



**SEAFCO PUBLIC COMPANY LIMITED**  
**ANNUAL REPORT 2013**



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### Message from the Board Chairman

In the past year of 2013, the company operated with commitment to achieve the target to make more income and profit of the company, as seen from the operation result in this year which the value can be added in the part of shareholders in the satisfactory level continuously.

For the year 2014, the company committed to increase the income and profit to be more than in the year 2013. The company expands business into Myanmar, so that the business can increase both income and reputation of the company.

The company has continuous profit because the company receives cooperation of every party who gives support to the company. As I am in the status of Board Chairman, I thank employers, benefactors, employees in every section who pay good attention to work and the shareholders supporting and relying on the company for all the time throughout.

A handwritten signature in blue ink, appearing to read "S. P. Vivat".

Assoc.Prof.Dr.Somjai Phagaphasvivat

Board Chairman



**Message from the Chairman of the Executive Board and President**

In 2013, the Company has expanded its business to Myanmar by establishing Seafco Intertrade Co., Ltd with five million baht registered capital, holding 99.99 percent of shares in order to support its international business. In addition, Seafco Intertrade Co., Ltd established Seafco Myanmar Co.,Ltd with 45 million kyat registered capital, holding 90 percent of shares.

Seafco Intertrade Co., Ltd acquired first project related to bore piling and diaphragm wall in Myanmar of which the Company received only labor cost amounted to 61.20 million baht. This project is expected to finish by the second quarter of 2014 and the Company has a potential to receive the second project very soon.

For domestic projects, the Company was able to meet the plan for bore piling and Diaphragm wall work with backlog amounted to approximately 1,500 million baht. As a result, the Company was able to make nearly 142 million baht profit. For 2014, the Company started with nearly 1,300 million baht backlog. Hence, the management is confident that the Company will be able to generate considerable profit this year as well.

As the Chairman of the Executive Board, I would like to thank every employee for their cooperation to achieve the Company's objectives. I also would like to thank the management, shareholders and every customer for their continuous support to me and the Company.

Mr. Narong Thasnanipan

Chairman of the Executive Board and President



## FINANCIAL HIGHLIGHTS

		2011	2012	2013
Total Revenue	Million Baht	1,577	1,542	1,338
Income from hire work	Million Baht	1,570	1,523	1,307
Gross Profit	Million Baht	88	265	249
Profit from continuing operations	Million Baht	(58)	112	139
Total comprehensive income for the year	Million Baht	(58)	112	142
Total assets	Million Baht	1,540	1,562	1,485
Total liabilities	Million Baht	1,030	896	710
Shareholders' Equity	Million Baht	510	665	775
Debt Ratio	Time	2.02	1.35	0.92
Gross Margin	(%)	6	17	19
Net (Loss)profit margin	(%)	(4)	7	10
Return on Assets	(%)	(1)	11	11
Return on Equity	(%)	(11)	17	18
Earnings per share	Baht	(0.27)	0.39	0.51
Book value per share	Baht	2.37	3.10	2.88



#### General Information

Company Name: Seafco Public Company Limited  
Head Office Address: 144 Prayasuren Rd., Bangchan, Khlong Sam Wah, Bangkok 10510  
Company Registration Number: 10 75470 00257  
Telephone: (662) 919-0090-7  
Facimile: (662) 919-0098, 518-3088  
Company Home Page: [www.seafco.co.th](http://www.seafco.co.th)  
E-Mail Address: seafco@seafco.co.th

#### Security Registrar

Company Name: Thailand Securities Depository Company Limited  
Head Office Address: Floor 7, Securities Exchange of Thailand Building  
62, Ratchadapisek Road, Klongtoey Sub-District, Klongtoey District,  
Bangkok 10110  
Telephone: (662) 229-2870-80  
Facimile: (662) 654-5642, 654-5645

#### External Auditor

Name of Auditor: Mrs. Suvimol Krittayakiern Certified Public Accountant 2982  
Audit Firm: D I A INTERNATIONAL AUDIT COMPANY LIMITED.  
Head Office Address: 316/32 Sukhumvit Soi 22, Sukhumvit Road,  
Klongtoey Sub-District, Klongtoey District  
Bangkok 10110  
Telephone: (662)-259-5300  
Facimile: (662)-260-1553

**Board of Directors**

Assoc Prof Dr. Somjai Phagaphavivat  
Chairman



Mr. Narong Thasnanipan  
Director



Mr. Tachapong Pravesvararat  
Director



Mr. Padej Rujikhajorndej  
Director



Mr. Kamol Singtogaw  
Director



Mr. Zaw Zaw Aye  
Director



Miss Nuttawan Thasnanipan  
Director



Mr. Siwa Sangmanee  
Director



Mr. Somkuan Watakeekul  
Director



Mr. Somkual Musig-In  
Director

**Board of Executive Officer**

Mr.Narong Thasnanipan  
President & CEO



Mr.Kamol Singtogaw  
Executive Vice President

: Marketing and Customer Relationship  
Department (Domestic)



Mr.Padej Rujikhajorndej  
Executive Vice President

: Bored Piles and Diaphragm Wall and  
Other geotechnical engineering



Mr.Zaw Zaw Aye  
Executive Vice President

: Operation Group 2



Miss. Nutthawan Thasnanipan  
Executive Vice President

: Administration Group



Mr.Kamol Youyuenpathana  
Executive Vice President

: Structural Department



Mr.Anek Srituptim  
Executive Vice President

: Accounting and Finance Department  
and Secretary



Mr.Somsak Thawatchpongthon  
Executive Vice President

: Procurement Department



Mr. Tawat PhutPhong  
Executive Vice President

: Plant Department





#### VISION

TO BE THE REPUTABLE LEADER IN CONSTRUCTION INDUSTRY OF ASEAN

#### MISSION

TO PROVIDE CLIENTS WITH QUALITY SERVICES BY COMPETENT  
MANAGEMENT SAFETY AND ENVIRONMENT

#### STRATEGIES

##### **To create sustainable and stable growth**

1. Provide bore piling and Diaphragm wall service as well as construction work with fair rewards both nationally and internationally.
2. Become a business partner with real estate entrepreneurs and major contractors.
3. Manage the project by holding on to effective cost management principle by considering environmental and safety condition, delivering quality work on time.
4. Search for new market in AEC.
5. Develop technology and knowledge to be up-to-date and competitive and not emphasize on price competition.
6. Improve human resources capacity and management structure to increase competitiveness.
7. Prepare machinery to meet various demands and for working effectiveness.



## Executive Summary

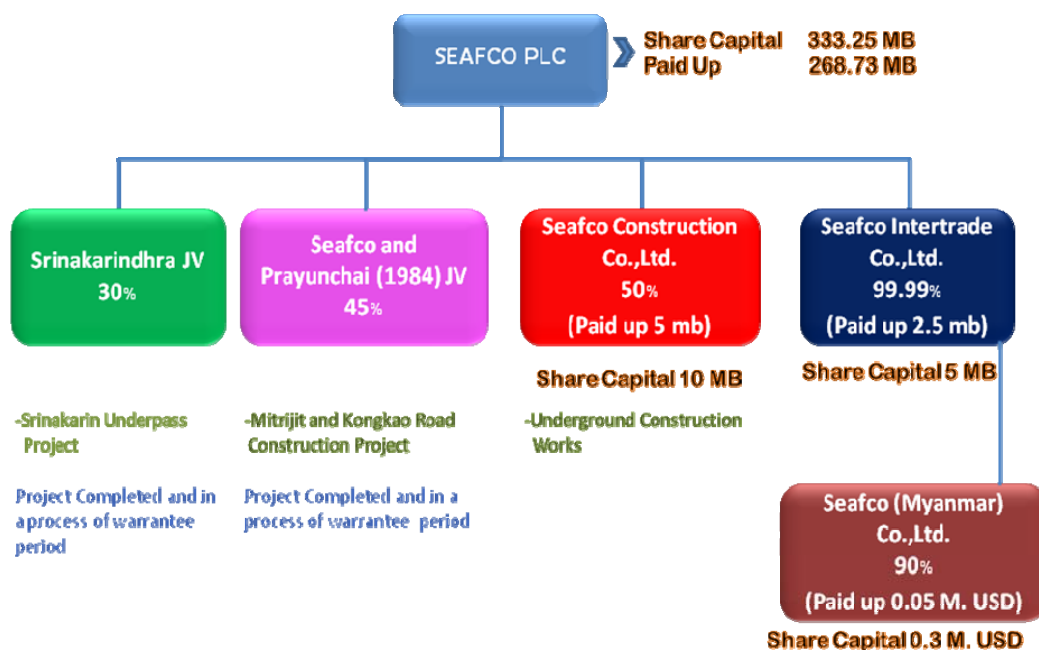
SEAFCO Public Company Limited is registered as a company limited on 19 December 1974. The company founders, Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat and Mr. Songsak Visuttipitakkol, all are well qualified engineers who long possess strong background in large scale domestic foundation work and have been well known among architects, engineering consulting firms and various project owners. At present, Mr. Songsak Visuttipitakkol, resigned from the position of the Company's Director.

On April 24, 2013, the Company increased its registered share capital of 215,000,000 shares at 1 baht each totaling to 215,000,000 baht having total of 333,250,000 ordinary shares at 1 baht each totaling to 333,250,000 baht. The paid up share capital was 268,730,194 shares, totaling to 268,730,194 baht.

On June 17, 2013, the Company established SEAFCO Intertrade Co., Ltd having 50,000 ordinary shares at 100 baht each totaling to 5,000,000 baht. The paid up ordinary shares were 50,000 shares at 50 baht each totaling to 2,500,000 baht. The Company held 99.99 percent of the shares. This company engaged contractor business to provide contract work for building construction, bored piling and retaining wall abroad. Currently, the Company begins its contract work in Myanmar.

On November 20, 2013, SEAFCO Intertrade Co., Ltd established SEAFCO (Myanmar) Co., Ltd in Myanmar having 4,500 ordinary shares of 10,000 kyat each totaling to 4,500,000 kyat. The issued and paid up shares were 4,500 shares totaling to 4,500,000 kyat. The Company provides construction, bored pile and retaining wall services in Myanmar. Currently, the Company starts to provide the service.

SEAFCO Public Company Limited group consist of:





Company Name	Shareholding	Business / Auction
1. Seafco Construction Company Limited	The Company holds 50 of registered and paid up share capital amounted to 10 million baht	The nature of business is providing contractual work from bidding project. The Company has a policy to provide contractual work service for high rise building. Currently, the Company undertakes foundation works for 2 projects.
2. Srinakarindhra JV Construction	The Company holds 30 percent of registered and paid up share capital	This company is a joint venture between Chaivanant Trading (2524) Co., Ltd having joint venture ratio of 40 percent and Prayoonchai (1984) Co., Ltd having joint venture ratio of 30 percent. The company was established on May 29, 2007 to perform Srinakarindhra Tunnel and Sukhumvit 103 (Udomsuk) road construction work.
3. Seafco And Prayunchai (1984) JV Construction	Company holds 45 percent of registered and paid up share capital	The company was established on June 20, 2007 to road and pipeline construction for Mitrijit and Kongkao road project. Currently, the company does not perform any business activities. In addition, the Company has no policy to use this JV in any bidding project in the future
4. Seafco Intertrade Co.,Ltd.	The Company holds 99.99 percent of registered share capital of 5 million baht and 2.5 million baht has been paid up	The company has a policy to contractual work for bored pile and Diaphragm Wall construction aboard
5. Seafco (Myanmar) Co.,Ltd.	The Company holds 90 percent of 4,500,000 kyat registered share capital	The company has a policy to contractual work for bored pile and Diaphragm Wall construction in Myanmar

\*It is necessary for the Company to hold the share in this joint venture for the period of 2 years after delivery date in accordance with the obligations set forth by the Bangkok Metropolitan as performance guarantee. After that, the Company will liquidate this joint venture.



On the 7<sup>th</sup> of July 2003, extraordinary general meeting consensus has approved the decrease of registered capital from 210 million baht to 160 million baht and the increase of capital by 55 million baht (55 million ordinary shares issued at 1 baht per share). Fifty million shares were allocated to public offering and the remaining 5 million shares were reserved without cost for an exercise of Employee Stock Option Program (ESOP). Exercise ratio is set as 1 right per 1 share at exercise price of 5 baht per share. On 15<sup>th</sup> October 2003, the company has issued these rights to directors and employee whose right expire three year from the issued date.

On 31<sup>st</sup> October, 2004, the first exercise date of ESOP shares, there was no right exercised on this date.

On 28<sup>th</sup> April, 2005, the second exercise date of ESOP shares, there was no right exercised on this date.

On 31<sup>st</sup> October, 2006, the third exercise date of ESOP shares, there were 20 rights exercised and 1,518,000 shares were allocated causing the reserved shares to remain at 3,482,000 shares. Amount received from the third exercise was in total of 7,590,000 baht.

On the 30<sup>th</sup> April 2007, the forth exercise date of ESOP shares, there were 121 rights exercised and 2,002,000 shares were allocated causing the reserved shares to remain at 1,480,000 shares. Amount received from the third exercise was in total of 10,010,000 baht.

On the 31<sup>st</sup> October 2008, the fifth exercise of ESOP shares, there were 130 rights exercised and the remaining 1,480,000 shares were all allocated. Amount received from the third exercise was in total of 7,400,000 baht.

On the 13<sup>th</sup> November 2009, Seafco Public Co., Ltd. Received IR Excellence Award from The Stock Exchange of Thailand (SET) Awards 2009.

On the 19<sup>th</sup> November 2010, Seafco Public Co., Ltd. Received IR Excellence Award from The Stock Exchange of Thailand (SET) Awards 2010.

On October 6, 2011, Seafco Public Co., Ltd. sold its investments in joint venture Seafco-Ryobi Pte.Ltd. Entirely to foreign investors by the company to earn a profit on sale of investment. 4.91 million baht.

On November 15, 2011, Seafco Construction Co.,Ltd. increase registered capital from baht 1 million baht to 10.9 million baht by seafco Public Co.,Ltd. hold 55% shares from registered capital.

On January 17, 2012, Seafco Construction Co.,Ltd. decrease registered capital from baht 10.9 million baht to 10 million baht , Seafco Public Co.,Ltd. hold 50% shares from registered capital.

On August 15, 2012, Seafco Co. Ltd. and Prayunchai (1984) JV Construction will be registered.

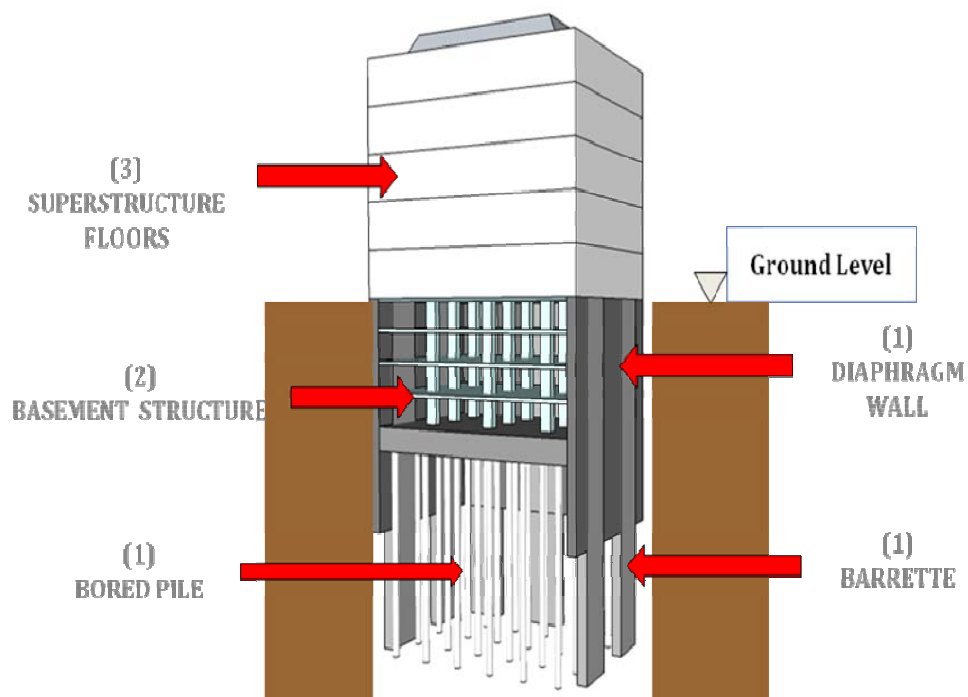
On June 17, 2013, the Company established Seafco Intertrade Co., Ltd with of 5,000,000 baht registered capital. The Company holds 99.99 percent of the share.

On November 20, 2013, Seafco (Myanmar) Co., Ltd was established with 4,500,000 kyat registered capital. Seafco Intertrade Co., Ltd holds 90 percent of share.

### Nature of Business

The company engages in the business of being the contractor of foundation and general civil works tendering from both the Government and the Private Sectors. The company is capable of handling direct contract works from project owner or sub-contracting from the main contractor. The overall contract works of the company may be summarized as follow:

- Bored Piling
- Diaphragm Wall Construction
- Civil works including foundation and building construction
- Soil Improvement
- Various Testing Service





## Revenue Structure of the Group by Line of Business

Line of Business	Year 2011		Year 2012		Year 2013	
	Baht Million	%	Baht Million	%	Baht Million	%
<b>Contract Revenue</b>						
Bored Piling and Diaphragm Wall Construction Revenue	1,085.74	68.87	1,042.26	67.60	1,192.36	89.10
Civil Work Revenue	470.56	29.85	466.27	30.24	67.48	5.04
Sub-Construction Revenue	-	-	-	-	40.63	3.04
Pile Testing Service Revenue	0.27	0.02	2.12	0.14	1.57	0.12
Other Service Revenue	13.60	0.86	12.41	0.80	5.27	0.39
<b>Total Contract Revenue</b>	<b>1,570.16</b>	<b>99.59</b>	<b>1,523.06</b>	<b>98.78</b>	<b>1,307.31</b>	<b>97.69</b>
Other Revenue	6.44	0.41	18.78	1.22	30.98	2.31
<b>Total Revenue</b>	<b>1,576.60</b>	<b>100.00</b>	<b>1,541.83</b>	<b>100.00</b>	<b>1,338.29</b>	<b>100.00</b>

## Industry and Competition

The business situation of the construction of small diameter bored piles and Diaphragm walls, the important parts of the foundation of building and foundation construction, which are varied with the expansion of the domestic property and construction business from the government and the private sectors. The construction of small diameter bored piles business consists of foundation construction of the office building, condominium, hotel, department store, and the foundation construction of toll way, underpass, road, bridge, and subway train. The large diameter bored pile and the retaining wall constructions need big machinery. The Company's 38 years of experience, with the expertise in the local construction of the foundation and its better familiarity with Thailand's soil when compared to others foreign companies, as well as its stable financial status, and good relationship with the main contractors, designers, customers who are the project owners, and construction material distributors, have led to its creditability from related persons and the Company can enter the auction with only a few competitors.

## **Risk Factors**

### **The Risk of Reliance on Key Management Staff**

The founders and core management staff of the company are Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat. They are engineers who have acquired more than 37 years of working experiences in the construction industry particularly underground construction. They have excellent reputation and well accepted among design engineer, engineering consultant, as well as project owners. This represents an important asset to the company in terms of customer introduction and contacts.

The company recognizes the risk of reliance on these three individuals. The company has implemented human resource planning in each function to enable a smooth succession in senior positions. These includes the recruitment of professionals to assist in the management function, the initiative to build a strong relationship between middle management and operational staff with customers' supervisory as well as operational staff both at government agencies and the private sector to maintain the continuing good relationship for the next management generation, the Company sought the potential candidate and hired the qualified personnel whose work performance proves satisfactory.

### **The Risk of Reliance on Engineers**

The company's business relies on specialists who possess skill and experiences in design, planning, and operating the construction work according to plan. These mean engineers at the level of Project Director, Project Manager, and Project Engineer or Foreman. If the company fails to retain these engineers, it will adversely affect the company's ability to tender for contract, as well as company's future operating results.

Nonetheless, the majority approximately 90% of the company's Project Director, Project Manager, or Project Engineer have had years of service with the company ranging more than 10 years. This is because company's good human resource policy through continuing career development, sponsoring employee domestic and overseas participation in seminar, as well as competitive incentive measure to retain needed staff to work for the company. To minimize potential problem, the company has invited universities to send their engineering students for their internship at the company every year. This has resulted in university graduates become interested in joining the company. The Company has also granted scholarships to a number of educational institutions, namely AIT (Asian Institute of Technology), King Mongkut's Institute of Technology Ladkrabang and International Civil Engineering Program, Kasetsart University.

**The Risk of Financing**

The risk of the party to the contract defaults on the contract, particularly on payment per contract completion, may cause damage to company's operating result. The company's policy for preventing such risk is to analyze customer's financial position prior to agreeing on the contract. This includes compiling additional customer information or request for advance payment prior to commencement of the contract, or progressive payment on a percentage project completion basis. The company set allowance for doubtful accounts for trade accounts having outstanding debts more than 12 months.

**The Risk of the Volatility of Construction Material Cost**

There are two types of contract the company has been engaging in namely 1. the contract that includes both costs of labor and construction materials, and 2. the contract that includes labor cost only. In the former case, the company is responsible for both the construction work, and the acquisition of raw materials resulted in the risk that operating costs may rise because of price volatility or shortage. This is because the company tenders for contract prior to commencement of contract works. Nonetheless such risk may not be excessive comparing to other construction businesses because of the following:

- Most of the contracts the company engages in are with short tenor averaging between 3-5 months per project. This enables construction material cost control for the committed project.
- There are only two main materials namely pre-mixed concrete, and iron wire. The company has been the major customer of the said material distributor. The company is therefore able to negotiate based on good relationship with the distributor and be able to fix material cost over a time period. In addition, in the event of high price volatility, the company may purchase the entire materials estimated to be needed for the project and scheduled for gradual delivery per actual work performed.
- As the diesel price was adjusted in a floating manner, the Company's cost structure was affected. The Company, which was affected by this cost burden, has emphasized this issue and closely monitored the price fluctuation. In case that the diesel price is inclined to rise, the Company would adjust the price for future construction projects to compensate the costs appropriately and consider the future potential in market competition.



**The Risk of Delay or Failure to Meet Quality Standard**

In general, company's construction contract has included penalty clause for delay amounting to 0.01% for value of contract per day. There is also established maximum fine by number of days or as a percentage of contract value for failure to meet quality standard. In such event the company must undertake to remedy the works resulted in higher operating costs and incurring more work time. Nonetheless if the delay is not caused by the company such as Construction not permitted, the change of construction design or the project owner is not ready to take delivery of the works completed, or the changing weather condition not conducive to construction such as the rainy season. All of these result in hardship to the company without prior warning and proper planning. The company has been able to negotiate and reason with project owner and extend the contract terms. Thus far the company has not been fined for reason of delay because of the long years of experience helping plan the work schedule, and preventive measures for problem or obstacles that may arise ahead of time. This includes the preparedness for tools and equipment required for the works, number of engineering supervisor with experience as well as modern construction technique.

For the civil work undertaken from the government agencies, the company has prepared the construction plan in accordance with the construction schedule to prevent any penalty charge imposed on late delivery even though there have been some penalty charge s imposed in the preceding years.

**Risk from new regulations of the public sector**

New regulations to be issued by the public sector will certainly affect the construction of the buildings such as rules and regulations related to environment permit which will delay the issue of the construction permit and will increase the construction cost. However, the piling and earth prevention dyke business of the company would be completed within 3-4 months so the impacts would be in a short term. To prevent the risk, the company would ask for the position of the permission process before the work is accepted. Thus the company will be able to arrange a plan to control the production cost within the target.

**Risk from investment in subsidiary companies, joint ventures and other companies**

As the company has already invested in several subsidiary companies, joint ventures and other companies which have undertaken the businesses similar to that of the corporate group which are involved with a number of construction projects and investments. Each project has different investment partners. Most of the joint ventures are incorporated with an objective to undertake a few projects. The joint ventures will be dissolved after the project has completed. The investment risk is limited to the amount of investment in each project. The feasibility study would be conducted for each project or investment carefully, together with the expected return when the company plans to make an investment. Most of the investments by the company have a satisfactory operating result.



### **Litigation Risk**

In performing construction works, the Company might be affected by damages due to several causes, such as damages nearby, near or adjacent to the construction sites, or those from constructions not meeting the standards or construction drawings, which might result in litigation by the injured like nearby site or project owner, eventually detrimental to the Company.

In order to reduce litigation risk, before entering a construction site, the Company will affect insurance covering damages potentially caused by the construction, including conducting a pre-survey before work commencement. In the part of project owner, the Company deposits with it an achievement bond of 1-2 years, as the case may be. In the past, the Company was not subject to any litigation by a project owner because our work quality met international standards. We were somewhat sued by nearby site owners but not affected by it as we had a separate insurance coverage for it.

### **New-Projects Risk**

With their conditions, bored pile and diaphragm wall works in each project take a period of 3-4 months approximately, hence the risk of being unable to seek new projects upon completion of the current ones. The Company searched for new market for instance, in AEC in order to support domestic market.

The Company has 30 percent of market share in the bored pile and diaphragm wall market, which market share is considered highest. Therefore, it stays a better chance than competitors in getting projects. With over 37 years of reputation, we well understand the competitive conditions and have expanded more bases in foundation, structural, road and tunnel works.

### **Risk from shortage in personnel**

According to the growth in construction business and the government policy to adjust the daily minimum wage to 300 baht in every province of the country, many workers have opted to go back home. As a result, the construction businesses have suffered the labor shortage problem. Therefore, the company has made the registration with the Department of Employment for procurement of alien workers and promotion of trainee students from various academic institutes to participate in the training program of the company for selection of the students to work with the company. Besides, the company has provided educational scholarship to the students in the undergraduate institutes to have those students work with the company after their graduation. .

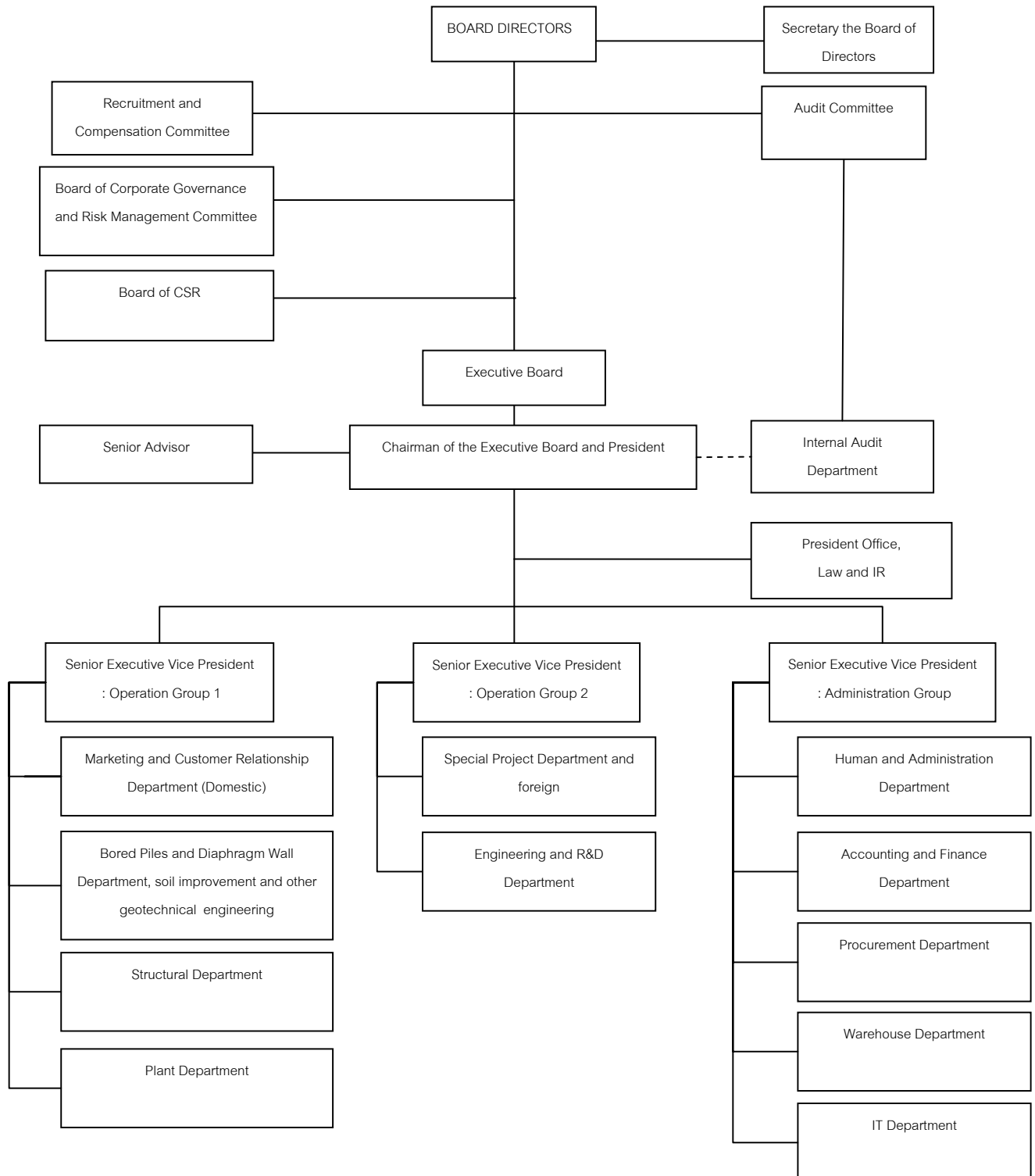
**Structure of Shareholders**

List of the Largest Shareholders as at January 10, 2014

Shareholders' List	Number of Shares	Percentage of Paid Up Capital
<b>1. Thasnanipan Group</b>	<b>80,740,623</b>	<b>30.05</b>
1.1 Mr. Narong Thasnanipan	20,615,000	7.67
1.2 Miss Nutthakarn Thasnanipan	17,723,958	6.60
1.3 Miss Nutthawan Thasnanipan	14,779,791	5.50
1.4 Mrs. Paovana Thasnanipan	8,666,666	3.23
1.5 Mr. Thasapan Thasnanipan	8,500,000	3.16
1.6 Mr. Nuttapol Thasnanipan	6,389,625	2.38
1.7 Mr. Decha Thasnanipan	1,232,250	0.46
1.8 Mr. Nutthapan Thasnanipan	2,833,333	1.05
<b>2. Pravesvararat Group</b>	<b>26,125,664</b>	<b>9.72</b>
2.1 Mr. Tachapong Pravesvararat	15,640,000	5.82
2.2 Miss. Supaporn Pravesvararat	2,402,832	0.89
2.3 Miss. Suriporn Pravesvararat	2,313,748	0.86
2.4 Miss. Puangmali Pravesvararat	2,503,292	0.93
2.5 Mr. Sumeth Pravesvararat	2,075,751	0.77
2.6 Mr. Chaichalard Pravesvararat	1,112,500	0.41
2.7 Mr. Sanga Pravesvararat	72,500	0.03
2.8 Mr. Aieng Saepueng	5,041	0.00
<b>3. CITIGROUP GLOBAL MARKETS LIMITED</b>	<b>11,225,250</b>	<b>4.18</b>
<b>4. Mr. Sakchai Sajjasiri</b>	<b>4,000,000</b>	<b>1.49</b>
<b>5. Thai NVDR Company Limited</b>	<b>3,447,875</b>	<b>1.28</b>
<b>6. Mr. Vittaya Narathasajan</b>	<b>3,125,000</b>	<b>1.16</b>
<b>7. Ms. Panee Pichidsurakij</b>	<b>2,275,800</b>	<b>0.85</b>
<b>8. Mr. Sajjapong Wongraksanga</b>	<b>2,150,000</b>	<b>0.80</b>
<b>9. Other</b>	<b>135,639,982</b>	<b>50.47</b>
<b>Total</b>	<b>268,730,194</b>	<b>100.00</b>



### Organization Chart





## Management

Board of Directors as of April 11, 2013

## Shareholders

## Board of Director

## List of names the Board of Director

1. Assoc.Prof Dr. Somjai	Phagaphasvivat	Chairman (Independent Director)
2. Mr. Narong	Thasnanipan	Director
3. Mr. Tachapong	Pravesvararat	Director
4. Mr. Padej	Rujikhajorndej	Director
5. Mr. Kamol	Singtogaw	Director
6. Miss. Nutthawan	Thasnanipan	Director
7. Mr. Zaw Zaw	Aye	Director
8. Mr. Siwa	Sangmanee	Director (Independent Director)
9. Mr. Somkuan	Watakeekul	Director (Independent Director)
10. Mr. Somkual	Musig – In	Director (Independent Director)
Mr. Anek Srituptim Secretary		

## Executive Board

## List of names the Board of Executive Director

1. Mr. Narong	Thasnanipan	President
2. Mr. Tachapong	Pravesvararat	Executive Director
3. Mr. Padej	Rujikhajorndej	Executive Director
3. Mr. Kamol	Singtogaw	Executive Director
4. Mr. Zaw Zaw	Aye	Executive Director
5. Miss Nutthawan	Thasnanipan	Executive Director

## Audit Committee

## List of names the Audit Committee

1. Mr. Siwa	Sangmanee	Chairman of the Audit Committee
2. Mr. Somkuan	Watakeekul	Audit Committee
3. Mr. Somkual	Musig – In	Audit Committee

## Recruitment and Compensation Committee

## List of names the Recruitment and Compensation Committee

1. Mr. Somkuan	Watakeekul	Chairman of the Recruitment and Compensation Committee
2. Mr. Narong	Thasnanipan	Recruitment and Compensation Committee
3. Mr. Zaw Zaw	Aye	Recruitment and Compensation Committee

## Risk Management Committee

## List of names the Risk Management Committee

1. Miss Nutthawan	Thasnanipan	Chairman of the Risk management Committee
2. Mr. Padej	Rujikhajorndej	Risk management Committee
3. Mr. Kamol	Singtogaw	Risk management Committee
4. Mr. Zaw Zaw	Aye	Risk management Committee
5. Mr. Kamol	Youyuenpathana	Risk management Committee
6. Mr. Anek	Srituptim	Risk management Committee
7. Mr. Tawat	Phutphong	Risk management Committee
8. Mr. Somsak	Thawatchpongthon	Risk management Committee
9. Mr. Nutthapan	Thasnanipan	Risk management Committee

**Structure Executive Officer**

Board of Executive officer		
List of names the Board of Executive officer		
1. Mr. Narong	Thasnanipan	CEO
2. Mr. Kamol	Singtogaw	Executive Vice President
3. Mr. Padej	Rujikhajordej	Executive Vice President
4. Mr. Zaw Zaw	Aye	Executive Vice President
5. Miss Nutthawan	Thasnanipan	Executive Vice President
6. Mr. Kamol	Youyuenpathana	Executive Vice President
7. Mr. Anek	Srituptim	Executive Vice President
8. Mr. Somsak	Thawatchpongthon	Executive Vice President
9. Mr. Tawat	Phutphong	Executive Vice President



### **Board of Directors**

Authorized directors consist of Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat, Miss Nuttawan Thasnanipan, Mr. Padet Rujikhajorndej, Mr. Kamol Singtogaw and Mr. Zaw Zaw Aye. Two out of the six directors may sign jointly, and affix with company seal to bind the company.

### **Board Elements**

1. The Board of Directors consists totally of not less than 9 persons with qualifications as required by law and the Articles of Association of the Company.
2. The Board of Directors consists of not less than 3 independent directors with the following qualifications:
  - 2.1 Holding no more than 1 percent of the total shares with voting rights in the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person.
  - 2.2 Having had no managerial participation; being not an employee, staff, regularly paid advisor, person providing professional service to the Company, such as auditor or lawyer, or a person empowered to control the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person, without aforesaid interests or conflicts of interests for a period of not less than 2 years.
  - 2.3 Having no business relationships, interests, conflicts of interests, directly or indirectly, in finance and management, and being not a customer, partner, raw materials supplier, trade creditor/debtor, loan creditor/debtor of the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person which could lead to lack of independence.
  - 2.4 Being not a close relative of the management or major shareholders of the Company, its group companies, associated companies, subsidiaries, or a potentially conflicting person and not appointed as its fiduciary representative.
3. Appointment of directors is in accordance with a specifically included agenda focusing on transparency and clearness. Nominating a candidate should be made along with an adequate provision of his/her background information and details for the benefit of selection.
4. Backgrounds of all directors are publicly disclosed thoroughly and each time of director change.
5. Board Chairman is not a chairman or member of any sub-committees in order to leave their undertakings independent.
6. Sub-committees have to arrange a meeting on a regularly basis at least 2 times a year.

### **Board Qualifications**

1. Board qualifications must not be contrary to the Public Limited Companies Act.
2. Having leadership, broad vision, virtue, ethic, and good record of employment.
3. Having interest in the Company's business and being able to provide adequate dedication.



4. Directors must be nominated by the Recruitment and Compensation Committee and appointed by the shareholders' meeting.
5. Neither conducting nor participating in any businesses of the same conditions and competing with Company business, whether for personal or others' gain.

Roles, Duties and Responsibilities of Board of Directors

1. Perform duties in compliance with laws, the objects, Articles of Association, and shareholders meeting resolutions with honesty and integrity, Company interests carefully maintained, and responsibility toward the shareholders.
2. Define policies and operational direction of the Company and supervise to ensure that managerial implementations are effective and efficient based on the policies under good corporate governance and toward the best interest of the Company and its shareholders.
3. Provide the Company with an effective and reliable accounting system, financial reporting, internal control and internal audit.
4. Participate in risk management implementation by providing a guideline and suitably adequate risk management measure regularly monitored.
5. Regulate to ensure that all stakeholder parties are treated ethically and equitably by the management team.
6. Independent directors are ready to use their own discretion independently in their consideration of strategy determination plan, management, resources use, director appointment, and operational standard establishment so as to raise highest the economic value for the Company and its shareholders.
7. Review the good corporate governance policy regularly.
8. Make available a Company secretary to assist in implementing several board activities, such as Board and shareholders meeting, give the Board and Company advices about their personal performance and carrying out in compliance with applicable laws and ordinance on a regular basis, and ensure proper disclosure by the Board and Company of data and information.
9. Provide as guidelines for internal performance, provisions about the Code of Conduct and business ethics, and ethics for directors, executives and staff.
10. Stop trading securities at least 1 month prior to a news release of financial statements and at least 3 days subsequent to such release.
11. Report securities holding by them, their spouses and children of an illegal age to a Board meeting at every occurrence of change, and to the Company without delay on the following cases:
  - 11.1 Having a conflict of interest, directly or indirectly, in any contract executed by the Company during a financial year.
  - 11.2 Holding stocks, debentures or preference shares of the Company and its group companies.





12. Conduct a self-performance evaluation regularly on a yearly basis.

Numbers of Board of Directors and numbers of attendance each director attending the meeting

No.	Board of Directors	No. 1	No. 2	No. 3	No. 4	Total
1	Assoc.Prof.Dr. Somjai Phagaphasvivat (Chairman)	✓	✓	✓	✓	4
2	Mr. Tachapong Pravesvararat	✓	✓	✓	✓	4
3	Mr. Narong Thasnanipan	✓	✓	✓	✓	4
4	Mr. Siwa Sangmanee	xx	✓	✓	✓	3
5	Mr. Somkuan Watakeekul	✓	✓	✓	✓	4
6	Mr. Somkual Musig – In	✓	✓	✓	✓	4
7	Mr. Padej Rujikhajondej	✓	✓	✓	✓	4
8	Mr. Kamol Singtogaw	✓	✓	✓	✓	4
9	Miss Nutthawan Thasnanipan	✓	✓	✓	✓	4
10	Mr. Zaw Zaw Aye	✓	✓	✓	✓	4

✓ Means attend the meeting

x Means not attend the meeting

xx Means not attend as he/she has not yet become a director.

#### Audit Committee

The Audit Committee must consist of not less than 3 independent directors, at least one being knowledgeable and experienced in financial review.

Mr. Somkual Musig – In an experience in the financial statements. The Bachelor of Business Administration (Accounting) from Thammasat University.

#### Scope of Powers and Duties of Audit Committee

1. Review to ensure proper financial reporting and adequate disclosure by coordinating with an auditor from outside, with the management being responsible for producing financial reports both quarterly and annually. The Audit Committee might suggest the auditor to review or audit any transactions deemed necessary and important during an audit.
2. Review to ensure the halving of a suitably efficient internal control and internal audit, jointly with external and internal auditors.
3. Review to ensure that Company performance conforms to the law on securities and stock exchange, Stock Exchange's requirements, or laws related to securities business.

4. Consider, select and nominate for appointment, a Company auditor and propose auditor emolument with regard to credibility, resourcefulness and amount of audit works of such auditing firm, including the experience of the person designated for auditing.
5. Consider the Company's disclosure in the event of party-related transactions or those potentially with conflicts of interests to ensure accuracy and completeness and consider approving such transactions for further proposing to the Board's and/or shareholders' meeting.
6. Carry out anything else as designated by the Board of Directors and agreed to by the Audit Committee, such as review of financial management and risk management, review of adherence by executives to the Code of Conduct, joint review with the management of important reports legally required to be presented to the public such as executive reports and analysis, etc.
7. Produce and disclose an Audit Committee activity report in the Company's annual report, which is signed by the Chairman of Audit Committee and should consist of the following particulars:
  - 7.1 Opinion toward the accuracy, completeness and reliability of the production process and disclosure of financial reports.
  - 7.2 Opinion toward the adequacy of the internal control.
  - 7.3 Decent reason justifying the appointment of the auditor for another term.
  - 7.4 Opinion toward compliance with the law on securities and stock exchange, Stock Exchange requirements, and laws related to Company business.
8. Any other reports that in its opinion should be known by the shareholders and general investors, under the scope of duties and responsibilities assigned by the Board of Directors.
9. Report the Audit Committee's performance to the Board of Directors at least 4 times a year.
10. Arrange a meeting between the Audit Committee and the external auditor at least 4 times a year.

Numbers of Board of Audit Committee and numbers of attendance each director attending the meeting

No.	Board of Audit Committee	No. 1	No. 2	No. 3	No. 4	Total
1	Assoc.Prof.Dr.Somjai Phagaphasvivat	✓	✗	✗	✗	1
2	Mr. Siwa Sangmanee (Chairman)	✗✗	✓	✓	✓	3
3	Mr. Somkuan Watakeekul	✓	✓	✓	✓	4
4	Mr. Somkual Musig – In	✓	✓	✓	✓	4



Means attend the meeting



Means not attend the meeting



Means not attend as he/she has not yet become a director.

- Assoc.Prof. Dr. Somchai Pakkapaswiwat left audit committee position on April 11, 2013 and took over chairman of the board position.
- Mr. Siwa Seangmanee took up audit committee position April 11, 2013



## The Executive Committee

### The Duty and Authority of the Executive Committee

The Executive Committee is to establish policy, guideline, strategy, and core management structure to operate the business of the company corresponding and supportive to the economic environment and competition as announced at the General Shareholders' Meeting. The Executive Committee is to report to the Board of Directors for approval its business plan, budget, and delegation of authority, to enable the Board to follow-up on the policy, the efficient conduct of the company's business, and the operating results according to the approved business plan. The Committee is to engage in financial transaction with financial institution and perform other matters as assigned by the Board of Directors.

## The Recruitment and Compensation Committee

### The Duty and Authority of the Recruitment and Compensation Committee

1. Review and establish qualification and recruit individuals for the positions of
  - company director and submit to the Board for appointment consideration at the General Shareholders' Meeting
  - executive committee member and submit to the Board for appointment consideration
2. Establish criteria for compensation to directors, managing director, and submit to the Board for approval consideration at the General Shareholders' Meeting
3. Conduct other matters as assigned by the Board of Directors.
4. To recruit and select the persons to become the directors and chairman of the executives at the expiry of the term or when there is any vacancy or the other executive post assigned by the board of directors.
5. To provide recommendation on method to evaluate the performance of the directors and the board of directors to the board of directors.
6. To review and suggest any correction to scope, duty and responsibility of the recruitment committee in compliance with the conditions.
7. Other works assigned by the board of directors.

Numbers of Board of Recruitment and Compensation Committee and numbers of attendance each director attending the meeting

No.	Board of Recruitment and Compensation Committee	No. 1	No. 2	Total
1	Mr. Somkuan Watakeekul (Chairman)	✓	✓	2
2	Mr. Narong Thasnanipan	✓	✓	2
3	Mr. Zaw Zaw Aye	✓	✓	2

✓ Means attend the meeting

✗ Means not attend the meeting



## **Risk management committee**

### Scope of authority and duty of the risk management committee

#### **Corporate Governance**

1. To determine policies and to arrange corporate governance manual of the company and to prepare the business ethics manual for submission to the board of directors for approval on practice by every level of the employees.
2. To supervise strict and continuous compliance with corporate governance manual and business ethics manual.
3. To make an assessment and review related to policies, directions, guidelines or practices on international corporate governance.
4. To monitor movement, trend and comparison with leading companies on good corporate governance for better improvement.
5. To provide suggestion to the company, the board of directors, the management and working group on matters related to good corporate governance.
6. To prepare and submit a report on compliance with the good corporate governance policy to the board of directors immediately on matters with significant impacts on the company.
7. Disclosure on information related to good corporate governance in the website of the company and the annual report to all stakeholders for acknowledgement.

#### **Risk**

1. To formulate a policy on risk management covering various risk management for consideration by the board of directors
2. To follow up the risk management since the commencement of the process to identify the risk and to analyze, assess, monitor and report the risk management systematically
3. To advise internal units in the organization with the risk management process and to monitor and assess the outcome consistently
4. To prepare a report to the audit committee on the improvements needed in compliance with the policy and strategy of the company



Numbers of risk management committee and numbers of attendance each director attending the meeting

No.	Risk Management Committee	No.									Total
		1	2	3	4	5	6	7	8	9	
1	Miss. Nuttawan Thasnanipan (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
2	Mr. Padej Rujikhajorndej	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
3	Mr. Kamol Singtogaw	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
4	Mr. Zaw Zaw Aye	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
5	Mr. Kamol Youyuenpathana	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
6	Mr. Anek Srituptim	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
7	Mr. Tawat Phutphong	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
8	Mr. Somsak Thawatchpongthon	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
9	Mr. Nutthapan Thasnanipan	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

✓ Means attend the meeting

✗ Means not attend the meeting

#### Company Secretary

##### The Duty and Authority of the company secretary

1. Providing advice to directors as to relevant legal provisions, rules, criteria, and regulations
2. Ensuring compliance with laws, the Articles of Association, relevant regulations and the Good Corporate Governance Principles by the Company
3. Arranging for the meetings as specified by law and the articles of association, preparing and keeping directors registration, notices and minutes of the Board of Directors' meetings and annual reports of the Company, notices and minutes of the shareholders' meetings as well as coordinating to ensure compliance with resolutions of the Board of Directors or resolutions of the shareholders with efficiency
4. Ensuring disclosure of information and report on information to the regulatory units
5. Contacting and communicating with shareholders and the related regulatory units
6. To prepare information with an aim to enhancing the directors to attend various training courses beneficial to the duties to be performed by the directors.
7. Proceeding with other matters as assigned by the Board of Directors



## Compensation to Directors and Management

	2011		2012		2013	
	Number of Persons	Compensation in Baht	Number of Persons	Compensation in Baht	Number of Persons	Compensation in Baht
<u>Management Compensation</u>						
Salary	10	24,216,000	11	27,110,497	10	29,635,004
<u>Director Compensation and Director Fee</u>	9		9		10	
- Assoc. Prof.Dr.Somjai Phagaphasvivat						
- Mr. Somkuan Watakeekul		640,000		640,000		755,000
- Mr. Somkual Musig-in		480,000		480,000		580,000
- Mr. Tachapong Pravesvararat		480,000		480,000		580,000
- Mr. Narong Thasnanipan		-		-		460,000
- Mr. Songsak Visutoutakul		360,000		360,000		100,000
- Mr. Padet Rujikhajomdej		300,000		300,000		85,000
- Mr. Kamol Singtogaw		220,000		220,000		65,000
- Miss Nutthawan Thasnanipan		220,000		220,000		65,000
- Mr. Zaw Zaw Aye		200,000		200,000		60,000
Total		<u>220,000</u>		<u>220,000</u>		<u>65,000</u>
		<u>3,120,000</u>		<u>3,120,000</u>		<u>2,815,000</u>

## Good Governance

The board of director has put its focus on the good governance practice to ensure transparency, responsibility under the authority and duty of the board of directors and the executives and confidence of the shareholders and all investors. Thus the policy has been arranged to support the corporate supervision on key areas as follows:

## 1. Governance Policy

The company recognizes good governance in order to keep investors and the general public informed and be able to examine the operation of the company. The company has established supervision policy emphasizing matters related to directors, transparency in company's conduct, the disclosure of information, and risk management to build confidence among shareholders, investor, and all relevant parties.

The company has attended the good corporate governance development project for listed companies for the year 2012 with the Stock Exchange of Thailand to evaluate the performance to be improved for better good corporate governance work. At present it is in the process of collecting and grouping the policies into proper category.



## 2. Shareholders : Rights and fair treatment

The board of directors of the company has put its priority on rights and fair treatment toward the shareholders by stating clearly in the policy that the shareholders of the company are eligible to receive the share certificate and right to transfer shares, right to receive timely and sufficient information in a format suitable to the decision making, right of shareholders to attend the meeting and cast a vote in the meeting of shareholders for change in major policies of the company, right to elect and remove the directors and right to appoint the auditor and right in the profit sharing.

In the meeting of shareholders, the board of directors has a policy to facilitate the shareholders through submission of complete, clear and sufficient and timely information and the board of directors has encouraged the shareholders to attend and exercise their voting right in the meeting or to assign any person to attend the meeting or the independent director to cast the vote if the shareholder is unable to attend the meeting and to provide the shareholders an opportunity to express their opinion, ask for clarification or make an inquiry in an equitable manner.

The company has arranged the general meeting of shareholders of 2012 on 11 April 2013 at the conference room of the company No. 144, Prayasuren Rd. , Bangchan, Klong Sam Wah, Bangkok 10510, with nine directors attending the meeting. The company has assigned Securities Depository Center Co., Ltd. (Thailand), the registrar of the company, to send a letter of invitation to the meeting in advance and has made the notice in the website of the company 21 days before the meeting date. The report to shareholders for 2013 has been posted in the website of the company 14 days after the meeting date and the shareholders are eligible to make a correction if the minutes of the meeting have been found incorrect within 30 days since the disclosure in the website of the company. The right of minority shareholders is available for submission of the agenda of the meeting and the names of the directors to replace the directors whose term has expired. The company has made the notification on this matter through the Stock Exchange of Thailand to inform the shareholders and is opened to receive the matters in the month of January 2013 and has made the notification in the website of the company to indicate the procedures and methods of the decision process to ensure transparency and clarity. The shareholders have expressed no agenda of the meeting in the meeting of shareholders of 2013.

## 3. Right of various stakeholders

The company has determined to treat every stakeholder in a fair manner by setting up a policy on the stakeholders in the corporate governance policy between the company and the stakeholders like the employees, customers, trading partners, creditors, government agencies, communities located with the office of the company, including the overall society. Guidelines for practice by the directors, executives and employees have been arranged on an equitable basis and balanced mutual benefits with key focus on the conflict of interest, responsibility towards the shareholders, policies and treatment toward the employees, customers, trading partners, creditors, competitors and the overall society. It is specified that every director, executive and

employee is required to learn, understand and strictly comply with the guidelines provided to ensure that the right of every stakeholder is protected and well treated. Besides, there is a channel available to receive the claim on corporate governance and business ethics from six groups of stakeholders consisting of customer group, trading partner group, shareholders and investor group, employee group and neighboring community group with consistent monitoring and report.

Regarding the employees, the company is aware that the employees are the key valuable success factor so the policy and practice have been arranged to ensure fair treatment for employees of every race and language, both opportunity, return, appointment, rotation, potential development, maintenance of the working environment for safety of life and property of the employees at all times. The company has undertaken the measures on safety, professional safety and environment sufficiently and appropriately to prevent any life casualty and injury and sickness from the accident or from the work undertaken.

The principle held by the company is to provide a fair return to the employees in terms of salary, welfare and compensation in any form connecting to the value added to the shareholders in the long run. The personnel management has been fairly arranged in conjunction with the opportunity provided for learning, development of knowledge and competence of the employees to their full potential for every employee in a consistent manner. The company has set up the performance assessment committee to evaluate the performance of each employee to ensure transparency and mobility of resources of the company toward sustainable and stable prospect.

Regarding the customers, the company has determined to develop the working process in response to the need of the customers for better efficiency and effectiveness, to keep and comply with the agreement made with the customers strictly by delivery quality output in accordance with the expectation of the customers at the fair price, to provide advice related to geological engineering and correct, timely and sufficient information, compliance with conditions made with the customers strictly and to arrange the system and process to accept complaint from the customers related to the quality, quantity, work safety, including suggestions on efficient operation beneficial to the customers. Besides, the emphasis is on maintenance of confidentiality of the customers and not to utilize for illegitimate purpose.

Regarding trading partners and/or creditors, the company has arranged the policies and practices toward the trading partners and/or creditors fairly and equitably with regard to the maximum interest of the company and fair return to both sides and avoidance of the situation causing the conflict of interest and compliance with the obligations under the agreement made.

Regarding the competitor, the company has arranged the policies and practices toward the competitors to ensure compliance with the international standard under the legal framework related to practice under the free trade competition, not to divulge secret or to learn the trade secret of the competitors through the fraudulent method, not to dump the market to compete for the customers. The concept of the company is to undertake the business in a fair manner.



Regarding the community and overall society, the company has encouraged and embedded awareness for social responsibility among the employees of all levels not to provide assistance or support or allow illegal practice. The company holds that the community is part of the company to be developed through spiritual development and awareness of the good deed in the communities around the company. The company in conjunction with Jittanuparb Institute has opened Branch No 47 for concentration training. Two concentration training classes have already been conducted to make spiritual development and community awareness for the communities and employees of the company to ensure sustainable development.

To support the above policies, the company has undertaken the social responsible activities or Corporate Social Responsibility (CSR) as the company has believed that the spiritual development will result in better social development. The incorrect act will be suspended as the spirit has been diverted from the wrong practice so theft or fraud in the community will decline and the society will be sustainable and livable.

The Company has anti-corruption policy as well as corruption prevention by creating communication channel via human resources management department which will directly report to the management. The Company also has spiritual development campaign for the employees with an aim to reduce the corruption.

#### 4. General Shareholders' Meeting

In 2013, the company has arranged the general meeting of shareholders on 11 April 2013 at 9.30 A.M. at the conference room of the company No 144, Prayasuren Rd. (Ramintra 109 Rd.), Bangchan, Klong Sam Wah, Bangkok. The board of directors of the company has a policy to have the shareholders take part in the decision making and have provided the shareholders with information completely, timely and sufficiently for the decision making. The company has sent the letter of invitation to the meeting, together with supporting information for the agenda to the shareholders in advance of the meeting. Each agenda is required to be provided with the opinion of the board of directors. The meeting has been attended by nine directors, including the chairman of the audit committee, the chairman of the corporate governance and recruitment committee and the chairman of the compensation committee and the company has the top executives, the auditor and independent observers from the Thai Investors Promotion Association attend the meeting as well.

The chairman of the meeting provided an opportunity to every shareholder equally to examine the business undertaken by the company and has replied to the inquiries to each agenda. The chairman of the meeting has encouraged the shareholders to express their opinion and to ask for clarification related to the operation of the company. In addition, the board of directors has arranged the minutes of the meeting and disclosed such minutes in the website of the company within 14 days since the meeting date so the shareholders are able to examine and make a correction within 30 days.



#### 5. Leadership and Vision

The Board of Directors has participated in the establishment of vision, mission statements, strategy, goal, business plan, and budget of the company as well as supervising the management to perform according to its business plan, and established budget efficiently and effectively in order to maximize the economic value, and security to the shareholders.

#### 6. Conflict of Interests

The company has policy to prevent conflict of interest by establishing policy and procedures in writing for the approval of related party transaction. The Board of Directors and the Audit Committee shall control and examine said transactions and provide disclosure within the Note to Financial Statement, Annual Report, and Form 56-1. In addition, the Board and the Committee shall supervise management and related party to comply to Section 59 of the Securities and Securities Exchange Act of BE 2535 relating to Disclosure of Security Holding and the Prohibition of Exploiting Insider Information for Self Interest.

#### 7. Business Ethics

The Board and management have established policy and informed all employees to be conscientious to perform their duty with honesty, and be responsible to interested parties, the shareholders, and relevant parties consistently.

#### 8. Balance of Voting Power of Non-Executive Directors

The Board of Directors consists of 10 directors broken down into

Executive Directors	6 individuals
Non-Executive Directors	- individual
Independent Directors	4 individuals

Non-Executive directors and independent directors combined accounted for 40% of all directors, and provided appropriate check and balance in the management of the company.

#### 9. Combined or Isolated Position

The company has isolated the positions of the Board Chairman, and the Managing Director distinctively with the check and balance provided by independent directors.

#### 10. Compensation for Directors and Management

The company has clear and transparent policy on director compensation at the same level as other companies in the industry and sufficiently high to retain qualified directors with proper approval at the General Shareholders' Meeting. The company has established policy on management compensation at an appropriate level commensurate to duty and responsibility, sufficiently high to provide incentive for management to perform their duty to the highest of their ability.



#### 11. Board of Directors' Meeting

The Board convenes regularly at least quarterly with meeting invitation including information and clear agenda of the meeting delivered to all directors at least 7 days in advance. The company arranges to record minute of the meeting in writing to report the result of the meeting and retains the minute for the Board and relevant parties viewing and examining. During the year 2013, there were 4 Board Meeting with all directors attended in all the meetings.

#### 12. Sub-Committee

The company has formed three sub-committees comprising the Audit Committee, Recruitment and Compensation Committee and Risk Management Committee.

##### The Audit Committee

The company appointed its Audit Committee on March 2, 2004 with tenor of 3 years. The Audit Committee shall convene its regular meeting and report to the Board of Directors

##### The Recruitment and Compensation Committee

The Board appointed the Recruitment and Compensation Committee in accordance with its resolutions passed at the Board Meeting 4/2547, dated November 8, 2004, and 1/2547, dated February 25, 2004. The Committee was formed in order to consider recruiting qualified and appropriate individuals to be appointed as executive directors including consideration for an appropriate level of compensation for directors.

##### The Corporate Governance and Risk Management Committee

The board of directors has appointed new risk management committee in accordance with the resolution of the board of directors No. 5/2011 on November 11, 2011, to formulate the risk management policy of the company in accordance with the policy and strategy of the company and to assess and report the risk possibly incurred to the board of directors of the company

#### 13. System Control and Internal Audit

An Internal Audit Department has been established with help of KPMG Phoomchai was to assist in providing counsel to rectify weaknesses found in the company's system of internal control, to ensure the company maintains a good system of internal control, and conducting its business in full compliance with the law and regulation relevant to the company.

#### 14. Board of Directors' Report

The Board of Directors is responsible for the consolidated financial statements of the company and its subsidiaries, and financial information presented in the Annual Report. The Board assigned the Audit Committee to review financial statements and related party transaction prior to its presentation. Said financial statements are prepared based on Generally Accepted Accounting Principles in Thailand applying appropriate accounting policy, and adequate disclosure within Notes to Financial Statement.

## 15. Investor Relation

The board of directors of the company has supervised disclosure of financial and non-financial data and information related to the business and the operating results of the company to ensure accuracy, completeness, sufficiency, consistency and timeliness and to present the position of the operation and actual financial status of the company, including the business prospect of the company through compliance with laws, regulations and requirements related to disclosure of the Office of Securities Exchange Commission and the Stock Exchange of Thailand strictly. In addition to disclosure of information in accordance with the requirements of the Office of Securities Exchange Commission and the Stock Exchange of Thailand, the company has communicated to the shareholders and investors through other channels by the Investor Relations Unit for direct communication with the shareholders, investors and securities analysts in and outside the country while the corporate communication unit will distribute data and information of the company to the shareholders, investors and people through the mass media and other media which have arranged the meeting with the analysts entering into the company in 2013 for 5 times and to participate in the activity "Listed company meeting with investors or Opportunity day" for 3 meeting.

In addition, disclosure of information has been made through the website of the company, [www.seafo.co.th](http://www.seafo.co.th) so the other stakeholders will be able to learn of information equally. The interested person is able to contact, inquire or ask for information from the Investor Relations Unit of the company, Khun Nutthawan Thasnanipan, Tel. 0-29190090 Fax. 0-29190098 or e-mail : [nthasaipan@hotmail.com](mailto:nthasaipan@hotmail.com).

### Measure or Approval Procedure for Party-Related Transactions

It is stipulated that any transactions to be made between the Company, its subsidiaries and directors, executives or related persons must be referred to the Board of Directors for approval or approval in principle before conducting such transactions, despite being a normal business item or normal business supportive item with general trade conditions which originally can be approved by the management team without Board approval. Therefore, an approval in principle is required respecting general trade conditions for conducting transactions between the Company, its subsidiaries and directors, executives or related persons, including, but not limited to, property rent item, utility cost item, service charge items, party-related borrowing, raw materials purchase and sale, provided that the general trade conditions should be in the same manner as a due person would treat his general counterparty under the same circumstance, with commercially negotiation power freed from influences derived from holding a directorship or managerial position or being a related person.

### Related Party Transaction

During the year 2013, there was related party transaction which might create situation of conflict of interest reported by the Auditor within Note 27, page 27-31 to Financial Statement.



## Operating results and financial position

### Previous Operating Results

Construction industry during 2011 to 2013 has been growing moderately. In 2011, the industry had to confront with problem resulting from great flood in the fourth quarter of the year together with the increase of minimum wages which affected the cost of construction to rise. These factors affected the operating results of the Company. Also, the Company faced the loss amounted to 58.67 million baht from one construction project acquired from one governmental organization as the Company was granted the contract with a low bidding amount.

In 2012, the construction sector improved from the important investments in government sector especially investment in mega projects in mass rapid transit around Bangkok metropolitan which the Company was able to secure some parts of blue line and purple line projects. Also, loss from construction work had been recognized as loss already in 2011 and the Company was able to recover the allowance amount of 7.65 million baht. As a result, the Company had 112 million baht profit from operating activity.

In 2013, the construction sector continued to rise from 2012. There were skyscraper construction works by the private sector and mass rapid transit around Bangkok metropolitan by the governmental sector as well as expanding expressways. However at the end of the year, they were affected by political demonstration in Bangkok affecting operating result of the fourth quarter slightly. In addition in 2013, The Company was able to secured the contract work for green line project for mass rapid transit and expansion project for Sri Rat expressway as well as the Company was able to recover the allowance for doubtful account amounted to 16.31 million baht. As a result, the Company increased its profit from operating activity to 142 million baht.

In 2012, the Company had 265.46 million baht gross profit increased by 202.55 percent comparing to 2011 of which the gross profit was amounted to 87.74 million baht. The Company was able to control its cost and deliver its work better than in 2011. Also, structural work of which gross profit was minimal and loss from some projects had already been recognized as loss in 2011.

In 2013, the Company had 249 million baht gross profit decreased by 6.04 percent comparing to 265 million baht gross profit in 2012. This was resulted from political situation so the Company could delivery its work less than the previous year.

In 2012, the Company had 112 million baht comprehensive income increased by 293 percent comparing to (58) million baht loss in 2011. The Company was able to increase its net profit due to the reasons mentioned earlier.

In 2013, the Company had 142 million baht comprehensive income increased by 27 percent comparing to 112 million baht comprehensive profit in 2011. The Company was able to increase its net profit due to the reasons mentioned earlier.

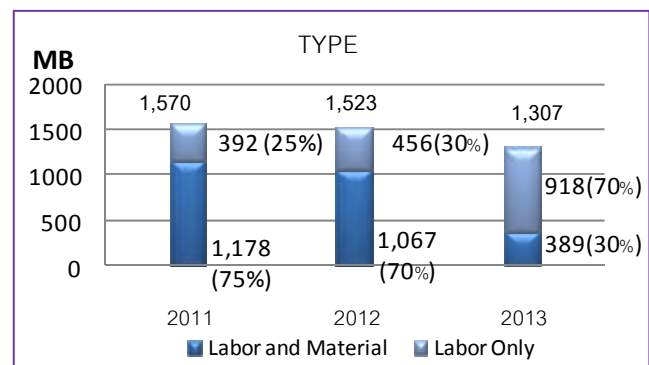
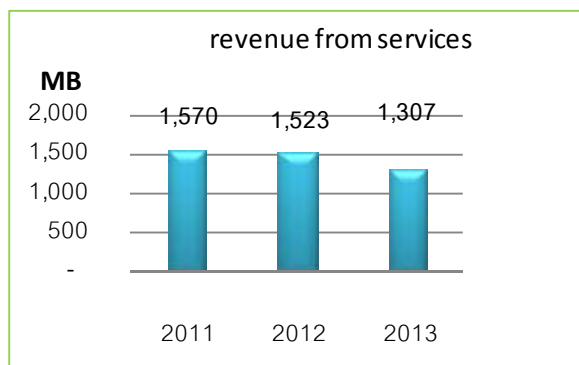
### Market Share

Market share information gathered from Ministry of Commerce information during the past four years is as following

Market share	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Market value from research (million baht)	2,633	2,689	3,861	4,377
Share of the Company (percent)	42	30	28	33

In gathering the information, it is found that income base may be deviated because in some projects which the Company provides only workforce and machinery, revenue will be decreased while some projects which the Company provides workforce, machinery and main materials, project value will be increased for example; in 2009 most projects included workforce, machinery and main materials while from 2010 to 2012, the Company provided only workforce and machinery. Therefore, the market value provided herein is only a guideline for consideration only.

### Analysis of the operating results



### Incomes from the contracted work

Revenues of the Company Group consist of the taking of employments from the work of Bored piling, diaphragm wall, civil work constructions, foundations, soil quality improvements, piling test services, other services and other revenues acquired apart from the operational works: such as, sales of various materials, profits derived from sales of the assets, interest receivable, profits derived from currency exchange rates.

In 2011, the Company group a total revenues of 1,576.60 million Baht as revenue from services 1,570 million Baht consisting of the revenue derived from the work of Bored piling& diaphragm wall to be the rate 68.87%, civil work constructions to be the rate 29.85%, foundations to be the rate 0.02%, and other to be the rate 1.27%

In 2012, the Company group a total revenues of 1,541.83 million Baht as revenue from services 1,523 million Baht consisting of the revenue derived from the work of Bored piling& diaphragm wall to be the rate



67.60%, civil work constructions to be the rate 30.24%, Pile Testing Service Revenue to be the rate 0.14%, and other to be the rate 2.02%

In 2013, the Company group a total revenues of 1,338.29 million Baht as revenue from services 1,307 million Baht consisting of the revenue derived from the work of Bored piling& diaphragm wall to be the rate 89.10%, civil work constructions to be the rate 5.04%, Sub-structure work to be the rate 3.04%, Pile Testing Service Revenue to be the rate 0.12%and other to be the rate 2.70%

Comparing 2012 and 2011, revenue of the Company decreased by 2.2 percent/ However, revenue by products was not significantly different. Revenue from bore pile work and Diaphragm wall in 2011 contributed to 68.87 percent of total income while it was decrease to 67.60 percent in 2012. When considering task, it was different as in 2011, 75 percent of the projects included main materials and workforce while 25 percent included only workforce while 2012, 70 percent of the work included workforce and materials while 30 percent of the projects included only workforce. Therefore, the revenue was lower than in 2011 but if the main materials cost was included, revenue in this part would be higher than 2011.

Comparing 2013 and 2012, total revenue was decreased by 13.20 percent from revenue from public work reduced by 85.52 percent and 30 percent of the projects taken by the Company included workforce and main materials while 70 percent were projects included only workforce. If the main materials cost was added back, revenue in this part would be higher than 2012.

Revenue from contractual work	<u>2011</u>	<u>2012</u>	<u>2013</u>
From government sector (percent)	51	55	60
From private sector (percent)	49	45	40

From sector ratio above, during 2011 to 2013 contractual works from government sector increased continuously as the government has many projects related to mass transit in Bangkok metropolitan and surrounding areas resulting in increasing in ratio of contractual work from government sector. Common ratio of contractual work without increasing investment by government sector will be from the private sector by 60 to 70 percent therefore, if the projects from the government decreased, the Company would be able to acquire more contractual work from private sector.

#### **Employment Work Cost.**

Employment work costs include. The materials used in the construction, wages, fuel cost depreciation and other production costs.

Cost of contractual work in 2012 was amounted to 1,257.60 million baht decreased by 15.17 percent comparing to 1,482.41 million baht in 2011. This was resulted from bore piling and Diaphragm wall work in 2012 included only workforce excluding main materials cost so main materials costs especially concrete and steel were decrease.

Cost of contractual work in 2013 was amounted to 1,057.95 million baht decreased by 15.88 percent comparing to 1,257.59 million baht in 2012. This was resulted from most of contractual work included only workforce excluding main materials cost so main materials costs especially concrete and steel were decrease.

#### Sale and Administrative Expenses

Sale and management expenses in 2012 is equal to 89.08 million Baht comparing with that of the year 2011 which is 105.40 million Baht, is decreased by 15.48% from the company can manage and control costs better than last year

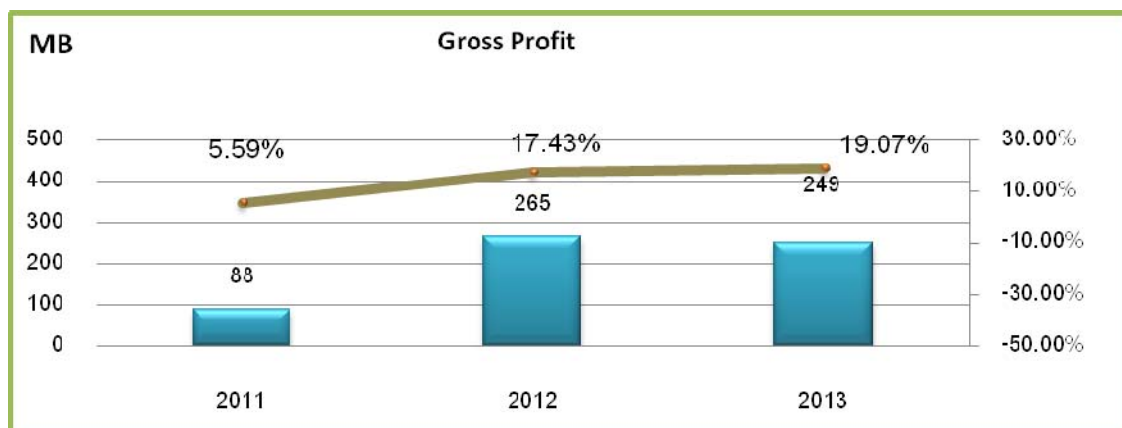
Sale and management expenses in 2013 is equal to 83.74 million Baht comparing with that of the year 2012 which is 89.08 million Baht, is decreased by 6.43% from the company can manage and control costs better than last year

#### Bad Debt

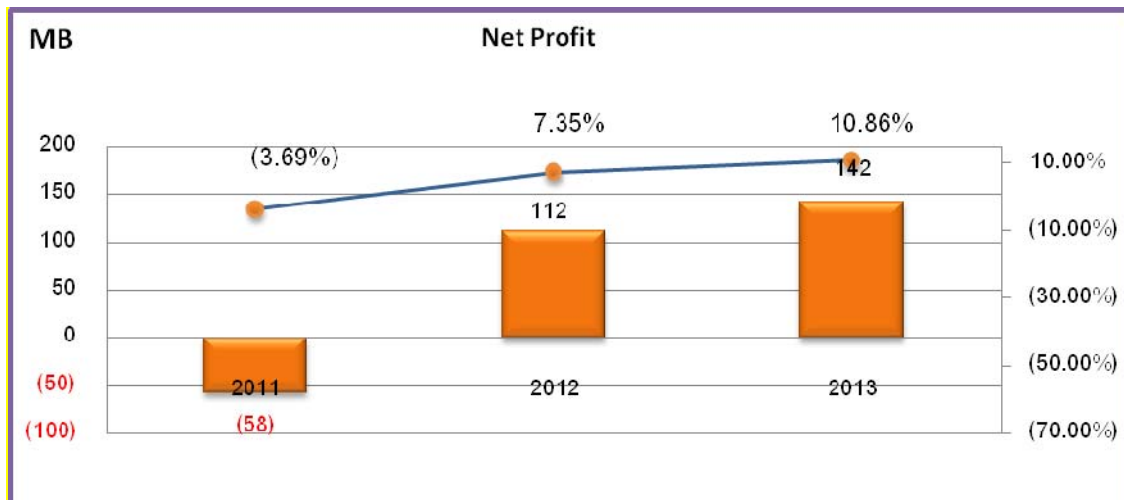
In 2012, the Company did not set the allowance for doubtful accounts while in 2012, the Company set 9.84 million baht or accounted for 0.63 percent of total revenue from contractual work as an allowance for doubtful accounts. This allowance was set for the overdue more than 12 months and this amount was recovered by 7.65 million baht in 2012.

In 2013, the Company did not set allowance for doubtful accounts but received 16.31 million baht recoverable amount.

#### Gross and Net Profit







In 2012, the Company had 265.46 million baht gross profit, increased by 202.55 percent from 2011 of which gross profit was amounted to 87.74 million baht. The Company was able to control its cost and deliver its work better than in 2011. Also, structural work of which gross profit was minimal and loss from some projects had already been recognized as loss in 2011.

In 2013, the Company had 249 million baht gross profit decreased by 6.04 percent comparing to 265 million baht gross profit in 2012. This was resulted from political situation during the fourth quarter in 2013 so the Company could delivery its work less than the previous year.

In 2012, the Company had 112 million baht comprehensive income increased by 293 percent comparing to (58) million baht loss in 2011. The Company was able to increase its net profit due to the reasons mentioned earlier and as the Company was able to control its cost better.

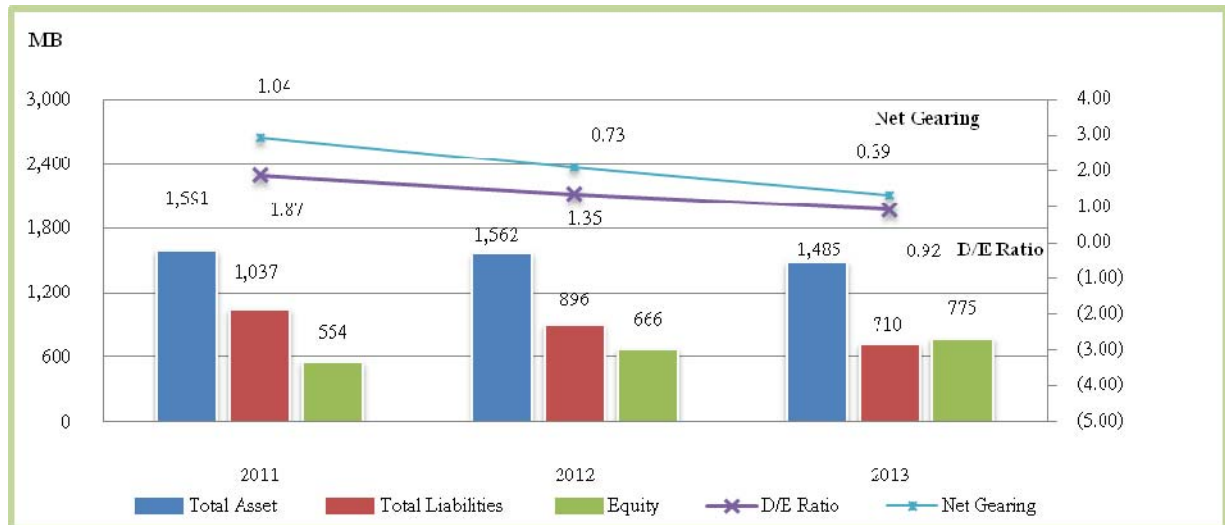
In 2013, the Company had 142 million baht comprehensive income increased by 27 percent comparing to 112 million baht comprehensive profit in 2011 due to better control of expenses.

#### Investment in machinery

Investment in machinery is to support production capability. In 2013, the Company invested 59.27 million baht, 63.86 million baht in 2012 and 20.71 million baht in 2011 respectively in machineries related to bore piling and Diaphragm wall work in order to replace deteriorated ones.

#### Shareholders' Returns

In 2013, the group of the Company's return on equity ratio was equal to 18 percent increased by 5.89 percent from 17 percent in 2012 as the Company's comprehensive income was increased. In 2011, return on equity ratio was equal to (10) percent due to loss. In terms of earning per share, it was equal to 0.51 baht per share in 2013, 0.39 baht per share in 2012 and (0.27) baht per share in 2011.



### Asset

Total assets in 2011, 2012 and 2013 were equal to 1,591 million baht, 1,562 million baht and 1,485 million baht.

The amount of total assets in 2011 and 2012 was approximately the same while in 2013; the amount was slightly decreased to 77 million baht as the company was able to collect the payment from retention and trade account receivables as well as receiving withholding tax from the Revenue Department. These reasons had resulted in the amount of assets to decrease.

Trade account receivables from 2011 to 2013 were equal to 352.44 million baht, 322.61 million baht, and 303.18 million baht which were decrease every year. Allowance for doubtful accounts which were estimated carefully based on the amount overdue more than 12 months during 2011 to 2013 equaled to 81.19 million baht, 74.10 million baht and 57.75 million baht respectively.

Advance receivables from contractors during 2012 to 2013 were equal to 42.98 million baht and 29.40 million baht which caused by related parties who were the Company's contractors had used materials beyond previously agreed. At the same time, they were also contractors for amount payable and retention payable to contractors amounted to 51.60 million baht and 31.46 million baht. Each year, the amount mentioned above was settled when the construction project was completed.

Inventory during 2011 to 2013 were equal to 79.08 million baht, 77.94 million baht and 72.18 million baht. Allowance for damage is set at 0.11 million baht equally every year. These amounts could be divided to cost of materials during 2011 to 2013 37, 33 and 23 percent respectively. Most of materials are consumable parts in machinery for bore piling and retaining wall work which the Company aimed to reduce to minimum requirements only.

Investment property during 2011 to 2013 were equal to 25.93 million baht, 25.93 million baht and 26.15 million baht which were land and condominium received as a payment for construction work from one client. In 2013, the Company received land valued at 0.22 million baht as a payment. The Company had a policy to sell abovementioned properties. 2013

Long-term investment during 2011 to 2013 were equally at 5 million baht which were investment in a company in Thailand contractor group established as a developer for Thailand Contractor Association's current location of which its building had already been completed. The Company expected to receive the income in the future.

#### **Liquidity**

Total liability amounts in 2011 to 2013 were equal to 1,037 million baht, 896 million baht and 710 million baht. The amount was reduced constantly every year as the Company has a capability to repay back the loan from bank.

#### **Long-Term Liabilities**

Long-term loans during 2011 to 2013 were equal to 24.35 million baht, 35.70 million baht and 20.51 million baht, The Company had invested in machineries in order to replace deteriorated ones. The Company had used long-term loan from financial institution as source of fund.

#### **Shareholders' Equity**

Shareholders' equities in 2011, 2012 and 2013 were equal to 554 million baht, 666 million baht and 775 million baht. This portion has increased constantly as the Company is able to generate profit continually.

#### **Liquidity**

In 2013, the Debt-to-Equity ratio of the Company was equal to 0.92 times, 1.35 times in 2012 and 1.87 times in 2011. The Company made a contract with one financial institution which specified that the Company needed to maintain its debt-to-equity ratio to be less than 1.5 times and net gearing for 2013 was equal to 0.39 times, 0.73 times in 2011 and 1.04 times in 2010. These ratios show that the Company has higher level of liquidity

#### **Source of Capital**

In 2012, the Company's Group had total liabilities of Baht 896.47 million, which consist of current liabilities of Baht 789.23 million and long-term liabilities of Baht 107.24 million. This figure decreased from the year 2011, total liabilities of Baht 1,036.59 million, which consist of current liabilities of Baht 900.37 million and long-term liabilities of Baht 136.21 million.



In 2013, the Company's Group had total liabilities of Baht 710.27 million, which consist of current liabilities of Baht 625.96 million and long-term liabilities of Baht 84.31 million. This figure decreased from the year 2012, total liabilities of Baht 896.47 million, which consist of current liabilities of Baht 789.23 million and long-term liabilities of Baht 107.24 million.

For the past two years, the company had increase net inflow, consequently the company was able to pay for the debts better.

#### Audit Fee

As at December 31, 2013. The company and its subsidiaries paid audit fee as follow:

##### **Audit Fee**

<b>Companies</b>	<b>Audit's name</b>	<b>Audit's Fee</b>
Seafco Public Company Limited	Mrs. Suvimol Krittayakiern	1,300,000
Seafco Construction Co., Ltd	Mrs. Suvimol Krittayakiern	110,000
Seafco & Prayoonchai (1984) Joint Venture	Mrs. Suvimol Krittayakiern	60,000
Srinakarin Joint Venture	Mrs. Suvimol Krittayakiern	85,000
<b>Total</b>		<b>1,555,000</b>



**Report on responsibility of the board of directors on the financial reports**

The board of directors of Seafco Public Company Limited is responsible for the financial statements and the consolidated financial statements of the company and its subsidiaries, including the financial information shown in the annual reports, such financial statements have been made in accordance with generally accepted accounting standards through election of the appropriate accounting policies in a consistent manner with careful judgment and best approximation to prepare the financial statements and the company has the suitable internal control system and the risk management system to ensure that the accounting information is accurate, complete with sufficient disclosure in notes to financial statements beneficial to the shareholders and other investors in a transparent manner.

In this regard, the board of directors has appointed the audit committee to review the accounting policies and quality of the financial reports, internal control system and internal audit system, including the risk management system while the opinion of the audit committee related to such matters has been provided in the report of the audit committee in the annual report.

The financial statements and the consolidated financial statements of the company and its subsidiaries have been examined by the auditor of the company, D.I.A. International Auditing Co., Ltd. and the opinion of the auditor has been expressed in accordance with the auditing standards in the auditor's report in the annual report.

The board of directors has an opinion that the overall internal control system of the company is in a satisfactory level and is able to reasonable ensure that the financial statements and the consolidated financial statements of Seafco Public Company Limited and its subsidiaries for the year ended 31 December 2013 are reliable for compliance with generally accepted accounting standards and in compliance with the related laws, regulations and rules.

(Assoc Prof. Dr. Somjai Phagaphasvivat)  
Chairman of the Board

(Mr. Narong Thasnanipan)  
Chairman of the Executive Board and President



## Report of the Audit Committee

Dear Shareholders,

The audit committee of Seafco Public Company Limited by the appointment of the Directors of the Company consists of three qualified independent auditors as followings

- |                           |                             |
|---------------------------|-----------------------------|
| 1. Mr. Siwa Sangmanee     | Chairman of Audit Committee |
| 2. Mr. Somkuan Watakeekul | Audit Committee             |
| 3. Mr. Somkual Musig-in   | Audit Committee             |

In 2013, the audit committee performed its duties carefully and independently without any restrictions to information and adequately received coordination from the management and employees. Thus, the audit committee was able to perform its duties effectively and achieve its plan and objectives.

The audit committee organized the meeting every quarter totaling to 4 times. Each meeting, certified public accountant and internal auditor are invited to the meeting while the management will be invited when the meeting agenda is related to the financial statements and risk management so as to answer the questions and clarify the issues. Audit committee's assignments can be summarized as following

1. **Review quarterly financial statements and financial statements for 2013** together with certified public accountant and inquire the management. The audit committee believed that the financial statements have been prepared in accordance with the financial reporting standards and the information has been appropriately disclosed.
2. **Verify internal control system of the Company** The audit committee believes that internal control system of the Company is suitable and is applied systematically according to the internal control system.
3. **Verify internal control operation** together with internal control department chief. The audit committee believes that internal control is performed in accordance with operational plan covering every issues in working system.
4. **Review risk management system** together with risk management committee. The audit committee believes that risk management method of the company is at the acceptable level.
5. **Review the compliance to the law and regulations the Securities and Exchange Commission and Stock Exchange of Thailand and related business laws** The audit committee believes that the Company conforms to the applicable laws appropriately.



6. **Review related transactions and conflict of interests** in accordance with the notification from the Stock; subject: Disclosure of Information of Related Transactions of the Registered Company. The audit committee believes that the information has been disclosed correctly and completely and governance with transparency.

7. **Consider, select and propose accounting audit and remuneration for the auditor**

The Company selects Khun Suvimol Krittayakiern or Khun Somjintana Pholhiranrat from D.I.A. International Co., Ltd as accounting audit.

(Mr. Siwa Sangmanee)

Chairman of the Audit Committee

27 February 2013



## Corporate Social Responsibilities

### 1. Social responsibility policy

The Company adheres to the King's working principles and sustainable economy theory as a guideline for the management using modestly, carefulness, risk prevention and fairness business operation together with responsibilities to society and environment.

### 2. Business operation and report preparation

Social responsibilities are conducted in the following aspects

#### 2.1 Good governance

##### **Governance policy**

The board of directors gives important to the compliance with good governance principles for the transparency and responsibility of the directors and the managements and in order to raise shareholders' confidence. Investors therefore, stipulates the good governance policy as follow

#### 1. Right of Shareholders: Rights and fair treatment

The Board of Directors has the policy for shareholders to collaborate and suggest for the Company's operations, we therefore provide the rights for shareholders e.g. the right to getting sufficient information, be in time with appropriate to make decision, to attend and vote in the shareholders meetings to decide the Company's major policy changes, to elect and remove member of the board, to approve external auditor appointments and to receive shard profits. Shareholders are the owners of the company. They control the Company by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any of significant corporate changes including to be furnished with sufficient Company's operation information for decision making. Moreover, shareholders own the rights to attend shareholders meetings to vote on director election/ removal, appoint the external auditor and the issues to have effects to the Company such as dividend allocations, amendments to the company's articles of association or the company's bylaws, capital increases of decreases, and the approval of extraordinary transactions, etc.

1. The Company shall provide the information on the date, time, venue and agenda items with complete support data, and the issues for decision to all shareholders at least 21 days prior to the meeting. The information also shall be posted in the Company's website both in Thai and English.
2. The Company has developed the annual shareholders meeting process to correspond with the good operations care and control principle as follows:
  - 2.1 To certify the Minutes of previous Meeting.
  - 2.2 To acknowledge the Company's performance for the past year.
  - 2.3 To approve the balance sheet and the profit and loss statement for the accounting period end on December 31 of the past year.
  - 2.4 To consider the allocation of profits from the business performance of the past year.





- 2.5 To Consider the appointment of directors in place of those who retiring by rotation
- 2.6 To consider the remuneration of directors.
- 2.7 To consider the appointment of the Company's auditor and determine his/her remuneration
- 2.8 Other business, opportunity for shareholders to ask on their intention issues and/or the board give answers and/or declaration to shareholders without voting
3. The company shall facilitate the participation of shareholders in the meeting. The meeting venue shall be in Head Office accessible and can accommodate all shareholders along with providing adequate personnel and technology for monitoring the registration documents for the meeting including the duty stamps for proxy shareholders shall be provided.
4. The Company shall allocate appropriate time for discussion and encourage shareholders to express their opinions and ask questions related to the Company's operation.
5. All directors and executives shall attend shareholders' meetings and reply questions.

## 2. Equitable Treatment of Shareholders

The Board of Directors has the policy to provide shareholders supervise the company and its performance by giving opportunities to protect the shareholders rights, equitable treatment and fairness.

1. Shareholders shall have the right to propose issues to include to the shareholders meeting agenda in accordance with the rule posted in the Company's website <http://www.seafco.co.th>. The issues shall be proposed within March every year.
2. Shareholders shall have the right to nominate persons for the Board of director elections in accordance with the rule posted in the Company's website <http://www.seafco.co.th>. The nominations shall be proposed within March every year.
3. No additional meeting agendas/ substantial information changes shall be included or made to meetings without prior notice to shareholders.
4. Shareholders who cannot attend meeting may appoint grantee with the power of attorney which indicates voting. The Company shall propose at least an independent director to be the grantee's choice.
5. Shareholders shall have the right to elect on individual director. Voting shall be with ballots to be transparent and checkable.
6. The Company has imposed the internal information application rule to prevent the directors, executives and staff to use the internal information for their own/ other persons' interests inappropriately. The approach and policy have been noticed to all staffs to observe with the follow-up conducted regularly.

7. The directors and executives shall disclose their interests and related person for the Board of Directors to consider the operations probably having conflicts of interest and to decide for the Company's interest in overall. The directors and executives who have any interest on the transaction relevant the company, should not concern in the decision making on such transaction and would be following the process or measure of consider approval on related transaction of the company.
8. The Board has a policy regarding securities trading of the company and reporting method to implement by the board, executive and staff can access inside information and the board and relevant executives have to prepare and submit report of securities holding of the company in accordance with the regulation of the Securities and Exchange Commission.
9. The Board of Directors shall complete the minutes and inform to shareholders via the Company's website within 14 days since meeting.

### 3. Roles of the Stakeholders

The Board of Directors has the policy to promote the cooperation between the Company and stakeholders having strengthened the company's performance including taking care of stakeholder base on the rights of related laws.

The Company's stakeholders are clients, employees, suppliers, shareholders/investors, creditors, competitors and the community the Company operates in, either a public/government sector.

1. The Company has developed a Code of conduct handbook and imposed for all directors, executives and staff to acknowledge and observe. Offences to the manual's provisions shall be penalized.
2. The Company has the policy to upgrade to quality of life in workplace for all the employees to have better livings and work safeties there.
3. The Board of Directors has adopted the mechanism to protect the rights of the complainant in the committed legal offences, balance sheet validity, defected internal control system of ethics offences which can be via the President directly.
4. The Company shall compensate the stakeholders who are damaged by the Company's infringement to their stakeholder rights as per the law and per specified in the Code of Conduct handbook.
5. The Board of Directors has announced the directors, executives and staff who know the inside information which may have effects to the changes of the security prices shall refrain from security exchange in the 1 month period prior the Company announces the operation performance/disclose the inside information to public and after the news report and the financial statements for at least three days.

#### 4. Disclosure & Transparency

The Board of Directors shall disclose the Company's financial information and other information on the Company's business and operation performance which shall be true, complete, sufficient, and timely to show the Company's true financial and enterprising status including the future of the Company's business.

The Board of Directors is committed to take care and control for compliance with the laws, rules and regulations on information disclosure and transparency as follows:

1. Shall disseminate the information as per specified via the SET channel, form 56-1 and The annual report (form 56-2) as well as via the Company's website both in Thai and English.
2. Shall report the result of the corporate governance policy via the form 56-1 and the annual report (form 56-2)
3. To comply with the SET's announcement on the approach, condition and reporting of the disclosure of the financial statuses and operation performances, the Company has set to disclose via the form 56-1 e.g. (1) general information (2) risk factors (3) nature of business operation (4) individual product lines enterprising (5) the assets used for enterprising (6) legal conflicts (7) capital structure (8) management (9) internal control (10) related transaction (11) financial status and operation performance and (12) the other information relevant.
4. Shall provide a statement of its responsibilities concerning the company's financial reports.
5. Shall disclose the names of members and roles of the Board of Directors and sub-committees, the number of meetings and the attendance of each director during the year.
6. Shall disclose all the remuneration paid of each director including the fees for being the subsidiary directors and other positions such as advisors etc. Also, the remuneration of the first 4 executives stating from the president shall be disclosed in the annual report (form 56-2) and form 56-1
7. Disclosure & the Disclosing Authority

##### 7.1 The information disclosure as required by SET's rule

7.1.1 The Company has the investor relation section to contact with outsiders such as shareholders, institutional investors, individual investors, analysts, related government agencies as follows:

- (1) To disclose the substantial information to public.
- (2) To widely disseminate information to public.
- (3) To clarify against rumors/to news.
- (4) To act when security exchange is unusual.
- (5) To exchange security with insider trading on validly, sufficiently, timely, transparently, equitably and fairly.



The Company authorizes the following persons for the information disclosure – the president.

7.1.2 The Company's contact persons for SET are

- (1) President or the company secretary – For disclosure of the financial information which shall include annual and quarterly balance sheets, form 56-1 and annual report(form 56-2)
- (2) President or the company secretary – For disclosure of the situational information which shall include to the acquired/ released assets, related transaction, shareholders, meeting date, director/auditor change, the Company's head office relocation, shareholders meeting minutes, investment projects etc.

7.2 The general information for organizational management shall be released to mass media by the president.

8. The directors' and executives' security holdings and security holding changes shall be reported as per the Securities and Exchange Commission Thailand's criteria.
9. The Board of Directors and first 4 executives starting from president shall report their interests and the related persons to the chairmen and chairman of audit committee as per the Securities and Exchange Commission Act B.E.2551.
10. The Board of Directors has lodged a risk management system having coverage to the vision, target, business strategy, finance, production and other areas for all with consideration to the occurrence probabilities and degrees of effect; has imposed the anti-measures and assigned the persons to be responsible for. Also the report and evaluation measures have been imposed together with the risks management committee has been adopted for planning and reporting the result of the actions by the plan to the Risk management committee regularly.
11. The Board of Directors has adopted the internal control system having coverage to the financial, work operations and the applicable codes, rules and regulations compliance areas for all together with has adopted the audit and balancing mechanism being sufficiently effective to regularly protect and take care of the shareholders' investment and the Company assets. The practices instruction shall be in writing and supported with independent internal audit unit directly reporting to the audit committee and auditing all sections' practices are as per the instructions.

## **5. General Shareholders' Meeting**

In 2013, the company has arranged the general meeting of shareholders on 11 April 2013 at 9.30 A.M. at the conference room of the company No 144, Prayasuren Rd. (Ramintra 109 Rd.), Bangchan, Klong Sam Wah, Bangkok. The board of directors of the company has a policy to have the shareholders take part in the decision

making and have provided the shareholders with information completely, timely and sufficiently for the decision making. The company has sent the letter of invitation to the meeting, together with supporting information for the agenda to the shareholders in advance of the meeting. Each agenda is required to be provided with the opinion of the board of directors. The meeting has been attended by nine directors, including the chairman of the audit committee, the chairman of the corporate governance and recruitment committee and the chairman of the compensation committee and the company has the top executives, the auditor and independent observers from the Thai Investors Promotion Association attend the meeting as well.

The chairman of the meeting provided an opportunity to every shareholder equally to examine the business undertaken by the company and has replied to the inquiries to each agenda. The chairman of the meeting has encouraged the shareholders to express their opinion and to ask for clarification related to the operation of the company. In addition, the board of directors has arranged the minutes of the meeting and disclosed such minutes in the website of the company within 14 days since the meeting date so the shareholders are able to examine and make a correction within 30 days.

#### **6. Leadership and Vision**

The Board of Directors has participated in the establishment of vision, mission statements, strategy, goal, business plan, and budget of the company as well as supervising the management to perform according to its business plan, and established budget efficiently and effectively in order to maximize the economic value, and security to the shareholders.

#### **7. Conflict of Interests**

The company has policy to prevent conflict of interest by establishing policy and procedures in writing for the approval of related party transaction. The Board of Directors and the Audit Committee shall control and examine said transactions and provide disclosure within the Note to Financial Statement, Annual Report, and Form 56-1. In addition, the Board and the Committee shall supervise management and related party to comply to Section 59 of the Securities and Securities Exchange Act of BE 2535 relating to Disclosure of Security Holding and the Prohibition of Exploiting Insider Information for Self Interest.

#### **8. Business Ethics**

The board of directors of the Company has a policy to promote morality, ethics and transparency by focusing on ethically business operations in all aspects and in compliance with good governance principles to achieve good governance organization. The Company, therefore create business ethics and fair operation practices manual as followings

### **8.1 Business Ethics**

The Company Board applies the sufficiency economy and sustainable business operation principles to be the Company's business operation approach to conceive honesty, be responsible and protect the stakeholders' interests. Opportunities are provided to stakeholders to take part in and make suggestions to the operations care and control as the mechanism and process for effective control leading to a true governance in the Company. The ethics shall be as follows:

1. To comply with the applicable laws, rules and regulation strictly.
2. To comply with the Company's "Corporate Governance policy" and "Code of Conduct".
3. To be committed to operate business with transparency, honesty and fairness.
4. To adhere to conduct as good people and establish good minds to employees.
5. To concern of the benefits and effects from operations with social equality and fairness to the Company's stakeholders.
6. To operate business with responsibility and protection of the stakeholder's and interests.
7. To organize a strong operation system to prevent corruptions with an internal audit system.
8. To require the Company's directors, executives and staff for all to participate in the anti-corruption effort, conflicts of interest reporting, efficient contacts and working life quality promotions.
9. To provide a channel for complaints and hearing for stakeholders and have the complainers/ informants protection measure.

### **8.2 Ethics of the Board of Directors**

The Company intends for the board of directors, sub-committees and subsidiaries' directors to perform their duties to operate with ethics, conduct or maintain their performance carefully, prudently and with honesty, to optimize the continuous and sustainable business operation of the company and stakeholders, as follows:

#### **1. Compliance with laws and the Company's regulation**

- 1.1 Compliance with rules, regulations and laws involved with the Company's business shall be as follows:
  - (1) Directors, executives and staff shall comply with the laws, rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
  - (2) Directors, executives and staff shall not avoid compliance with the applicable orders, rules and laws.
  - (3) Directors, executives and staff shall co-operate with the company' corporate governance unit and report about violation against order, rule and laws to the unit.

- 1.2 Duty performance shall be conducted with impartially i.e. in meetings when to discuss an issue the director who has conflict of interest shall leave the meeting room and shall refrain from participation in the issue decision.
- 1.3 To avoid a conflict of interest for a business reveal and efficiency by :
  - (1) To forbid give other information about business for a individual benefit
  - (2) To prohibit use a secret of organization that illegal and to forbid other secret information of organization when you expire of business of the organization then. อย่างน้อยเป็นเวลา 2 ปี
  - (3) Do not acquire the personal interests from being directors.
  - (4) Do not create obligation that may conflict with their duties in the future.
  - (5) Do not receive anything or other benefit in conflict of the organization.
- 1.4 Keep the confidentiality of corporate information, to prevent, that may cause damage to the organization or stakeholders, except in accordance with the law.
- 1.5 Acquisitions or disposition of Assets of the directors, their spouses and minor child, should be practice in accordance with the Notification of the Board of Governors of the SET title Practices regarding the Acquisition or Disposition of Assets of the Directors and Staff B.E. 2547.

## 2. Conflict of interest and confidential information keeping

### 2.1 Conflict of interest

The Company has the policy that the directors, executives and staff shall not use the opportunities from their status in the Company to acquire personal interests eventually imposes the practices as follows:

- (1) They shall avoid a transacting having involvement with themselves which may cause the conflict of interest to the Company.
- (2) In case such transacting is needed for the Company's interest it shall be carried out as if a transacting with an outsider having trade agreement reasonably same as transacting contracts in general over a trading negotiation authority with no influence from being directors, executives or related persons and not participating in a consideration for approval including having to comply the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission on the transaction information disclosure.
- (3) A Director, executive or staff if becomes a director, partner or advisor in other organization; status shall not conflict the Company's interest and his/her direct role in the Company.
- (4) A Transaction which has or may have conflict of interest between shareholder, director, executive or other person shall comply with the standard practice and be ensured it is fair, reasonable and fully and correctly disclose; and the company will arrange report form for

disclosing suspected transactions that there will be conflict with interest of the company into the Corporate Governance handbook.

- (5) Person who has conflicts with the Company's business, directly or indirectly howsoever, shall report the interest as follows:

5.1 Directors and executives – Shall report the interest immediately after it arises. To ensure that the company conducts regular checks; the Company's secretary shall check interest every year end and report to the Chairman and Chairman of the audit at least once a year.

- (6) A director, executive and staff who know the inside information shall comply with rules. The responsible directors and executives shall report the security holdings under the regulations of the Securities and Exchange Commission to the Board regularly.

- (6) The Company has announced the directors, executives and staff who know the inside information which may have effect to changes of the security exchange prices shall refrain from the Company security exchange one month prior.

- (7) The Company has announced the directors, executives and staff who know the inside information which may have effect to changes of the security exchange prices shall refrain from the Company security exchange one month prior the Company announces the financial statement or the inside information disclosure to public.

- (8) To monitor interest of the directors, executives and involved persons who have interest with the Company and subsidiaries under the other criteria imposed.

- (9) In case a related person involves or hold shares in an enterprise competing with the Company which probably incurring conflict of interest with the Company should act as follow:

The director, executive and related persons shall inform to the Board of Directors in writing.

## 2.2 The use of inside information

- (1) Directors, executives and staff shall not use the opportunity or information obtained from their status to acquire personal interest for themselves, for other party or for operating a business competing with the company and/or the Company's other business involved.
- (2) The Company's inside information shall not be used for personal interest in the Company's security exchange or furnished to other people for buying or selling company shares.
- (3) The Company's properties shall not be used for personal interests.
- (4) The Company's information shall not be used as the outsider's reference for personal interests.





- (5) The Company's business confidential information shall not be disclosed to outsiders particularly competitors even after the directors, executives or staff have expired from position.

### 3. Responsibility to the Company's properties

The Company promotes the executives and staff to use the Company's resources and properties effectively to enhance competitiveness and good services to clients, by determining the following practices:

1. The Company's assets and resources shall be used saving and most beneficially.
2. Employees shall collaboratively take care the Company's assets are not to be depreciated/lost illegally.

#### 3.1 Documentation

1. Documentations shall be executed with honesty, prudence and compliance with the specified standard.
2. The Company's letters, reports and documents shall not be falsified.

#### 3.2 Computers & Information Technology System use

1. Computers, IT systems and information shall be deemed as the Company's properties. Executives and staff should not use computers and it systems for personal purposes.
2. Executives and staff shall not disclose the Company's business information including the information been purchased by company both existing and not existing in the Company's information system or copy the information to their personal devices without permission.
3. Executives and staff shall not modify, reproduce, erase or destroy the Company's information without permission.
4. Executives and staff shall not bring unlicensed software to the Company to use and shall not copy licensed software for any reason whatsoever without the software producer's consent.
5. Executives and staff shall not modify the Company's hardware or put on equipment other than the standard parts/equipment readily provided unless consented case by case.
6. Executives and staff shall not use the Company's email to forward message which are harassing, discrediting, rude, obscene, intimidating, agitating or annoying to others.
7. Executives and staff should use the internet to search for the information and knowledge useful to works and should avoid illegal or immoral websites.
8. Executives and staff should use the Company's IT system and other communication equipment such as telephones, fax machines, mobile phones etc. with conscious mind and responsibility substantially realizing the Company's interest.



9. Executives and staff shall not illegally access to the systems of information not permitted or authorized to them.
10. Executives and staff shall not spy the measure protecting data access and computer that other people prepare or that is not intended for executives and staff illegally and that is intended to use to cause damage to other people.
11. The Company or assigned section reserves the right to check the use of properties and units under/assigned by the Company as to be appropriate.

### 8.3 Ethics to stakeholders

The Company realizes the importance of the business operation with economic, social and environmental balances for its stable and sustainable growth to be an efficient organization and a good entity of society as suggested by the Corporate Social Responsibility guidelines. In consequence the Company is committed to enterprise with regularity and fairness, anti-corruption effort, full compliance with applicable codes and rules and concern to the operation's interests and effects to stakeholder's i.e. shareholders, staff, clients, suppliers and/or creditors, competitors and communities including shall take care for safety, health and environment for the effects shall not be incurred to all the stakeholders.

#### 1. Policy regarding best practice on shareholders

The Company realizes the shareholders are the Company's owners and the Company's duty is to generate added value to shareholders in long term, therefore, the company determines that the directors, executives and staff shall perform according to the following guidelines;

- 1.1 Perform duty with responsibility, carefulness and honesty under reasonable decisions on the ground that the information is sufficient and correct, they have no direct and indirect interest and perform with honesty for maximum interest to the Company, they perform over the right and suitable purposes and they shall not act over conflicts of interest to the Company.
- 1.2 Comply with laws, the Company's objective and articles of association, directors' resolutions, shareholders meetings' resolutions, good practices in accordance with the corporate governance policy and code of conduct and act to shareholders equally both major and minor shareholders for their maximum interests.
- 1.3 Manage and take care of the Company's assets not to be depreciated/ lost illegally and provide an effective internal control and risk management systems.
- 1.4 Report the Company's status regularly, completely, truly and in-time to situations.
- 1.5 Furnish the Company's data, news and information truly, sufficiently, equally and in-time to shareholders for their decision-making.

- 1.6 Take care for the directors, executives and staff not to acquire their and related person's interest by furnishing the Company's confidential information or disclosing the Company's secret to outsider and/ or performing any acts which may lead to conflicts of interest to the Company.
- 1.7 Provide the channels for irregularity informing and complaints such as website, mailbox telecommunications etc. with informing and complaint responses and complainant protection including systematic and fair feedback reports to informants and complainers.
- 1.8 Provide several channels to disclose the information as well as make a company's website to allow the shareholders to access the information conveniently and prepare the information in the easy-to-understand language both in Thai and English.

## 2. Policy regarding best practice on employees

- 2.1 The Company has measures to protect employees providing information to the authorities in case there is legal offence of offence against the Securities and Exchange Act. Employees will be protected. The Company will not act unfairly, either changing positions, job description, workplace, suspension of job, threat, annoying of their work, dismissing employees (Section 89/2X as employees notify clues on illegal acts or unethical acts.
- 2.2 The Company realizes employees are the essential factor for product quality consequently shall fairly give importance to the acts to them which include providing opportunity, wages, appointments, transfers and potential developments together with merits development of virtues for them to be the society's capable and good people. The Company's acts to employees shall be as follows:
  - 2.2.1 The Company shall comply with the labor laws and rules relating to employees strictly.
  - 2.2.2 The Company shall act to employees with politeness, respect to individuality and human honors in accordance with the international human rights.
  - 2.2.3 The Company shall arrange the employment conditions which are fair to employees with the wages suitable to abilities.
  - 2.2.4 The Company shall take care of the working environment and manage the working system for the employees' life and property safety and health.
  - 2.2.5 The Company shall give importance to the skill training and potential enhancement manpower development by providing to employees the learning opportunities widely and constantly.
  - 2.2.6 The Company shall have promotion, transfers, awarding and punishments to employees sincere by and based on the employees' knowledge, capability and appropriateness.
  - 2.2.7 The Company shall organize a provident fund for employees.



- 2.2.8 The Company shall regularly furnish information on its operation and status to employees.
- 2.2.9 The Company shall listen to the employees' opinions and suggestions based on their work skills and experiences.
- 2.2.10 The Company shall avoid acts which are unfair, and which may have effect on stability of the employees' positions or threaten/incur pressure to mind to employees.
- 2.2.11 The Company shall develop employees' good conscious mind to be givers and good citizens of society.
- 2.2.12 The Company shall provide channels for employees to file complaints in case they are treated unfairly or inform offences against the law. The Company shall have systematic and fair rectification process and measures to protect the complainants.
- 2.2.13 The Company and its delegate shall support employees to use their political rights with neutrality.

### 3. Policy regarding best practice on clients

The Company has the policy to give importance to the clients' satisfactions fulfillment which is the factor to lead to business achievement and intends to acquire the clients' requirement more effective fulfillment. To achieve, the policies and practices below shall be followed:

- 3.1 Deliver quality work as agreed with the customers in fair price.
- 3.2 Provide consultation on geotechnical engineering and information adequately, correctly and up-to-date The terms and conditions with clients shall be complied with strictly. In case it is not possible to do so, the company shall report to client to collaborate jointly to solve the problem.
- 3.3 The acts to clients shall be polite and reliable.
- 3.4 A client's information storage system shall be available with a clients' confidential protection measure. A client's information shall not be furnished if not allowed by him as well as a client's information shall not be used for an employee's or his/her related person's interest inappropriately.
- 3.5 Guarantee its products under proper conditions and duration and comply with Customer Protection Act .
- 3.6 A system/ process for clients to complain on product's and service's qualities, quantities and safeties shall be provided together with the response fastness and actions to the end for immediate responses to clients.
- 3.7 The Company shall support the clients' acts for the social responsibility.
- 3.8 Keep customers' confidentiality and do not wrongfully utilize the information for the benefits.

#### 4. Policy regarding best practice on suppliers and/ or creditors

The Company has the policy to act to suppliers and creditors equitably and fairly over the regard to the company's interest maximization and based on fair returns to both sides avoiding the conflict of interest situation including complying with agreements, furnishing true information and valid reports and based on business relationship as follows:

- 4.1 The Company shall act to clients equitably and fairly.
- 4.2 The Company shall use the licensed products and services and shall not support the products/ services which violate intellectual property right.
- 4.3 Acceptance of things or other benefits
  - 4.3.1 Executives and staff shall not accept things or other benefits from a person having duty/ business relating the Company except for a reasonable opportunity/ tradition acceptable to public. The things or benefit's value shall not exceed 2,000 Baht and shall be reported to supervisor immediately together with it shall not have influence to a decision being unfair for work.
  - 4.3.2 The Acceptance of things or benefits which do not corresponding with the item 3.1 but necessitated for maintaining relationship between entities/persons, the receiver shall report his/her supervisor and submit that things to the administration, government affairs and corporate social responsibility section to use in the business organization within 14 official days.
- 4.4 Executives and staff shall not offer things or benefits in any forms to outsiders to convince for inappropriate acts/ causing conflicts.
- 4.5 In case there arise information that there is an irregular interest request, acceptance or furnishing happened the detail shall be disclosed to the suppliers and the parties shall collaborate to solve the problem fairly and immediately together with acquire a preventive measure.
- 4.6 The conditions agreed with the suppliers and/ or creditors shall be complied with strictly.
- 4.7 In case a condition cannot be complied with, a prior notice shall be made to collaborate for problem solving.
- 4.8 Opportunities shall be provided to the suppliers who operating business legally, complying with environmental/ safety/ health standards and having social responsibility.
- 4.9 The Company shall support the suppliers' operations on the social responsibility and provide opportunities for them to participate in the Company's activities for society.

#### 5. Policy regarding best practice on business competitors

The Company has the policy to act to business competitors under the business competition practice code framework and shall not cheatingly infringe/ spy the business competitor' secrets as follows:

- 5.1 The Company shall conduct and practice within a good competition, free trade promotion and the company shall not use the method of market plunging.
- 5.2 Do not violate or acquire trade secret by wrongful means
- 5.3 Adhere to ethical business operation. Do not steal the customers from the competitors by dumping/price war method.
- 5.4 The Company shall not discredit the business competitors with allegations.
- 5.5 The Company shall not conduct intellectual property/ copyright.

#### 6. Safety, health and environment

The Company is committed to operate the business basis on safety, health and good environment with the practices as follows:

- 6.1 The Company shall comply with the safety, health and environmental laws and rules.
- 6.2 The Company shall utilize resources efficiently and worthily with energy saving and resources recycling promotion measures.
- 6.3 The Company shall provide an operation system focusing on appropriate measures for safety and health in workplace such as providing the system to counter probable pollutions arising during operation, arranging workplaces to be clean and hygienic etc. for the employees and visitors to be safe from accidents and diseases.
- 6.4 Executives and staff shall be truly attentive to the activities for the quality of safety, health and environment and perform works with realization to safety and concern to environment always.
- 6.5 The Company shall disclose the information on the operations in connection with safety, health and environment.

#### 7. Community and Social Responsibility

The Company is committed to behave as good citizens of Thai society and be ready to cooperate with other organizations, both public and private, civil society including shall encourage the stakeholders to collaborate the community development and social sustainability as follows:

- 7.1 Initiate preventive/corrective measure to be followed when the Company's operation has adverse effects to the environment and community.
- 7.2 Support the education by providing scholarship to students in needs.



- 7.3 Organize volunteer activity by encouraging employee to participate and support the employee to practice beneficence in order to develop his/her volunteer spirits and become good citizens.
- 7.4 Coordinate with various organizations in the community in order to develop infrastructure for schools, religious places and hygienic practices for youth and underprivileged as well as environment in the community.
- 7.5 Always communicate with the community. Disseminate and report social responsibilities practice to every stakeholder.
- 7.6 Promote Buddhism by establishing Willpower Institute, branch no. 47 to improve people's mentality as it is believed that when people adhere to dharma, the society will be better.

#### **8.4 Employees' Ethics**

- 1. Best practice on themselves
  - 1.1 Employees shall carry out works with honesty, regularity and report the facts.
  - 1.2 Employees shall respect and comply with laws and the Company's rules and regulations.
  - 1.3 Employees shall carry out work with care, honesty and regularity and shall not employ their positions to acquire interest inappropriately.
- 2. Best Practice on clients, related persons and society
  - 2.1 Deliver the work on time in accordance with customer's specification
  - 2.2 Employees shall comply with safety rules.
  - 2.3 Accept the mistake and make a correction for the customers
  - 2.4 Employees shall not disclose client's information without client's prior consent.
  - 2.5 Employees shall participate in the Company's activities.
- 3. Best Practice on colleagues
  - 3.1 Employees shall not solicit or convince colleagues' decisions on political right.
  - 3.2 Employees shall be benevolent to colleagues and shall cooperate with colleagues appropriately.
  - 3.3 Employees shall use their rights to express opinions politely and properly.
- 4. Best practice on the company
  - 4.1 Employees shall carry out work with responsibility and full capability.
  - 4.2 Employees shall use the Company's assets and facilities with care.
  - 4.3 Employees shall be attentive to learning for the development to progress.
  - 4.4 Employees shall pursue information and news to use as reliable reference at conversation.
  - 4.5 Employees shall wear protective equipment as per the Company instructs.



- 4.6 Political right. The Company operates the business with political neutrality, not participating and siding to certain political party, influential political leader and not using the company's capital, resource to support political parties, politician directly or indirectly howsoever.

#### **Supervision in Acting and Reviewing**

The company has defined all the directors, executives and staff to shall have the duty and responsibility to acknowledge, make understanding and comply with the policies stipulated in this code of conduct handbook strictly, non-compliance is voluntary, do not refuse on acknowledgement based on established guidelines.

Executives at all levels in the organization must be responsible and it is important to operate under the supervision of their employees to understand and follow the code of conduct handbook seriously.

The Company does not wish to make any action that is illegal, contrary to the principles of good directors and employees who breach ethical requirements, disciplinary action will be strictly and if it is done, to believe that the laws, rules and regulations of government, the company will submit the matter to government officials to proceed immediately.

The code of conduct handbook shall be reviewed annually by the Board of Directors and the Audit and Corporate Governance committee

#### **Complaints handling on issue relating to business ethics**

The secretary of the Board department is nominated as a point of contact to receive the complaint on business ethics. Employees can send their complaints on business ethics directly to

By post :

Complaints corporate governance and business ethics, secretary of the Board department  
Seafco Public Company Limited  
144 Prayasuren Road, Bangchun sub-district, Khlong Sam Wa district, Bangkok 10510  
E-mail : ANEK@SEAFSCO.CO.TH

#### **2.2 Fair business operation**

The Company's board of directors has a policy to adhere to policy fair practice to trade competitor with integrity, not violate intellectual property, and promote political rights as well as keeping its commitment to the Company's stakeholders as follows

- 2.2.1 Fair competition. Follow the conditions as agreed with the partners of the contract both debtors and creditors strictly and fairly as committed for business cooperation as following

- (1) Specify conditions and agreements in the contractual contract or buying or purchasing contract clearly and strictly follow the conditions. In case the conditions was unable to be



followed, urgently inform the reasons to the partners of the contract and find the solution that satisfies both parties.

- (2) Always Give information, provide research work and new innovation to interest parties and customers.
- (3) Deliver quality work on time at fair price to the customers as agreed and do not set selling price in an exorbitant prices.

#### 2.2.2 Promote trade partner responsibilities

- (1) Promote trade partner responsibilities for employers, sellers and contractors to be able to participate in social activities both directly and indirectly.
- (2) Verify conflict of interests of employees at all levels with contractual employers, contractors, sellers consistently to prevent unfair and inequality business operation between each contractual employers, contractors and sellers.
- (3) Provide knowledge on fair labor practices and compliance to labor law to trade partners including outsources, contractors, sellers as well as follow up their performance.

#### 2.2.3 Respect the right on property, promote and strictly comply with rights on property, intellectual property, copyright, patent and moral right by including it in the ethical policy of the Company. Refraining from using pirate software, promoting the employees to use the Company's resource and property effectively.

#### 2.2.4 Political right. The Company conducts its business in neutral way, not engage in any political activity and independence from political parties or authoritarians. The Company do not use its budget or resource to support any political movement or allow its management or employees to use its power by any means. The Company provides the opportunity to exercise their political rights freely without any persuasions or influences.

### 2.3 Anti-corruption

The board of directors has a anti-corruption policy regarding receiving gifts or benefits which may decision making to be unfair, affecting his/her performance and bribery in business ethics manual.

### 2.4 Respect Human right

The board of directors gives importance and adheres to sustainable business by considering and respecting human rights and employees' dignity which is a foundation of good business operation.

#### 2.4.1 The Company has employee protection measure in relation to providing employee's information to the government if the employee violates the law or Security and Exchange Act. The employee shall be protect against unfairness including relocating the employees to different positions, nature of

work, location and being suspended from work due to reporting evidences on illegal or unethical acts.

2.4.2 Employees are an important factor contributing to quality work. The Company, therefore treats the employee with equality in terms of opportunities and benefits, promotion and employee development for the employees to become professional and good citizens.

2.4.3 The Company aware of human rights and will not violate basic rights on races, sex, children, disability and etc.

## **2.5 Participation in community and society development**

The Company focuses on becoming good social citizen and ready to coordinate with governmental , private organization and civil society. The Company also promotes the engagement of the Company's stakeholders on community and society development by complying with the following guidelines

2.5.1 Initiate preventive/corrective measure to be followed when the Company's operation has adverse effects to the environment and community.

2.5.2 Support the education by providing scholarship to students in needs.

2.5.3 Organize volunteer activity by encouraging employee to participate and support the employee to practice beneficence in order to develop his/her volunteer spirits and become good citizens.

2.5.4 Coordinate with various organizations in the community in order to develop infrastructure for schools, religious places and hygienic practices for youth and underprivileged as well as environment in the community.

2.5.5 Always communicate with the community. Disseminate and report social responsibilities practice to every stakeholder.

2.5.6 Promote Buddhism by establishing Willpower Institute, branch no. 47 to improve people's mentality as it is believed that when people adhere to dharma, the society will be better.

## **2.6 Environmental responsibility**

The Company aims to conduct its business on occupational safety and good environment basis by following the guideline below

2.6.1 Comply with law and regulation and occupational safety and environment.

2.6.2 Utilize natural resources effectively and efficiently. Initiate energy saving measure and promote reuse procedure.

2.6.3 Organize work process which is safe and hygienic in appropriated working facility such as making pollution prevention system available, providing hygienic working conditions for workers and visitors in order to prevent them from accidents and diseases.



- 2.6.4 Stipulate that the management and the employee must pay attention to every activity that will promote occupational safety and environments, aware of safety and environment at all times while working.
- 2.6.5 Disclose information on relationship between business operation and occupational safety and environment.

### **3. Business operation that affects social responsibility**

The Company recognizes the important of social and environmental activities by focusing on developing people in the community around the Company and employees. The Company believes that people are the beginning of everything. Good or bad society depends on people, good or bad work also depends on people. Corruption or steal are also depended on people. Sustainable business also depends on people so the Company initiates the following projects.

- 1. Establish Willpower Institute, branch no. 47 on July 14, 2012. The course provided by Willpower Institute is meditation instructor course which currently in 3<sup>rd</sup> batch. This course benefit in spiritual training for mindfulness. After a person becomes a mindfulness person, he/she will be able to do his/her work effectively and he/she will be able to distinguish between good and bad so that he/she will be able to refrain from mischief.
- 2. Provide scholarship to students. The Company provided scholarship to undergraduate students from 2007 onwards. Currently, the Company grants the scholarship to Ms. Somprasong Kongchan, undergraduate student in Faculty of Architecture, Program in Architecture and Technology Planning. King Mongkut's Institute of Technology Ladkrabang.

In 2014, the Company provides scholarship to the employees in every department who wants to pursue their master degree. Prior applying for scholarship, the employee shall pass meditation instructor course offered by Willpower Institute, branch no. 47 (the Company's branch). The Company believes that person passing this course shall have good mind appropriated to be promoted for development.

- 3. Social and environmental activity for 2014 are as followings
  - 3.1 White Factory Project is a project for anti-drugs usage in the factory. The Company has various segments of employees as well as having foreign workers resulting in higher chances to commit crime and drug abuse. Therefore, the Company initiates White Factory project in 2014.
  - 3.2 Renovation of school after flooding crisis in Prathumthani province with Thai Listed Companies Association. It is found that after flooding crisis until now, schools in flooding area have not been yet renovated. Therefore, the Company participates in this project.
  - 3.3 Project to promote virtue, ethics and local culture which is a continuing project after meditation teacher course offered by Willpower Institute, branch no. 47 which aim to expand to community



around the Company's area by collaborating to organizing activities together to promote good culture in the society. This project is expected to establish in 2014.

#### 4. Corporate Social Responsibility

Seafco Co., Ltd. (Public) has arranged special projects and activities to satisfy the social needs because the company is aware of the need for participation in the social development over the past 30 years. The latest social activities are as follows.

##### Year 2014

- On January 10, 2014, Seafco Public Company Limited provided 30,000 baht to school under Bangkok Metropolitan Administration, Ladprao area as a support for children day activity.
- On January 26, 2014, Seafco Public Company Limited provided 10,000 baht to 11<sup>th</sup> International Youth Marathon event organized by Khon Khaen University in order to promote running to people and youth as an exercising activities to encourage youth to use their free time effectively and prevent them from drug abuse.
- On February 14, 2014, Seafco Public Company Limited made 3,000 baht contribution to The Christian Foundation for the Blind in Thailand under The Royal Patronage for Sharing Love to Blind Children in Upper-North Province project in order to build Mae Sai School for the Blind in Chiang Rai province.

##### Year 2013

- On July 31, 2013, the Company provided 10,000 baht scholarship to students in Suankularp Wittayalai School for 2013.
- On August 16, 2013, Seafco Public Company Limited donated 100,000 baht to build learning and rehabilitation center for special child (Minburi) and dialysis center so as to become a center to provide knowledge and rehabilitate children with special needs, general people, parents and elders in Minburi area and nearby.
- On August 19, 2013, the Company provided 30,000 baht budget for Pre-Engineering Camp organized by the Faculty of Engineering, King Mongkut's Institute of Technology Ladkrabang,
- On September 16, 2013, the Company provided equipments amounted to 40,000 baht to be used for renovation of sport stadium around Rama 9 lake community. This would be used as a recreation center for the community and for the youth to do their exercise to prevent them from drugs.

##### Year 2012

- Willpower Institute, Dhammamongkol Temple on Sukhumvit 101Rd., had joined with Seafco Public Company Limited to open 30<sup>th</sup> class of 6 month samanthi course, established by Luangpor Viriyang Sirintharo (Phra Dhammanmongkolyan) as Seafco's meeting room located at No. 144 Prayasuren

Rd. (Ramintra 109 Rd.), Bangchan, Klong Sam Wah, Bangkok 10510. This 30<sup>th</sup> class is called Visuthitham or Tingsamo. This course is starting from 13<sup>th</sup> February 2012 in every Monday to Friday between 18.00 – 20.30 o'clock. Interested persons can contact Tel. 02-9190090-4 ext. 203, 220 and 110 and e-mail address [seafco@seafco.co.th](mailto:seafco@seafco.co.th) The company has turned its main meeting room into a classroom in the evening with an objective to arrange such concentration course to encourage the employees and people around the office of the company to develop their mind through concentration. That will make the society livable and kind.



- On 20 August 2012, Seafco Co., Ltd. (Public) by Miss Nutthawan Thassananiphan, deputy managing director, delivered the educational scholarship to the poor students with outstanding academic record, Faculty of Science, King Mongkut's Institute of Technology, Lard Krabang Camus to three recipients at 10,000 baht per person, totaling 30,000 baht.
- On 23 November 2012, Seafco Co., Ltd. (Public) provided a financial support to the Project "Donation to the younger brothers and sisters in Nong Somana Community" on the occasion of the 80<sup>th</sup> anniversary of the birthday of HRH Queen Sirikit in conjunction with the Engineering Institute of Thailand under the royal patronage (North 1 Branch) for 5,000 baht.
- The company has provided the educational scholarship to the poor students, Faculty of Architecture, King Mongkut Seafco Co., Ltd. (Public)'s Institute of Technology, Lard Krabang Campus, Academic Year of 2012 for one unit for 84,000 baht.

**Year 2011**

- On the 9 October 2011, Seafco Public Co.,Ltd. assisted the flood victims. A team was organized and they called themselves SEAFCO Spirit. They witnessed first-hand how dismayed the people of Thailand were. The Spirit team realized how devastated the Thai nationals were and how much in need of assistance they were. The Spirit Team purchased provisions and basic hygiene products and packed these items in a bag to be distributed to the flood victims. All the employees involved put forth their best effort. On this day they traveled to Ayutthaya province to provide relief assistance. Regardless of how difficult the task, they never uttered a complaint, instead they kept smiles on their faces and were proud to join in the relief effort.
- On the 6 October 2011, Seafco Public Co.,Ltd. SEAFCO supported the purchase of a LCD 24in. TV for the Kannayao police department. Prior to that they supported the renovation of the traffic lights control box and interior of the booth.
- On the 23 February 2011, Mr. Nutthapan Thasnanipan, Assistant to the Chief of President Office for SEAFCO Public Company Limited awarded a scholarship to a graduate student in the English department, whose major is in engineering at Kasetsart University. He also awarded a scholarship to a professor in the Civil Engineering department at Kasetsart University, Bangkok.
- On the 18 May 2011, the representative from the faculty of Engineering at King Mongkut's Institute of Technology Ladkrabang wanted to meet the executive and the individual who oversaw the interns of the institute, in order to thank them for mentoring them during this time. He also wanted to acknowledge the problems during the training and to exchange opinions and suggestions for the purpose of developing the curriculum to satisfy the needs of the organization.
- On the 7th of January 2011, Suraosamwa School held the Children's Day event in commemoration of the holiday to educate the students to know their duty and responsibility to the adults who care for them. SEAFCO Company realized how important this event is and fully supported the school. This is the reason SEAFCO held the festival, in order to support the children.

**Year 2010**

- Seafco Public Co., Ltd., has donated money as a contribution to build the 100-Year Building of the Faculty of Engineering, Chulalongkorn University at the amount of Bt1,000,000.00.
- Seafco Public Co.,Ltd., gave a Bachelor's Degree scholarship of the Faculty of Architecture, King Mongkut's institute of Technology Ladkrabang University (KMITL) at the amount of Bt160,000.00
- Seafco Public Co.,Ltd., gave a master degree scholarship of the Faculty of Architecture, King Mongkut's institute of Technology Ladkrabang University (KMITL) at the amount of Bt100,000.00.
- Seafco Public Co.,Ltd., gave a master degree scholarship of the Faculty Civil Engineering (International Program), Kasetsart University at the amount of Bt100,000.00.

**Year 2009**

- Seafco Public Co., Ltd. and AIT jointly provided a scholarship named “Supot Thasnanipan (Founder) Scholarship for Foreign Student”, a continuing scholarship from 2008, at the amount of Bt268,000.00.
- Seafco Public Co., Ltd. gave gifts to Rajvithi Home for Girls on Children’s Day.
- Seafco Public Co., Ltd. supportively provide machinery and manpower to Chachoengsao’s Thepparaj Municipal Office in its dig of a pond as water retention for public use.
- Seafco Public Co., Ltd., has donated money to support “Ban Tofan” (Dreaming Home) Camp Project of Issara Sarnfan Group (Independent Dreaming Group) of Thammasart University, Rungsit Campus.
- Seafco Public Co., Ltd., has donated money to support the 22<sup>nd</sup> Artistic, Cultural Study and Rural Youth Quality of Life Development Camp Project.
- Seafco Public Co., Ltd., has donated money to help poor elders having been left unattended through Saint Camillo Foundation of Thailand.

**Year 2008**

- Seafco Public Co., Ltd. and AIT jointly awarded a student to receive a scholarship named “Supot Thasnanipan (Founder) Scholarship for Foreign Student”, as a continuing support from 2007, at the amount of Bt 521,500.00.
- Seafco Public Co., Ltd. and KMITL jointly gave a master degree scholarship of the Faculty Civil Engineering of KMITL at the amount of Bt 281,000.00.
- Seafco Public Co., Ltd. donated to KMITT an amount of Bt 600,00.00 for procurement of learning equipment.
- Seafco Public Co., Ltd. donated to Chiangmai University in support of its No.4 Training Program.
- Seafco Co., Ltd. (Public) donated 64,000 baht to the border patrol police-sport media school to support the educational quality project in the border patrol police schools and other schools in the remote area in February.
- Seafco Co., Ltd. (Public) made financial contribution of 50,000 baht to support the project on promotion of creation by the disabled to assist all associations for the disabled in Nakorn Pathom for the fifth year during January 20-27, 2008.
- Seafco Co., Ltd. (Public) Provided 30,000 baht to Suan Kularb Vidhayalai School through Mr, Montri Saenviset, director of the school since the school planned to host the Fifth Mathematic Olympic Contest (Sor Or Vor Nor) at Suan Kularb Vidhayalai School between May 4-9, 2008.
- Seafco Co., Ltd. (Public) provided gifts and foods to 35 children residing in the employee residence in Bangchan on the National Children Day.
- Seafco Co., Ltd. (Public) gave 250 sets of gifts to students of Samwa Mosque School, Hathairad Road, klong Samwa, Bangkok on the National Children Day.



- Seafoo Co., Ltd. (Public) gave 250 sets of gifts to Ban Rajavithi Girl Welfare Residence, Rajavithi Road, Bangkok on the National Children Day.