296.11	8.78
7. Income received under the dispute ³⁾	STP&I	-	-	-	-	1,559.10	46.22
Total		1,158.32	100.00	1,344.45	100.00	3,373.05	100.00

Remarks: 1) Revenues from Sales and Services derived from manufacturing, sales and rental Machinery, Construction Material and Equipment, Oil rig decommissioning service waste disposal service fee and Selling oil from Automated Gas Station.

2) Others incomes consist of gain on sales of investments, interest income, dividend received from investments in available-for-sale securities, gain on exchange gain on sale of equipment, and scrap sales.

3) The Company recorded revenue at the remaining value from the contract received in the dispute in the amount of 843 million baht, recorded interest income and compensation received in the dispute totaling 716 million baht according to the results of the arbitration decision.

INDUSTRY AND COMPETITIVE REVIEW

During year 2019, the investment in Oil & Gas industry and Petrochemical industry significantly increased after delaying investment in the last 2-3 years. The company has participated in the tender for construction of LNG projects and Refinery projects in many countries such as USA, Canada, Singapore as well as Thailand. At the second half of year 2019, Company had been awarded contract for the Chemical & Refinery project in Singapore which will be executed during year 2020 - 2021. Company is still waiting for the bidding results of another 2 major projects which will be announced early year 2020 and 3-4 project will be announced around end year 2020.

For the next 1-3 years which is expected that the world economy and construction sector for the new plants investment will be continued and up trend, in addition to Structural Steel, Piping and Module Fabrication work, Company will continue to focus on De-commissioning service, Alternative Energy Market and other business that has social benefit and generate long term recurring income to company group.

Competitive Review

- **Industrial Competition**

- 1) Local Competition: Competitors are quite limited because of the high cost of raw material imports and the high standards the competitors are required to meet as per the Thai Industrial Standards Institute (TISI). For module fabrication, there are only three companies in Thailand, including STP&I, who have module assembly facility. However, the other two companies focus on the offshore platform fabrication whereas STP&I focus on onshore module fabrication, therefore the

STP&I's competitors are the module fabricators in Malaysia, Indonesia, Korea and China.

- 2) International Competition: STP&I's overseas competitors consist mostly of domestic steel fabricators in each project's country and steel fabricators within the Southeast Asia region such as Malaysia, Indonesia and Korea, and China. The Key success factors are quality and on-time delivery.

- **STP&I's Company Status and its Potential**

With an annual steel fabrication capacity of 100,000 — 115,000 tones of per year, STP&I is one of the largest steel fabricators in Thailand. STP&I has adopted Quality Management Program in accordance with the International Organization for Standardization System Level ISO 9001 : 2015, ISO 14001:2015, ISO 45001:2018, and JSA Grade "H" to ensure quality control and meet customer's satisfaction. All assigned projects, as a result, are always completed on time and fully met the requirements of STP&I customers. These professional services has strengthened STP&I reputation in both the domestic and international markets.

Additionally, STP&I is the leader in exporting modules and fabricated steel structure & pipe to customers worldwide. The Company received BOI privilege which allows STP&I the benefits of corporate exemption STP&I also gets exemptions on VAT and Import Duty of Imported Material. These privileges have contributed to the competitive advantages for STP&I to effectively compete with other steel fabricators within the region.

RISK FACTORS

Investors should consider the risk factors as well as carefully study other details in this document before investment. Other risks That is not mentioned in this document because it is an insignificant or may be an unexpected risk. These factors may affect the business operations, financial status and operating results of the company.

Key business risk factors are categorized and described as follows:

1. Operational Risks

1) Risks in fluctuations of Income

STP&I's revenues are from steel structure fabrication, piping fabrication and process module which are mainly made to order works. The nature of custom-made orders, however, have contributed to STP&I's income fluctuations, where in 2010, the company's revenue from construction was 4,436 million baht, dropped to 708 million baht in 2011 then increased to 2,762 million baht, 4,992 million baht, 11,130 million baht and 12,844 million baht in 2012 to 2015, respectively, and decreased to 9,294 million baht, 580 million baht and 326 million baht in 2016 to 2018, respectively. In 2019, it increased to 549 million baht.

STP&I's income are solely based on a success in getting new project and the uncertainty and delay of the Client's new investment projects will directly effect to our Company's revenue.

However, STP&I aware such risks and has policies to secure the recurring income.

In 2016, STPS acquired ordinary share of WPGE Phetchaburi Co., Ltd. ("WPP") from the existing shareholders. The investment represents 60% of the registered capital. The main business is to operate a

municipal solid waste power plant (waste to energy) with installed capacity of 7.9 megawatt and it already signed Power Purchase Agreement (PPA) for 5.99 megawatt with the Provincial Electricity Authority (PEA). This acquisition would support the Company group in expanding its business to a growing Renewal Energy sector which is in accordance with the Alternative Energy Development Plan 2015. In addition, this acquisition is expected to generate long—term recurring income to the Company.

Moreover, in 2017, STP&I expand to the property development and logistic business by established ST Property & Logistics Company Limited ("STPL") and acquired land and buildings, which have had long term lease agreements and could recognize revenue immediately. The acquisition of the asset is a scope extension in new business, which is, to diversify operation risk for earning certain revenue, create an opportunity of gaining additional profit other from the Company's core business, and also provide a sustainable growth to the Company and shareholders.

In 2018, STP&I invested in the community automated gas station business via the newly established subsidiary, Fill Up Network Co., Ltd., to diversify operational risk, increase certain revenue, create opportunity to gain additional profit other than the Company's core business, and also provide a sustainable growth to the Company and shareholders in the long term.

In addition, in 2019, STPL expanded property development business by acquired 100% of ordinary shares from existing shareholders of Boutique Prakhanong 1 Limited and Boutique Prakhanong 2 Limited (currently renamed to ST Hill Company Limited and ST Hub Company Limited, respectively) in order

to acquire the leasehold rights of land, office building and community mall which have almost full tenants and could recognize revenue immediately.

However, STP&I also focuses on Process Module Assembly for LNG plant because LNG is an important world's energy and global LNG trend keeps rising. STP&I's strategy is to uphold its reputation in world-class quality and standard work together with on-time delivery to help maintain continuity of revenue. Moreover, STP&I also constantly build a close working partnership with the main contractors and be their preferred sub-contractors by establishing the company's credibility as the leader in steel fabrication so that they will only seek the services from STP&I for all or most of their steel fabrication projects.

2) Risks in fluctuations of raw material costs

The Raw materials used by Company for steel structure fabrication and process module consist of steel section, steel plate and pipe which are affected by the risks of steel market price fluctuations, the Company forecasted that the price of steel section and steel plate from both domestic and Asian and Europe market, thus the Company did the long term agreement with the suppliers to maintain the steel price for the whole project period to eliminate the company's risks in price fluctuation especially for the import steel material which are the main portion of raw material. Company sure that they can manage and control cost of raw material for the project and can make some margin, then they proposed to include the

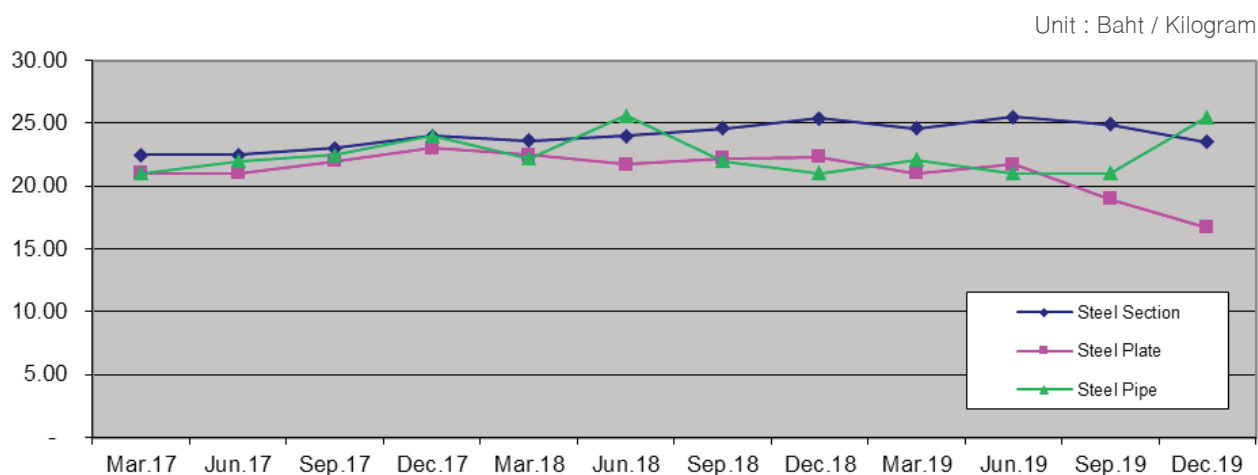
scope of supply material especially the steel plate and section to their clients.

Whereas the price of steel pipe especially for piping process which is special grade and has to import only and its trend is still fluctuate and uncontrollable, the company has thus proposed the customers to supply to the Company their own pipe.

For the on-hand projects during year 2019, it was 93% of the projects that Company provided its own materials. The total cost of steel section, steel plate and pipe accounted for totally 31% of cost of sales. The percentage of purchase of steel materials in year 2019 made from domestic compare with import was 53:47.

The steel materials which were purchased during year 2019 mostly required the steel grade in International grade. The Company had evaluated the steel price situation and its trends from the beginning of projects and compared to the project's budget. Company found that the steel market price in that period seemed in high level and down trend, thus Company negotiated with the suppliers to get the best price at time and made the partial order by lot in order to minimize the further risks on price which might be in down trend in the near future. Company had inquired to at least 3 suppliers from both overseas and domestic suppliers for competition and getting the lowest cost for project. Company had continued following and monitoring the steel price situation and could plan carefully for the next purchase order.

The chart below shows price changes for steel section, steel plate and steel pipe from domestic for the last 3 years period.



Source: Company Purchasing Report for the domestic rate of Steel Section, Plate and Pipe.

Analysis of the above chart indicates the movement of steel price rate, it was due to the steel price situation in China and also cost of raw material for steel production, from the year 2017 the domestic steel rate per kilogram for steel plate and steel section had increased and a little bit changed for the whole year 2018 until middle of year 2019, however decreased at the end of year 2019 while at the same time the price of steel pipe had fluctuated and much increased at the end of year 2019.

Considering at the end of year 2019 compare to the previous year, the price of steel section had decreased 1.90 Baht/kg or about 7.5% in average from the end of year 2018. The price of steel plate had much decreased 5.30 Baht/kg or about 23% in average from end of year 2018 while the price of steel pipe which had fluctuated during middle of year 2018 until end of year 2019 and increased 4.50 Baht/kg or about 21% in average from end of year 2018.

(Remark: Price of steel pipe may be various, depended on its grade which specified by project requirement and its purchased period. The above steel price based on normal grade which from local suppliers).

Although the overview of steel prices during 2017-2019 were not much fluctuated especially for steel plate and section which are the main material, Company has still closely monitored steel material prices situation in order to determine the best price and suitable time to purchase. In case of Company source owned raw materials, especially steel section and steel plate, Company will request the preliminary Bill of Materials (BOM) from the customer who design and specific the material list for the project and then enquire to and negotiate with suppliers for fixing price as long as the whole project period. For steel pipes, especially the pipe for the Piping Process which are more various sizes, types and required higher grade, Company will propose customer to provide their own steel pipe as

free issued material. However the pipe for Steel Structure which small quantity, Company will provide under company' s scope of supply, Company will request the preliminary Bill of Materials (BOM) from the customer and then enquire to and negotiate with suppliers for fixing price as long as the whole project period as the same process as Steel Section and Steel Plate.

3) Risks in shortage of skilled labor

In the year 2019, the Company still has no problems from insufficient labor because of low work load. However, there is a tendency for insufficient labor and impact on labor cost especially skilled workers in year 2020. The Company expects that the investment trend will improve in 2020 therefore, the Company plans in labor management in case the Company receives a large project. The Company also plan to replace the labor by machinery and equipment in order to control the quantity of the works. However, there are still many parts of works that cannot be replaced by machine, the Company concentrates to develop our worker to be a multi-task and capable worker. And most importantly, the management also strongly consider employee compensation and benefit as well as to build confidence for our workers in working with high safety standard environment which also motivate our worker to work with the Company continuously.

The Company is confident that it can provide enough labor but it may be affected by the increase in costs of labor. However, the said risk is manageable due to our consideration and factor these risks since the bidding process.

4) Risks in foreign exchange rate fluctuations

Foreign exchange rate fluctuations are closely monitored by the Company. To avoid such risks, the Company through the assistance of local commercial banks has adopted the use of Forward Contracts for overseas sales and matching of revenue and expense in the same currency. However, the Company does not buy forward contract for some foreign currency deposits because it was reserved for overseas expenses or overseas investments in future.

5) Risks in the policy of allowance for doubtful account

The Company has an average period of each project is approximately at 1-3 years therefore, the Company will not reserve the over 1 year of outstanding account receivables. However, the Company has policy to reserve the allowance for doubtful account by evaluating on financial status, economy situation, and customer relationship of individual clients. Resulting from the policy, the Company is not able to get the payment from client and these doubtful accounts are not reserved which will directly effect to the operation.

As at end of the year 2017-2019, the Company has the over 12 months account receivables and allowance for doubtful account to be bad debt account as shown in below table. The transaction has been reviewed and evaluated by the Management with an appropriate practice.

Unit: Million baht

As at 31 December	Trade receivables past due over 12 months	Allowance for doubtful debts
2017	1,445.08	722.46
2018	1,445.15	722.51
2019	5.53	1.35

6) Risks from lawsuits

The Company provide construction services and sales mainly under agreement with various customers. When needed and as appropriate for each specific project, the Company also hire subcontractors to perform parts of the work. Although management have reviewed those relevant agreements prudently and have negotiated terms and conditions with best efforts, there could still be risk from different contract

interpretation or from customer's exercising of rights reservation to delay payments. If the contract parties could not settle such disputes after several attempts, the Company would then need to seek legal protection under the governing law and as stipulated in the agreement, such as to file petition to the competent arbitration office or court. This process normally lasts some years before disputes could be resolved.

MANAGEMENT STRUCTURE

The corporate management structure consists of 3 groups of sub-committee which are:

1. Board of Directors
2. Audit Committee
3. Executive Board

• Board of Directors

According to the regulations of the company, the number of directors for the Board of Directors of the Company shall not be less than 5 persons and there shall be no less than half of the total number of directors who must have residence in the Kingdom and must have the qualifications as specified by the law. The Board of Directors meeting has at least every 3 months. The Board of Directors has the following duties:

- A) Board of Directors have a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as the implementation of relevant laws, regulations and regulations such as the Public Limited Companies Act BE 2535 and the Securities and Exchange Act BE 2535 and other related laws By using knowledge, ability and experience to benefit the business of the company
- B) To endorse the corporate policy and its business plan
- C) To perform in accordance with the policy effectively and allow the management to present matters that are important to the operations of the company transactions between other connected persons are considered in accordance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. If necessary, the Board of Directors will require an external consultant to consult and provide

professional opinions in making decisions on matters that affect the business operations of the company.

- D) Approve good corporate governance policies in writing including the policies of the company and arranging self-evaluation of the implementation of the corporate governance policy and reviewing the policy at least once a year
- E) Approve written business ethics and allow the management to implement at the level of directors, executives and employees, as well as other policies of the company
- F) To consider and approve the vision, mission, policy and business strategy proposed by the Executive Committee and review and approve every year
- G) To perform that the management has implemented the business strategy plan to be effective including conveying objectives and goals through strategic plans throughout the company
- H) To determine remuneration for the Board of Directors and sub-committees appropriately according to the principles of good corporate governance
- I) To ensure sufficiency, efficiency and effectiveness of Corporate Internal Control System and Internal Audit System and to ensure that the Company has internal auditor to follow up and coordinate with the Audit Committee and arrange self-evaluation the sufficient of internal control system at least once a year.
- J) Independent directors of the Company will use his / her discretion independently in determining the management strategy, appointment of directors and matters affecting the interests of the stakeholders of the company including access to

financial information and other business sufficiently for the performance of duties and operating policies

- K) To perform the self-evaluation on performance of director and performance of the Managing Director to be in accordance with the good corporate governance guidelines, along with monitoring the evaluation results and improving the work
- L) To prepare and disclose the report on the Board of Directors' Responsibility to the company's financial statements together with the Report of the Audit Committee and the Report of Independent Auditor in the Annual Report
- M) To arrange a Non-Management Meeting every year in order to discuss and share ideas on the Company issues and problems among Non-Management Directors.

In addition to the above policies, the Board of Directors has taken care of the company to comply with the relevant regulations and laws and to ensure not to cause conflicts of interest. The Board of Director has prepared a report on the responsibilities of the Board of Directors for financial statement and report of the Audit Committee report and the auditor's report Which is disclosed in the annual report of the company

In the Annual General Meeting of shareholders, at least one-third of the directors shall retire from the office. If the number of retired directors is not dividable, the nearest number to one-third shall retire and the retiring directors may be re-elected.

• **Audit committee**

Audit Committee There are meetings at least 4 times a year. The Audit Committee performs duties within the scope of authority and responsibility as instructed by the Board of Directors. Responsible for the following duties

1. To review the Company's financial reporting process to ensure that its accuracy and adequacy
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the law and the Exchange's regulations, and are reasonable and for the best interest of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - an opinion on the accuracy, sufficiency and accountability of the Company's financial report,
 - an opinion on the effectiveness of the Company's internal control system,
 - an opinion on the Internal Audit in conformity with the internal audit guidelines,
 - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,

- an opinion on the suitability of an auditor,
 - an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment from the audit committee's performance of duties in accordance with the charter by the self-performance appraisal,
 - other transactions which, according to the audit committee's opinion, should be informed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and,
 - an opinion on accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards (TFRS) and Key Audit Matters (KAMs).
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

• Executive Board

The Management Executives are responsible for ensuring the effectiveness of the company's operation according to the company's policy. The Management Executives are also responsible for considering and screening all business matters for the Board of Directors approval as per

• Managing Director

Managing Director is responsible for efficiently and effectively conducting the business under the company's policies. His scope of authority in conducting and approving any issues related to company's general administration, unless it is required by regulations or laws to be approved by the Board of Directors Meeting or shareholders' meeting. The managing director must not engage in any related transactions which may have conflict of interests with the company. The managing director shall be able to appoint other person(s) to act on his behalf to manage and conduct company's business.

• Company Secretary

The Board of Directors has appointed the Secretary of the Board of Directors, with authority as follows.

1. To prepare and store the following documents :
 - List of company directors
 - Board of Directors meeting notice, Board of Directors meeting minutes, annual report
 - Shareholders' meeting notice and shareholders meeting minutes
2. To file the report of interests as informed by company directors or executives
3. To engage in other duties as required by the Equity Market Committee.

The Board of Director appointed Mrs. Atitaya Charnviakul to be a Corporate Secretary since 11th March 2008. Her qualification is shown in profit Board of Directors and Executive Board.

Detail on shares holding of each Director as of December 31, 2019

No.	Directors	Position	Number of Shares December 31, 2018	Number of Shares December 31, 2019	Increase/ (Decrease) in 2019	Proportion of Total Shares
1.	Mr.Chavarat Charnvirakul	Chairman of the	56,906,765	56,906,765	-	3.50%
	Spouse	Board	-	-	-	-
	Minor Children		-	-	-	-
2.	Dr. Wicha Jiwalai	Independent	-	-	-	-
	Spouse	Director and	-	-	-	-
	Minor Children	Chairman of the Audit Committee	-	-	-	-
3.	Police General Jate Mongkolhutthi	Independent	-	-	-	-
	Spouse	Director and	-	-	-	-
	Minor Children	Member of Audit Committee	-	-	-	-
4.	Miss Sirangrong Chowiwatana	Independent	-	-	-	-
	Spouse	Director and	-	-	-	-
	Minor Children	Member of Audit Committee	-	-	-	-
5.	Mr. Chamni Janchai	Director	21,892,433	21,892,433	-	1.35%
	*acquisition through Mrs. La-Ong Thongsuk and Ms. Panyada Ployprapath's Account as a nominee of the Director					
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
6.	Mr. Masthawin Charnvirakul	Director, Executive	-	-	-	-
	Spouse	Director and	-	-	-	-
	Minor Children	Managing Director	-	-	-	-
7.	Mr. Suwat Riensiriwan	Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2018	Number of Shares December 31, 2019	Increase/ (Decrease) in 2019	Proportion of Total Shares
8.	Mr. Choavalit Limpanich	Director, Executive	64,899,995	64,899,995	-	3.99%
	Spouse	Director and	-	-	-	-
	Minor Children	Deputy Managing Director	-	-	-	-
9.	LT. JG. Kitti Junsangsri	Executive Director	16,224,995	16,224,995	-	1.00%
	Spouse	and Marketing & Estimation	-	-	-	-
	Minor Children	Department Manager	-	-	-	-
10	Mrs. Anilrat Nitisaraj	Executive Director	-	-	-	-
	Spouse	and Business Development & Legal Department	67,486,724	67,486,724	-	4.15%
	Minor Children	Manager	-	-	-	-
11	Mrs. Atitaya Charnvirakul	Executive Director,	-	-	-	-
	Spouse	Administrative Department	-	-	-	-
	Minor Children	Manager and Corporate Secretary	-	-	-	-
12	Ms. Supattra Yangtrong	Executive Director	2,000	2,000	-	0.00012
	Spouse	and Finance & Accounting	-	-	-	-
	Minor Children	Department Manager	-	-	-	-
13.	Mr. Thammanoon Narind	Fabrication Plants	-	-	-	-
	Spouse	Department	-	-	-	-
	Minor Children	Manager (Chonburi and Sriracha)	-	-	-	-
14.	Mr. Damrong Panket	Laem Chabang	-	-	-	-
	Spouse	Assembly Yard	-	-	-	-
	Minor Children	Department Manager	-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2018	Number of Shares December 31, 2019	Increase/ (Decrease) in 2019	Proportion of Total Shares
15.	Mr. Supot Pongtong	Fabrication Plants	-	-	-	-
	Spouse	Department	-	-	-	-
	Minor Children	Manager (Rayong)	-	-	-	-
16.	Mr. Tawan Chaisomtip	Project Control &	-	-	-	-
	Spouse	Contract	-	-	-	-
	Minor Children	Administrative Department Manager	-	-	-	-

Board of Directors and Audit Committee 2018 and 2019 Remuneration

Name	Meeting Compensation (Baht)				Remuneration (Baht)		Total	
	Board of Director		Audit committee		Board of Director			
	2018 (7/7 Meetings)	2019 (6/6 Meetings)	2018 (7/7 Meetings)	2019 (5/5 Meetings)	2018	2019	2018	2019
1. Mr. Anutin Charnvirakul*	200,000	-			1,133,000	-	1,333,000	-
2. Mr. Chavarat Charnvirakul**	-	240,000	-	-	63,000	1,200,000	63,000	1,440,000
3. Dr.Wicha Jiwalai	150,000	180,000	280,000	200,000	1,360,000	1,200,000	1,790,000	1,580,000
4. Pol. Gen. Jate Mongkolhutthi	210,000	180,000	210,000	150,000	1,360,000	1,200,000	1,780,000	1,530,000
5. Mr.Chamni Janchai	210,000	180,000	-	-	1,360,000	1,200,000	1,570,000	1,380,000
6. Miss Sirangrong Chowiwatana	210,000	180,000	210,000	150,000	1,360,000	1,200,000	1,780,000	1,530,000
7. Mr.Masthawin Charnvirakul	210,000	180,000	-	-	1,360,000	1,200,000	1,570,000	1,380,000
8. Mr.Suwat Riensiriwan	210,000	180,000	-	-	1,360,000	1,200,000	1,570,000	1,380,000
9. Mr.Choavalit Limpanich	180,000	180,000	-	-	1,360,000	1,200,000	1,540,000	1,380,000
Total of Director Payment	1,580,000	1,500,000	700,000	500,000	10,716,000	9,600,000	12,996,000	11,600,000

Remark: * Mr. Anutin Charnvirakul the resignation of the Chairman of the Board effective date on November 1st ,2018.

** Mr. Chavarat Charnvirakul as the Chairman of the Board effective date on December 15th ,2018.

Total remuneration in 2017 — 2019 were paid to 9 members of the Executive Board in the form below.

(Unit: Baht)

Remuneration	2017	2018	2019
Salary	17,158,455	17,155,880	19,578,520
Bonus	1,392,325	1,277,975	11,874,035
Total Payment	18,550,780	18,433,855	31,452,555
Provident Fund	827,187	666,952	641,804
No. of Executives(Payroll)	9 Person	9 Person	10 Person

• Employees

The company had/has total no. of employees in 2017 — 2019 as per below:

(Unit: persons)

Responsibilities	Total No. of Employees		
	2017	2018	2019
Operations staff	766	1,067	1,644
Support staff	124	75	132
Total	890	1,142	1,776

Total compensation of the employees of the group in the year 2017-2019 totaled 377 million baht, 333 million baht and 464 million baht respectively. The details are as follows:

(Unit: Baht)

Employee Classification	Employee compensation (Baht)		
	2017	2018	2019
Employee salary	315,316,552	287,837,245	399,598,573
Employee bonus	9,130,530	7,372,226	15,659,926
Provident Fund	2,838,798	2,467,312	2,420,342
Other compensation/benefits	49,608,796	35,244,003	46,673,309
Total	376,894,676	332,920,786	464,352,150

- **Other Compensations / Fringe Benefit**

- Social Security and Workmen Compensation
- Provident Fund
- Doctor and Nurse Service
- Annual Health Check up
- Group life and health insurance including accident
- Severance pay

The Company has concerned that the improvement of skill and ability to work efficiency in their works, will enhance the growth of the Company and increase continuously competitiveness to the Company. For Example :

1. Leadership and Project Management
2. English for communication
3. Warehouse Management to Effectively
4. Quality Control Techniques For the most efficient and high quality results.
5. Safety in the work of spinning and lifting equipment.

- **Training and development**

The Company provides a development of staff by training both thru the outside training and on the job training.

Employee Training in 2019

Training	No. of Employee	No. of Hours	No. of Hours / No. of Employee
Staff	2,888	2,136	6

For the Executive, The Company has a clear policy to support the knowledge development and skills of the Executives in various fields, such as, training course, seminar, education in Business Management. Thus, the Executive can apply this knowledge to develop the organization and achieve the knowledge has been set.

In 2019, The Company support to Board of Director taken courses in Certificate of Risk Management Program for Corporate Leader (RCL), Class 17th, Thai Institute of Directors (IOD)

GOOD CORPORATE GOVERNANCE

The Board of Directors at STP&I Public Company Limited defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

The Board of Directors also reviewed the Company's Corporate Governance Policy and Risk Management including the evaluation of Board of Directors' performance.

The Company is committed to the principles of good corporate governance and business ethics in compliance with the recommended best practices for listed company and relevant rules, regulations and guidelines of the Stock Exchange of Thailand ("SET"), the Office of the Securities and Exchange Commission ("SEC"). The Board of Directors reviewed annually that the principles of good corporate governance and business ethics are adequate and appropriate as per the Resolution of the Board Meeting no. 2/2020 on 7th March 2020. The Board of Directors Consider and review the implementation of the CG Code as a business context.

There are 5 principles which are 1) Right of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency and 5) Responsibilities of the Board of Directors

1. Rights of Shareholders

The Company defines the Principle of Corporate Good Governance concerning with the right of the shareholders. Basic shareholders rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the Company 3) obtain relevant and adequate

information on the Company 4) participate and vote in shareholder meetings on significant corporate decisions, Each shareholder will have one vote for each share.

Shareholders' Meeting

- Notice of shareholders' meeting will be sent with details on date and time of the meeting, agenda of the meeting, and complete and sufficient information on each agenda for the shareholders to study in advance of the meeting.
- Disclosure of accurate, complete, timely and sufficient information for the shareholders will be done through Company's website and disclosure systems of the SET.
- The rules and method to attend the Shareholders' meeting are conveyed in the Notification of the said meeting. Before commencing the meeting, the Chairman will declare quantity/proportion of shareholders, including those attending by proxy. Voting method will be explained and the voting committee comprises of the representatives from Company, legal advisor, and attending shareholders will be set for counting transparency. Voting results will then be displayed for each agenda. In addition, the Company's independent auditor will also attend such meeting
- Openness of the rights to vote for each proposed director individually.
- Rights to attend the shareholders meeting at any agendas that are still under consideration and not being voted.
- Proposing 2 independent directors for shareholders to appoint as proxy to attend and vote at the Meeting on their behalf with 3 proxy forms (A,B,C) as appropriated.

- Disclosure of agenda and related information on shareholders meeting for both on Company's website and on courier to shareholders with same information and on time.
- Encourage all shareholders, including institutional ones to attend the Company's shareholders meeting

Chairman of the Board, Director's and Top Management's Attendance at Shareholders' Meeting

Chairman of the Board, all directors, company secretary and top management of the Company shall attend all shareholders' meetings necessary. This is to allow them to listen to suggestions and answer questions from the shareholders.

Minutes of the Shareholders' Meeting

The minutes of the shareholders' meeting are disclosed to shareholders in accordance with applicable laws, rules and regulations both in Thai and in English. Data are accurately and completely recorded, including methods of how to vote and count the votes, names of directors attending the meeting, questions and answers, and the resolutions on each agenda of the meeting.

Equitable Rights of Shareholders to Dividend Payment and Repurchasing Stock The Company has given all shareholders an equitable right to dividends and/or other benefits and the right to repurchase stock. In this regard, the Company has established a clear dividend payment policy.

2. Equitable Treatment of Shareholders

Notice of Shareholders' Meeting

For equitable treatment of all shareholders, in sending the Notice of Shareholders' Meeting, Proxy Form A, B, and C, and instructions on how to appoint authorized

representatives for shareholders who cannot attend the meeting in person, the Board of Directors requires that the letter of invitation to meeting must be disseminated both in Thai and English languages at least 30 days prior to the meeting date on the Company's website www.stpi.co.th and that the notice of shareholder's meeting must be sent to the shareholders at least 21 days before the date scheduled for the shareholders' meeting. In case of a foreign shareholder, the notice of shareholders' meeting and supporting documents in the English language must be sent.

Voting Right

For equitable treatment, a shareholder shall have one vote per share.

Agenda Proposition and Nomination of Directors

The Company adheres to the principle of equitable treatment of all shareholders and in order to give all shareholders an opportunity to propose matters to the Board of Directors as meeting agenda or nominate qualified persons as the Company's directors, the Company has established the criteria for agenda proposition and director nomination. Such criteria consist of qualifications of the shareholders to propose the meeting agenda or nominate a director, procedures for proposition of the agenda and director nomination, matters not to be included as an agenda, consideration and selection procedures, and announcement of the consideration results. Details of such criteria are shown on the Company's website www.stpi.co.th.

Internal Information Usage Policy

The Company has developed written measures to prevent its directors, management and employees from using inside information for their personal benefits. This is to prevent potential conflicts of interest and

disclosure or misuse of inside information. Matters on the inside information usage are contained in the procedures and code of conduct of the directors, management and employees as well as Work Regulations of the employees.

With regard to regulations on inside information of the Company, the term “inside information” means information on financial matters, investment, marketing, operations, and other information related to the Company in accordance with the Articles of Associations of the Company or laws. Protection of the inside information is to protect shareholders’ rights and the Company’s assets as well as interests of the Company. If the management and employees violate this regulation on inside information, they shall be subject to penalty as stipulated in the Work Regulations and laws. Procedures regarding inside information are as follows:

- The company shall inform the Board of Directors and management as well as their spouses and minor children on their obligation and the auditor to provide reports on their holding of the Company’s securities in accordance with the Securities and Exchange Commission (SEC) Sor Jor.14/1997 regulations: Preparation and disclosure of reports on securities holding of directors, executives and auditor of the company. Which must be strictly observed
- Limit the number of persons who are aware of the financial information to only related management.
- The management or employees who have knowledge of inside information shall not be allowed to disclose such information to the outsiders nor shall they sell or buy securities of the Company within one month prior to dissemination of financial statements to the public and the boards of directors

and management are required to notice the company secretary at least 1 day before their trading of the company’s securities. The company secretary is to submit a summary report on the holding and trading of the company’s securities of the board of directors, management, and the auditor to the board of directors meeting quarterly for acknowledgement.

- The company has a regulation on inflicting punishment against any management and/or employees bringing forth inside information for dissemination for use for their personal interests.
- The Company has adopted information technology system to prevent access to the Company’s information and stipulated the rights of access to the Company’s information in various levels suitably in accordance with the responsibilities of each management and/or employee. The Company had an information technology policy. It was created to clearly define rules for safe use of computers and information technology of the Company, such as prevention of problems that may arise as a result of incorrect use of information system network, protection of information, punishment, and application.

Policy on Securities Trading of Directors and Top Management of the Company

The Board of Directors has determined a policy on securities trading of the Company’s directors and top management to prevent their use of insider information that is non-public and essential to change in the prices of securities (Insider Trading), which is considered an unfair trading.

Policy on Connected Transactions, Related Party Transactions, and Conflict of Interest

The Company realizes the benefits of shareholders and

fair treatment of all shareholders. To prevent conflict of interests and to achieve transparent and accountable business operations, the Company has a clear policy on disclosure of connected transactions, related party transactions and conflict of interests in order to enhance the confidence of shareholders, investors and stakeholders. The significant connected transactions, related party transactions and conflict of interests must be reviewed and approved by the Audit Committee and the Board of Directors. The Company will be in strict compliance with criteria, conditions and procedures set forth in the Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (A.D. 2003) or amendments thereof.

Report on interest of directors and Management

The Board of Directors and The Board of Executive Directors will act as a director in accordance with the Fiduciary Duties by especially focus on making decision to both direct and indirect of the company's transaction with cautious and honesty in order to prevent any conflict of interest that might happen in the connected transaction between the company and its subsidiaries. The Board of Directors defined the best practices for avoiding any conflict of interest by providing the policy that every Directors, and Top Management from Senior Vice President and/or upper levels including Management whose position were related to accounting and financial in Managers or division level must report any conflict of interest that had been made by themselves, spouses, and minor child to the company for the acknowledgement as accordance with The Securities and Exchange Act B.E. 2535 and other additional regulations.

3. Role of Stakeholders Principle

Human Resources Management Policy

The Company has policy to manage people fairly and completely by;

1. Suitable compensation and benefit
2. Adequate fringe benefit
3. Development on staff skill including training
4. Fairness
5. Respect to individual rights
6. Belief and trustworthiness
7. Provide consultation
8. Encourage to be a good citizen
9. Open box for staff to express their opinion and information

The company has intention to develop people in all aspect in order to increase their effectiveness and efficiency to the Company operation by;

- **Manpower Planning**

The Company has planned man power to fulfill the project volume by providing qualification candidate as plan and timely.

- **Recruitment and Selection**

The Company has a procedure on recruitment process to get a qualification candidates. There are many channels for recruitment including internet, event with labor department, government agencies, university and education institutes. With many channels of promotion, the Company can select the candidates to match with the position properly. And also, the Company has checked the criminal records of the accepted candidates for some position with the Criminal Record Division,

- **Fringe Benefit**

- 1) Fringes benefit as per required by law including social security and workmen compensation
- 2) Additional benefits including provident fund, group life and health insurance, health examine, long service award (5, 10, 20, 25, 30 years), education fund, uniform, and nurse service

- **Training and development**

The company has a policy of learning and employee development. Through training and development of employees at all levels to meet the needs of each job type. This is to enable employee to have knowledge, ability, skills and expertise in their job and able to work efficiently with the organization's business plan at present and ready for future competition in a sustainable manner, for example

Performance Evaluation and Pay Structure

The company has a concrete performance evaluation system by setting the criteria for individual and team performance in line with the company's operation plan which related to the appropriate and fair compensation system. By developing and improving to be in line with the conditions of competition and labor market conditions that change in each period by having paid compensation to employees and personnel appropriately and in line with the operating results of the company.

Policy on Safety, Health, and Environment

The Company has commitment on Safety, Health, and Environment which is a key success factor to the operation of the Company and to all related parties. All employees are the most important to the Company therefore, the Company ensures that they work under safety condition and good environment. The key policies are as follows:

- 1) The Company has committed to staff and community by promoting and supporting the operation with safety and health, and preventing and protecting the environment
- 2) The Company provides the safety, health, and environment management to comply with the related laws.
- 3) The Company has defined that managers are responsible for implementing, controlling, and following the policy of safety, health, and environment to be executed to all staff. And also, managers has a rights to proceed this policy successfully.
- 4) The Company has to ensure that all staff work under the Company policy on safety, health, and environment and under the Company regulation strictly.
- 5) The Company provides all necessary equipment and tools with a safety condition and personal protection equipment. The Company has promoted and supported staff by educating and convincing them to work with safety and protecting the environment.

The Company has a committee of safety, health, and environment who plan, execute, and develop such policy to the project efficiency.

Anti-Corruption Policy

The Company promotes anti-corruption policy to all management and staff by having an anti-corruption policy in writing, therefore, they understand and apply this policy to their works

The Company has announced a written Gift policy which is a part of Anti-Corruption Policy to employees and the policy was adopted in year of 2015.

Non-infringement of Intellectual Property

The Board of Directors is aware of the importance of non-infringement of intellectual property and conformity with laws governing intellectual property or copyrights; therefore, a policy has been established and clearly disseminated the requirement to the management and employees to carefully consider the products, services, equipment, tools or information technology to be used for business operations of the Company to ensure that the use of such items is not an infringement of third-party intellectual property.

The company set the best practices for non-infringement of intellectual property by monitoring and preventing the downloadable pirated hardware and software.

Human Rights

In the business of that company, it gives priority to human rights of personnel and those involved. Respect the rights of people as required by law, the Company should not act or take any actions in the business which are violation of human rights but treating employees equally and strictly complying with laws

4. Disclosure and Transparency

Disclosure of Data and Information of the Company

The Board of Directors has defined the policy regarding disclosure of information on business and operating results of the Company, both financial and non-financial information, in an accurate, adequate, appropriate, timely and transparent manner, to general public, investors and stakeholders. Regarding such disclosure, the Company complies with provisions of the Public Limited Company Act, the Securities and Stock Exchange Act, relevant regulations and notifications of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related authorities.

The Board of Directors has complied with the rules and regulation on the disclosure policy including annual report, corporate information (56-1), thru the Stock Exchange of Thailand and company website www.stpi.co.th

Investor Relations Office

The Company has set up the Investor Relations Office to communicate with investors, shareholders, analysts, relevant government agencies, and the general public in an appropriate and equal manner. The Investor Relations Office can be reached at

Investor Relations Office

Miss Supattra Yangtrong
STP&I Public Company Limited
32/24 3rd Floor, Sino-Thai Tower,
Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: ir@stpi.co.th
Tel: +662-260-1181

Dividend Payment Policy

The Company has a policy to pay dividends at the rate of at least 30% of the net profit, according to the specific Financial Statements of the Company, less the statutory reserve fund and other reserve fund. However, the payment of dividends shall depend on the Company's cash flow statements, provided that there are no other necessary matters and for as long as the dividend payment shall not affect the essential business operation of the Company. Nevertheless, the Company may declare a dividend payment at a lower rate than the above-specified rate by considering the business operation, financial status as well as other factors which may affect the business management of the Company in the future.

Whistleblowing and Whistleblower Protection Measures

To promote corporate good governance and encourage all employees and stakeholders to report or disclose potential corruption or violation of laws, code of ethics or policies of the Company, to file complaints regarding violation of rights, or to express their opinions regarding business operations, the Company has provided a channel for the employees and stakeholders to report to:

Corporate Secretary Office

STP&I Public Company Limited
32/24 3rd Floor, Sino-Thai Tower,
Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: contact@stpi.co.th
Tel: +662-260-1181

Whistleblowing Procedure

1. The person who informs the whistleblower or the person who cooperates in the investigation can choose not to reveal themselves if it is seen that the disclosure will cause unsafe or damage, But if there is a self-disclosure, the company can report the progress, clarify the facts or alleviate damage easily and faster.
2. The company will consider the information of the whistleblower, the complainant or the person who cooperate in the investigation including confidential information The disclosure is done with caution and as necessary by taking into account the safety and damage of those who report clues to the complainant or those who cooperate in the investigation source of information or related person
3. In the case of whistleblower, the complainant or the person who cooperates in the investigation of

the facts, he / she may be unsafe or may cause damage can request the company to set appropriate protection measures. The company may impose a protection clause where the person who makes a complaint or who cooperates in the investigation if it is considered to be a problem that is likely to cause damage or insecurity.

4. Those who have suffered damage will receive relief through the process that is appropriate and fair.

Communicate with the Board of Directors (without the acknowledgement of the company's executives)

The company provides additional channel for stakeholders to communicate with the Board of Directors directly to the Board in order to receive any suggestions or opinions including claimants such as the operation of the Executives, the unfair practices and any other acts that against the code of conduct. Stakeholders can submit the document that clearly specified name, address, the convenient telephone number and e-mail address (if any) to:

The Audit Committee

STP&I Public Company Limited
32/24 3rd Floor, Sino-Thai Tower,
Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110

The Audit Committee will consider and manage such matters by directly report to the Board of Directors (without the acknowledgement of the company's executives) case by case. The company assures that whistle blowers must not be harmed according to the whistleblowing policy.

Risk Management Policy

The company is committed to achieve the goals, objectives, and business and investment plans. The

company realized that the importance of the changing in business environment and the risk of uncertainty that may cause the impact on business. To comply with good corporate governance, the company provides the risk management policy and the risk management practical guideline; which consists of analysis, assessment, management, and monitoring, in order to control risk in appropriate level (risk appetite), prevent loss, and minimize impact on business opportunities.

5. Responsibilities of the Board of Directors

The company's Board of Directors considers the size of the appropriate committee which consists of people with knowledge, experience and ability to perform their duty. The company's Board of Directors consists of 8 members which is comply with the rules that should not be less than 5 persons and should not exceed 12 people. The Board also define the independent directors qualification to ensure that it is really independent.

The company's Board of Directors consists of 8 members. Of these 8 members, 3 are managements, 2 non-management director and 3 independent directors. The proportion of independent directors is 1 to 3 of the total member of the Board of Directors. The independent directors have experience in Finance and Accounting, Laws, and Engineering which are all suitable for the Company's business. More details are addressed in the Management Structure Topic.

The Board of Directors has a framework for Executive Committees for approving normal business operations transactions regarding Authorization path. Those transactions must not be a conflict of interest and must not be a transaction that requires opinions from shareholders. In the case of investment, expanding production capacity or items that have a great impact

on the company. The Executive Committee must propose to the Board of Directors for approval as required by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand

In addition, Members of the board have conducted self-assessment the performance of the board as a whole and on an individual basis, at least once a year which was held on The Board of Meeting no. 5/2019. The Company Secretary has filing all documents for records.

Authority of the Board of Directors

1. Appoint, withdraw, delegate power, duties, subcommittees and managing directors to perform regarding the Company's business
2. Consult an expert or company consultant (if any) or hire a consultant or external experts, in case of necessity, at the expense of the company
3. Approve the establishment, merger or dissolution of subsidiaries
4. Offer capital increase or decrease capital or changes in the value of shares, amendments, changes or memorandum of association Regulations and / or objectives of the company to shareholders
5. Authorize the management Executive level of the company or any other person can substitute under the scope of authority of the Board of Directors
6. Have the power to invite the management and employees of related companies to clarify, give opinions, attend meetings or submit documents as deemed relevant.
7. Appoint and remove the company secretary

Authority of the Chairman of the Board

1. Having a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as legal action Public Company Limited Act BE 2535 and the law of The Securities and Exchange Act BE 2535 and other relevant laws specifically designated as the duties of the Chairman of the Board
2. Acting as Chairman of the Board of Directors Meeting And supervise the Board of Directors' meeting to be in accordance with the Company's Articles of Association, laws and relevant good corporate governance guidelines Including having sufficient time for the meeting for the management to present the matter and the director in discussing important issues.
3. Acting as the chairman of the shareholders' meeting and supervising the shareholders' meeting to be in accordance with relevant laws and good corporate governance guidelines.
4. Promote, develop and supervise the performance of duties of the Board of Directors with honesty comply with the Company's code of conduct and good corporate governance principles including strengthening good relations between the directors and the management.
5. Ensure that the performance of the Board of Directors is effective and achieve the main objectives and goals of the company.

The term of directorship

- a. One-third of the directors must retire by rotation at the Annual General Meeting of Shareholders. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The retiring directors shall be eligible to be re-appointed for another term.

- b. The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Assumption of Directorship in Other Companies by Directors

The policy in the directorship of directors in other companies are clearly stated in order to ensure that the Directors have adequate contribution to the Company. The number company which the Directors hold their positions are required according to the good corporate governance policy which are;

1. To ensure that directors have sufficient time to perform their duties, the board should consider the extent to which having multiple board memberships lessens the effectiveness of directors. With a good corporate governance, The Company prohibited the Directors to hold the director positions in more than five listed companies.
2. And to ensure that the Company's managing director has contributed and dedicated his/her time to the Company, the Company's managing director do not allow to hold a Managing Director in any other listed Companies.

Remuneration of Board of Directors and Management Executives

The directors remuneration are included meeting fee, annual fee, and other benefits in accordance with a resolution of the shareholders meeting. The Company has not yet established a Remuneration Committee,

however, the Board of Directors has carefully considered the remuneration of the Directors and Audit Committee by comparing such with other public limited companies of a similar type and size listed on the Stock Exchange of Thailand. The Board recommended that the remuneration of the Directors and the Audit Committee of the Company should be fixed at the proposed amount. The details are shown under Management Structure section.

The Board of Sub-Committee

The Board of Director appointed Sub-Committee of the Audit Committee and Sub-Committee of Management Executives to perform and monitor the company's operations. Their duties and responsibilities have been defined clearly in the Management Structure section.

Board of Directors Meetings

In 2019 the company held 6 Board of Directors meeting which was attended by company executives to discuss the topic regarding the company's Board of Directors. The Company also planned the schedule of Board Meetings for the whole year of 2019 which was agreed in the Board of Meeting. For the best interest of the company, the Board of Directors concentrated on the Quarterly Financial Performance and the Report of Audit Committee coupled with the business risk which could affect the company's performance including the follow up of legal cases and the operation risk. During the voting the resolution in the Board of Director meeting, the Company has set up constituted quorum at 2/3 of the number of the directors.

The secretary of the Board of Directors is responsible for minutes taking, distributing the meeting notifications with other relevant documents to all directors at least 7 days prior the meeting date. Minutes of the Board of Directors of Meetings were certified by the Board and filed properly as reference.

Non-Management Meeting

The Company has set up a meeting of only non-management directors in order to consider, share, and discuss on the recent activities of the Company. And also, the non-management directors shall give advises or comments issues that may effect to the performance or activities of the Company. The rules of this meeting are

- The attendee shall be non-management directors and not holding the Company's share more than 5%
- The general practice of non-management meeting shall be followed the same practice as the Board of director meeting which included inviting to the meeting and quorum. However, in some cases, there may not have the advance agendas, the purpose of the meeting is to share and give opinion on the recent activities of the Company.
- There will have at least 1 meetings per year or at the appropriate time set by the meeting chairman.

The Non-Management meeting was held once on 6th December 2019. The agendas were related to the performance of Management Executive, sharing ideas on company's events and concern issues.

(1) The Definition of Independent Director

1. Holding shares no more than 1 per cent of paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
2. Being a director who does not take part in the management of the company, affiliated company, associated company, related company or majority shareholder of the company. Not being an employee, staff member or advisor who receives a regular salary from the company, affiliated

company, associated company, related company or majority shareholder of the company

3. Being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company. Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a member of the Audit Committee except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
4. Being a director who is not a related person or close relative of any management member or majority shareholder of the company.
5. Being a director whom is not appointed as a representative of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.

Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors without the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

(2) Selection of Directors, and Management Executives

The company has not formed the Selection Committee to appoint the Directors. The directors have been selected by considering each individual qualification to fit the Board of Directors roles and responsibilities. Member of the Board of Directors will be selected from qualified persons and propose to the annual general meeting of shareholders to consider the appointment

by resolution. The rights of shareholders can be defined as following:

1. One-share one-vote basis will be applied.
2. Each shareholder has to use up his votes for director appointment.
3. The nominees whose votes are chronological order ranging from the top to the last shall be elected as a Director.

Policy on the Company's subsidiaries and related company

The Board of Directors defines the important of subsidiaries management in order to commit the highest benefit for all parties; the Company will appoint a representative to be either a director/authorized director or management member which depending on the type of businesses. The Company have only few subsidiaries which are in the related business to the Company therefore, the Company did not set a written rules for subsidiaries of the Company.

Internal Information Disclosure and Usage Policy

The Board of Directors defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

Additionally, the company specified that all members of the Board of Directors and Management Executives must disclose the numbers of shares they held in accordance with the Securities & Exchange Act B.E. 2535 Section 59. The company also delivers all

information obtained from the SET and the SEC to the Board of Directors and Management Executive.

The company has its obvious policy in accordance with the internal information disclosure and usage policy. To prevent the conflict of interests by pirating information that had been disclosed or brought for disclosure or used for own benefit, The company has come up with the rules to prevent the usage of internal data for personal benefits of the Board of Directors executives and employees., thus, to protect the investment of shareholders and assets of the company. In any case, the executives, or any staff / employees who are in breach of these regulations, he/she shall be punished in accordance with the rules and

regulations of the company and shall receive the punishment as prescribed by the related law, in all respects.

Audit fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 and our auditor for the year 2017-2019 was Miss Watoo Kayankannavee with the following remunerations:

- **Audit fee**

In 2019, the total auditing fee was Baht 3,680,000 of which Baht 1,300,000 pertained to the Company's auditing fee and the remaining Baht 2,380,000 was for its affiliated companies as per the chart below:

(Unit: Baht)

Year	2017	2018	2019
The Company	1,600,000	1,300,000	1,300,000
Affiliated company	1,370,000	1,690,000	2,380,000
Total	2,970,000	2,990,000	3,680,000

- **Non-audit fee**

In the fiscal year 2017 - 2019, the company does not pay other service fees to EY Office Limited.

CORPORATE SOCIAL RESPONSIBILITY

The company conducts business with responsibility to community, economic and environment, adhering to principle of corporate good governance. The Company has a Corporate Social Responsibility Policy which call for balancing respectful treatment and development among all stakeholders.

“**Stakeholders**” mean employees, directors, shareholders, partners, customers, consumers, suppliers, creditors, debtors, community nearby and community in a remote area, natural environment, government, government agencies, the Country, including other related parties, Stakeholders who could be affected from the Company's operation. And also, it could be affected directly or indirectly to the company, therefore, there will be 2 groups of stakeholders as follows:

1. **Primary Stakeholders** — Related parties who involve directly to the Company's business such as client, partners, supplier, employee and employee's family, shareholders, investor, debtor and nearby community.
2. **Secondary Stakeholders** — Related parties who involve indirectly to the Company's business such as government, government agency, association, professional, Non-Profit organization, potential client, potential candidate, other communities.

The Company has a policy on Social Responsibility which is in line with the Corporate's policy and Corporate Good Governance as follows:

1. Conduct business with integrity, transparency, fairness, and traceability for the growth of the Company together with the development of well-being of employees, communities, society, environment and all other stakeholders.
2. Promote and educate on humanity and environment to all level of employees in order to define the guide

of improvement and sustainability responsibility of society and environment.

3. Promote to set up an activity that related to social responsibility to society and environment by using the Company's existing resources to success with cost effectiveness and efficiency.
4. Extend their collaboration and promote staff members to fulfill these policies successfully

The Company Social Responsibility

The Company social responsibility is in line with the business operation or activities that create value to the Company and to the society. The value added will be benefit to shareholders and all stakeholders and also increase the Company's competitiveness in term of productivity. In addition, it also create the good relationship among stakeholders which enable to sustainable growth to the Company. The Company has conducted the Company social responsibility as follows:

1. Our management and engineer realized that we work professionally under the agreed contract for client by producing the process of work and product as per client's requirement on engineering specification, related standards of both local and exported foreign country. We ensured that consumer use our product safely which is our standard of work. Moreover, the safety record of our working time without loss of injury.
2. The company has complied to the agreement and condition to our client with international standard. The company also has a policy to keep the confidentiality of client's information. The Company will not public and not take advantage on the client information.

3. The Company concentrate on the limitation of resources and duty to protect the environment therefore the Company has evaluate and examine the quality of air, sound, waste water, and dust every year.
4. The Company was awarded ISO 14001: 2015 environmental system standards and was committed to set the environmental policy and maintain within the company to ensure that it does not have an environmental impact on employees and communities. The Company has continuously improve the operations, such as environmental quality measurement according to the law, campaigns for employees to be aware of the use of office materials appropriately, such as the use of copier paper on both sides, turning off lights, air conditioning and the computer screen during the lunch break, changing to the energy saving lamp, manage recycled waste. All these activities will help save the unnecessary expense and saving the natural resources as well.
5. The Company inform all employees to be aware of the proper use of tools, machinery and equipment as per instruction manual, training before use, and continuous maintenance properly.
6. The Company has training to develop our staff competency in order to having a career path and promotion efficiently. And to ensure that all employees are treated fair and proper decision.
7. The Company realized that the well-being of employees physical health by providing an annual health check every year
8. The Company has complied with ISO 45001:2018 as an international standard on safety and occupational health. The Company emphasize on management to reduce the risk of causing injury and illness, especially on operational staff and loss of assets. This can prevent problems and harmful things to the health and welfare of employees which is considered as an indirect return to society. Because if employees work safely, there should not to the well-being of oneself and family and not a burden to society.

ANTI-CORRUPTION

STP & I Public Company Limited conducts its operation with fairness, transparency, abide by the rules and regulations to all stakeholders properly. The Company has established policies against corruption to guide the duties of directors, management, employees and stakeholders which had been informed to them.

1. Anti-Bribery and Anti-Corruption Policy

The Company's board of directors, management, employees, subsidiary or other companies which are under our supervision, must strictly adhere to the Anti-Bribery and Anti-Corruption Policy in order to ensure that they will accomplish their duties with integrity and refrain from direct and indirect bribery or corruption of all sorts. The company has emphasized the policy across all areas of the Company's operation, as well as to comply with the applicable laws, regulations, notifications, ruling and requirements relevant to business operation. In this regard, the Company will not penalize those who refuse to take bribery or corruption although such action would cause the Company to lose business opportunity.

2. Definition

The Company has declared the definitions that explain the Anti-Bribery and Anti-Corruption Policy as follows;

Dishonesty : To do an act in order to procure, for himself/herself or the other person or the Company, any advantage to which he/she is not entitled by law.

Corruption : The exercise of power in office or in the course official duty with a view to acquiring undue benefit for his/her own or for other persons or for the company.

Bribery : The act of giving or receiving property or any other benefits for the purpose of influencing the action

of proceeding, not proceeding or postponement of his/her public or legal duties.

Hospitality Expenditures : The expenditures for the reception or hospitalization of any person who deals with the company by occasion, tradition or as a desirable social manner, including the cost of food, accommodation, hospitalization (such as transportation fares, visiting cost, etc.).

Gifts : Money or object which is transferable to money (such as gift card, voucher, cashier's check, etc.) or stuff or privilege (such as discount, premium, etc.) being handed between the company and those dealing with the Company by courtesy, tradition or as a desirable social manner, such as gift, hamper, flower basket, calendar, stationery, sampling product, souvenir, etc.

Donation : The giving of money or object or any other benefit to a public or private agency or to a juristic person or an individual to serve the charitable purpose for the support of society, religion and education, such as a donation of money or objects to victims of a natural disaster, donating money to foundations or a donation of lunches to underprivileged students, etc.

Political Contributions : Contributions made in money or other forms of assistance with the aim to support political activities. Financial contribution also covers the giving of loans. Other forms of assistance vary, such as the giving of objects or the provision of a service, an advertisement aiming to promote or support a political party, the purchase of tickets to specific event held to fund or collect donation for an organization that is close to a political party. Moreover, letting employees leave the job without paying a salary or allowing employees to represent the company in the participation of political campaign are included in the terms of political contributions.

3. Procedures

The Company has determined practices which relate to high risk issues that could lead to misconduct, corruption and bribery with respect to encourage the directors, executives and employees, as well as subsidiary or other companies under our supervision to operate with utmost caution.

3.1 Receiving or Offering Customary Gifts, or other Benefits

To operate the Company's business that related to biddings other projects, procurement, communicating business, or any other related company's business transaction in both public and private sectors must do with fair, transparent and verification. The Company realized the importance of any act that might result in improper influence including receive or offer customary gifts or other benefits that might cause any bribery and corruption.

3.2 Offering Sponsorships or Charitable Contributions to Public or Private Sectors

Offering sponsorships or charitable contributions to both public and private sectors must strictly do with transparent that did not contrary to the morality, code of conduct, and abide by laws and regulations of the company. The offering sponsorships or charitable contributions as the foresaid can be done after the approval of the original affiliation.

The offering sponsorships or charitable contributions to public or private sectors must not be used as a subterfuge or route for conflict of interest in both individual and company's benefits and must not be used as a subterfuge for bribery and corruption.

The approvals of offering sponsorships or charitable contributions to public or private sectors must strictly adhere to the regulations by writing the report attached with the offering sponsorships or charitable contributions payment for approvals and submit all related papers to the Management for considering process.

3.3 Political Participation

The company is a politically neutral organization and does not support any political parties or politicians including enabling the Board of Directors, Executives and employees not to participate in any act under the name of the company.

The company realizes that it is righteous of its people according to the liberty and rights in participating the political activities; therefore the company encourages its people to exercise their political rights in compliance with laws but prohibit using employees' status or using any company's assets as a subterfuge or route for any form to political participation or political contributions in the name of the company.

To express and giving political opinion in the company's office or job site area is penalty to the company's association.

3.4 Whistle blowing for Business countering Bribery

The company supports its personnel to report any misconduct or non-compliance or any form of action that might result bribery by sending their enquiries to managers or other channel that open for this matter. The company has whistle blowing and whistleblower protection policy as stated in the good governance chapter. The additional complaints channel for whistle blowing as follows;

Corporate Secretary

STP&I Public Company Limited
 32/24 3rd Floor, Sino-Thai Tower,
 Sukhumvit 21 (Asoke) Road,
 Klongtoey-Nua, Wattana, BKK 10110
 E-mail: contact@stpi.co.th
 Tel: +662-260-1181

Complaint-Making and Whistle-Blowing Process

1. If one comes across a violation of the laws, regulations, corporate governance principles, code of conduct, Company's policies or regulations, as well as suspected corrupt practices by Company's directors, executives, or employees, one can file a complaint through designated channels. An employee coming across such acts should ask or consult his or her superior first. If unsure or uneasy to do so, he or she can use designated channels.
2. Upon receiving a complaint, the recipient shall consider information or evidence for validity. The complainant is encouraged to disclose his or her identity. If the recipient found that the information is invalid, the recipient shall notify it to the complainant in case he or she reveals his or her identity. However, if the information is valid, the recipient shall inform the Corporate Secretary for complaint registration.
3. Afterward, the recipient of a complaint shall consider suitable further action or forward the matter to relevant party (investigator) with due regard for freedom to duly act on the issue in question so as to find facts and track progress. This is to ensure that the Company's actions fit the complaints. Below are the guidelines.

- 3.1 Violations of personnel aspects of Company's policies and procedures should be forwarded to the Human Resources & General Affairs Section Manager

- 3.2 Violations of laws, regulations, Company's policy and principles of corporate governance, code of conduct, or regulations should be forwarded to the Company Secretary

- 3.3 Dubious acts for unlawful gains for oneself or other parties, including embezzlement, corrupt practices, and fraud should be forwarded to the Audit Committee

- 3.4 If the matter under 3.1, 3.2, or 3.3 is complicated or involves several units, it should be forwarded to the Managing Director to consider appropriate actions.

4. Subsequently, the investigator shall inform the Corporate Secretary for complaint registration, information recording, and follow on progress of such complaint.
5. Investigator, under 3.1, 3.2, 3.3, and 3.4, shall verify and assess the fact and validity of the complaint. In case that an allegation (or a complaint) is proved valid, the guilty party is subject to the Company's disciplinary measures or punishment by law if the violation is unlawful, or both.
6. When the investigation of a complaint has been concluded, the investigator, under 3.1, 3.2, 3.3, and 3.4, shall report the resolution to the recipient of a complaint; the recipient then shall inform the complainant on such matter, in case he or she reveals his or her identity.

The process from receiving a complaint until the announcement of complaint resolution to the complainant shall appropriately perform under a reasonable period of time.

3.5 Evaluation for risk from countering bribery

The Internal Audit of the company has responsible for

doing the evaluation of risk from countering bribery by evaluate, analyze, follow, and control risk that might result bribery to be acceptable and report the evaluation result to the Audit Committee including follow up the procedures to prevent risk from countering bribery with the Principles for Countering Bribery.

3.6 Countering Bribery Awareness

The company creates countering bribery awareness by communicating to the Board of Directors, Executives

and employees in order to create the cognitive of countering bribery in the company. The company enables its people who might relate to the stakeholders to understand and aware of countering bribery by providing course trainings, seminars, and through other related media of the company and disseminate to the company's stakeholders as well.

3.7 Punishment

The punishment is compliance with the company's regulations and/or related laws.

RELATED PARTIES TRANSACTION

Related company means the company that STP&I is the major shareholder or are controlled by STP&I and/or the company that has common shareholder(s)/director(s) with STP&I.

1) Subsidiary Companies

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Shares	Investment (Cost Price) (Baht)
STIT Co., Ltd.	Manufacture, sale and rental of construction equipment	1) 100% owned subsidiary of STP&I 2) Common Directors	135,000,000	100	135,000,000
STIT 2011 Co., Ltd.	Sales and rental of construction equipment	1) 100% owned subsidiary of STIT	66,033,000	100	23,060,000
STP&I Services Co., Ltd.	Construction services	1) 100% owned subsidiary of STP&I 2) Common Director	410,000,000	100	21,761,200
WPGE Phetchaburi Co., Ltd.*	Production and distribution of electricity generated from waste and municipal solid waste management	1) 60% owned subsidiary of STPS 2) Common Director	700,000,000	60	840,000,000
ST Property & Logistics Co., Ltd.**	Property Development and Logistics service	1) 100% owned subsidiary of STP&I	440,000,000	100	440,000,000
Fill Up Network Co., Ltd.***	Community automated gas station	1) 70% owned 2) Common Director	500,000,000	70	350,000,000
ST Hill Co., Ltd.****	Property development	1) 100% owned subsidiary of STPL	30,000,000	100	404,099,047
ST Hub Co., Ltd.****	Property development	1) 100% owned subsidiary of STPL	30,000,000	100	116,922,221

*On November 5, 2016, STPS acquired 42,000,000 ordinary shares of WPGE Phetchaburi Co., Ltd. from the existing shareholders, for a total of Baht 840 million. As a result, the Company has 60% interest in the equity interest of such company.

**On October 16, 2017, STP&I invested in ST Property & Logistics Co., Ltd. (STPL), a newly established company for a total Baht 1 million. In 2018, STPL increased registered and paid-up share capital from Baht 1 million to Baht 440 million. STP&I had 100% holding in such company.

*** On November 8, 2018, STP&I invested in Fill Up Network Co., Ltd., a newly established company for a total Baht 500 million. STP&I had 70% holding in such company.

****On 28 June 2019, STPL purchased ordinary shares of Boutique Phra Khanong 1 Limited and Boutique Phra Khanong 2 Limited (both companies with registered capital of 30 million baht) from the existing shareholders at the price of 404 million baht and 117 million baht respectively, representing 100 percent of the registered capital in that company. Later, on August 5, 2019, both companies registered bien changed its name to ST Hill Company Limited and ST Hub Company Limited, respectively.

2) Related Companies

Company Name	Type of business	Relationship	Paid-Up Capital (Baht)	% of Holding STP&I Shares
Sino-Thai Engineering and Construction Public Company Limited	Construction	Common Directors	1,525,106,540	-
HTR Corporation Limited	Office building for rent		500,000,000	-
Wisdom Services Co., Ltd.	Rental of machinery and construction equipment	Subsidiary of Sino-Thai Common Director Engineering and Construction Public Company Limited	2,211,000,000	-
WP Green Energy Co., Ltd.	Business relate to generate and sell electricity	Common Director of WPP	100,000,000	-
Central Oil Group Co., Ltd.	Sale of automated gas station	Common Directors of Fill up	1,000,000	

3) Related Party Transactions as of December 3, 2019

(Unit: Million Baht)

Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Related Companies				
Sino-Thai Engineering and Construction Public Company Limited	Sales and Services	75.0	None	-
HTR Corporation Limited	None	-	Rental and Service expenses	6.8
Wisdom Services Co., Ltd.	Sales	144.5	None	-
WP Green Energy Co., Ltd.	None	-	Rental and Service expenses	2.0
Central Oil Group Co., Ltd.	None	-	Service expenses	0.9
Total		219.5		9.7
Subsidiary Companies				
STIT Co., Ltd.	Sales and Service	0.2	None	-
	Interest income	3.8		
	Other income	1.0		
STIT 2011 Co., Ltd.	None	-	None	-
STP&I Services Co., Ltd.	Sales and Service	0.1	None	-
WPGE Phetchaburi Co., Ltd.	Sales and Service	0.2	None	-
	Interest income	40.2		
	Other income	5.9		
ST Property & Logistics Co., Ltd.	Sales and Service	2.0	None	-
	Interest income	9.4		
Fill Up Network Co., Ltd.	Sales and Service	0.2	None	-
	Interest income	4.0		
Total		67.0		-

Necessity of the related transactions

Transactions between the company and its subsidiaries, affiliates and/or related companies have been done by taking consideration to the best interest of the Company. The transactions were normal course of business and undertaken on competitive basis. The pricing was comparable to market prices and same conditions with other third parties.

Approval procedure related Transactions

For transactions between the company and its subsidiaries, affiliates, related companies or any persons who might have conflict of interest, the Company complied with rules and regulations of the Stock Exchange of Thailand (SET) not to allow such shareholders or management or director to take part in the approval process.

Connected Transactions Policy

For future related transactions that will be incurred in accordance with the normal business of the Company and have general terms and conditions, the Company has established the policy to ensure that pricing must be in line with market rate and with the same conditions to other third parties. The transactions will be fairly practiced and for the mutual benefit of the company and its subsidiaries, affiliates and/or related companies.

For other related transactions without specific terms of trade, the company shall appoint the Audit Committee to give opinion on necessity and reasonableness of such

transaction and shall comply with the laws concerning securities and stock exchange and the regulations, announcement, orders or requirements of the Stock Exchange of Thailand as well as the requirements concerning the disclosure of the related and the acquisition and disposal of the material assets of the Company. In case that the transactions are not in the expertise of the Audit Committee, the Company may appoint experts to give opinion to the Board of Directors or shareholders as the case may be. Any person who might have conflict of interest shall not be allowed to take part in the approval process. In addition, the Company has disclosed the related transactions in the note of our audited financial statements.

Report on Interest of Directors, Executives and Related Persons

To comply with the announcement Tor.Jor.2/2552 (2009) of Capital Market Supervisory Board and Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008), the Board of Directors mandate directors and executives to disclose his interest or his related person's interest that may have conflict with the Company or its subsidiary for the purpose of Conflict of Interest monitoring to the Company. The Board of Directors also assigned the Company Secretary to keep the original reports and copy to the Chairman of the Board and the Chairman of Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

The Auditor's Opinion

The Auditor issued unqualified opinion that the financial statements of the Company and its subsidiaries for the year ended 31 December 2019 presented fairly, in all material respects, the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

Management Discussion and Analysis

1. Operating Performance

The Fabrication work segment

In 2019, the Company reported revenue from fabrication work at Baht 549 million which increased Baht 223 million or 69% from the year 2018, mainly because of the increasing work volumes and revenue recognition during the reporting period. However, due to the lower than full capacity utilization of the plants and various cost in preparation for more work in the following year, the Company still incurred some gross loss from operations and needed to bear the factory overhead expenses not allocated to cost of fabrication work of Baht 387 million.

The sale and service of construction machinery segment

In 2018, the Company reported revenue from sales and services at Baht 756 million then decreased to Baht 720 million in 2019. This was mainly because the Company began to operate the decommissioning of oil rigs business in 2017 which was a pilot project of Thailand and already completed in 2018. In addition, there are still many oil rigs which will gradually expire in future, the Company will participate in bidding for those projects according to the schedule of the project owner.

Nevertheless, if considering only the sales and service of construction machinery, it increased by Baht 77 million in 2019 because a subsidiary has secured dealership agreements with John Deere (for Construction machinery) and KATO (for Mobile crane) on top of other current products. This subsidiary received some orders and gradually delivered in late 2018 continuing to the year 2019, resulting in 12% increase in sales of construction machinery and machinery-related services from that of 2018. But due to the high price competition as well as promotional pricing during the product introduction period, gross margin could improve just slightly.

The income from sales and services in 2018 and 2019 can be classified as follows.

Unit: Million Baht	2018	2019	Increase (Decrease)
sales of construction machinery and machinery-related services	630.40	707.41	77.01
Decommissioning of oil rigs services	118.11	-	(118.11)
Income from oil sales	-	4.96	4.96
Other sale and services	7.22	7.44	0.22
Total Income from sales and services	755.73	719.81	(35.92)

The rental of property segment

During the end of 2017, the Company set up a subsidiary company to operate property development and logistics services. By acquisition of land and warehouses with long-term leases, this subsidiary could recognize income immediately for 2 properties located in Lam Luk Ka District, Pathum Thani Province and Bang Pa-in District, Phra Nakhon Si Ayutthaya Province. In October 2018, this subsidiary acquired additional land and warehouse at Bang Bo District, Samut Prakarn Province, also with full occupancy. Later in June 2019, this subsidiary acquired ordinary shares from existing shareholders of Boutique Prakhanong 1 Limited and Boutique Prakhanong 2 Limited in order to acquire the leasehold rights of land, office building and community mall located in Phra Khanong Subdistrict, Khlong Toei District, Bangkok, which have almost full tenants, resulting in the year 2019 of the Group having revenue from rental of property of Baht 249 million, which will be recognized continuously throughout the lease contract period and the gross margin is quite high, with main costs in depreciation of assets.

The community automated gas station segment

The operation in community automated gas station is in the process of purchasing automated gas station, selecting the appropriate installation points and setting up proper management systems. In 2019, the Company started to recognize income of Baht 5 million. The Company is currently reviewing the marketing plan and consider the appropriate installation point before additional investment.

The power plant segments

The waste-to-energy power plant that uses municipal solid waste as fuel in Phetchaburi province was in the process of construction. However, during 2019 the subsidiary has temporarily suspended the construction due to the dispute with the design and construction contractors as discussed in Note 35.6 to the financial statements, resulting in the production and distribution of the electricity failing behind

schedule and the need to rectify the power plant to be fit for purpose and intended use and most importantly, safe for operation.

Other incomes & expenses

In 2019, other incomes were presented at Baht 296 million which more than doubled compared to 2018, from utilization of excess cash to invest in short-term held-to-maturity fixed income instruments which provided higher interest rates compared to market returns. Also, the Company had more income from selling of scrap materials from previously completed projects.

Moreover, the Company was informed of the arbitral award on the dispute with a foreign client counterparty in which the Company was entitled to receive approximately USD 83.3 million for all unpaid invoice amount plus interest and costs amounting to USD 23.5 million as final award. The Company has received full payments in 2019 and therefore recorded the receipt of these amounts in the statement of comprehensive income of the current period with the net revenue of approximately Baht 2,623 million in current year.

During 2019, a subsidiary incurred disputes with main contractors for the design and construction of its municipal waste-to-energy power plant and has now been in the early stage of the arbitration. Nevertheless, management of the Company group have assessed the supporting facts and viewed that this legal dispute should not cause significant damages to this subsidiary and hence no loss provision was set aside. However, due to the delay of the plan to start selling electricity and with cost incurred from necessary operations, including legal fees, this subsidiary reported sharp increase in administrative cost during the year.

The Company reported loss on exchange of Baht 277 million for 2019; Baht 131 million of which was related to the money received from the arbitral award as aforementioned. The remaining loss was due to the mark-to-market concept of the financial reporting standards.

From the above explanation, the Company reported a net profit attributable to equity holders of Baht 2,089 million for the year 2019 which improved substantially compared to net loss of Baht 629 million in 2018.

2. Financial Position

• Assets

At the end of 2019, the Company reported total assets at Baht 12,830 million which increased 18% compared to Baht 10,839 million of 2018. This was mainly due to the increase in cash and current investment from receipt of funds in accordance with the arbitration. And non-current assets increased from additional investment in leasehold rights of land, community mall and offices for rent during 2019.

- Cash and cash equivalent

At the end of 2019, the Company reported cash and current investment at Baht 3,626 million which decreased Baht 1,593 million from 2018, mainly due to the receipt of funds from the arbitration as explained above and then used to pay for trade and other payables in the amount of Baht 800 million, paying interim dividend of Baht 552 million, acquired the ordinary shares of the subsidiaries for property business, acquired fixed assets and used in other operating activities of the Company.

- Trade Accounts Receivable and Unbilled Receivable

According to the Company's business practice, credit terms ranging from 30 — 60 days have been provided to both domestic and overseas customers. Regarding the

policy for provision of doubtful accounts, the management will determine on a case by case basis, taken into consideration track record and financial status of each customer as well as the relevant economic situation. The Company recorded the revenue by percentage of completion whilst the undue revenues were booked as unbilled receivables.

During 2019, the outcome of arbitration was announced as explained in other revenue and expenses part, causing accounts receivable, unbilled receivable and related allowance for doubtful account to be eliminated. The balance are trade accounts and unbilled receivables as normal business.

- Inventory

At the end of 2019, the Company reported inventory at Baht 358 million which increased approximately Baht 25 million from 2018 because the Company increased the purchase of raw materials waiting to be processed according to the production plan of approximately Baht 65 million while a subsidiary was able to sell some of the products in stock, resulting in reduced inventories for sale by approximately Baht 40 million.

- Investment Property and Leasehold Rights of Land

In June 2019, STP&L acquired ordinary shares of 2 companies from existing shareholders as explained in the rental of property segment. The purchase value of the investment property and leasehold rights of land were Baht 469 million and Baht 546 Million, respectively.

- Plant, property and equipment

Although during the year 2019, the fabrication business did not invest much for replacement assets, but the subsidiaries have a construction of waste-to-energy power plant and the initial investments of community oil trading business. As a result, as of 31 December 2019, property, plant and equipment have increased by approximately Baht 34 million.

- Rights to produce and sell electricity

During the current year, a subsidiary has temporarily suspended the construction of waste-to-energy power plant due to the dispute with the design and construction contractors, resulting in the production and distribution of the electricity failing behind schedule and the need to rectify the power plant. The management believed that the effect of the dispute is neither to cause any damages to the subsidiary nor to affect the value the right to produce and sell the electricity from municipal waste and the value of the power plant under construction of the subsidiary. However, the dispute is still under the arbitration process. Therefore, the result of the dispute cannot be determined and depends on future judicial processes.

- **Liabilities**

At the end of 2019, the Company reported total liabilities at Baht 3,740 million, which increased from Baht 3,257 million of that 2018, because of long-term loan from a local bank to invest in investment property and construction of Power Plant as mentioned above.

However, trade and other payables decreased

Baht 705 million from settlement of the suspended payment of subcontractor work in relation to the arbitration after receipt of the award payment from the said counterparty and also decreased from payments to other trade accounts payable due during the year.

- **Shareholders' Equity**

At the end of 2019, shareholders' equity was presented at Baht 8,466 million, increased Baht 1,558 million or 23% from 2018. This increased from operating profit of Baht 2,089 million, other comprehensive income from investments in available-for-sale securities of Baht 21 million and decreased from interim dividend payment of Baht 552 million. There are Non-controlling interests totaling Baht 624 million consisted of Baht 487 million for 40% holding in WPP that was held by WP Green Energy Company Limited ("WPGE") and Baht 137 million for 30% holding in FILL UP by Central Oil Group Company Limited.

- **Company cash flow**

In 2019, net cash flow used in operation activities was reported at Baht 2,411 million because the Company reported profit before tax at Baht 2,040 million which included depreciation and amortization Baht 341 million. The remaining of approximately Baht 30 million are from changes in other assets and liabilities.

For Baht 1,850 million cash flow used in investing activities, it was mainly from investment in the held-to-maturity debt securities, construction of power plant and equipment, and investment in new subsidiaries which was funded by bank loan of Baht 700 million.

Cash flow from financing activities of Baht 135 million was mainly from short term loan from bank as mentioned above and for interim dividend payment of Baht 552 million and payment for liabilities under

finance lease agreements of Baht 13 million.

3. Financial Ratio

- **Current Ratio**

In 2019, current ratio increased from 1.62 times in 2018 to 2.93 times, and quick ratio increased from 1.66 times in 2018 to 2.36 times, mainly due to an increase in cash and current investments from the payment of the aforementioned dispute. The Company paid cash for trade accounts payable resulting in lower current liabilities. At the same time, the Company receipt of additional long-term loans from financial institutions to be used for investing in non-current assets has helped in matching of long-term financing with long-term use and thus results in better liquidity ratios.

- **Profitability Ratio**

In 2019, the Company reported Gross profit from operating at 6.71% which decreased from 11.64% in 2018, mainly due to the lower than full capacity utilization of the plants and various cost in preparation for more work in the following year, the Company still incurred some gross loss from operations and needed to bear the factory overhead expenses not allocated to cost of fabrication work.

In addition, there was loss on exchange rate as well as other higher administrative expenses. However, due to the income from the dispute resolution as mentioned above, net profit margin sharply improved to 45.74%.

4. Audit fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 with the following remunerations:

Audit fee

In 2019, the total auditing fee was Baht 3,680,000 of which Baht 1,300,000 pertained to the Company's auditing fee, and the remaining Baht 2,380,000 was for its affiliated companies which included audit fee for 2 new subsidiaries as per the chart below:

(Unit: Baht)

Year	2017	2018	2019
The Company	1,600,000	1,300,000	1,300,000
Affiliated company	1,370,000	1,690,000	2,380,000
Total	2,970,000	2,990,000	3,680,000

Remarks: In 2017, audit fee of the Company included price purchase allocation of WPP amounted Baht 300,000.

In 2018, audit fee of affiliated company included audit fee of Fill Up amounted Baht 240,000.

In 2019, audit fee of affiliated company included audit fee of St Hill and ST Hub at Baht 220,000 per company and fee for review of the brought forward contracts and accounting balance at Baht 100,000 per company, totaling Baht 640,000.

Non-audit fee

In the fiscal year 2017 - 2019, no other service fee was paid to EY Office Limited.

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2019

The Audit Committee is composed of 3 independent directors:

- 1) Dr. Wicha Jiwalai
Chairman of the Audit Committee
- 2) Pol. Gen.Jate Mongkolhutthi
Audit Committee
- 3) Ms. Sirangrong Chowiwatana
Audit Committee

The Audit Committee has performed their duties and responsibilities as assigned by the Board of Directors in accordance with the Audit Committee Charter in reviewing the Company's financial statements, related transactions, risk management, internal audit system and law compliance. The Audit Committee emphasized that the Company operates in compliance with good corporate governance principal according to the Notification of the Stock Exchange of Thailand on Qualifications and Rules and Responsibilities of the Audit Committee and Best Practice Guidelines for the Audit Committee issued by the Listed Companies Division of the Stock Exchange of Thailand. In 2019, The Audit Committee held 5 meetings discussed with management, internal auditors and meeting with the independent auditor without the management to discuss independently in the essence of the preparation of the financial statements and annual audit plans, of which main activities can be summarized, as follows:

1. Review of the Quarterly Financial Statements and the Annual Financial Statement

The Audit Committee reviewed the Quarterly and Annual Financial Statements and received clarification from the management and the Independent Auditor relating to the accuracy and the completeness of the financial statements, and the adequacy of information disclosure. Therefore, the Audit Committee agreed that the aforesaid financial statements are correct in material respects in accordance with the generally accepted

accounting principles; and the information disclosure in those financial statements is punctual, correct and complete.

2. Review of the Internal Control System

The Audit Committee together with the Internal Auditor reviewed the Company internal control on a regular basis and examined all internal audit reports according to the approved work plans, covering the significant working systems of the Company, including the securities of information system. The Audit Committee agreed that the Company and its subsidiaries have adequate, suitable and updated internal controls. The Audit Committee also urged the management to constantly improve the internal control system and reviewed the Company's risk management and found it to be efficient and effective.

3. Monitoring of the Internal Audit

The Audit Committee considered the work plans, scope of work, independence, manpower, and budgets of the Internal Audit Department to be appropriate and in conformity with the internal audit guidelines of the Stock Exchange of Thailand (SET). The Audit Committee agreed that the Company's internal audit was carried out continuously effectively and on a timely and basis. The Audit Committee realized the significance of the internal audit and therefore given its regular support to the internal audit both in terms of personnel development and guidelines of audit to be in accordance with the prescribed standard.

4. Compliance with the Law and the Government Regulations

The Audit Committee reviewed the compliance with Rules and Regulations of the Securities and Exchange Commission, regulations of the Stock Exchange of

Thailand, the law relating to the Company's business operations; and deemed that there is no significant issue relating to non-compliance with the law, regulations, and other related laws.

5. Review and monitor risk management of the Company's business operations

The Audit Committee reviewed and monitored risk management of the Company's business operations and its subsidiaries. That process included risk identification, risk assessment in term of probability of occurrence and effect to the business operations. Audit Committee agreed that the Company and its subsidiaries have proper strategic plan and procedure to manage the business risk to be minimal.

6. Review and Comments on Related Transactions or those with Potential Conflict of Interest

The Audit Committee agreed with the Independent Auditor that, according to the Regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, no significant related transactions and/or those with potential conflict of interest was found.

7. Self-Performance Appraisal

To comply with the best practices guidelines for the Audit Committee, the Audit Committee conduct the self-performance appraisal annually. In 2019, the self-performance appraisal result of the Audit Committee can be summarized that the Audit Committee has performed its duties fully according to its Charter and complied with the best practice guidelines for the Audit Committee, which will result in effective implementation of the rules of good corporate governance and report the result to the Board of Directors to acknowledgement.

8. Selection, Nomination, and Remuneration of the Independent Auditor

The selection, nomination and remuneration of the Independent Auditor of 2019 shall be proposed for the Board of Directors to request for approval in the Annual General Meeting (AGM) 2019, whereas, the Audit Committee considered work performance, independence, and appropriateness of the remuneration, which shall not be contrary to the Notification of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand governing the circulation of auditors. Therefore, it is deemed expedient to appoint the certified public accountants of EY Office Limited as the Company's Independent Auditor of 2019, with a total remuneration of Baht 1,300,000.

In 2019, the Audit Committee held meetings with the Independent Auditor of EY Office Limited to review and make an inquiry relating to the appropriateness of the set-aside provisions and allowances and the company's accounting policy. The Audit Committee inquired and received the clarification from the Independent Auditor, which can be summarized that the Company has its accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards. Moreover, the Independent Auditor also asked the company to evaluate the impact of the new financial reporting standards which will be effective in 2020.

9. Reporting of the Resolution of the Board of Directors

The Audit Committee reported all minutes of its meetings and the internal audit appraisal to the Board of Directors in accordance with the guidelines of best practices of the Audit Committee.

10. Review and update the Charter of the Audit Committee

The Audit Committee meeting approved the revision of the Audit Committee Charter and the Internal Audit Department Charter, and proposed to the Board of Directors for approval on 6 December 2019. There is an amendment to the content to be appropriate and covers the current duties of the Audit Committee.

In summary, the Audit Committee performed its duties fully in accordance with its Charters approved by the

Board of Directors. The Audit Committee gave opinion that the Company has implemented its good corporate governance practice, prepared its financial statements in accordance with Thai Financial Reporting Standards, disclosed the correct, complete, and adequate information in the financial report, provided its appropriate internal control, adhered to the business ethics, and complied with the rules, regulations, and related laws, thus, in conformity with the Notification of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).



Dr. Wicha Jiwalai
Chairman of the Audit Committee

REPORT OF BOARD OF DIRECTOR ON THE COMPANY'S FINANCIAL STATEMENT

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year ended 31 December 2019 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in a transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from EY Office Limited has audited the financial statements and issued an unqualified opinion on them.

The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems and appropriate and efficient corporate governance to ensure that accounting records are accurate, reliable, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations. In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible

for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report. Members of the board have assessed the performance of the board as a whole and on an individual basis at least once a year. The Corporate Secretary has to keep all records of the performance evaluation for reference and for the benchmark in the next year.

The Board of Directors is of the opinion in the Board of Directors Meeting No. 2/2020 dated 11th March 2020, that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2019 are reliable and in compliance with Thai Financial Reporting Standards as well as the related laws and regulations.

The Company's Board of Directors is Confident that financial reporting arises from the duty of care by verifying all aspects of the Company's important information and details for the mat benefil of all relevant parties

Board of Directors

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of STP&I Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of STP&I Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of STP&I Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STP&I Public Company Limited and its subsidiaries and of STP&I Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of matters

- a) I draw attention to Note 9 to the financial statements. During the current year, the Company was notified of the outcome of a dispute over a call for a contractor counterparty to make payment of outstanding amounts for work on a project overseas. The arbitral tribunal's award instructed the counterparty to pay the Company all unpaid amounts per the contract, in the amounts claimed by the Company and dismissed the counterparty's counterclaim for damages entirely. In addition, the Company was informed of the decision on interest and costs submitted to the arbitration tribunal which is the final award of this arbitration. The counterparty has already made full payment to the Company in accordance with the award.
- b) I draw attention to Notes 19 and 35.6 to the financial statements. During the current year, the subsidiary was involved in the dispute with the contractor hired for the design and construction of the waste-to-energy plant and a civil lawsuit brought by another building contractor. The dispute and lawsuit are under consideration of the arbitral tribunal and the civil court.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue and costs from fabrication work

The Company has disclosed its policy on recognition of revenue and costs from fabrication work in Note 4.1 to the financial statements. I focused my audit on revenue recognition and estimation of budget costs and possible losses from fabrication work, because the processes of measurement, determination of the appropriate timing of revenue and cost recognition, and the possible losses, are areas requiring management to exercise significant judgment in assessing the percentage of completion (with reference to estimates made by project engineers), estimating service costs throughout the project, assessing the probability of loss and measuring possible loss. Therefore, there are risks with respect to the amount and timing of the recognition of revenue and costs and the estimation of possible losses from fabrication work.

I assessed and gained an understanding of the methods and procedures used by the Company to evaluate the percentage of completion, estimate total costs throughout the project and estimate possible losses. I tested the Company's key internal controls relevant to revenue recognition from fabrication work, estimation of budget costs and recognition of construction materials, labor and subcontract work and overhead costs. I also reviewed the rationale for the conclusion reached through a comparison of the percentage of completion, with reference to the estimates made by the project engineer, to the ratio of up-to-date actual costs and budgets throughout the project. I examined actual costs by checking related documents, on a sampling basis. Moreover, I evaluated the estimation of possible losses by the management through an analysis of the ratio of actual costs to budgeted costs by significant cost components. I also performed an analytical review on increases and decreases in the revenues and gross margins from provision of services by project.

Impairment of rights to produce and sell electricity from municipal waste and power plant under construction

As discussed in Note 19 to the financial statements, during the current year, the subsidiary temporarily suspended the construction of a waste-to-energy plant due to the dispute with the design and construction contractors, resulting in the production and distribution of the electricity falling behind schedule. The Group has rights to produce and sell the electricity from municipal waste in the consolidated financial statements as of 31 December 2019 amounting to Baht 934 million and the net book value of the power plant under construction as of 31 December 2019 amounting to Baht 1,418 million, presented in property, plants and equipment in the consolidated financial statements. I focused my audited on the impairment of rights to produce and sell electricity

from municipal waste and power plant under construction of the Group since this account requires judgement of the management involved in the consideration of disputes and forecast of the future performance of assets, including the determination of discount rates and significant assumptions which cause a risk relating to the allowance for impairment of the account.

I inquired the management and the legal department of the Group regarding the resolution of disputes, reviewed relevant contractual conditions to gain an understanding of the disputes and sent a confirmation letter to the subsidiary's external legal counsel seeking a report on the disputes. I assessed their knowledge, ability, independence and expertise in accordance with relevant audit standards. In addition, I tested significant assumptions applied by the management in preparing estimates of cash flows expected to be realised from the assets in the future, by comparing those assumptions to information from both internal and external sources of the Group, in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rates applied by the management through analysis of the weighted average cost of capital of the entity and industry, and tested the calculation of the realisable values of the assets using the selected financial models.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 24 February 2020

STATEMENT OF FINANCIAL POSITION

STP&I Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Current assets					
Cash and cash equivalents	7	1,065,969,057	370,733,393	951,330,130	214,473,555
Current investments	8	2,559,617,789	1,661,974,237	2,194,621,812	1,205,144,918
Trade and other receivables	9	126,244,649	1,007,011,679	63,901,167	793,230,783
Unbilled receivables	10	229,203,260	74,510,644	229,203,260	74,510,644
Retention receivables	10	9,040,374	3,369,998	9,040,374	3,369,998
Short-term loans to subsidiaries	6	-	-	390,000,000	763,000,000
Current portion of long-term loan to subsidiaries	6	-	-	40,000,000	45,000,000
Work in progress		25,753,080	15,660,140	25,753,080	15,660,140
Inventories	11	358,373,960	332,569,728	87,517,425	22,376,554
Advances payment to suppliers and contractors		12,860,688	28,268,106	3,738,142	730,260
Other current assets	12	215,458,016	152,265,816	85,996,877	45,484,129
Total current assets		4,602,520,873	3,646,363,741	4,081,102,267	3,182,980,981
Non-current assets					
Restricted bank deposits	13	1,077,800,550	1,045,576,077	1,057,196,150	1,040,980,100
Investments in subsidiaries	14	-	-	946,761,170	946,761,170
Other long-term investments	15	275,393,223	285,371,682	275,312,861	285,291,320
Long-term loan to subsidiaries - net of current portion	6	-	-	967,800,000	40,000,000
Long-term loan to other company	16	80,000,000	-	80,000,000	-
Advances payment to contractor under construction agreement		52,358,356	76,985,232	-	-
Investment properties	17	2,210,795,527	1,775,902,827	29,498,000	29,498,000
Property, plant and equipment	18	2,752,763,691	2,719,122,470	918,525,702	1,044,399,887
Goodwill		22,033,990	22,033,990	-	-
Rights to produce and sell electricity from municipal waste	19	933,828,539	933,828,539	-	-
Intangible assets - Petty patent and intellectual property	20	165,175,921	185,495,843	-	-
Leasehold rights - land	21	537,768,320	-	-	-
Other intangible assets		9,895,326	5,527,164	7,622,483	4,888,162
Deferred tax assets	29	56,222,781	46,113,474	47,183,135	46,113,474
Other non-current assets		53,533,051	97,138,427	15,234,999	15,176,059
Total non-current assets		8,227,569,275	7,193,095,725	4,345,134,500	3,453,108,172
Total assets		12,830,090,148	10,839,459,466	8,426,236,767	6,636,089,153

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

STP&I Public Company Limited and its subsidiaries
As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	22	775,000,000	912,000,000	-	382,000,000
Trade and other payables	23	440,088,574	1,145,141,454	162,917,284	606,644,546
Unbilled payables		5,798,777	7,107,052	5,798,777	7,107,052
Advances received from customers	10	23,647,021	14,898,398	10,419,250	3,923,671
Rental revenue received in advance		41,947,970	62,549,780	-	-
Current portion of long-term loans from financial institutions	24	228,385,710	54,000,000	144,000,000	-
Current portion of liabilities under finance lease agreements		19,453,293	2,044,011	1,209,487	353,566
Income tax payable		2,508,035	-	-	-
Short-term provisions		-	3,719,795	-	-
Other current liabilities		35,015,507	44,751,635	14,604,092	15,833,374
Total current liabilities		1,571,844,887	2,246,212,125	338,948,890	1,015,862,209
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	24	1,826,700,006	740,800,000	836,000,000	-
Liabilities under finance lease agreements - net of current portion		38,701,224	3,290,727	4,817,087	1,417,433
Provision for long-term employee benefits	25	41,239,695	33,237,353	37,626,503	30,188,821
Deferred tax liabilities	29	188,191,206	195,504,415	-	-
Deposit from long-term lease agreements		69,607,761	34,706,460	-	-
Other non-current liabilities		3,346,820	2,867,446	2,582,700	2,582,700
Total non-current liabilities		2,167,786,712	1,010,406,401	881,026,290	34,188,954
Total liabilities		3,739,631,599	3,256,618,526	1,219,975,180	1,050,051,163

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

STP&I Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Shareholders' equity					
Share capital	27				
Registered					
1,624,838,400 ordinary shares of Baht 0.25 each					
(2018: 1,625,188,400 shares of Baht 0.25 each)		406,209,600	406,297,100	406,209,600	406,297,100
Issued and fully paid up					
1,624,831,478 ordinary shares of Baht 0.25 each					
(2018: 1,625,181,478 shares of Baht 0.25 each)		406,207,870	406,295,370	406,207,870	406,295,370
Premium on ordinary shares		1,356,908,662	1,356,908,662	1,356,908,662	1,356,908,662
Premium on treasury shares		96,309,692	99,327,356	96,309,692	99,327,356
Retained earnings					
Appropriated - statutory reserve	26	40,629,710	40,629,710	40,629,710	40,629,710
Appropriated - treasury shares reserve	27	-	3,105,164	-	3,105,164
Unappropriated		6,522,311,753	4,982,279,406	5,262,303,037	3,660,453,483
Treasury shares	27	-	(3,105,164)	-	(3,105,164)
Other components of shareholders' equity		43,902,616	22,423,409	43,902,616	22,423,409
Equity attributable to owners of the Company		8,466,270,303	6,907,863,913	7,206,261,587	5,586,037,990
Non-controlling interests of the subsidiaries		624,188,246	674,977,027	-	-
Total shareholders' equity		9,090,458,549	7,582,840,940	7,206,261,587	5,586,037,990
Total liabilities and shareholders' equity		12,830,090,148	10,839,459,466	8,426,236,767	6,636,089,153

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

STATEMENT OF COMPREHENSIVE INCOME

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenues from fabrication work		549,315,216	325,996,638	549,315,216	338,419,311
Sales and services income		719,809,467	755,721,558	5,286,081	122,159,170
Revenue from rental of property		248,707,402	106,575,533	-	-
Revenues from fabrication work recognised the remaining contract value received in accordance with the arbitral award	9	843,117,815	-	843,117,815	-
Interest income and cost received in accordance with the arbitral award	9	715,986,026	-	715,986,026	-
Other income					
Interest income		110,035,861	47,291,504	159,703,870	77,320,955
Gain on exchange		-	6,898,129	-	14,078,642
Dividend income		23,654,470	24,818,252	23,654,470	24,818,252
Others		162,424,612	77,146,885	161,770,772	87,468,486
Total revenues		3,373,050,869	1,344,448,499	2,458,834,250	664,264,816
Expenses					
Cost of fabrication work		636,360,547	342,802,712	637,604,070	357,212,650
Factory overhead expenses not allocated to cost of fabrication work		386,546,198	401,619,525	386,546,198	401,619,525
Cost of sales and services		646,504,928	664,377,262	2,984,190	89,653,890
Cost of rental of property		133,126,125	42,756,264	-	-
Selling and distribution expenses		16,993,780	15,575,942	-	-
Administrative expenses		342,713,435	391,720,586	151,488,839	301,979,400
Loss on exchange		277,202,427	-	293,395,750	-
Duty penalties expenses	35.7	-	60,438,104	-	60,438,104
Total expenses		2,439,447,440	1,919,290,395	1,472,019,047	1,210,903,569
Reversal of allowance for doubtful debt	9	1,194,923,069	-	1,194,923,069	-
Profit (loss) before finance cost and income tax		2,128,526,498	(574,841,896)	2,181,738,272	(546,638,753)
Finance cost		(88,769,576)	(34,829,879)	(36,990,676)	(4,353,887)
Profit (loss) before income tax		2,039,756,922	(609,671,775)	2,144,747,596	(550,992,640)
Income tax benefit (expenses)	29	(1,175,851)	(38,003,236)	6,439,463	(33,217,378)
Profit (loss) for the year		2,038,581,071	(647,675,011)	2,151,187,059	(584,210,018)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Investments in available-for-sale securities					
Adjustment - reclassification as gain (loss) due to sale					
- net of income tax		278,213	(267,035)	278,213	(267,035)
Gain (loss) on change in value of available-for-sale investments - net of income tax		21,200,994	(20,067,766)	21,200,994	(20,067,766)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		21,479,207	(20,334,801)	21,479,207	(20,334,801)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain - net of income tax		-	5,957,206	-	4,136,729
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	5,957,206	-	4,136,729
Other comprehensive income for the year		21,479,207	(14,377,595)	21,479,207	(16,198,072)
Total comprehensive income for the year		2,060,060,278	(662,052,606)	2,172,666,266	(600,408,090)

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

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit (loss) attributable to:					
Equity holders of the Company		2,089,369,852	(629,379,163)	2,151,187,059	(584,210,018)
Non-controlling interests of the subsidiaries		(50,788,781)	(18,295,848)		
		2,038,581,071	(647,675,011)		
Total comprehensive income attributable to:					
Equity holders of the Company		2,110,849,059	(643,756,758)	2,172,666,266	(600,408,090)
Non-controlling interests of the subsidiaries		(50,788,781)	(18,295,848)		
		2,060,060,278	(662,052,606)		
Earnings per share					
	30				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		1.29	(0.39)	1.32	(0.36)

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

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

Consolidated financial statements												(Unit: Baht)
Equity attributable to owners of the Company												
	Retained earnings				Other components of equity		Surplus on		Equity attributable			
	Appropriated		Treasury		changes in value of		available-for-sale		investments		Total	
	Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Statutory reserve	Unappropriated	Treasury shares	Total equity attributable to owners of the Company	to non-controlling interests of the subsidiaries				
	406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	5,605,701,363	(3,105,164)	42,758,210	7,551,620,671	543,272,875	8,094,893,546	
Balance as at 1 January 2018												
Profit (loss) for the year	-	-	-	-	-	(629,379,163)	-	-	(629,379,163)	(18,295,848)	(647,675,011)	
Other comprehensive income for the year	-	-	-	-	-	5,957,206	-	(20,334,801)	(14,377,595)	-	(14,377,595)	
Total comprehensive income for the year	-	-	-	-	-	(623,421,957)	-	(20,334,801)	(643,756,758)	(18,295,848)	(662,052,606)	
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	150,000,000	150,000,000	
Balance as at 31 December 2018	406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	4,982,279,406	(3,105,164)	22,423,409	6,907,863,913	674,977,027	7,582,840,940	
Balance as at 1 January 2019												
Profit (loss) for the year	-	-	-	-	-	2,089,369,852	-	-	2,089,369,852	(50,788,781)	2,038,581,071	
Other comprehensive income for the year	-	-	-	-	-	-	-	21,479,207	21,479,207	-	21,479,207	
Total comprehensive income for the year	-	-	-	-	-	2,089,369,852	-	21,479,207	2,110,849,059	(50,788,781)	2,060,060,278	
Written off treasury shares	27 (87,500)	-	(3,017,664)	-	(3,105,164)	3,105,164	3,105,164	-	-	-	-	
Dividend paid	33	-	-	-	-	(552,442,669)	-	-	(552,442,669)	-	(552,442,669)	
Balance as at 31 December 2019	406,207,870	1,356,908,662	96,309,692	40,629,710	-	6,522,311,753	-	43,902,616	8,466,270,303	624,188,246	9,090,458,549	

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

Separate financial statements											(Unit: Baht)
	Note	Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings			Treasury shares	Surplus on changes in value of available-for-sale investments	Other components of equity Other comprehensive income	
					Statutory reserve	Appropriated	Unappropriated				

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

(Unit: Baht)

CASH FLOW STATEMENT

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from (used in) operating activities				
Profit (loss) before tax	2,039,756,922	(609,671,775)	2,144,747,596	(550,992,640)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	341,129,200	306,010,577	154,411,196	209,591,918
Reversal of allowance for doubtful accounts	(1,193,791,586)	(171,503)	(1,194,923,069)	-
Doubtful debt	260,940	-	260,940	-
Reduction of inventory cost to net realisable value	6,285,457	140,739	2,598,961	1,837,478
Gain on sales of equipment	(6,792,403)	(365,890)	(1,076,521)	(629,042)
Loss (gain) on sales of investments in trading securities	(14,480,811)	1,226,841	(10,542,486)	3,256,265
Unrealised loss on valuation of current investments	7,190,394	10,245,463	9,849,735	11,432,780
Gain on sales of investments in available-for-sale securities	(170,965)	(68,031)	(170,965)	(68,031)
Dividend received from investments in available-for-sale securities	(16,979,893)	(15,841,105)	(16,979,893)	(15,841,105)
Duty penalties expenses	-	60,438,104	-	60,438,104
Short-term provisions (reversal)	(3,719,795)	726,308	-	-
Provision for long-term employee benefits	12,156,758	3,220,106	11,023,988	2,641,153
Loss from redemption of held-to-maturity debt securities	-	4,214,323	-	4,214,323
Realised gain on foreign exchange from redemption of held-to-maturity debt securities	-	(2,405,530)	-	(2,405,530)
Unrealised loss (gain) on foreign exchange	14,935,551	(6,690,760)	18,706,208	(5,460,425)
Interest income	(49,209,818)	(18,618,110)	(99,261,264)	(49,249,164)
Interest expenses	85,254,926	32,393,489	35,854,898	3,689,200
Profit (loss) from operating activities before changes in operating assets and liabilities	1,221,824,877	(235,216,754)	1,054,499,324	(327,544,716)
Operating assets (increase) decrease				
Current investment - trading securities	138,177,623	369,771,212	20,101,787	508,503,361
Trade and other receivables, unbilled receivables and retention receivables	2,039,564,905	(238,910,369)	1,865,041,701	(69,922,933)
Work in progress	(10,092,940)	(14,609,310)	(10,092,940)	(13,777,561)
Inventories	(32,089,690)	(197,156,693)	(67,739,832)	(2,930,354)
Other current assets	(24,681,240)	(100,553,374)	(35,259,277)	(7,067,846)
Other non-current assets	33,879,758	(50,060,046)	(58,940)	(144,499)
Operating liabilities increase (decrease)				
Trade and other payables	(800,444,907)	321,481,368	(448,131,818)	(104,473,073)
Unbilled payables	(1,308,275)	(10,988,982)	(1,308,275)	(10,988,982)
Advance received from customers	8,748,623	4,859,961	6,495,579	(2,790,691)
Construction revenue received in advance	-	(4,388,319)	-	(4,388,319)
Provision for long-term employee benefits	(4,154,416)	(7,735,496)	(3,586,306)	(6,915,329)
Cash paid of duty penalties expenses	-	(84,997,457)	-	(84,997,457)
Other current liabilities	(13,492,408)	5,325,118	(1,229,281)	3,120,397
Rental revenue received in advance	(20,601,810)	62,549,780	-	-
Deposit from long-term lease agreements	34,901,301	7,446,360	-	-
Other non-current liabilities	(52,081,874)	2,140,717	-	2,582,700
Cash flows from (used in) operating activities	2,518,149,527	(171,042,284)	2,378,731,722	(121,735,302)
Interest paid	(83,997,368)	(31,702,971)	(35,678,642)	(3,659,323)
Cash received from withholding tax refundable	1,554,186	5,229,516	-	-
Cash paid for income tax	(24,996,236)	(18,580,849)	(8,769,467)	(5,014,087)
Net cash flows from (used in) operating activities	2,410,710,109	(216,096,588)	2,334,283,613	(130,408,712)

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

CASH FLOW STATEMENT (CONTINUED)

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from (used in) investing activities				
Increase in restricted bank deposits	(105,001,751)	(78,414,157)	(88,993,328)	(76,878,180)
Cash paid for short-term loan to subsidiaries	-	-	(407,000,000)	(673,000,000)
Cash received from repayment of short-term loan to subsidiary	-	-	17,000,000	450,000,000
Cash paid for long-term loan to subsidiaries	-	-	(204,800,000)	-
Cash received from repayment of long-term loan to subsidiary	-	-	45,000,000	-
Cash paid for long-term loan to other company	(80,000,000)	-	(80,000,000)	-
Acquisition of investments in available-for-sale securities	(81,643,757)	(16,374,429)	(81,643,757)	(16,374,429)
Cash received from sales of investments in available-for-sale securities	35,136,419	16,785,302	35,136,419	16,785,302
Acquisition of held-to-maturity debt securities	(1,079,283,243)	(393,643,067)	(1,002,967,179)	(354,826,700)
Cash received from redemption of held-to-maturity debt securities	140,625,100	663,134,707	80,625,100	663,134,707
Increase in investment in subsidiary	-	-	-	(789,000,000)
Acquisition of investments in subsidiaries (Note 14)	(492,449,598)	-	-	-
Proceeds from sales of equipment	17,845,241	1,299,079	2,488,232	1,557,166
Acquisition of investment property	(72,871,210)	(515,805,253)	-	-
Acquisition of property, plant and equipment	(138,401,228)	(671,629,988)	(18,160,914)	(6,469,934)
Advance payment to contractors for power plant construction	(7,405,865)	(47,232,360)	-	-
Acquisition of intangible assets - Petty patent and intellectual property	-	(187,500,000)	-	-
Acquisition of other intangible assets	(6,951,689)	(3,960,085)	(4,483,915)	(3,911,986)
Dividend received from investments in available-for-sale securities	17,362,238	15,841,105	17,362,238	15,841,105
Interest income	2,637,016	19,526,481	48,997,747	51,961,003
Net cash flows used in investing activities	(1,850,402,327)	(1,197,972,665)	(1,641,439,357)	(721,181,946)
Cash flows from (used in) financing activities				
Increase in short-term loans from financial institution	775,000,000	62,000,000	-	382,000,000
Decrease in short-term loans from financial institution	(912,000,000)	-	(382,000,000)	-
Cash received from long-term loans from financial institution	1,445,000,000	820,000,000	1,100,000,000	-
Repayment of long-term loans from financial institution	(459,402,296)	(25,200,000)	(120,000,000)	-
Repayment of long-term loans from former shareholders of subsidiaries	(148,043,347)	-	-	-
Cash paid for liabilities under finance lease agreements	(13,712,043)	(8,012,586)	(2,073,249)	(2,119,599)
Dividend paid	(551,914,432)	(14,356)	(551,914,432)	(14,356)
Increase in non-controlling interests of the subsidiary	-	150,000,000	-	-
Net cash flows from financing activities	134,927,882	998,773,058	44,012,319	379,866,045
Net increase (decrease) in cash and cash equivalents	695,235,664	(415,296,195)	736,856,575	(471,724,613)
Cash and cash equivalents at beginning of year	370,733,393	786,029,588	214,473,555	686,198,168
Cash and cash equivalents at end of year	1,065,969,057	370,733,393	951,330,130	214,473,555
Supplemental cash flows information				
Non-cash transactions				
Increase in accounts payable - purchase of property, plant and equipment	25,482,601	3,565,253	3,885,647	2,072,467
Increase (decrease) in accounts payable - purchase of investment properties	(13,910,000)	13,910,000	-	-
Transfer advance payment to contractors for power plant construction to property, plant and equipment	32,032,741	6,247,128	-	-
Assets acquired under finance lease agreements	65,685,701	5,413,992	6,152,567	3,860,721
Decrease in deferred gain from sale-leaseback of equipment	-	13,711	-	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2019

1. General information

STP&I Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in steel fabrication work, and the manufacture of boilers and pressure vessels. The registered office of the Company is at 32/24, 3rd Floor Sino-Thai Tower, Sukhumvit 21 Road, Kwaeng Klongtoey Nua, Khet Wattana, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of STP&I Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<u>Held by the Company</u>				
STIT Company Limited	Manufacture, sale and rental of construction equipment	Thailand	100	100
STP&I Services Company Limited	Construction services	Thailand	100	100
ST Property and Logistics Company Limited	Property development and logistics services	Thailand	100	100
Fill Up Network Company Limited	Community automated gas station	Thailand	70	70

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<u>Held by subsidiary companies</u>				
STIT 2011 Company Limited	Sale and rental of construction equipment	Thailand	100	100
WPGE Phetchaburi Company Limited	Production and distribution of electricity generated from waste and municipal solid waste management	Thailand	60	60
ST Hill Company Limited (formerly known as “Boutique Prakanong 1 Limited”)	Property development	Thailand	100	-
ST Hub Company Limited (formerly known as “Boutique Prakanong 2 Limited”)	Property development	Thailand	100	-

During the current year, ST Property and Logistics Company Limited, a subsidiary, made an additional investing in property development businesses on the acquisition of the ordinary shares from existing shareholders of ST Hill Company Limited and ST Hub Company Limited (formerly known as "Boutique Prakanong 1 Limited" and "Boutique Prakanong 2 Limited", respectively). The investment represents 100 percent of the registered capital, as described in Note 14 to the financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenues and expenses recognition

a) Revenues

Revenues from fabrication work

The Company has determined that the fabrication work generally have one performance obligation. The Company recognises revenue from fabrication work over time where the stage of completion is measured using an output method, based on information provided by project engineers or project managers.

The likelihood of contract variations, claims and liquidated damages, delays in delivery or contractual penalties is taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The recognised revenue which is not yet due per the contracts has been presented under the caption of “Unbilled receivables” in the statements of financial position. The amounts recognised as contract assets are reclassified to trade receivables when the Company’s right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer is presented under the caption of “Advance received from customers” in the statement of financial position. Contract liabilities are recognised as revenue when the Company performs under the contract.

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Rental income

Income from rental of property is recognised on an accrual basis, calculate under the straight-line method over the lease term. Income from rental of equipment is recognised on an accrual basis.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the rights to receive the dividends is established.

b) Expenses*Costs of fabrication work*

Costs of fabrication work are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the recorded costs on the percentage of work completed based on the estimated cost and the actual costs are presented as current assets or current liabilities in the statements of financial position.

Other expenses

Other expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Balances of contracts with customers

Contract assets

A contract asset is the excess of cumulative revenue earned over the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional (i.e. services are completed and delivered to the customer).

Trade receivables

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Contract liabilities

A contract liability is recognised when the billings to date exceed the cumulative revenue earned and the Company has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when the Company fulfil its performance obligations under the contracts.

4.4 Inventories

Finished goods are valued at the lower of cost (under the specific method) and net realisable value. Cost includes all acquiring costs.

Spare parts and factory supplies are valued at the lower of cost (under the first-in first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiary companies are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 35 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land.

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

4.7 Property, plant and equipment/Depreciation

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

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

Land improvements	10, 20 years
Buildings and construction	5, 10, 20 years
Machinery, tools and construction equipment	3 - 15 years
Office equipment, furniture and fixtures	3, 5 years
Motor vehicles	5 years

Depreciation of construction on lease land is calculated by reference to its cost on a straight-line basis over the lease period which is shorter than the asset's useful live.

Depreciation is included in determining income.

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

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

4.8 Rights to produce and sell electricity from municipal waste and amortisation

Rights to produce and sell electricity from municipal waste acquired in a business combination were measured initially at their acquisition-date estimated fair values. Subsequent to initial recognition, rights to produce and sell electricity from municipal waste has been stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

Amortisation of rights to produce and sell electricity from municipal waste is calculated by reference to cost on a straight-line basis over estimated economic useful life (estimated around 25 years), recognition of amortisation begins from the date on which the subsidiary first produces and sells electricity. The Group reviews assets for impairment whenever events or changes in circumstances indicate that an asset may be impaired, and reviews the amortisation period and the amortisation method used for rights to produce and sell electricity from municipal waste at least every year end. Amortisation is recognised as an expense in profit or loss.

4.9 Leasehold rights - land

Leasehold rights - land are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation is calculated by reference to cost on a straight-line basis over the lease period.

The amortisation is included in determining to profit or loss.

4.10 Intangible assets

Petty patent, and intellectual property and other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Petty patent, and intellectual property and other intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Petty patent and intellectual property	9 years
Computer software	5 years

4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Related party transactions

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

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

4.13 Long-term leases

Leases of motor vehicles, machinery and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over their useful life.

Lease of property and plant which do not transfer substantially all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit or loss.

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

4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.19 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

4.20 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealised gains and losses from the translation are included in determining profit or loss. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Revenue from fabrication work

The Group recognises revenue from fabrication work over time taking into account the stage of completion. The management has exercised judgement in measuring the progress towards satisfaction of the performance obligation, with reference to information provided by project engineers or project managers and relying on their expertise and past experience.

Estimated construction project costs

The Company estimates costs of construction projects based on details of the work, taking into account the volume and value of materials to be used in the project, and the design costs, labor costs, subcontracting costs and other related costs to be incurred to completion of service, as well as the direction of movement of these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on projects

Management applied judgement in estimating the losses they expect to be realised on each project, based on actual costs incurred to date, the progress of construction, the status of the project, any fluctuations in costs of materials and labour, the current situation and relevant information regarding warranties and claims on the contracted works.

Fair value of financial instruments

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

Allowance for doubtful accounts and unbilled receivables

In determining an allowance for doubtful accounts for account receivables and unbilled receivables, the management needs to make judgements and estimates based upon current circumstances, relevant dispute and relevant information regarding the financial position of each project customer, among other things.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Impairment of rights to produce and sell electricity from municipal waste

The management review impairment of rights to produce and sell electricity from municipal waste when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The disclosure of fair value of investment property require management to make estimates the fair value by an independent appraiser. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

Deferred tax assets

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

Dispute and litigation

The Group has contingent liabilities as a result of dispute and litigation. The Group's management has used judgement to assess of the results of the dispute and litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate financial		Transfer Pricing policy
	financial statements		statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues from fabrication work	-	-	-	12	Contract price
Revenue from sales and services	-	-	3	3	Market price or contract price
Cost of fabrication work	-	-	-	13	Market price or contract price
Interest income	-	-	53	31	2.7% - 4.5% per annum
Other income	-	-	11	12	Contract price
<u>Transactions with related companies</u>					
Revenue from sales and services	220	291	-	-	Market price or contract price
Other income	-	1	-	1	Contract price
Rental and service expenses	10	12	6	6	Contract price

The balances of the accounts as at 31 December 2019 and 2018, between the Company and those related companies are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries				
STIT Company Limited	-	-	258	1,585
STIT 2011 Company Limited	-	-	21	13
STP&I Services Company Limited	-	-	112	681
ST Property and Logistics Company Limited	-	-	1,058	87
WPGE Phetchaburi Company Limited	-	-	11,725	4,981
Fill Up Network Company Limited	-	-	1,523	340
Related companies				
Sino-Thai Engineering and Construction	7,702	10,407	-	-
Public Company Limited				
Wisdom Services Company Limited	-	125,351	-	-
Total trade and other receivables - related parties	<u>7,702</u>	<u>135,758</u>	<u>14,697</u>	<u>7,687</u>
<u>Trade and other payables - related parties (Note 23)</u>				
Subsidiaries				
STIT Company Limited	-	-	52	249
STP&I Services Company Limited	-	-	-	3,845
WPGE Phetchaburi Company Limited	-	-	5	-
Related company				
Central Oil Group Company Limited	54	100	-	-
Total trade and other payables - related parties	<u>54</u>	<u>100</u>	<u>57</u>	<u>4,094</u>

Loans to subsidiaries

As at 31 December 2019 and 2018, the balance of loans between the Group and the movement are as follows:

(Unit: Thousand Baht)			
	Separate financial statements		
	Balance as at		Balance as at
	31 December	Increase	31 December
	2018	during the year	2019
Short-term loans to subsidiaries			
WPGE Phetchaburi Company Limited	763,000	-	(763,000)
ST Property and Logistics Company Limited	-	407,000	(17,000)
Total short-term loans to subsidiaries	763,000	407,000	(780,000)
Long-term loan to subsidiaries			
WPGE Phetchaburi Company Limited	-	967,800	-
STIT Company Limited	85,000	-	(45,000)
Total	85,000	967,800	(45,000)
Less: Current portion	(45,000)		
Long-term loan to subsidiaries, net of current portion	40,000		

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2019	2018
Short-term employee benefits	45,947	32,655
Post-employment benefits	1,487	860
Other long-term benefits	12	4
Total	47,446	33,519

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	505	616	32	59
Bank deposits	1,065,464	370,117	951,298	214,415
Total	<u>1,065,969</u>	<u>370,733</u>	<u>951,330</u>	<u>214,474</u>

As at 31 December 2019, bank deposits carried interests between 0.05 and 1.74 percent per annum (2018: between 0.05 and 1.40 percent per annum).

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Fixed deposit	-	12,966	-	12,966
Investments in trading securities - Fair value	1,203,953	1,342,181	897,811	924,562
Investments in held-to-maturity debt securities - due within one year	1,138,769	89,210	1,079,915	50,000
Investments in available-for-sale securities - Cost	221,610	224,337	221,610	224,337
Differences exchange rate	(18,946)	(4,719)	(18,946)	(4,719)
Surplus (deficit) on changes in value of investments	14,232	(2,001)	14,232	(2,001)
Investments in available-for-sale securities - Fair value	216,896	217,617	216,896	217,617
Total	<u>2,559,618</u>	<u>1,661,974</u>	<u>2,194,622</u>	<u>1,205,145</u>

During the year 2019, the Company sold available-for-sale securities with book values totaling Baht 34 million (2018: Baht 17 million) and recognised gain on the sales amounting to Baht 0.1 million (2018: Baht 0.1 million) (after tax) in profit or loss. This amount included gain transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.3 million (2018: Baht 0.3 million) (after tax).

During the year 2019, the Company received dividend from investments in available-for-sale securities of Baht 1 million (2018: Baht 1 million).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	5,530	116,880	-	3,143
Past due				
Up to 3 months	1,884	17,012	-	-
3 - 6 months	-	1,257	-	-
6 - 12 months	-	529	-	-
Total trade receivables - related parties	<u>7,414</u>	<u>135,678</u>	<u>-</u>	<u>3,143</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	51,102	60,023	25,532	28,825
Past due				
Up to 3 months	7,588	47,095	42	15,353
3 - 6 months	5,445	6,699	-	7
6 - 12 months	8,759	875	-	36
Over 12 months	5,531	1,445,153	48	1,444,941
Total	<u>78,425</u>	<u>1,559,845</u>	<u>25,622</u>	<u>1,489,162</u>
Less: Allowance for doubtful debts	<u>(1,353)</u>	<u>(722,506)</u>	<u>(5)</u>	<u>(722,289)</u>
Total trade receivables - unrelated parties, net	<u>77,072</u>	<u>837,339</u>	<u>25,617</u>	<u>766,873</u>
Total trade accounts receivables - net	<u>84,486</u>	<u>973,017</u>	<u>25,617</u>	<u>770,016</u>
<u>Other receivables</u>				
Other receivables and advance to related parties	-	-	3,229	3,264
Other receivables and advance to unrelated parties	5,225	14,354	2,576	954
Accrued interest income - related parties	-	-	11,218	-
Accrued interest income - unrelated parties	10,588	6,361	10,588	6,361
Accrued income - related party	288	80	250	1,280
Accrued income - unrelated parties	25,658	13,200	10,424	11,356
Total other receivables	<u>41,759</u>	<u>33,995</u>	<u>38,285</u>	<u>23,215</u>
Total trade and other receivables - net	<u>126,245</u>	<u>1,007,012</u>	<u>63,902</u>	<u>793,231</u>

As at 31 December 2018, a project of the Company in a foreign country has a related outstanding balances of trade receivables and unbilled receivables totaling Baht 1,917 million. The Company has continually pursued collection of these outstanding amounts but has not yet to receive payment from the client and is not able to determine with certainty when payment will be made. As a result, the Company has petitioned for arbitration to protect its rights under the project agreement and in the second quarter of the year 2017 an arbitral tribunal has been formed and the arbitration process for this case is expected to take longer than one year and the outcome of the dispute cannot be predicted. Moreover, the balances of trade receivables are overdue more than 12 months. Therefore, on a conservative basis, the Company has estimated and set aside partial provision for the trade receivables amounting to Baht 722 million and full provision for the unbilled receivables amounting to Baht 473 million, totaling for provisions of Baht 1,195 million. These figures are based on the estimates and the opinion of the Company's management.

Subsequently, in March 2019, the Company was notified of the outcome of this dispute, which was that the arbitral tribunal's award instructed the counterparty to pay the Company all unpaid amounts per the agreement, in the amount claimed by the Company, of approximately USD 83.3 million (including the value of work remaining per the agreement, amounting to USD 27 million, which the Company had previously stopped recognising), and dismissed the counterparty's counterclaim for damages entirely. The counterparty made full payment to the Company in accordance with the partial award and the Company recorded the receipt of this amount by reversing allowance for doubtful debt of Baht 1,195 million, recording revenues of Baht 843 million in accordance with the remaining contract value received in accordance with the arbitral award, and recognising loss on exchange on receipt of such payment amounting to Baht 131 million in the statement of comprehensive income of the current year.

In additions, in September 2019, the Company was informed of the arbitral award on the dispute regarding interest and costs that the counterparty must pay interest and costs to the Company amounting to USD 23.5 million, or equivalent to Baht 716 million. This is the final award of this arbitration. The counterparty paid such amount to the Company in September 2019. The Company recorded the receipt of this amount as interest income and costs received in accordance with the arbitral award in the statement of comprehensive income of the current year.

10. Contract assets/Contract liabilities

10.1 Contract balances

		(Unit: Thousand Baht)	
		Separate financial statements	
		2019	2018
Contract assets			
Unbilled receivables		229,203	547,149
Retention receivables		9,040	3,370
Total		238,483	550,519
Less: Allowance for impairment loss (Note 9)		-	(472,638)
Total contract assets, net		238,483	77,881
Contract liabilities			
Advances received from customers		10,419	3,924
Total contract liabilities		10,419	3,924

10.2 Revenue recognised in relation to contract balances

		(Unit: Thousand Baht)
		Consolidated / Separate financial statements
Revenue recognised that was included in contract liabilities at the beginning of the year		3,924

10.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 3,058 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied. The Company expects to satisfy these performance obligations within 2 years.

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	209,196	209,659	(396)	(295)	208,800	209,364
Spare parts and factory supplies	184,531	107,866	(36,297)	(30,112)	148,234	77,754
Goods in transit	<u>1,340</u>	<u>45,452</u>	<u>-</u>	<u>-</u>	<u>1,340</u>	<u>45,452</u>
Total	395,067	362,977	(36,693)	(30,407)	358,374	332,570

(Unit: Thousand Baht)

	Separate financial statements					
	Reduce cost to net					
	Cost		realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Spare parts and factory supplies	115,067	47,328	(27,550)	(24,951)	87,517	22,377
Total	<u>115,067</u>	<u>47,328</u>	<u>(27,550)</u>	<u>(24,951)</u>	<u>87,517</u>	<u>22,377</u>

During the current year, the Group reduced cost of inventories by Baht 6.3 million (2018: Baht 0.1 million) (The Company only: Baht 26 million, 2018: Baht 1.8 million), to reflect the net realisable value. This was included in expenses during the current year.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Refundable value added tax	153,715	140,049	40,156	40,701
Prepaid expenses	14,111	9,251	6,531	3,718
Others	47,632	2,966	39,310	1,065
Total other current assets	<u>215,458</u>	<u>152,266</u>	<u>85,997</u>	<u>45,484</u>

13. Restricted bank deposits

These balances represent bank deposits of the Group which pledged to secure credit facilities.

14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Million Baht	Million Baht	(%)	(%)	Thousand Baht	Thousand Baht
STIT Company Limited	135	135	100	100	135,000	135,000
STP&I Services Company Limited	410	410	100	100	21,761	21,761
ST Property and Logistics Company Limited	440	440	100	100	440,000	440,000
Fill Up Network Company Limited	500	500	70	70	350,000	350,000
Total					<u>946,761</u>	<u>946,761</u>

No dividend was received from the subsidiary companies for the years ended 31 December 2019 and 2018.

ST Property and Logistics Company Limited

On 26 June 2019, the Board of Directors' meeting of the Company passed a resolution to approve an additional investment in property development businesses made by ST Property and Logistics Company Limited, a subsidiary, by acquiring ordinary shares from existing shareholders of Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited for a total of Baht 404 million and Baht 117 million, respectively, representing 100% of the registered capital of both companies (each has a share capital of Baht 30 million, consisting of 6,000,000 ordinary shares at a par value of Baht 5 per share). All shares were transferred to ST Property and Logistics Company Limited and payment was made to the seller. As a result, ST Property and Logistics Company Limited has control over Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited from 28 June 2019 onwards.

As a result of the above transaction, the management of ST Property and Logistics Company Limited determined that the share acquisition of Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited is an asset acquisition because the assets acquired do not constitute a business as defined in TFRS 3 Business Combinations (revised 2018).

The net assets of Boutique Prakanong 1 Limited as at the acquisition date are as follows:

(Unit: Thousand Baht)

Assets

Cash and cash equivalents	17,925
Other current assets	15,324
Investment properties	164,749
Leasehold rights - land	37,959
Other non-current assets	7,346
Total assets	243,303

Liabilities

Trade and other payables	51,057
Other current liabilities	9,387
Long-term loans from financial institutions	94,388
Long-term loans from related parties	50,066
Other non-current liabilities	18,658
Total liabilities	223,556
Net asset value	19,747

The net assets of Boutique Prakanong 2 Limited as at the acquisition date are as follows:

(Unit: Thousand Baht)

Assets

Cash and cash equivalents	10,647
Other current assets	15,911
Investment properties	304,642
Leasehold rights - land	20,196
Other non-current assets	4,686

Total assets	356,082
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Liabilities

Trade and other payables	31,312
Other current liabilities	975
Long-term loans from financial institutions	180,300
Long-term loans from related parties	97,978
Other non-current liabilities	31,789

Total liabilities	342,354
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Net asset value	13,728
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The reconciliation of net cash paid for investment in Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited is as follows:

(Unit: Million Baht)

Cash paid for investment in subsidiaries	521
Less: Cash and cash equivalents of subsidiaries	(29)
Net cash paid for investment in subsidiaries	492

On 2 August 2019, the Extraordinary General Meetings of Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited passed a resolution approving to change the company's name to ST Hill Company Limited and ST Hub Company Limited, respectively. On 5 August 2019, the Companies had registered the changes of their name with the Department of Business Development, Ministry of Commerce.

14.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)				
<u>Held by the Company</u>						
Fill Up Network Company Limited	30	30	137	147	(10)	(3)
<u>Held by subsidiary companies</u>						
WPGE Phetchaburi Company Limited	40	40	487	528	(41)	(16)

14.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	176	263	86	80
Non-current assets	303	230	1,422	1,330
Current liabilities	14	2	68	837
Non-current liabilities	9	-	969	-

Summarised information about comprehensive income

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	For the period from			
	For the year ended	9 November to	For the year ended	For the year ended
	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Revenue	8	-	5	8
Profit (loss)	(35)	(9)	(101)	(39)

Summarised information about cash flow

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	For the period from			
	For the year ended	9 November to	For the year ended	For the year ended
	<u>31 December 2019</u>	<u>31 December 2018</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Cash flow from (used in)				
operating activities	70	(24)	(96)	(109)
Cash flow from (used in)				
investing activities	(65)	(470)	(110)	(559)
Cash flow from (used in)				
financing activities	<u>(3)</u>	<u>500</u>	<u>204</u>	<u>671</u>
Net increase (decrease)				
in cash and cash				
equivalents	2	6	(2)	3

15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Investments in available-for-sale securities</u>				
Cost	204,746	155,341	204,666	155,261
Add: Surplus on changes in value of investments	40,647	30,030	40,647	30,030
Fair value	245,393	185,371	245,313	185,291
<u>Investments in held-to-maturity debt securities</u>				
Debentures	30,000	100,000	30,000	100,000
<u>Other Investments - other company</u>				
Ordinary shares	2,340	2,340	2,340	2,340
Less: Provision for impairment of investments	(2,340)	(2,340)	(2,340)	(2,340)
Total	-	-	-	-
Other long-term investments - net	275,393	285,371	275,313	285,291

During the year 2019, the Company sold the available-for-sale securities with book values totaling Baht 0.5 million and recognised gain on the sales amounting to Baht 0.04 million (after tax) in profit or loss. This amount included gain transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.04 million (after tax) (2018: nil).

During the year 2019, the Company received dividend from investments in available-for-sale securities of Baht 15 million (2018: Baht 15 million).

16. Long-term loan to other company

The Company granted loan of Baht 80 million to a public company, under which interest is charged at a fixed rate of 6% per annum. The loan to the other company is secured by the pledge of condominium units as collateral. The loan principal and interest are to be paid as described in the related agreement.

17. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 are presented below.

(Unit: Thousand Baht)				
Consolidated financial statements				
	Land, office building and warehouse for rent	Community mall for rent	Office for rent	Total
31 December 2019:				
Cost	1,878,758	164,749	304,612	2,348,119
<u>Less</u> Accumulated depreciation	(127,552)	(4,209)	(5,562)	(137,323)
Net book value	<u>1,751,206</u>	<u>160,540</u>	<u>299,050</u>	<u>2,210,796</u>
31 December 2018:				
Cost	1,819,842	-	-	1,819,842
<u>Less</u> Accumulated depreciation	(43,939)	-	-	(43,939)
Net book value	<u>1,775,903</u>	<u>-</u>	<u>-</u>	<u>1,775,903</u>

(Unit: Thousand Baht)		
Separate financial statements		
	Land for rent	
	<u>2019</u>	<u>2018</u>
Cost	29,498	29,498
<u>Less</u> Accumulated depreciation	-	-
Net book value	<u>29,498</u>	<u>29,498</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	1,775,903	1,288,944	29,498	29,498
Acquisition of investment properties	58,961	529,715	-	-
Acquisition of investments in subsidiaries (Note 14)	469,391	-	-	-
Written off during period - net book value at written off	(75)	-	-	-
Depreciation charged	(93,384)	(42,756)	-	-
Net book value at end of year	<u>2,210,796</u>	<u>1,775,903</u>	<u>29,498</u>	<u>29,498</u>

Subsidiaries have been granted land leasehold rights by a company, whereby the agreement was made in 2016 as disclosed in Note 21 to the financial statements. The agreement has term of 30 years and renew for a further period of 5 years after the expiry date. The subsidiaries constructed a community mall for rent and office building for rent on the lease land. The community mall for rent and office building for rent are to be transferred to the land owner upon the expiry of the lease agreement.

The Group have mortgaged its land, office building and warehouse for rent with a total net book value as at 31 December 2019 of Baht 1,723 million (2018: Baht 1,250 million) (The Company only: Baht 29 million, 2018: Baht 29 million) as collateral for credit facilities of its subsidiary granted by banks.

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land for rent	-	-	57,592	57,592
Land, office building and warehouse for rent	2,180,861	2,152,000	-	-
Community mall and office for rent	1,066,000	-	-	-

(Including leasehold rights-land with net book value of Baht 537.8 million).

The fair value of investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land for rent has been determined based on market prices, while that of other properties for rent has been determined using the income approach. Key assumptions used include yield rate, long-term vacancy rate and long-term growth in real rental rates.

18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2018	688,238	1,813,313	1,705,416	207,638	121,183	618,514	5,154,302
Additions	2,276	8,375	28,526	5,033	8,955	633,691	686,856
Disposals	-	(139)	(3,150)	(1,542)	(923)	-	(5,754)
Transfers in (out)	-	-	-	1	-	(1)	-
31 December 2018	690,514	1,821,549	1,730,792	211,130	129,215	1,252,204	5,835,404
Additions	2,139	6,959	117,405	12,413	8,723	113,965	261,604
Disposals	-	(2,033)	(46,344)	(2,844)	(3,276)	-	(54,497)
Transfers in (out)	780	1,185	2,754	6,440	-	(11,228)	(69)
31 December 2019	693,433	1,827,660	1,804,607	227,139	134,662	1,354,941	6,042,442
Accumulated depreciation:							
1 January 2018	65,767	1,221,238	1,274,478	192,758	108,820	-	2,863,061
Depreciation for the year	16,351	90,779	135,288	9,555	6,069	-	258,042
Depreciation on disposals	-	(139)	(2,420)	(1,459)	(803)	-	(4,821)
31 December 2018	82,118	1,311,878	1,407,346	200,854	114,086	-	3,116,282
Depreciation for the year	16,410	87,686	102,950	7,117	2,681	-	216,844
Depreciation on disposals	-	(813)	(37,251)	(2,724)	(2,656)	-	(43,444)
Depreciation for transfer in (out)	-	184	(184)	(4)	-	-	(4)
31 December 2019	98,528	1,398,935	1,472,861	205,243	114,111	-	3,289,678
Net book value:							
31 December 2018	608,396	509,671	323,446	10,276	15,129	1,252,204	2,719,122
31 December 2019	594,905	428,725	331,746	21,896	20,551	1,354,941	2,752,764
Depreciation for the year							
2018 (Baht 237 million included in cost of sales and services, cost of rental of property, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							258,042
2019 (Baht 193 million included in cost of sales and services, cost of rental of property, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							216,844

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2018	622,549	1,568,999	1,349,142	198,801	102,645	780	3,842,916
Additions	724	2,433	3,206	1,343	3,861	836	12,403
Disposals	-	(120)	(2,181)	(1,440)	-	-	(3,741)
31 December 2018	623,273	1,571,312	1,350,167	198,704	106,506	1,616	3,851,578
Additions	2,139	6,585	5,577	5,626	8,272	-	28,199
Disposals	-	(1,764)	(28,188)	(2,783)	(3,770)	-	(36,505)
Transfer in (out)	780	1,020	(184)	(69)	-	(1,616)	(69)
31 December 2019	626,192	1,577,153	1,327,372	201,478	111,008	-	3,843,203
Accumulated depreciation:							
1 January 2018	60,892	1,173,536	1,090,181	185,925	92,442	-	2,602,976
Depreciation for the year	15,640	78,698	99,756	8,368	4,552	-	207,014
Depreciation on disposals	-	(120)	(1,518)	(1,174)	-	-	(2,812)
31 December 2018	76,532	1,252,114	1,188,419	193,119	96,994	-	2,807,178
Depreciation for the year	15,700	74,415	57,553	3,858	1,071	-	152,597
Depreciation on disposals	-	(660)	(28,156)	(2,768)	(3,510)	-	(35,094)
Depreciation for transfer in (out)	-	184	(184)	(4)	-	-	(4)
31 December 2019	92,232	1,326,053	1,217,632	194,205	94,555	-	2,924,677
Net book value:							
31 December 2018	546,741	319,198	161,748	5,585	9,512	1,616	1,044,400
31 December 2019	533,960	251,100	109,740	7,273	16,453	-	918,526
Depreciation for the year							
2018 (Baht 203 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							207,014
2019 (Baht 150 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							152,597

A waste-to-energy plant under construction of WPGE Phetchaburi Company Limited (a subsidiary), which net book value as at 31 December 2019 of Baht 1,418 million, was temporarily suspended during the current year as discussed in Note 19 and 35.6 to the financial statements.

As at 31 December 2019, the Group had machinery, motor vehicles and equipment with net book values of Baht 69 million (2018: Baht 14 million) which were acquired under finance lease agreements.

As at 31 December 2019, certain items of plant, machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,978 million (2018: Baht 1,553 million) (The Company only: Baht 1,870 million, 2018: Baht 1,454 million).

The Group have pledged land with structures thereon with total net book values amounting to approximately Baht 483 million (2018: Baht 319 million) (The Company only: Baht 249 million, 2018: Baht 74 million) as collateral against credit facilities received from commercial banks.

19. Rights to produce and sell electricity from municipal waste

The net book value of rights to produce and sell electricity from municipal waste as at 31 December 2019 and 2018 are presented below.

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		<u>2019</u>	<u>2018</u>
Cost		933,829	933,829
Net book value		933,829	933,829

During the current year, WPGE Phetchaburi Company Limited (a subsidiary, held by STP&I Services Company Limited) has temporarily suspended the construction of waste-to-energy plant due to the dispute with the design and construction contractors as discussed in Note 35.6 to the financial statements, resulting in the production and distribution of the electricity failing behind schedule and the need to rectify the power plant to fit for purpose and intended use. The management believed that the effect of the dispute is neither to cause any damages to the subsidiary nor to affect the value the right to produce and sell the electricity from municipal waste and the value of the power plant under construction of the subsidiary. However, the dispute is still under the arbitration process. Therefore, the result of the dispute cannot be determined and depends on future judicial processes.

20. Intangible assets - petty patent and intellectual property

The net book value of petty patent and intellectual property as at 31 December 2019 and 2018 are presented below.

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		<u>2019</u>	<u>2018</u>
Cost		187,500	187,500
<u>Less</u> Accumulated amortisation		(22,324)	(2,004)
Net book value		165,176	185,496

A reconciliation of the net book value of petty patent and intellectual property for the year 2019 and 2018 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	185,496	-
Acquisition	-	187,500
Amortisation	(20,320)	(2,004)
Net book value at end of year	<u>165,176</u>	<u>185,496</u>

In November 2018, Fill Up Network Company Limited (a subsidiary), has entered into an agreement to acquire petty patent, which has been issued by government agency and related intellectual property from a company amounting to Baht 187.5 million for grant the rights and use to operate in community automated gas station. The remaining period for the rights in petty patent is 9 years.

21. Leasehold rights - land

The net book value of leasehold rights - land as at 31 December 2019 is presented below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Cost	545,702
<u>Less</u> Accumulated amortisation	(7,934)
Net book value	<u>537,768</u>

A reconciliation of the net book value of leasehold rights - land account for the year 2019 is summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value at beginning of year	-
Acquisition of investments in subsidiaries (Note 14)	545,702
Amortisation	(7,934)
Net book value at end of year	<u>537,768</u>

Subsidiaries have leasehold rights - land from a company that resulting from engaging in agreements in the year 2016. The terms of the agreements are 30 years which begin from year 2019 to year 2049 and renew the lease for another 5 years after the expiry of the lease agreements.

22. Short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
	Interest rate (percent per annum)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Promissory note	2.00 - 2.60	775,000	912,000	-	382,000
Total		775,000	912,000	-	382,000

Bank overdraft and credit facilities from financial institutions are secured by the Group' deposits as discussed in Note 13 to the financial statements and the mortgage some of the Company and its subsidiary's land with structures thereon as discussed in Note 18 to the financial statements, and are guaranteed by the Company and its subsidiary.

23. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties		-	-	57	4,094
Trade payables - unrelated parties		226,138	973,845	111,261	526,931
Other payables - related parties		54	100	-	-
Other payables - unrelated parties		59,112	75,750	7,620	2,661
Retention payable from construction contract - unrelated parties		21,214	64,945	6,739	53,573
Dividend payable		7,353	6,825	7,353	6,825
Accrued expenses		126,218	23,676	29,887	12,561
Total trade and other payables		440,089	1,145,141	162,917	606,645

24. Long-term loans from financial institutions

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2019	2018	2019	2018
1	Fixed rates for the first to fourth years and at THBFIX plus a margin or a fixed rate from the fifth to eleventh years	Quarterly installments with full settlement due within March 2029	740,800	794,800	-	-
2	Fixed rates for the first to fifth years and at THBFIX plus a margin or a fixed rate from the sixth to seventh years	Monthly installments with full settlement due within October 2026	980,000	-	980,000	-
3	MLR minus the fixed rate	Monthly installments with full settlement due within December 2030	334,286	-	-	-
Total			2,055,086	794,800	980,000	-
Less: Current portion			(228,386)	(54,000)	(144,000)	-
Long-term loans - net of current portion			1,826,700	740,800	836,000	-

Movement of the long - term loan account during the year ended 31 December 2019 are summarised below:

			(Unit: Thousand Baht)	
			Consolidated	Separate
			financial statements	financial statements
Balance as at 1 January 2019			794,800	-
Borrowing during the year			1,445,000	1,100,000
Acquisition of investments in subsidiaries (Note 14)			274,688	-
Repayment during the year			(459,402)	(120,000)
Balance as at 31 December 2019			2,055,086	980,000

The loans of the Group are secured by the Company's land with structures thereon, as discussed in Note 18 to the financial statements and the mortgage of land, office building and warehouse for rent of subsidiary, as discussed in Note 17 to the financial statement.

The loan agreements contain several covenants which, among other things, require the Group to maintain a debt-to-equity ratio and a debt service coverage ratio at the rates prescribed in the agreements.

25. Provision for long-term employee benefits

Provision for long-term employee benefits comprised severance payment obligations and other long-term employee benefits, long service awards, as detailed below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Severance payment obligations	39,164	30,692	36,040	28,178
Long service awards	2,076	2,545	1,587	2,011
Total	<u>41,240</u>	<u>33,237</u>	<u>37,627</u>	<u>30,189</u>

25.1 Provision for long-term employee benefits, which represents compensations payable to employee after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits				
at beginning of the year	30,692	41,423	28,178	36,430
Included in profit or loss:				
Current service cost	2,281	2,778	2,046	2,375
Interest cost	1,038	1,159	947	1,012
Past service cost	8,582	-	7,842	-
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumption changes	-	(6,772)	-	(5,006)
Financial assumption changes	-	(933)	-	(734)
Experience adjustments	-	259	-	569
Benefits paid during the year	<u>(3,429)</u>	<u>(7,222)</u>	<u>(2,973)</u>	<u>(6,468)</u>
Provision for long-term employee benefits				
at end of the year	<u>39,164</u>	<u>30,692</u>	<u>36,040</u>	<u>28,178</u>

25.2 Provision for other long-term employee benefit which is long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits				
at beginning of the year	2,545	3,776	2,011	3,204
Current service cost	196	279	141	211
Interest cost	60	77	48	60
Actuarial gain	-	(1,074)	-	(1,017)
Benefits paid during the year	<u>(725)</u>	<u>(513)</u>	<u>(613)</u>	<u>(447)</u>
Provision for long-term employee benefits				
at end of the year	<u>2,076</u>	<u>2,545</u>	<u>1,587</u>	<u>2,011</u>

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 9 million (The Company only: Baht 8 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in profit or loss of the current period.

The Group expects to pay Baht 9 million of long-term employee benefits during the next year (Separate financial statements: Baht 8 million) (2018: Baht 7 million, separate financial statements: Baht 7 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 6 - 12 years (Separate financial statements: 6 - 9 years) (2018: 6 - 12 years, separate financial statements: 6 - 9 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.3 - 2.8	2.3 - 2.8	2.3 - 2.5	2.3 - 2.5
Salary increase rate	2.4 - 6.0	2.4 - 6.0	2.4 - 3.0	2.4 - 3.0
Employee turnover rate				
(dependent on age of employees)	0 - 39.0	0 - 39.0	0 - 31.0	0 - 31.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,118)	1,184	(1,013)	1,071
Salary increase rate	1,276	(1,212)	1,158	(1,099)
Employee turnover rate	(1,350)	1,570	(1,270)	1,339

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(953)	1,006	(864)	913
Salary increase rate	926	(882)	844	(804)
Employee turnover rate	(993)	1,145	(935)	982

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

27. Share capital/Treasury shares

On 9 September 2015, the Board of Directors of the Company approved a program to repurchase shares for surplus liquidity management purposes. The shares are to be repurchased on the Stock Exchange of Thailand from 24 September 2015 to 23 March 2016. They can be resold more than 6 months after completing the repurchase but within 3 years. Treasury shares cannot be counted in determining a quorum and they have no voting or dividend rights.

Until the end of a repurchase period, treasury shares have been purchased back by the Company was 350,000 ordinary shares (par value of Baht 0.25 each), or 0.02 percent of total number of shares in issue, a total of Baht 3.1 million (exclude cost of repurchase treasury shares). The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 3.1 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell.

On 25 March 2019, the Board of Director's meeting has a resolution approving the Company to decrease its registered and paid-up capital from Baht 406.3 million (1,625.2 million ordinary shares at par value of Baht 0.25 each) to Baht 406.2 million (1,624.8 million ordinary shares at par value of Baht 0.25 each) by writing off its repurchased shares that were not resold in the amount of Baht 0.09 million (350,000 ordinary shares at par value of Baht 0.25 each). The Company registered the decrease of its share capital with the Ministry of Commerce on 10 April 2019.

28. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	494,445	341,481	396,670	258,649
Depreciation and amortisation	341,129	306,011	154,411	209,592
Construction materials and subcontractors	368,393	218,325	316,765	203,083
Rental expenses from operating lease agreements	201,885	163,719	172,537	157,135
Utilities expenses	28,450	20,595	20,651	17,926
Repair and maintenance expenses	26,633	27,804	19,820	24,088
Professional service fees	81,429	216,497	25,207	187,423
Changes in work in progress	(11,401)	(25,598)	(11,401)	(24,767)
Purchases of finished goods, spare parts and factory supplies	559,029	521,080	11	1,529
Changes in finished goods, spare parts and factory supplies	(76,201)	(162,606)	(67,740)	(2,931)

29. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	13,778	4,000	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,602)	34,003	(6,439)	33,217
Income tax expenses (benefits) reported in profit or loss	<u>1,176</u>	<u>38,003</u>	<u>(6,439)</u>	<u>33,217</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain	-	1,489	-	1,034
Deferred tax relating to gain (loss) on change in value of available-for-sale investments	5,370	(5,084)	5,370	(5,084)
Total	<u>5,370</u>	<u>(3,595)</u>	<u>5,370</u>	<u>(4,050)</u>

The reconciliation between accounting profit (loss) and income tax is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	2,039,757	(609,672)	2,144,748	(550,993)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	407,952	(121,934)	428,950	(110,199)
Tax loss for the year which unrecognised to				
deferred tax assets	27,672	111,874	-	99,987
Utilisation of the tax benefits in the current year				
which unrecognised to deferred tax assets	(195,155)	-	(193,293)	-
Prior year tax benefits for which deferred tax assets				
have been recognised	517	35,528	517	35,528
Effects of:				
Non-deductible expenses	2,249	10,376	243	8,559
Additional expense deductions allowed	(1,298)	(1,409)	(1,069)	(949)
Exempted revenue	(242,040)	(2,955)	(242,040)	(2,955)
Others	1,279	6,523	253	3,246
Total	(239,810)	12,535	(242,613)	7,901
Income tax expenses (benefits) reported in				
profit or loss	1,176	38,003	(6,439)	33,217

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets				
Allowance for doubtful accounts	239	22	1	-
Accumulated depreciation - plant, machine and equipment	35,645	32,739	38,431	34,153
Trade and other payables (Difference from lease calculation method)	7,447	2,357	672	3,006
Provision for long-term employee benefits	8,248	6,648	7,525	6,038
Other provisions	237	772	-	-
Others	9,890	5,458	6,495	5,458
Total	61,706	47,996	53,124	48,655
Deferred tax liabilities				
Unrealised gain on changes in values of investments	6,908	3,167	5,941	2,541
Rights to produce and sell electricity from municipal waste	186,767	186,767	-	-
Others	-	7,453	-	-
Total	193,675	197,387	5,941	2,541

As at 31 December 2019, the Group has unused tax losses amounting to Baht 1,244 million (2018: Baht 2,069 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire by 2020 - 2024 (2018: by 2019 - 2023).

30. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.

The following table sets forth the computation of basic earnings (loss) per share.

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) for the year (Thousand Baht)	2,089,370	(629,379)	2,151,187	(584,210)
Weighted average number of ordinary shares* (Thousand shares)	1,624,831	1,624,831	1,624,831	1,624,831
Earnings (loss) per share (Baht/share)	1.29	(0.39)	1.32	(0.36)

* Net of the 350,000 treasury shares held by the Company. The Company registered the decrease of its share capital with the Ministry of commerce on 10 April 2019.

31. Segment information

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

For management purposes, the Group are organised into business units based on its products and services and have five reportable segments as follows:

- (a) The fabrication work for construction and industrial purpose
- (b) The sale of construction machines, and service of machinery and maintenance
- (c) The sale of electricity (As at 31 December 2019, the subsidiary has not yet sold electricity under the power purchase agreement.)
- (d) The rental of property
- (e) The operation in community automated gas station

No operating segments have been aggregated to from the above reportable operating segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2019 and 2018.

[illegible]

Geographic information

Revenue from external customers of the Group is based on locations of the customers as the following:

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2019</u>	<u>2018</u>
Thailand	1,398	812
Japan	15	148
Italy	-	143
Sri Lanka	97	35
Others	8	50
Total	<u>1,518</u>	<u>1,188</u>

Major customers

For the years 2019, the Group have revenue from two major customers in amount of Baht 179 million and Baht 274 million, arising from the sales of construction machines, and service of machinery and maintenance segment and fabrication work for construction and industrial purpose segments, respectively.

For the years 2018, the Group have revenue from two major customers in amount of Baht 210 million and Baht 143 million, arising from the sales of construction machines, and service of machinery and maintenance segment and fabrication work for construction and industrial purpose segments, respectively.

32. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contribute to the fund monthly at the rate of 3 or 5 percent of employees's basic salary and their employees contribute to the fund monthly at the rate of 3, 5, 10 and 15 of basic salary. The fund, which is managed by Bangkok Capital Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 3 million (The Company only: Baht 3 million) (2018: Baht 3 million, The Company only: Baht 3 million) were recognised as expenses.

33. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2019	Board of Directors Meeting No. 3/2019 on 7 June 2019		
- Cash dividend		552	0.34
Total dividends for 2019		552	0.34

34. Contracts in progress

As at 31 December 2019, the Company's aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 586 million (2018: Baht 36,309 million) and gross amounts due from customers for contracts progress were approximately Baht 255 million (2018: Baht 563 million).

35. Commitments and contingent liabilities**35.1 Capital commitments**

As at 31 December 2019, the Group had capital commitments of approximately Baht 32 million and USD 1 million (2018: Baht 320 million, JPY 328 million and USD 1 million), relating to power plant construction, land improvement, construction and improvement of factory buildings and acquisition of machinery.

35.2 Machine and spare parts purchase contracts

As at 31 December 2019, a subsidiary had contract commitments in relation to the acquisition of machine and spare parts for sale amounting to Baht 27 million and JPY 346 million (2018: Baht 36 million, JPY 293 million and USD 1 million).

35.3 Operating lease commitments

The Group has entered into several lease agreements in respect of the lease of land, office building space and vehicle. The terms of the agreements are generally between 1 and 30 years. Operating lease agreements are non-cancellable.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
Payable:		
Within 1 year	102	146
1 - 5 years	71	77
Over 5 years	1,316	19

35.4 Other commitments

As at 31 December 2019, the Company had outstanding letter of credit with overseas supplier amounting to approximately JPY 87 million and USD 2 million (2018: JPY 612 million, Euro 1 million and USD 1 million).

35.5 Bank guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 127 million and USD 17 million (2018: Baht 51 million and USD 38 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 82 million and USD 17 million (2018: Baht 9 million and USD 38 million) to guarantee contractual performance and Baht 45 million (2018: Baht 42 million) to guarantee electricity use and others.

35.6 Dispute and litigation

In 2016, a subsidiary (WPGE Phetchaburi Co., Ltd.) entered into contracts for the design and construction of a waste-to-energy plant with key contractors. However, due to the non-compliant work, this subsidiary claimed the Baht 51 million performance bonds during the year. Thereafter, the contractors had filed a request for arbitration with the International Chamber of Commerce, claiming approximately Baht 190 million mainly for the unpaid invoice and other costs. The arbitral tribunal was officially formed in November 2019. This subsidiary has denied all alleged claims and filed a counterclaim of approximately Baht 874 million for the damages from the contractors' breach. This arbitration is still ongoing.

In addition, during the year, this subsidiary was sued by another civil contractor in the civil court of Thailand, claiming for the unpaid invoices and damages of approximately Baht 174 million plus interest. This subsidiary has then denied all alleged claims and filed a counterclaim of approximately Baht 12 million plus interest for the damages from the contractors' breach. This court case has still been in the process.

The management of the Group has assessed and opined that this subsidiary has not been contractually and legally liable to counterparties as claimed. Consequently, the aforementioned disputes and litigations should not cause any material damages to the subsidiary and related assets and thus it was not necessary to set aside any loss provision in the year 2019.

35.7 Assessment / collection of import duties and value-added tax

In June 2018, the Company received a notice of assessment / collection of import duties and value-added tax from the Customs Department since the Office of the Board of Investment had issued an order revoking some of its tax privileges and benefits of the Company. Therefore, the Company was required to pay import duties for construction materials at rates applied at the date of import, including other related taxes and penalties.

In 2018, the Company recorded expenses regarding duty penalties as set out under the notice of assessment and paid the full amount in order to ensure eligibility for further appeal and prevent the accumulation of penalties pending the appeal. The Company then filed an appeal with the Office of the Board of Investment, the Customs Department and the Revenue Department, seeking to nullify an order revoking tax privileges and benefits and the tax assessment. In November 2019, the Office of the Board of Investment upheld its earlier decision on the revocation of certain tax privileges and benefits offered to the Company. However, the Customs Department and the Revenue Department had yet to deliver their judgement.

In November 2019, the Company brought the case to the Central Administrative Court, calling for the Office of the Board of Investment to nullify its revocation order and the cancellation of tax assessment. The case is still under consideration of the Central Administrative Court, and the outcome remains uncertain.

36. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	135	-	-	135
Debt instruments	-	1,069	-	1,069
Available-for-sale investments				
Equity instruments	245	-	-	245
Debt instruments	-	217	-	217
Assets for which fair value are disclosed				
Investment properties	-	-	3,247	3,218

(Unit: Million Baht)

As at 31 December 2018

Consolidated financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	150	-	-	150
Debt instruments	-	1,192	-	1,192
Available-for-sale investments				
Equity instruments	185	-	-	185
Debt instruments	-	218	-	218
Assets for which fair value are disclosed				
Investment properties	-	-	2,152	2,152

(Unit: Million Baht)

As at 31 December 2019

Separate financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	135	-	-	135
Debt instruments	-	763	-	763
Available-for-sale investments				
Equity instruments	245	-	-	245
Debt instruments	-	217	-	217
Assets for which fair value are disclosed				
Investment property	-	-	58	58

(Unit: Million Baht)

As at 31 December 2018				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	150	-	-	150
Debt instruments	-	775	-	775
Available-for-sale investments				
Equity instruments	185	-	-	185
Debt instruments	-	218	-	218
Assets for which fair value are disclosed				
Investment property	-	-	58	58

37. Financial instruments

37.1 Financial risk management

The Group' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial instruments: Disclosure and Presentations", principally comprise the following:

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Loans from financial institutions
- Current investments	- Trade and other payables
- Trade and other receivables	- Unbilled payables
- Unbilled receivables	- Liabilities under finance lease agreements
- Loans to subsidiaries	
- Restricted bank deposits	
- Other long-term investments	

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group are exposed to credit risk primarily with respect to trade receivables, unbilled receivable, loans and other receivables. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables, unbilled receivable and loans as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to deposits at financial institutions, investments, loans, liabilities under finance lease agreements and interest bearing loans. Most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on maturity date or the repricing date, if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December											
	Consolidated financial statements											
	Fixed interest rates				Floating interest		Non-interest					
	within 1 year		1 - 4 year		rate		bearing		Total		Interest rate	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(% per annum)											
Financial assets												
Cash and cash equivalent	50	39	-	-	990	274	26	58	1,066	371	0.05 - 1.74	0.05 - 1.40
Current investments	1,572	646	-	-	-	-	988	1,016	2,560	1,662	1.14 - 10.95	1.34 - 10.95
Trade and other receivables	-	-	-	-	-	-	126	1,007	126	1,007	-	-
Unbilled receivables	-	-	-	-	-	-	229	75	229	75	-	-
Restricted bank deposits	1,057	1,041	-	-	21	5	-	-	1,078	1,046	0.38 - 2.05	0.38 - 1.90
Long-term loan to other company	-	-	80	-	-	-	-	-	80	-	6.00	-
Other long-term investments	-	-	30	100	-	-	245	185	275	285	7.50	7.00
Financial liabilities												
Short-term loans from												
financial institutions	775	912	-	-	-	-	-	-	775	912	2.00 - 2.50	2.60
Trade and other payables	-	-	-	-	-	-	440	1,145	440	1,145	-	-
Unbilled payables	-	-	-	-	-	-	6	7	6	7	-	-
Long-term loans from												
financial institutions	228	54	1,227	154	600	587	-	-	2,055	795	Note 24	Note 24
Liabilities under finance lease												
agreements	19	2	39	3	-	-	-	-	58	5	3.40-9.09	4.00 - 8.73

(Unit: Million Baht)

	As at 31 December											
	Separate financial statements											
	Fixed interest rates				Floating interest		Non-interest					
	within 1 year		1 - 4 year		rate		bearing		Total		Interest rate	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(% per annum)											
Financial assets												
Cash and cash equivalent	50	39	-	-	878	141	23	34	951	214	0.05 - 1.74	0.05 - 1.40
Current investments	1,514	607	-	-	-	-	681	598	2,195	1,205	1.14 - 10.95	1.34 - 10.95
Trade and other receivables	-	-	-	-	-	-	64	793	64	793	-	-
Unbilled receivables	-	-	-	-	-	-	229	75	229	75	-	-
Short-term loan to subsidiaries	390	763	-	-	-	-	-	-	390	763	4.50	4.50
Restricted bank deposits	1,057	1,041	-	-	-	-	-	-	1,057	1,041	0.70 - 2.05	0.90 - 1.90
Long-term loan to subsidiary	40	45	968	40	-	-	-	-	1,008	85	4.50	4.50
Long-term loan to other												
company	-	-	80	-	-	-	-	-	80	-	6.00	-
Other long-term investments	-	-	30	100	-	-	245	185	275	285	7.50	7.00
Financial liabilities												
Short-term loans from												
financial institutions	-	382	-	-	-	-	-	-	-	382	-	2.60
Trade and other payables	-	-	-	-	-	-	163	607	163	607	-	-
Unbilled payables	-	-	-	-	-	-	6	7	6	7	-	-
Long-term loan from financial												
institutions	144	-	836	-	-	-	-	-	980	-	Note 24	-
Liabilities under finance lease												
agreements	1	-	5	2	-	-	-	-	6	2	5.25 - 9.09	5.25

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group use forward contract to manage such foreign currency risk.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated		Separate		Average exchange rate	
	financial statements		financial statements			
	as at 31 December		as at 31 December		as at 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	91.7	83.2	91.7	82.9	30.1540	32.4498
Japanese yen	1.8	1.3	-	-	0.2759	0.2931
Financial liabilities						
Euro	0.8	2.9	-	-	33.7311	37.1252
US dollar	2.4	4.7	1.4	0.1	30.1540	32.4498
Japanese yen	127.3	576.5	-	-	0.2759	0.2931

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2019				
Foreign	Consolidated	Separate	Contractual	Contractual
currency	financial statements	financial statements	maturity date	exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Japanese yen	173.2	-	12/02/20 - 20/04/20	0.28 - 0.29
As at 31 December 2018				
Foreign	Consolidated	Separate	Contractual	Contractual
currency	financial statements	financial statements	maturity date	exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Japanese yen	1,002.7	-	28/02/19 - 02/07/19	0.29 - 0.30
US dollar	1.1	-	21/03/19 - 14/06/19	32.12 - 32.70
Euro	0.7	-	02/01/19 - 04/04/19	37.87 - 38.00

37.2 Fair values of financial instruments

The majority of the Group's financial instruments are short-term in nature and deposits at financial institutions and loans bear interest at rates that closed to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

During the current year, there were no transfers within the fair value hierarchy.

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.4:1 (2018: 0.4:1) and the Company's was 0.2:1 (2018: 0.2:1).

39. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2020.

OTHER REFERENCES

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