



C.I.GROUP Public Company Limited

# DIGITAL DISRUPTION



ANNUAL REPORT 2018

## VISION

**We aim to be the world leading producer and service provider in heat exchanger technology advancement with excellent quality.**



## MISSION

1. Commitment to get the highest world standard with certificate.
2. Constantly improve production and management system by challenging and change with high technology and new system.
3. Create customers satisfaction to accomplish leading of the market.
4. Create durability in operating and encourage to improve human resources capacity in order to be readied to new management system and ability to create innovation on HVAC products continuously.
5. Be a good organization of social with management in respect to environment be complied with the world standard and being a part of social and community quality of life improvement.
6. Initiate the company's brand for recognizing of customers.
7. Create happy and proud organization.



# Content

01	02	04	05
Business Objectives and Important Development	Important changes and events in the business and management of the company	Message from Chairman	Audit Committee's Report
06	08	10	24
Types of Business	Business Overview of the Company's Group	Corporate Social Responsibility: CSR	The Industrial Situation and Competitive
32	36	37	46
Risk Factors	Financial Highlight	Shareholders and Management Structure	Organization Chart
47	53	67	69
Board of Directors and Executives	Corporate Governance	Related-transactions	Report of The Board of Directors' Responsibilities for Financial Statements
70	75	81	137
Management Discussion and Analysis	Auditor's Report	Statements of Financial Position	Company Profile



## OUR STORY

Throughout 30 years, we have been the integral part of many businesses' success. By focusing on customer-centric solutions and providing design and R&D support to craft our coils. We look forward to shaping the future by not only focus on fighting the nature. But to adapt to all the changes. And to prepare for every new life.



## Business Objectives and Important Development

### Objectives

1. Develop and create brand awareness. Supply high quality product and services to domestic and export markets.
2. Develop state-of-the-art and low-cost production processes that make efficient use of resources.
3. Create innovative products that can differentiate from other suppliers and exceed demand of customers.
4. Employees are efficient and loyal to the company. Be a desirable place to work for.
5. Get certified as a member of "Private Sector Collective Action Coalition against Corruption Committee"
6. Provide good return to shareholders and stakeholders.

### Important changes and events

C.I. Group Public Company Limited was founded on 20 August 1991 from a collaboration of a group of managements who used to work for an American air-conditioning parts manufacturer with registered capital of 10 million Baht. The objective of the company was to manufacture evaporator coils, condenser coils and chilled water coil which are important parts of air-conditioners, refrigerators and heat exchangers for domestic market. In 1998, the company started to export its products.

As of now, the company has registered capital of 648.587 million Baht and is one of the largest producer and distributor of coils in Thailand. In addition to product sales, the company continues to create value and become part of success for customers.

The company's first factory/office is located in A.Muang Pathumthani, Pathumthani. Later, the company expands its production base to Sriracha, Chonburi with an area of 6 sq.rai and to Muang, Samutprakarn with an area of 1 sq.rai. The company's headquarters is located at 1/1 Moo 7, Bangkoowad, A.Muang Pathumthani, Pathumthani 12000.



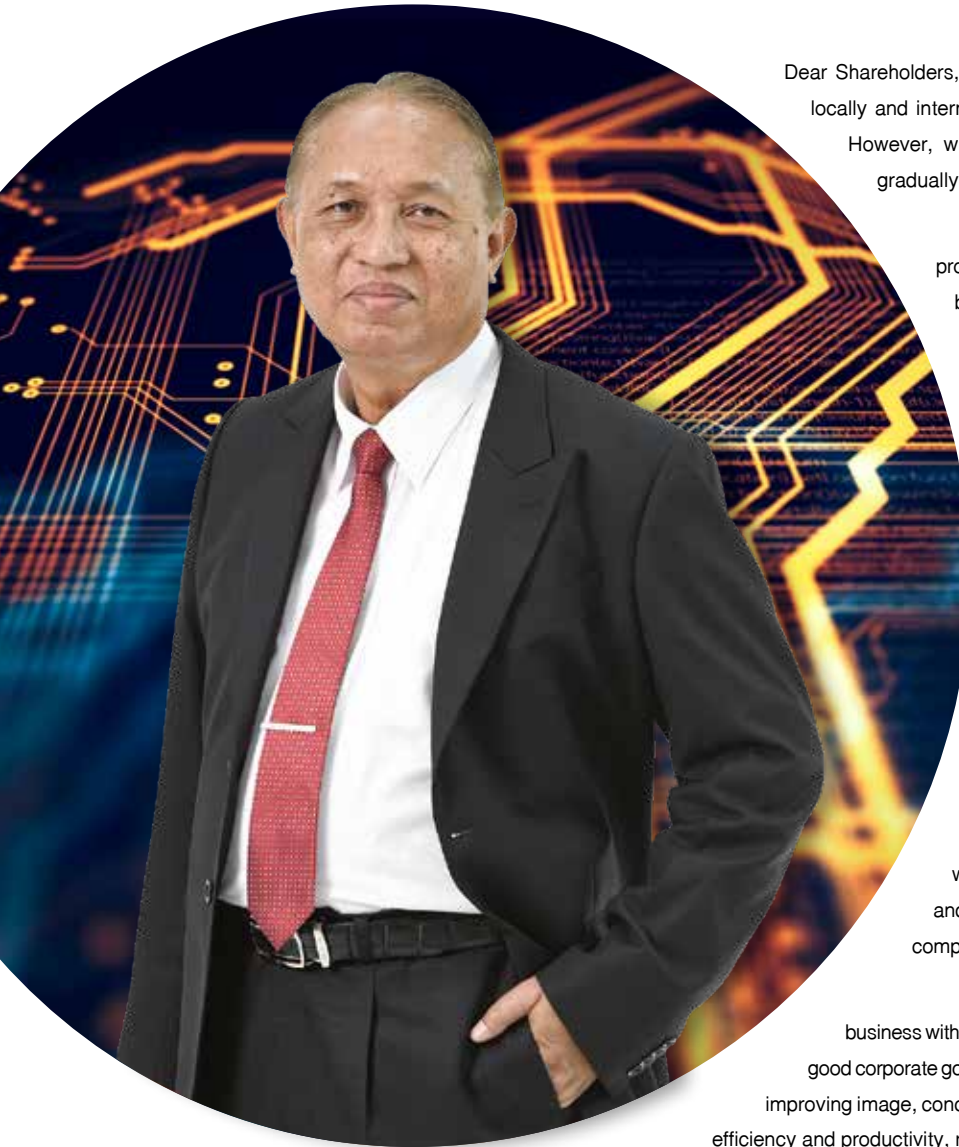
## Important changes and events in the business and management of the company

Year	Events
2005	<ul style="list-style-type: none"> <li>- Issued 41 million shares for sale to the public and 4 million shares to directors and employees.</li> <li>- Listed on MAI of Stock Exchange of Thailand on 27 January 2005.</li> <li>- Received Excellent Industrial Award of 2005 in SME Management category from the Prime Minister held by Department of Industrial Promotion, Industrial Ministry</li> <li>- Increased registered capital from 165 million Baht to 247.50 million Baht by issuing Warrants to shareholders up to 82,500,000 unit with conversion ratio of 2 shares per warrant (round down)</li> </ul>
2007	<ul style="list-style-type: none"> <li>- Increased registered capital from 247.50 million Baht to 350 million Baht by offering 85.50 million shares at 1 Baht/share to the public and prepared for first warrant exercise of 17.00 million shares.</li> <li>- Started operation at the second factory in Pin Thong Industrial Park, Chonburi</li> </ul>
2008	<ul style="list-style-type: none"> <li>- The company invested 144.95 million Baht for 999,680 shares in De Lamai company limited which operated a hotel business in Koh Samui, Suratthani</li> </ul>
2009	<ul style="list-style-type: none"> <li>- Changed par value of shares from 1 Baht to 0.50 Baht and changed number of registered shares from 350,000,000 shares to 700,000,000 shares. This resulted in outstanding shares from 251,592,417 shares to 503,184,834 shares.</li> <li>- ISO 9001 : 2008 certified</li> </ul>
2010	<ul style="list-style-type: none"> <li>- Received approval from extraordinary shareholders meeting to issue 25,100,000 units of free ESOP-1 to directors and employees</li> <li>- Received approval from extraordinary shareholders meeting to issue 219,611,940 free second warrant (CIG-W2) units to existing shareholders with the ratio of 1 share to 0.43637118 unit of CIG-W2</li> </ul>
2011	<ul style="list-style-type: none"> <li>- Received approval from extraordinary shareholders meeting to issue 3,048,173,915 free third warrant (CIG-W3) units to existing shareholders with the ratio of 1 share to 5 units of CIG-W3</li> </ul>
2012	<ul style="list-style-type: none"> <li>- Bank of Ayudhya transferred De Lamai's loan account to Bangkok Asset Management (BAM)</li> </ul>
2013	<ul style="list-style-type: none"> <li>- Received approval from ordinary shareholder's meeting to issue 601,836,915 free third warrant (CIG-W4) units to existing shareholders with the ratio of 1 share to 2 units of CIG-W4</li> <li>- The subsidiary: CIG (Thailand) company limited, signed an agreement to sell its investment in ordinary shares of Shenzhou Xiai Heating and Refrigeration Equipment Manufacture Company limited at the price of 17.55 million Baht to another non-related company.</li> </ul>

Year	Events
2014	<ul style="list-style-type: none"> <li>- A subsidiary, CIG (Thailand) Co.,Ltd. invested in Fakwantip Co.,Ltd.</li> <li>- The civil case with a debtor namely Mrs. Suthasinee Setapan or Mutamara has been closed after the Civil Court dismissed the objector, the defendant of the case. The asset went into an auction according to Civil Court's order. The company entered and won the auction to buy the collateral asset at 60 million Baht and the company has received title deed transfer.</li> <li>- The subsidiary, De Lamai Company Limited, received a debt restructuring approval from Bangkok Commercial Asset Management Company Limited. for repayment of 102 million Baht to settle all of its outstanding debts.</li> <li>- The company financially support its subsidiary, De Lamai Company Limited, by granting a 102 million Baht loan for debt repayment to Bangkok Commercial Asset Management Company Limited.</li> </ul>
2015	<ul style="list-style-type: none"> <li>- Get approval from ordinary shareholder's meeting to issue 216,185,556 free fifth warrant (CIG-W5) units to existing shareholders with the ratio of 4 share to 1 units of CIG-W5</li> <li>- Rebranding to make it easier to remember and signs of change to be more international</li> <li>- Signed an agreement to distribute its products, Kingspan Insulated Panel Pty Limited, manufacturer of Insulation Panel from Australia</li> </ul>
2016	<ul style="list-style-type: none"> <li>- Get approval from ordinary shareholder's meeting to issue 216,192,158 free the sixth warrant (CIG-W6) units to existing shareholders with the ratio of 4 share to 1 units of CIG-W6</li> </ul>
2017	<ul style="list-style-type: none"> <li>- Get approval from ordinary shareholder's meeting to issue 216,195,708 free the seventh warrant (CIG-W7) units to existing shareholders with the ratio of 5 share to 1 units of CIG-W7</li> <li>- 16<sup>th</sup> January : Set up a new company, Siam Railway Development Co., Ltd., in railway repairing service center business</li> </ul>
2018	<ul style="list-style-type: none"> <li>- 12<sup>th</sup> February: De Lamai Co., Ltd. has changed the registered name to C.I.G Development Co., Ltd.</li> <li>- 23<sup>rd</sup> April : Annual General Meeting 2018</li> <li>- 31<sup>st</sup> July: Fahkwanthip Co., Ltd. (the affiliates of sub-company, C.I.G (Thailand) Co., Ltd.) was approved from Central Bankruptcy Court to be out of the Debt Restructuring and Debt Rehabilitation Plan. And the extraordinary of shareholders' meeting of Fahkwanthip Co., Ltd approved to increase registered capital from THB101,100,000 to THB251,100,000 on 10<sup>th</sup> September 2018 which C.I.G (Thailand) Co., Ltd holds Million 74.50 Baht or 29.67 percent.</li> </ul>



## **Message from Chairman**



Dear Shareholders, The year 2018, amid several factors arise both locally and internationally, Thai Economy could not expand well. However, with Thai Government infrastructure investments gradually enhances the recovery of Thai Economy.

For the 2018, the overall electric appliances production was maintained when compare to of 2017's by which little decrease at 1.6 percent. On the other hand, the export volume of air-conditions was increased in Asian, Europe and Japan market. While the domestic construction sector will see growth of 8-12% per year over the period 2018-2020 which benefits to construction contractors in order to have more backlog especially major player and SMEs as sub-contractors. Moreover, the number of construction projects in neighboring countries will also grow as infrastructure spending expands and investment in real estate increases which this will present an opportunity for Thai players to expand into these markets. Therefore, the company overlook of the opportunity and consider to expand into the construction business which indirectly could add up sales volume of coils and air-handling units and even spread out overall company's risk.

However, the Company has been strictly managing business with honesty and governance complied with principles of good corporate governance. Moreover, the Company had started from improving image, concentrate on costs reduction, increasing operational efficiency and productivity, researching for production and product innovation which is friendly to environment under line of trust that business and society must be grow together and supporting each other and keeping and improving human resource continuously with intention to create high return to shareholders.

On behalf of the Company's Board of Directors, executives and employees, would like to thank for your always support. The Company would not capable to archive any goals without cooperation and support from all stakeholders, our customers; shareholders; suppliers; employees; financial institution and our business partners. With high effort of directors, executives and all staffs, we believe that the Company could worthy be trusted in growth and sustainable in the future.

Pol.Gen.

(Prung Boonpadung)  
Chairman of the Board



## **Audit Committee's Report**

In 2018, the Audit Committee performed its duties in compliance with the scope established by the Company's Board of Directors regarding the control and monitoring prescribed in the Audit Committee Charter.

In this regard, the Audit Committee held 5 meetings, which all was attended by the Committee. The major issues in operation can be summarized as follows:

1. Review quarterly and annually financial statements for the year 2018 of C.I. Group Plc. in cooperation with the executives and internal audit office. The auditor was also invited to participate in the meeting and to reply to the questions on preparation of financial statements in accordance with the law and accounting standards before approving such financial statement.
2. Review and comment on related transactions or conflict of interest issue (if any) inclusive of disclosure of the referred information as per SET and SEC's rules and regulation which the Audit Committee has an opinion that all of the above issues are reasonable to the best company's business concerned and be disclosed properly and correctly.
3. Monitor the internal audit function through the performance review made by the Internal Audit Office. Considerations were made in approving the scope of operation, annual audit plan. It was believed that the efficiency of internal audit was in a reasonable level. In additions, recommendations and observations were provided to assist in the review and consideration of performance and independence of the Internal Audit Office.
4. Review and follow up if the problem has been resolved within the time frame given as agreed in the meeting. Transparent monitoring of operation was also performed.
5. Meet with the concerned executives, auditor, and internal audit and provide useful suggestion to the management team.
6. Provide internal control system as well as internal audit to the company properly and efficiently to be in the standard of internal audit set forth.
7. Allow the company to abide by SET regulations, laws or concerned business laws.
8. Consider, select, prescribe remuneration, and propose the appointment of an auditor for the year 2018. Considerations were made from the assessment of the auditor's performance, which was satisfactory. Besides, verification of the auditor's qualification was made in compliance with the announcement of SEC and SET. As a result, the Audit Committee resolved to propose to the Company's Board of Director to consider and propose for approval from the shareholders' meeting in appointment of Mr. Ampol Chamnongwat, Miss Praphasri Leelasupha, Mr. Naris Saowalagsukul, license no. 4663, 4664 and 5369 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the Sam Nak-Ngan A.M.C. Co.,Ltd. as the CIG's Auditor for the year 2019

In conclusion, the Audit Committee has performed as per his duties and responsibilities with their best knowledge and carefulness. The accomplishment of the Audit Committee's duties was from independence which could generate benefits to all stakeholders equally. The Audit Committee has opinion that the company's financial information is accurate and complied with The Certified Accounting Standard; risk management is appropriated; internal control system is appropriate and effective; operations are relied on good corporate governance under rules and regulation related to the company's business.

Pol.Gen.



(Prung Boonpadung)

Chairman of the Audit Committee

## **Types of Business**

### History

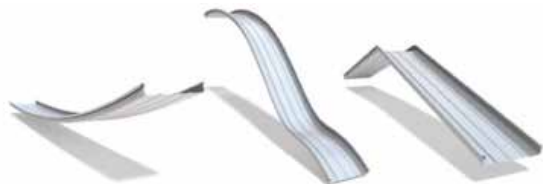
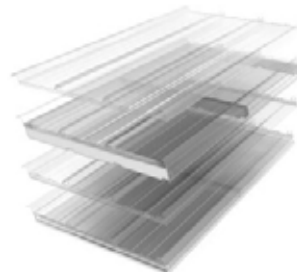
The company was incorporated on 10 April 2003 with registered capital of 94,000,000 Baht which was a result of a merger between C.I.Group Company Limited and Heat Interchange Company Limited by the same groups of shareholders namely Poomsanoh, Wangkorkiat and Wongsawang. The company's objective is to manufacture coils, which are important parts in air conditioner, chiller and other types of heat exchanger for domestic and international markets.

The company's office and first factory is located in Pathumthani and later on expanded to Sriracha, Chonburi on 6 sq.raai of land and to Muang, Samutprakarn on 1 sq.raai of land. The headquarters is located on 1/1 Moo 7, Bangkoowad Rd., Bangkoowad, A.Muang Pathumthani, Pathumthani 12000.

### Overall Business Operation

The company is a manufacturer of evaporator coils, condenser coils and chilled water coils which are important parts in all kind of heat exchangers. Most of manufacturing orders are made to order basis for domestic and international market with sales proportion of 70% and 30% respectively.

Domestic customers consists of well-known air-conditioner manufacturers for international and domestic brands especially those with policies to buy parts from other sources and those in replacement markets such as air-conditioning or refrigeration service and maintenance companies. For export markets, the company sells directly to customers in Asia, Europe and sells through sales agents in USA, Canada, Australia and New Zealand. At present, the company is considered by customers as a high



quality coils manufacturer. The company is the only manufacturer in Thailand with product certification from Canadian Standards Association ("CSA") from Canada and Underwriters Laboratories Inc. ("UL") of USA which is globally accepted standards. Moreover, our teams of engineers provide consultancy services as well as product designs.

AUSTRALIA	EGYPT	ISRAEL	NEW CALEDONIA	SAUDI ARABIA	TUNISIA
BAHRAIN	GERMANY	ITALY	NEW ZEALAND	SINGAPORE	TURKEY
BRUNEI	HONG KONG	JAPAN	PAKISTAN	SOUTH KOREA	UAE
CAMBODIA	INDIA	MALAYSIA	PHILIPPINES	SPAIN	UK
CANADA	INDONESIA	MEXICO	POLAND	SRI LANKA	USA
CHINA	IRELAND	NETHERLAND	RUSSIA	SWEDEN	VIETNAM



The company has expanded its services into designing and installing air conditioning system and wall insulation products, Polyurethane and Polyisocyanurate type, which is co-partnered with manufacturers of insulation products from both domestic and international, in order to provide one-stop service for customers who require a quick construction of energy saving with good air quality building. The Company has signed an agreement as a distributor of Kingspan Insulated Panel Pty Limited, a manufacture of Insulation Panel from Australia.



## Business Overview of the Company's Group



### Investment Structure of the Company and the Subsidiary

The Company has 3 subsidiaries which are:

#### 1. CIG Development Co., Ltd. (Changed from De Lamai Company Limited)

C.I. Group Public Company Limited holds 999,680 ordinary shares with par value of 100 Baht or 99.97% of the paid up capital of CIG Development Co., Ltd. with THB100,000,000 registered capital, Registration Number 845547005846 which has two offices are (1) Head office: 1/1 Moo.7 Bangkoowad, A.Muang Pathumthani, Pathumthani. Business: Auction and construction contractor. (2) Branch: 171/4-9 Moo.4, Maret, Koh Samui, Suratthani. Business: hotel in Koh Samui under the name "Samayabura". There are 3 directors namely Mr.Aree Poomsanoh, Mr.Theera Poomsanoh and Mr.Taweesak Wangkorkiat.

#### 2. CIG (Thailand) Company Limited

C.I. Group Public Company Limited holds 599,850 ordinary shares with par value of 100 Baht or 99.98% of the paid up capital of CIG (Thailand) Co., Ltd. which is in manufacturing and distribution of air conditioners and refrigerators business as well as other types of products. The company is located at 1/1 Moo.7 Bangkoowad Rd., Bangkoowad, A.Muang Pathumthani, Pathumthani 12000. Registration No. 0135554002471. The company has registered capital of 60,000,000 Baht. There are 3 directors namely, Mr.Aree Poomsanoh, Mr.Theera Poomsanoh and Mr.Sekbud Buaduang.

#### 3. Siam Railway Development Company Limited

C.I. Group Public Company Limited holds 10,000 ordinary shares with par value of 100 Baht or 100% of the paid up capital of Siam Railway Development Co., Ltd. which is in railway repair center business. The company is located at 1/1 Moo.7 Bangkoowad Rd., Bangkoowad, A.Muang Pathumthani, Pathumthani 12000. Registration No. 0135560001243. The company has registered capital of 1,000,000 Baht. There are 4 directors namely, Mr.Aree Poomsanoh, Mr.Sekbud Buaduang, Mr.Thatchai Sangkul and Mr.Suchart Phattanawittayanon.



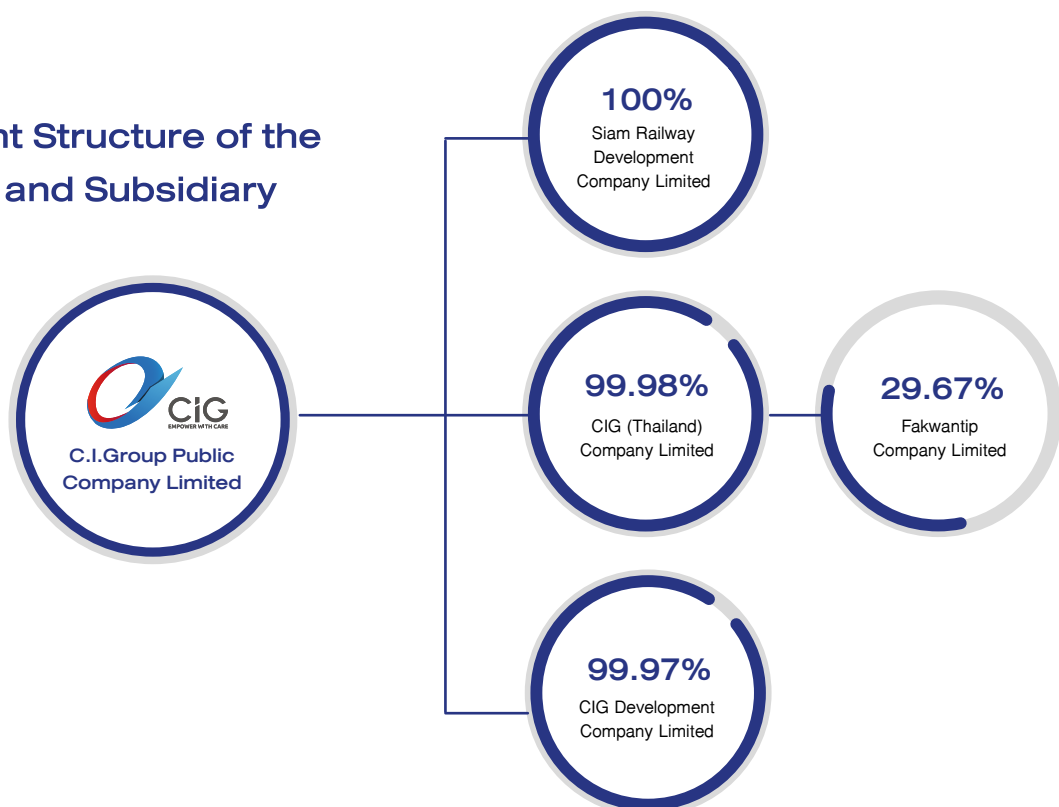
### Association with a Subsidiary

#### Fakwantip Company Limited

The CIG (Thailand) Co., Ltd. had engaged in a joint venture of Fakwantip Co., Ltd in a portion of 29.67% of registered capital, THB251,100,000 or equal to Million Baht 74.50 investment. The Fakwantip is a company in energy business which has ethanol as a main product. The Fakwantip Co., Ltd. is located on 468 Moo. 4, Suntun — Wangdinsor Rd., Tumbol Kaomaikaew, A. Kabinburi, Prajinburi., Thailand. There are 5 directors namely Mr.Aree Poomsanoh, Mr.Sawai Chatchairungroeng, Mr.Nat Wattanasirichaiporn, Mr.Ronchai Jinwattanaporn and Mr.Michael Jangchonggao.



### Investment Structure of the Company and Subsidiary





## Corporate Social Responsibility: CSR

The company believes that business and society should maintain harmonious relationship, help one another, and strengthen each other's weaknesses. Therefore, the company focuses on growth based on corporate governance and social responsibility in a sustainable way while considering the best interest of all stakeholders.

### Mission on Corporate Social Responsibility

1. Commitment to get the highest world standard with certificate.
2. Constantly improve production and management system by challenging and change with high technology and new system.
3. Create customers satisfaction to accomplish leading of the market.
4. Create durability in operating and encourage to improve human resources capacity in order to be readied to new management system and ability to create innovation on HVAC products continuously.
5. Be a good organization of social with management in respect to environment be complied with the world standard and being a part of social and community quality of life improvement.
6. Initiate the company's brand for recognizing of customers.
7. Create happy and proud organization.

In order to process upon above intention and idea, the Company has set a Corporate Social and Environment Responsibility Policy, to be applied with both the Company and subsidiaries to be used and followed as the Company's Principle, which is:

### Corporate Social and Environment Policy

#### Conserve Environment and Energy

Supporting activities are related to protecting environment and conserving energy resources such as water, fuel and paper efficiently.

- Promoting energy conservation and protection of the environment

- Meeting environmental and conservation standards and regulations.
- Developing and improving manufacturing process and waste management system in order to get rid of pollution that impact to the environment complying to match with ISO14000 standard.
- Promoting environmental awareness among employees at all levels to enhance their responsibility to protect environment both inside and outside of the plant.

#### Human Rights and Human Resources Practice

Insist to the Company's traditional; respects and obeys on the human rights; fair and practice to all level of employees equally and support employees on being a part of making benefit to society both on direct and indirect way.

- Developing skills of employees at all levels; building knowledge management towards Knowledge Support Policy and developing human resources in order to increase their work quality as professional one.
- Encouraging employees to take part in community development.





- Welfare, safety and sanitation within the workplace of employees are set including of developing working systems and innovation.

#### Responsibility to Consumer

Improve products and services which safe to consumers and environment, quality is match or better than requirement of the consumer based upon fair condition and

- Emphasize on services standard, responsible on the Company 'services, provide accurate information which must not be exaggerated.
- Keep customers' information confidentially and must not get any advantage on it for the Company or related person benefit.
- Marketing and Investment Policy and promoting products and services that concern on social responsibility.

#### Corporate Governance

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- Good corporate governance
- Internal data usage policy
- Transparency
- Data Disclosure
- Risk Management

#### Community and Education

The Company emphasizes on stakeholder and community where it's located. The Company intends to improve quality of life around the neighborhood by educating people, preserving environment and promote local traditional.

- Using business process to improve quality of life, booth up economic and strength of the neighbor community and society.
- Support on all activities and projects which necessary to the community and related to education projects for schools in the community.
- Together with the Company staffs/employees, employees' family, local community and with overall society in order to improve all quality of life in the way that is value added to both business and development.

#### Implementation of Corporate Social Responsibility Policy

The company has studied characteristic and business context both internally and externally using generally accepted principles to create mission on corporate and social responsibility. The management has set up social responsibility policy for a guideline and has set up a team to manage, control and monitor to ensure of compliance to the Policies. Recently, the company are working as the Corporate and Social Responsibility Plan which base upon principle of the Action Plan as follow:

1. Concentrate on decreasing of adverse effect (if any) to community and environment to be less or at least equal to national standard level.
2. Concentrate on practices to upgrade to new innovation in order to improve efficiency and productivity of business such as saving energy, recycle, decrease raw material usage and etc. By which linkage to requirement of external stakeholders' trough creating cooperation with staffs to improve the organization combining with corporate and social responsibility idea till quality management was set still. At this stage, the company has working on getting ISO14001 certified from overall departments' cooperation.
3. Generate competitive advantage in the global market by still getting national quality standard, CSA and UL, certified to make international customers confidence. Moreover, the company did sign off in participating in Thailand's private sector collective action against corruption to create clear and transparency business standard which enhance supportive in the company's industrial products from every segment in Thailand.

By which each department had set action plans along with critical points of concern which was chosen as follow:

#### Health and safety: responsible by Safety Section

- The company has comprehensive safety measures.
- Safety training sessions are conducted regularly.

#### Waste management and excess materials: responsible by Production Section

- The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.

- Develop production process to reduce waste and excess materials.
- Re-use of excess materials in production process.

Environmentally friendly products and services: responsible by Engineering Section

- Joining CFC elimination project to discontinue the use of Chlorofluorocarbon (CFC) in air-conditioning manufacturing process.
- The Company's products do not require use of CFC.
- The Company's repair and maintenance service reduces the need for replacements and therefore reduce effects to environment.

Product and services accountability: responsible by Production Section / Quality Control Section

- The company carefully controls its production of products to ensure high quality and customer satisfaction.
- On time delivery is a priority to ensure smooth and efficient supply chain.
- All products come with a warranty according to general sales conditions.
- Fast repair and maintenance service to meet urgent demands of customers.

Employee benefits: responsible by Management / Human Resource Section

- Trainings are offered to all employees to increase potentials and career path.
- Annual health check-ups are offered to reduce medical costs and promote good health among employees.
- Annual New Year party to entertain and increase morale of employees.
- The company gives scholarships to employees' children.

Corporate Governance and Integrity measures: responsible by Internal Audit and Corporate Secretary Section

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- Good corporate governance
- Internal data usage policy
- Transparency
- Data Disclosure
- Risk Management

Community and education: responsible by Management Section

The company supports various activities and projects on community and educations for local schools. Furthermore, the company extends its support for victims of natural disasters.

- Offer scholarships to students at various educational institutions and local communities such as Bangkoowad School, Eur Ar Torn village, Bangkoowad Municipality.
- Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School.
- Help victims from disaster and mitigation.

In order to follow the Social Responsibility's Action Plan, the team will gather and follow up on results of the plans at least once a year in order to consider if the plans or process may need to be changed to mostly achieve the targets set.

### **Business operations that may affect social responsibility**

Due to the fact that the company is in manufacturing sector, some of the production processes may require use of lubricants and/or other chemicals. The company has set up preventive plans to reduce any effects on the environment and local community. The company stopped using CFC which is harmful to the environment even though it is a widely used chemical in air-conditioning industry. The company is thriving to improve its products and production processes to protect the environment and community from any harmful substances. Furthermore, the Company continues improving quality both production process and products to ensure that will not have negative effect to society and environment by following ISO 14001 criteria. The Company seeks for raw material and components which must comply with international safety standard and could be reused in the processes. Moreover, the Company has target on effectively usage of energy to maximize benefit, create less waste, reuse materials and avoid supplying non-compostable raw materials or components.

#### Legal disputes

The company and its subsidiaries have never had any legal disputes on environmental / social aspects. The company has never been accused or been investigated of such issues.

We care for local community and environment for better lives of our children. CIG received a certificate from Council of Industry for our effort in protecting our environment by stop using CFC (Chlorofluorocarbon) which is commonly used in air-conditioning industry. Such chemical is harmful to the environment. In 2000, we built a water treatment system as well as re-using water in our production line. These mark the start of Green Factory Initiative.



We received the certificate from the Department of Industrial Factory for project participation of "Ozone Depleting Substance Phase out" for terminating the usage of Chlorofluorocarbons (CFC) for all steps of production process.

#### Adverse effects to society and environment

The company's operations from the past until end of 2017, there is no evidence of adverse effects to society and environment according to 8 principles of CSR.

#### **CSR Activities for society and environment**

In 2018, the company engaged in various activities such as environment and energy conservation project, production process without harmful chemical, cost reduction, material reduction and maintaining good relationship with local communities.

#### **Health and safety**

The company aims to control monitor and prevent regarding safety healthcare and work environment risk of all staffs by which must not breach the law and regulation and allied with international standard and Quality Safety Healthcare and Environment Policy in order to decrease accident to be zero and decrease hurt or injured from work in every sites as we understand that all of human resources, business partners and contractors of the company have their rights in working under safe environment for their good quality of life at work.

The company intend to put subconscious in safety and healthcare to all staffs in every levels through policy management and control and real practices such as training and create upon understanding by using activities and motivation to persuade to grow up responsibility on safety throughout the organization.



- The company has set rules and regulations in safety properly by providing necessary personal protective equipment: PPE to employees for their work.
- The company has always set safety training for all employees.



In 2018, the company conducted internal and external safety training such as fire extinguish foundation course, crane operating training, safety training as required by Safety Act 2011,

Safety for Supervisor, Safety for Management, Safety committee trainings, safety electricity training, and safety, health and working environment for employees training.

#### STATISTIC OF SERIOUS ACCIDENT AT WORK OF 3 FACTORIES FOR 2016-2018

STATISTICS OF 3 FACTORY	2016	2017	2018
Number of Accidents	10	7	13
Number of staffs injured	10	7	13
Number of total off days of the injured staffs	88	28	66.13



### Waste management and excess materials

- The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.



- The company focuses on optimizing usage of raw materials and materials, resulting in reduced production costs of 8,047,697 baht per year.
  - Reduced production costs of parts and equipment 6,763,943 Baht/Year
  - Reduced costs by using cross hair pin besides of cross over 1/2"x0.61 505,773 Baht/Year
  - Reduced using copper tube DIA3/8"by using non shrink expansion method 731,017 Baht/Year
  - Reduced using drawing board 46,964 Baht/Year

### Energy management

- The company promotes energy conservation and initiated energy saving project. There were 3 projects with electricity cost reduction of 1,672,309.58 Baht per year as follow;
- Air compression improvement project of Pathumthani factory: Electricity saving of 696,267.59 Baht per year
- Air compression improvement project of Pinthong factory: Electricity saving of 809,577.99 Baht per year
- Switching to LED lighting in all 3 factories: Electricity saving of 166,464 Baht per year

### Employee benefits

- The company offers trainings to employees of all levels to increase potentials and reduce risk of skill shortage.

### Employee Development Programs

Hours per person per year				
Average training time	2015	2016	2017	2018
Director and employees	5.81	4.22	4.92	5.51

Baht per person per year				
Expenses for training	2015	2016	2017	2018
Director and employees	773.80	623.78	919.92	562.35



In 2018, the Company introduced many training courses including assessment and management of risk, social asset generation by social responsibility of the organization, Internal Audit ISO 9001:2015, Risk Based Thinking ISO 9001:2015, REACH system, Brazing and etc.



- Annual health check-up



- New Year party to create team happiness and encouragement





- Scholarships for employee's children

## Responsibility to Community and Education Support

The company has been supporting activities and projects that support communities and education project for schools in neighborhood such as:

- Merit making at temples in communities





- Provide scholarships for the nearby institutes students such as Bangkoowad School, Government housing, municipality of Bangkoowad, etc.



- Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School.



## Anti-Corruption

The company understands that corruption will be effected and be as an important threat to social and economic development and unfair business operation which will effect to the company image regarding corporate governance, competitive ability and unacceptable company for both Thai and international. Moreover, it would decrease confidence of shareholders, investors and all stakeholders. Therefore, the company has been paying attention on doing business without supporting to business, individual or person who get involved in seeking benefit which should not get in both direct and indirect from using dishonestly authorization with clear method to cooperate and support with government and private sectors. The Company's Board of Director No.4/2015, November 11<sup>th</sup>, 2015, had approved appointment of Anti-Corruption Committee who plays important roles in setting system, supporting and promoting Anti-Corruption Policy in order to communicate to all staffs/employees and all related persons in all departments including risk assessment of activities having a chance to conflict with anti-corruption policy and setup review appropriate of system and measurement to be complied with business situation change, order, rules and regulations of law continuously.

Moreover, on 22<sup>nd</sup> December, 2016, the company did sign off on agreement to join in the Private Sector Collective Action Coalition Against Corruption Committee: CAC, and get certified as a member of CAC on 17<sup>th</sup> May, 2018.



### Anti-corruption policy

To ensure the Anti- Corruption Policy of the company is always up to date, the board of directors frequently review it. In the Board of Director Meeting No.4/2017 on August 11<sup>th</sup>,2017, did approve of the Anti-Corruption Policy (updated) besides of the one that was approved in the Board of Directors Meeting No.3/2014 dated August 19<sup>th</sup>, 2014. Also, approved Guideline of Anti-Corruption Policy to enhance effectiveness of control and guide to act concretely as follows:

1. Directors, managers and all employees of the company as well as its subsidiaries shall not directly or indirectly accept or support corruptions in any forms. This applies to all subsidiaries, including but not limited to contractors, subcontractors, and any parties involved. The anti-corruption policy must be reviewed regularly to match rules, regulations, law and changes in business operations.
2. Anti-corruption is an essential part of business operation. It is a responsibility of board of directors, management, all employees, contractors, and sub-contractors to express opinions on how to conform with anti-corruption policy so that the anti-corruption objectives are achieved.
3. The company will not act or support bribery in any form under all activities it is involved including but not limited to control, charitable donations, donations to political parties, corporate gifts and support all activities with transparency and not to influence government officers or private sector employees to act in his or her favor.
4. The company just implements effective internal control and it must be reviewed regularly to prevent inappropriate actions especially sales, marketing and purchasing activities.

5. The company must educate anti-corruption to directors, management and all employees to promote integrity, honesty and responsibility to all business operations as well as communicate the company's willingness to become corruption-free.
6. The company must have transparency and accuracy reporting system for its financial positions.
7. The company allows various ways of communication related to corruption and makes sure that confidentiality is strictly protected while ensuring unfair treatment and investigate all issues that were reported.

#### Anti-Corruption Policy Process

The Company set the Good Corporate Governance Policy and Code of Conducts to be use as a guideline for employees to follow in the same lane during operation such as guideline in give and take gifts, welcoming party or other benefits as states in the Code of Conducts (business ethics) which also complied with the Anti-Corruption Policy by distribute to all directors, management and employees to be as self-guidelines. Moreover, the company also communicates regarding the Anti-Corruption Policy and guidelines to subsidiaries, co-businesses, business partners and stakeholders including public through several media such as letter, electronic mails, information board, Company's Website or others as appropriate in order to allow all stakeholders to acknowledge and follow the guidelines set. Also, did communicate and train all of the company's employees continuously to ensure of correct educated regarding anti-corruption, the company's expectations and punishment for example training on good corporate governance and anti-corruption to all new employees trough orientation. Furthermore, set training for directors, management and all employees on the referred issues.





The company has set “No Gift Policy” since 2017 to create the company’s norm with expecting all staffs of the company to work in full capacity without wishing for benefit in return and transparency work with social and environment concern together with good governance. In order to spread the policy to business partners, customers and related organization to inform of unaccepted of getting gifts for our management and employees inclusive of subsidiaries during New Year festival or any others occasion, the Company did again sent letters to all prior to new year or any special festival.

#### Whistleblowing Policy and Protecting Whistleblower Procedures

The board of directors considered to approve the Whistleblowing Policy and Whistleblower Protection Procedures in the meeting no.4/2017 on Friday, 11 August, 2017 to allow employees and stakeholders to report when suspected misconduct, illegal acts or failure to act upon business conduct of directors, management and workers. Raise of serious concerns, clue on illegal act and corruption which may lead to discredit of the company image and assets would be listen by the company equally, transparency with care and fairness to every concerned parties. By which process time will be set appropriately with confidence and careful operate. In the same hand, protecting whistleblowers and related persons

to ensure of fairness or not affect or defame in anyhow will be concerned through the process. The company’ secretary and internal audit office are set as a Complaint Center for corporate governance and business conducts which channels of report the concerns and process are shown in the company’s website as:

3 Channels to report complaint concerns and suggestion are:

1. The company’s website: [http:// www.coilinter.com](http://www.coilinter.com)
2. Email : [secretary@coilinter.com](mailto:secretary@coilinter.com)  
: [internalaudit@coilinter.com](mailto:internalaudit@coilinter.com)
3. Mail or hand-in to:  
Company’s Secretary Office  
C.I.Group Public Company Limited  
1/1 Moo. 7 Bangkoowad Rd., Bangkoowad, Muang  
Pathumthani 12000

#### Anti-Corruption Risk Assessment

Anti-Corruption Committee (Management Level) takes responsibility in reporting result of assessment of anti-corruption risk in every activities involved in business by states jobs with high risk and its effect inclusive of preventive or decrease risk with high effective method together with follow up result after adjusting process as the propose method in form of report submitting to Audit Committee on regular basis.

### Punishment

The company set to let all employees in every levels must sign-off to acknowledge Anti-Corruption Policy Guideline and Code of Conduct of Management and Employees to show their promise and agree with good practices as their guideline. The Guidelines are rules that everybody in the organization must follow strictly if they breach will be consider as miss-act which the company will punish as per state in the company's Article of Association or related law and regulation.

### Example of Communication Method for Anti-Corruption Policy

The company had set training for directors, management and staffs at all level for better understanding in their role to the Anti-Corruption Policy

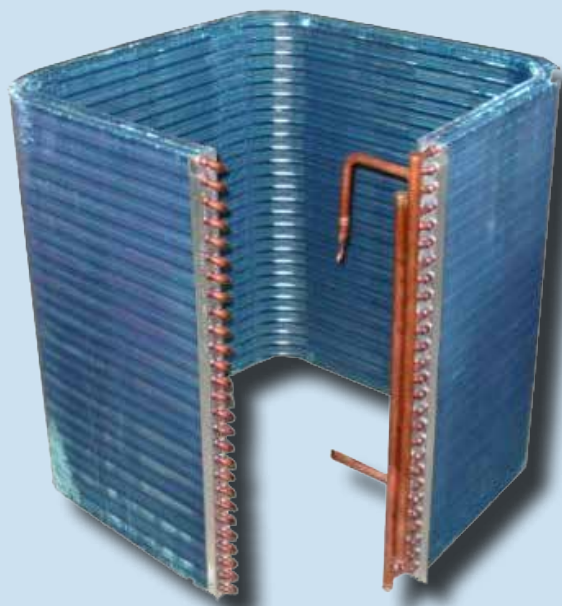


Lecture on "Anti-Corruption for Executives: Business Sector with Anti-Corruption" to create understanding of how important of anti-corruption for private sector and government toward sustainable of the company's competitive advantage to the directors and management by Dr.Bandid Nijathaworn, President & CEO of Thai Institute of Directors.



a training course "Together Create Transparency to Anti-Corruption" for management and staffs for their better understanding on overall of the Good Corporate Governance Policy, Anti-Corruption Policy and the Guidelines to form basic knowledge in complied practices with the policies by external speaker.





## THE INNOVATION

Our world is facing new threats from climate change, energy shortage, to emerging infectious diseases. Together makes better. Our R&D engineers are teaming up with architects, specialists and universities to use creativity to turn these threats into new engineering design solutions.

Good things are happening right next to you!

## **THE INDUSTRIAL SITUATION AND COMPETITIVE**

### Electrical Appliances Industry for the year 2018

electrical appliances distributed to the domestic market will tend to decline in 2018 as consumers are continuing to show some hesitation in making purchases, and air condition and compressor markets which is important segments of the market would shrink in the wake of the La Nina which cause temperature to drop (leading to slower-than-expected market recovery). In 2019-2020, demand for electrical appliances is expected to expand on the back of

- 1) generally improving economic conditions, and strengthening purchasing power for households as debts incurred under the first-car buyer scheme are fully paid off;
- 2) an expanding real estate sector, which will in turn drive greater demand for household electrical goods; and
- 3) increasing demand for replacement electrical appliances; and
- 4) forecasts for hotter weather, and with that increased demand for air conditioners.

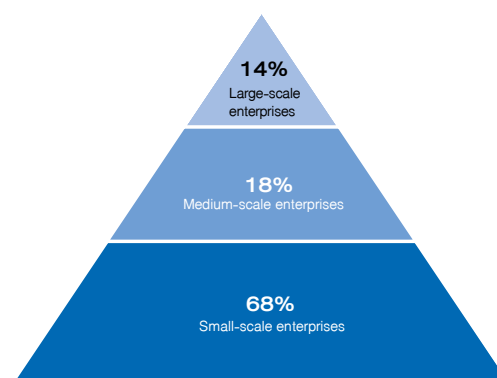
Over the period 2018-2020, the value of exports of electrical appliances will increase in step with the improving situation in the economies of the main export markets (the ASEAN zone, the United States and Japan). In addition, the sector will benefit from the fact that Thailand is a world-leading exporter of air conditioning units and that transnational companies have plans to continue investing in the expansion of production facilities within the country in order to manufacture for export.

#### Overview

The Thai electrical appliances sector has a history going back more than fifty years, with government support through the offering of investment promotion strategies (via the BOI) a constant feature. During the sector's early history (1960-1971), the government promoted investment in the sector as an import substitution strategy and at this first stage, components were

imported for the domestic assembly of relatively straightforward products, such as radios, televisions, and fans. Between 1972 and 1992, official policy was to support the sector as an exporter and this was helped by the 1987 Plaza Accord<sup>1/</sup>, which led to a rise in the value of the yen and thus prompted Japanese manufacturers to relocate production facilities overseas, including to Thailand. The country was also able to exploit its low manufacturing costs, its geographical location at the center of the ASEAN zone, and the increase in economic potential of the ASEAN zone following the establishment of the ASEAN Free Trade Area (AFTA) in 2004. These factors all also helped to attract international manufacturers, especially Japanese ones, to the country and so over time, companies have steadily increased investment in production facilities in Thailand to manufacture for export including both electrical appliances and components (compressors, motors, diodes, television displays, speakers, etc.) and electronics parts (such as printed circuit boards, integrated circuits, and capacitors). These developments have all thus fed into the on-going advance of the Thai electronics appliances supply chain.

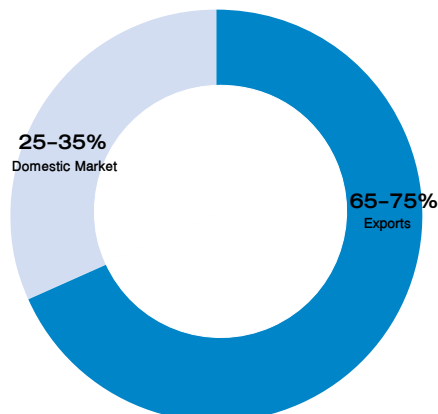
**Figure 1: Electrical Appliance Producers**



Source: E&E Intelligence Unit, as of Jul 2016

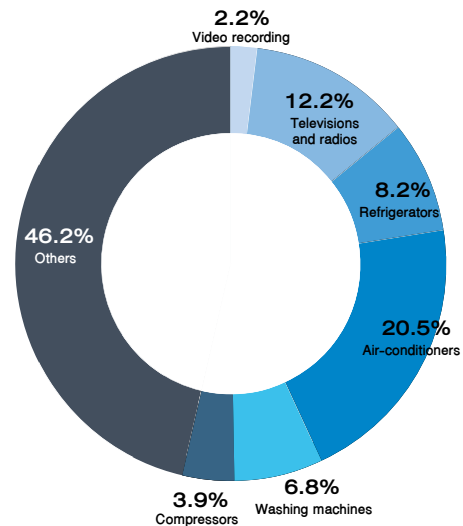
As of 2016, there were approximately 400 manufacturers operating in the Thai electrical appliances sector (Figure 1).

Figure 2: Thai Electrical Appliance Markets



Source: OIE, compiled by Krungsri Research

Figure 3: Export Value Share by Product (2017)

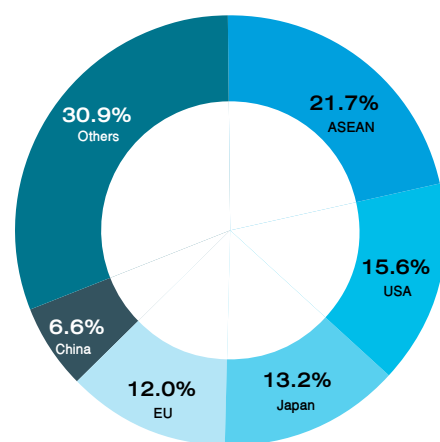


Source: MOC

These include<sup>(1)</sup> large producers with well-equipped technology and funds (14% of total producers) that can be split into two groups: major international brands such as Mitsubishi, Sony, LG, Samsung and Toshiba; and Thai manufacturers, a group which includes both those producing to supply other brands (and which are therefore original equipment manufacturers, or OEMs) and those which have their own brands. Examples of these include Tasaki, Saijo-Denki, Uniaire, and Central Air, all Thai brands in the air-conditioning market, and fan manufacturers such as Hatari, Accord, and MasterKool; (2) SMEs that manufacture component parts and electronic components for large operators (86%) but are restricted by lack of advanced technology and low bargaining power.

<sup>1/</sup> The Plaza Accord was agreed in 1985 and came about as a result of the global consequences of the Japanese government's depreciation of the yen, which had led to a significant rise in Japanese exports and thus to trade imbalances worldwide. In response to this, the G5 (including the USA, UK, Germany and France) pushed for an increase in the value of the yen. This, though, created an economic bubble in Japan and rising costs for Japanese manufacturers forced them to relocate outside the country in order to reduce production overheads and so retain their competitive advantages.

Figure 4: Export Market Share (2017)



Source: MOC

Table 1: Thai Electrical Appliance Exports World Rankings

Air Conditioners			
	Export value (USD)	% share of world exports	Ranking
2015	4,524,346	11.4	2
2016	4,842,745	11.7	2
2017	4,815,299	11.0	2
Compressors			
	Export value (USD)	% share of world exports	Ranking
2015	1,005,114	7.5	4
2016	954,277	7.1	4
2017	909,422	6.6	6
Washing machines			
	Export value (USD)	% share of world exports	Ranking
2015	967,797	7.2	4
2016	1,059,144	7.9	4
2017	1,515,528	10.7	2
Refrigerators			
	Export value (USD)	% share of world exports	Ranking
2015	1,815,980	4.5	7
2016	1,872,057	4.7	7
2017	1,931,305	4.5	7

## ELECTRICAL APPRIANCES INDUSTRY TREND

Data from The Office of Industrial Economics indicate that some 65-75% of all output from the Thai electrical appliances sector is bound for the export market (Figure 2). The most important market is the ASEAN zone, which took 21.7% by value of all types of exports of Thai electrical goods in 2017. This is followed by the United States (15.6%), Japan (13.2%), and European Union (12.0%). In terms of products, the most important category of goods is air-conditioners (20.5% by value of all electrical goods exported), followed by televisions and radios (12.2%), refrigerators (8.2%), washing machines (6.8%), compressors (3.9%), video equipment (2.2%), and others (46.2%) (Figures 3 and 4).

However, development of the domestic electrical appliances supply chain has been uneven and different parts of the sector have different production capabilities and different statuses in their respective world markets (Table 1). The cooling devices segment, a category which includes air-conditioning and compressors, is relatively mature through the whole supply chain and by value, over 80% of parts used in production are sourced domestically. The production of cooling appliances in Thailand has therefore continued to develop and Thailand is now one of the world's leading exporters of these goods. In 2017, Thailand was the world's second most important exporter of air conditioning units (market share has continuously stood at 11.0%) and with a 6.6% market share, the sixth most important exporter of compressors. Thailand is also a major exporter of white goods, including washing machines, in 2017 taking an 10.7% global market share which put it in the second place, refrigerators (seventh in the world with a 4.5% market share), rice-cookers (eighth in the world with a 3.1% market share), and microwaves (third in the world with a 5.2% market share). This is consistent with research into the competitiveness on world markets of the Thai electrical appliances sector between 2010 and 2017, which shows that Thai-made air-conditioning units, compressors, refrigerators, washing machines, and rice-cookers are increasing their market share in growing markets but that Thai-made microwaves and fans are losing market share, although the markets for these goods are also growing.

As for the domestic market for electrical goods, this takes 25-35% of the output of the sector by volume. Electrical goods which are owned by more than 30% of Thai such as refrigerators, air conditioners, washing machines, fans, televisions and irons.

A Euromonitor survey of the domestic market for electrical goods in Thailand (December 2016) revealed that The most valuable categories of goods are air-conditioners and air-purifiers (40% by value of all goods), followed by refrigerators and freezers (17%), washing machines (15%), small household electrical appliances such as irons, vacuum cleaners, kitchen appliances and fans (18%), and others (10%). Those will be distributed through shops retailing electrical goods of which there are over 3,000 spread across the country or around 60-65% of total market value in Thailand). 30-35% of goods are distributed through modern trade outlets, including discount stores, department stores, and home improvements stores, while the remaining 5% are sold directly or through the internet.

However, more positively, a Euromonitor report shows that the release of new electrical consumer goods that utilize recent advances in technology has helped to support higher retail prices and that on the domestic market value, these grew by an average of 6.3% per year in the period 2012-2016.

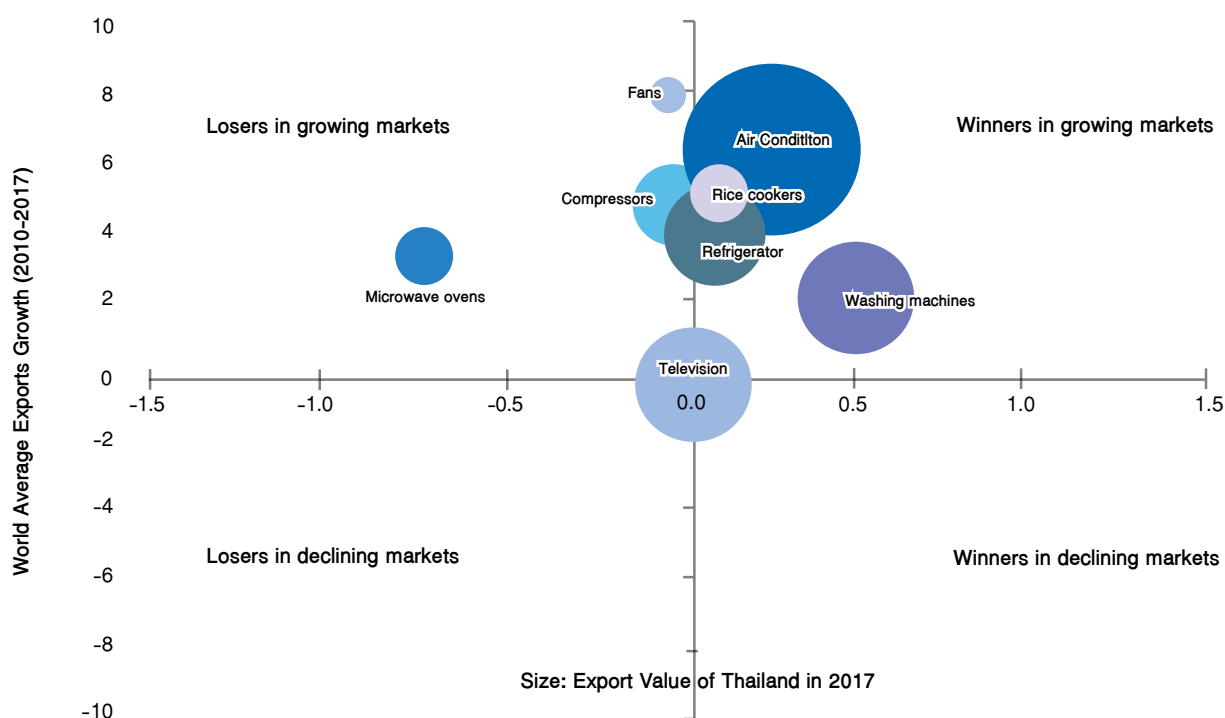
For exports, it was difficult to maintain growth through this period and indeed, by value, exports slipped by an average 0.1% per year. This was because:

(i) the world economy recovered; (ii) some Thai electrical appliance production facilities began to lose competitiveness (this was especially so for producers of audio-visual equipment); (iii) the extensive flooding in Thailand at the end of 2011 caused significant damage to Thai production facilities; and (iv) the 2012 increase in the national minimum wage to THB 300/day prompted some foreign operators to move production facilities from Thailand to other countries.

For 2017, output for the Thai electrical appliances sector fell 7.2% YoY to a total of 44.9 million units, with the index of electrical appliance production declining in 2017 to 119.8 from its 2016 figure of 128.6 due mainly to a contraction in domestic sales of electrical appliances, compared to the same period last year, although exports experienced a minor increase. However, by value the situation was better and in this regard, considered overall the market expanded due partly to rising prices of electrical goods that use new technology innovation. On the domestic market in 2017, a total of 14.7 million units were sold, which represented a contraction of 9.2% YoY, close to the value in 2016 as the weather was cooler than the year before and that the extreme heat of the earlier El Nino during 2015-2016 had brought forward purchases of certain goods and as result sales of air-conditioners and compressors fell sharply by 13.9% YoY and 9.8% YoY, respectively. The continuing weakness of the

real estate market also suppressed demand for other electrical goods and the combined sales of these (including refrigerators, televisions, rice-cookers, washing machines) shrank by 6.1% YoY. Exports of electrical appliances in 2017 came to a total of USD23.5 bn., up 6.5% YoY as a further recovery of major export markets' economies – the US, Europe, Japan, and China (which together take 47% by all electrical appliance export value). Growth was seen in some key categories of goods, including televisions (USD2.85 bn., up 0.7% YoY), refrigerators (USD1.94 bn., up 2.7% YoY), washing machines (USD1.6 bn., up 39.4% YoY), radios (USD520 mn., up 2.0% YoY), and others (e.g. fans, microwaves, shower heaters which had a combined value of USD10.86 bn. or up 10.1% YoY). Other key categories did, however, see declines and these included air-conditioners (USD4.8 bn., down 1.0% YoY), and compressors (USD911 mn., down 5.6% YoY).

Figure 5: Business Position of Thai Electrical Appliances by Product



Annual Difference of Thailand Market Share Export During 2010-2017

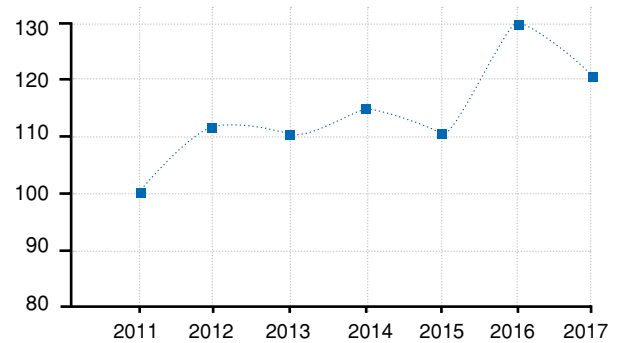
Source: Trade Map, compiled by Krungsri Research



The expectation is that for 2018, the volume of electrical appliances produced in Thailand is likely to shrink by 1-3% YoY but that the sector will return to growth of 3-5% per year in 2019 and 2020. The economies of export markets are forecast to strengthen and this will support an expansion in exports, especially in the ASEAN zone (22% of all exports of Thai electrical goods by value). The domestic market is also expected to improve gradually from 2019 onwards (but is slower than earlier expected as air conditioning market growth is limited due to unfavorable weather), helped by the improving Thai economy and consumer spending power that will steadily strengthen as debts taken on under the first-car buyer scheme are fully paid off. In addition, the real estate sector is returning to growth and this is helping to build demand for electrical appliances, while some consumers can be expected to purchase new goods as their existing appliances come to the point in their life cycle when it becomes necessary to replace them. On the part of manufacturers and retailers, it is when it becomes necessary to replace them. On the part of manufacturers and retailers, it is likely that following several years of sluggishness in the market, they will put in place marketing strategies to induce consumers to make purchases.

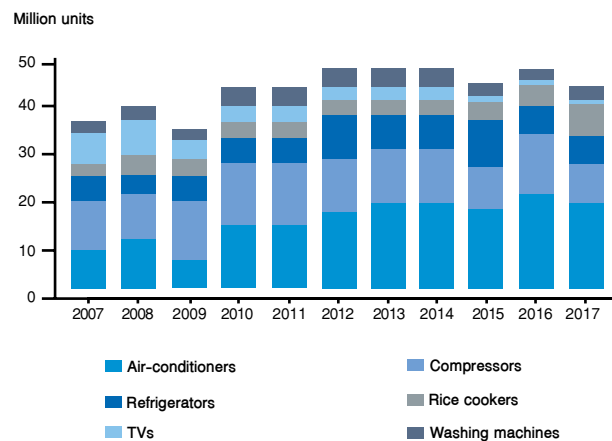
Domestic electrical goods market in 2018 is likely to improve slower than earlier forecast. Demand for electrical goods is forecast to contract by 5-10% YoY by volume. As a consequence of the emergence of a La Nina in 2017, Thailand's monsoon season has been wetter and cooler than normal and relative to that of the year before, this has weakened demand for air conditioners and compressors, important segments of the electrical appliances sector. This was offset somewhat by the 2018 World Cup, which helped to feed greater demand for televisions, while promotional campaigns organized by manufacturers and retailers have boosted sales of some product groups, especially of smaller household appliances that have a shorter replacement cycle. Overall, by value, as a result of the higher prices commanded by goods that exploit new innovation<sup>6</sup>/ (e.g. the new generation of air conditioners that use inverters to reduce electricity consumption and home appliances that can be controlled by smartphones) the domestic market in 2018 will be similar in size to that of 2016-2017.

Figure 6: Manufacturing Production Index (MPI)



Source: OIE

Figure 7: Thai Electrical Appliance Production by Product



Source: OIE

In 2019 and 2020, demand for electrical goods within Thailand is forecast to grow in terms of both volume and value. With regard to the former, growth of 3-5% per year by volume is expected and this expansion will be built on a strengthening of the residential property market, the need of some consumers to buy new goods as those they currently own reach the point in their replacement cycle when this becomes necessary, and a possible rise in demand for air conditioners if climatic conditions return to an El Nino state and with this temperatures rise, as may occur in 2019 and 2020. In addition, manufacturers and retailers will likely also attempt to stimulate sales by running promotional campaigns. As regards the value of the market, this is forecast to grow by 8-10% per year as innovative high tech and therefore

higher priced products are released to the market. Exports of electrical appliances are forecast to grow by an average of 3-5% annually in the period 2018-2020, this growth being underpinned by exports to the United States, Europe (which together comprise 30% of Thai exports of electrical goods by value) and Asia, in particular to the ASEAN zone since the population of these countries typically have fairly low levels of ownership of electrical goods<sup>7</sup>/but at the same time, consumer demand is growing from the expanding middle class<sup>8</sup>/. The position of Thai exporters also benefits from the country's being a global center for the export of electrical goods, which continue to be highly competitive on the world stage. This is especially the case for cooling devices, such as air conditioners, refrigerators, freezers and compressors and in fact, large transnational manufacturers of goods in these categories have plans to expand their investment in Thai-based production of, in particular, air conditioners, compressors and parts for these and this will strengthen Thailand's central role as a manufacturer of these goods. Nevertheless, the situation is not entirely positive and exports of washing machines have been put into doubt by the recent moves by the United States to impose barriers to their import in the form of a 'safeguard'<sup>9</sup>/ and these developments will likely lead to a fall in exports to the American market. (In 2017, by value, the United States was responsible for buying 33% of all washing machines exported from Thailand.) Over the mid-to long-term, it is possible that the Thai electrical appliances sector will experience high levels of growth thanks to the development of the Eastern Economic Corridor (EEC). Within this project, the government is emphasizing the development of the so-called 'future industries', or 'industry 4.0', and this is attracting increasing investment to fund innovation in the manufacture of electrical appliances and as has been described above, Thailand is especially competitive in the production of cooling products and white goods, items that will benefit from trends in demand for electrical appliances that exploit high technology.

**Krungsri Research's view:** The forecast is that between 2018 and 2020, turnover for players in the Thai electrical appliances sector will grow at similar rates to those recorded for 2017. Positive factors supporting this outlook are the importance placed by parent transnational companies on developing new

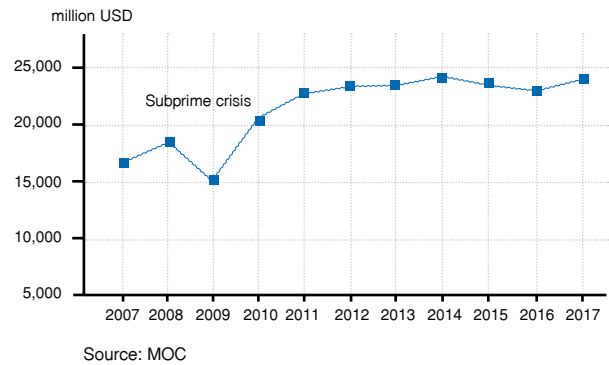
technology and innovation for the next generation of goods within Thailand, export markets that are tending steadily to expand, and a domestic market that can be expected to strengthen gradually as consumer spending power improves.

**Manufacturers of cooling appliances:** Players in this segment will be able to maintain income at normal levels thanks to Thailand's world-leading competitiveness in this area. The latter has helped export markets return to growth and to convince transnational manufacturers to continue expanding investment in Thailand and so strengthen the country's position as a regional production center. However, the influence of La Nina conditions has lowered average temperatures throughout the ASEAN zone in 2018 and this may have temporarily limited the ability of the ASEAN market (including the Thai domestic market) to expand. In 2019 and 2020 this situation is likely to be reversed, though, and production is forecast to grow on expanding economies and with that, rising demand for electrical appliances. If, as expected, El Nino conditions reemerge in the two years ahead, this will also raise regional temperatures and thus help stoke additional demand for air conditioners and compressors.

**Manufacturers of other household electrical appliances:** It is forecast that overall, turnover will tend to remain stable. Exports will likely grow, and those of washing machines in particular are expected to rise (Thailand is a world-leading manufacturer of washing machines) as the possibility of expanding into markets in Asia increases. Should this happen, this will help to compensate for the loss of exports to the United States that may occur as a result of the recent erection of barriers to the import of washing machines by the current US administration. However, the export of other types of household electrical goods is likely to encounter rising levels of competition, which will come particularly from Chinese products that are not only cheaper but also increasingly manufactured to a higher quality. On the domestic market, demand is also forecast to rise, most notably for washing machines and smaller household items, such as rice cookers, vacuum cleaners and microwaves. On the downside, demand for audio-visual appliances is likely to shrink as portable electronic devices (smartphones, tablets and notebooks) take an increasingly large market share.

**Distributors/retailers of electrical appliances:** 2018 will see only low levels of growth in the market for electrical appliances but the situation should pick up in 2019 and 2020. Large modern retailers such as Power Buy and Power Mall, which enjoy advantages in terms of finance, the range of stock that they are able to carry, their number of branches, and their ability to exploit pricing and marketing strategies to attract customers, will be best placed to benefit from an improving market for electrical appliances. On the other hand, general retailers of electrical goods, most of which are more traditionally styled, are likely to face greater levels of competition from large distributors such as HomePro, HomeWorks, Tesco Lotus, and Big C and thus their turnover may weaken to less satisfactory levels.

**Figure 8: Electrical Appliance Exports by Value**





## Risk Factors

In business operations, there are some internal and external uncertainty that might negatively affect how the company achieves its goals. Such risks include strategy, operation and financial risks. Thus, preparing for uncertainty may reduce those risks and reduce the impact to the company.

The company's audit committee, board of directors, managing director and department managers regularly assess, analyze risks and their trend that might affect the company. In the board of Director Meeting No.7/2016 on November 11<sup>th</sup>, 2016, has been considered Risk Management Policy detail of policy related is followed:

### Risk Management Policy

#### C.I.Group Public Company Limited

C.I.Group Public Company Limited ("The Company") is committed in its management of risks against corporate objectives that include risk management in safety and health of employees, society and communities as well as environment and corruption, to be complied with laws and regulations. The Company would provide fair treatment to all stakeholders while focusing on business performance and investment objectives in accordance with good corporate governance to minimize the probability of risks may effect to the Company' success or reduce damage from occurred risks, and/or in our endeavor to capture a business opportunities by using COSO-Enterprise Risk Management Framework 2004 as a risk management framework.

#### Definition

Risk means situation that have probability to occur in which could effect to achievement of the Company's objectives.

#### Guidelines

1. The Company shall have a system and process for risk management at enterprise level as well as in all subsidiaries which shall be aligned with corporate objectives and strategies.
2. The Company shall manage risks to be within the Risk Appetite level or in any case not to deviate from the risk tolerance levels.

3. The Audit Committee will also act as Risk Management Committee which shall govern the corporate risk management to be in accordance with The Company Policies, provide advice and suggestions and monitor to ensure of efficiency and productivity of risk management as specified in the Charter of the Audit Committee.
4. The Company's managements and executives shall manage corporate and subsidiaries risks in a holistic manner and shall govern risks management under their accountability or as per appointed by the Board of Directors. Also, the managements shall report the risk management performance to the Audit Committee for their consent and advice on regular basis or as appropriate.
5. Manager of every functions of the Company shall be responsible on manage risks at the corporate level, function level and at the operation level within their scope of responsibilities or as per appointed by Management or Executives as well as initiate and stimulate employees' awareness of criticality of risk management.
6. Internal Audit Department shall be responsible on providing advice, opinion, suggestion and guidelines of risk management to other corporate units. Also, shall be responsible on preparing the Corporate Risk Management to management and to report to the Audit Committee on regular basis or as appropriate.
7. All employees shall follow and adhere to the Company's Risk Management system and process of corporate, department and operation level as stipulated by the Company by which set as one accountability.

Regarding to operate under the Risk Management Policy, shall inclusive of setting framework, manual and recruitment to be sufficient to implement the most beneficially Risk Management Policy in the organization.

#### Review and Improvement of the Policy

The Policy and all Manuals/Guidelines of Risk Management shall be reviewed and improves on regular basis by reporting appropriateness and efficiency of applying in the organization to the Audit Committee in order to continuous improvement.

**Details of risks and preventive measures are as follow;**

**1. Risk of fluctuations in raw material prices**

The company's main raw materials are copper tubes, aluminum fins and zinc coated steel plates. Such raw materials are commodities and their prices varied by the world market prices. Thus, the company's operating results may be affected by these price fluctuations. However, the company maintains close relationship with suppliers so that the company receives timely news and price trends. Moreover, the company's management team has more than 20 years experience in coil manufacturing industry and, to a certain extent, analyze the situation and predict movements in prices of copper, aluminum and iron plates.

To reduce such risk from fluctuation in raw material prices, the company informs the customers of current commodity prices prior to sending quotations. The company maintains safety stock of 2 months. For large customers with annual fixed prices, the company set out conditions so that any big fluctuations will result in adjustment of prices to reflect actual costs. The time needed for such adjustment is between 1 - 2 months which is in line with the company's safety stock. For other customers, fluctuations in raw material prices will automatically result in product price changes.

**2. Supply risk**

The company relies on a few large suppliers. In 2018, the company ordered 78.416% of required copper tubes from 3 large suppliers. The largest of which accounted for 29.50% of total copper tubes orders.

Moreover, the company also relies on a few suppliers providing other raw materials such as aluminum fins and zinc coated steel plates. This is due to the fact that by ordering big volume to suppliers, the company benefits from higher negotiation power and volume discount thus reduces the production cost. These few suppliers have traded with the company for a long period of time and maintained close relationship. The supply risk is therefore reduced slightly.

In any case, the company is aware of supply risk and is trying to spread raw material orders to other suppliers while obtaining the same or similar trade conditions with those from large suppliers. At the present, the percentage of raw material orders to large suppliers has declined slightly.

**3. Risks from raw material shortage**

One of the company's main raw materials for manufacturing is copper which cannot be stored for a long period of time due to oxidation. Reprocessing of copper can be conducted but such copper will need to be imported which may result in inadequacy and higher prices.

To reduce such risk, the company has continued its research and development to find a copper substitute material and successfully developed all aluminum coils which can reduce costs for both the company and customers. The company is a member of ASHRAE (The American Society of Heating, Refrigerating and Air-Conditioning Engineers), an organization that is a center of heating, cooling and air-conditioning knowledge in the US, so that the company has access to data, news, and latest technology in order to maintain the company's competitiveness in manufacturing.

**4. Risks from exchange rates**

The company received 35.73% of its revenue from export market. Thus, the company is exposed to foreign exchange risk. However, the company also orders of some its raw materials from overseas. In 2018, export revenue accounted for 35.73% of total revenue and imported 47.66% of total materials from overseas. Since these revenue and cost are in US Dollars, the company enjoys natural hedging to a certain extent.

Moreover, the company's policy allows for 30 - 60 days credit terms from overseas customers. Therefore, exchange rate risks will be in short term basis. The company is fully aware of such risk so it continues to closely gather information and trends of exchange rates and at times exercise risk control actions by utilizing currency forwards.

## 5. Risks from free trade agreements and trade organizations

Free trade agreements encourage stronger competitions within the market which is in line with the overall industry situation for air-conditioning in terms of price and the demands for new products. This drives all players in the market to compete in price and quality. Moreover, Thailand has seen greater number of air-conditioners imports from China which has price advantage. At the present, the company focuses on customers who need high quality coils with different competitiveness than mass products from China which cannot fully satisfy customer's

changing needs. With US, Canana certified and award-winning quality products and services, the company is able to maintain good relationships with customers and enhances the company's competitive advantage.

However the company has taken steps to prepare for more intense competitive threats from other players such as quality improvements, production efficiency, cost control and expansions to other export markets. In addition, the company also focuses on customized products that have little or no substitutes.

## 6. Risk from major customer dependency

In the last 3 years, none of the company's largest customer account for more than 30% of total sales which could conclude proportion of sales to 5<sup>th</sup> major customers of the company for 2016-2018 as followed:

	2016	2017	2018
Sale proportion to the top 5 customers*	68.59	65.94	58.94

\*Inclusive of international distributors

Most of these major customers have maintained good relationship with C.I.Group for a long time. The company has invested in research and development of new products during these times. The quality of our products has been proven by various quality certifications thus the company believes that it can retain existing customers and can further expand its customer base to new and existing markets.

## 7. Liquidity Risk

The company might face liquidity risk when the cash or cash equivalent balance is inadequate in running the business. The company monitors closely at its cash or cash equivalent balance to make sure that the company and its subsidiaries will not be interrupted as a result of lack of liquidity. The company is trying to reduce such risk and pays attention to cashflows management to ensure the right balance between cash inflows and cash outflows to avoid liquidity problems.

## 8. Risks from subsidiaries

In the case that one or more of its subsidiaries is/are unable to get capital needed for running the business, the company, as a majority shareholder, is required to financially support its subsidiaries. Therefore, should the operation results from the subsidiaries varied from the forecast, the company might be affected from such investment in subsidiaries and might not get returns as originally planned.

However, recently the company's subsidiaries, CIG Development Co., Ltd., has expanded into construction contractor business in order to spread out the company's business risk inclusive of getting trough to airconditioning system which could support the main business. In term of risk protection, the subsidiary concentrates on doing sub-contract to an expert. The company expects that its subsidiaries will be running their businesses at full pace which will provide synergy to the company in the future.



## 9. Other Risks

Since a widespread flood in 2011, the company has become aware of natural disasters and other risks that may cause damage to assets, machines, and other fixed assets which are essential for its operations and may cause business interruptions. The company has sought adequate insurance policies covering various risks to the business in order to reduce effects of those risks. Moreover, the company has 3 production capacities in 3 factories at different locations. In case of disruption in one of the factories, the others have excess capacities to cover a disrupted factory to ensure that the company is able to meet demands of its customers.

## 10. Technology Change Risk

One of the risks that industrial players will face is a change of technology in production process or the product itself. Some of those changes may allow the company to benefit from increasing productivity such as increased machine productivity in some areas where time consumption may be reduced or less labour requirements. All of these may lead to cost reduction. On the other hand, such changes may harm the company if it is not able to adapt in a timely manner such as change in product or substitute products. However, heat exchanger industry is quite mature and the change has been minimal. Over the past 30 years, changes in technology that occurred were not too radical and the company was able to keep up with all the changes. To reduce such risk, the company became a member of ASRAE (the American Society of Heating, Refrigerating and Air-conditioning Engineers) which is a key organization with knowledge in Heat, Cool and Air Conditioning systems of the USA, so that the company has access to latest news and technology to ensure that the company maintains latest production capability. Moreover, the company focuses on research and development to ensure that it can adapt to any change and reduce technology change risk.

## 11. Environmental Effects risk

Due to the fact that the company is in industry sector, the company's production process requires oil, water and some chemicals that may affect the environment or its labour. To reduce environmental effect risk, the company provides suitable safety equipment to ensure safety of labour. The company also uses closed system when dealing with chemicals such as coloring spray to ensure that there will be no chemical waste released to the environment. The company has installed adequate water treatment system to recycle water and ensure that water released to public drainage will be free from chemicals. Moreover, the company has a safety committee and high safety standard for all its employees. Any compromised safety issues will be dealt with according to its effects.

## 12. Conflict of Interest Risk of Management

Since the subsidiary, CIG Development Co., Ltd., got into the contractor construction business which might create conflict of interest due to the Chief Executive Officer of the company holds shares of the A.S.A Karnchang Co., Ltd., a contractor construction company. In order to protect the conflict of interest risk, the company has set a connected transaction policy to ensure of related person involving in considering the related case that may cause the conflict of interest. However, the A.S.A Karnchang Co., Ltd. recently not doing business anymore which could get risk of any conflict of interest with the said company of the company's top management. On the other hand, since the Chief Executive Officer has experience in the contractor construction business would benefit to the company.



## Financial Highlight

### Financial Performance in conclusion (Separate financial statements) of C.I. Group Public Company Limited

Million Baht

Details	Amount		
	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
Total Assets	1,191	1,213	1,219
Total Liabilities	310	390	453
Shareholder's Equity	881	824	765
Total Revenues	938	887	1,087
Gross Profit (Loss)	144	122	157
Net Profit (Loss)	15	(53)	(59)
Earnings (Loss) per share	0.02	(0.06)	(0.07)

### Financial Performance in conclusion of C.I. Group Public Company Limited and Subsidiaries

Million Baht

Details	Amount		
	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018
Total Assets	1,113	1,154	1,181
Total Liabilities	324	402	469
Shareholder's Equity	789	752	712
Total Revenues	958	900	1,104
Gross Profit (Loss)	145	119	148
Net Profit (Loss)	(2)	(33)	(40)
Earnings (Loss) per share	(0.002)	(0.038)	(0.046)



## Shareholders and Management Structure

### Shareholders Structure

#### Shareholders

The list of 10 major shareholders as of June 1<sup>st</sup>, 2018 is as follow:

Total Shareholders	2,640
% Shares in Scripless Holding	87.67

Rank	Major Shareholders	# Shares	% Shares
1.	<b>Poomsanoh Group</b> Mr. Aree Poomsanoh Miss. Alisa Poomsanoh Miss. Ananya Poomsanoh	96,808,600 78,479,900 3,580,000	11.19 9.08 0.41
2.	<b>Sangnoi Group</b> Mr. Phairote Sangnoi Mrs. Alisa Sangnoi	40,381,200 32,109,800	4.67 3.71
3.	<b>Wangkorkiat Group</b> Mr. Taweesak Wangkorkiat Mr. Nattapat Wangkorkiat	30,500,000 4,600,000	3.53 0.53
4.	Mr. Surajit Parnchan	23,233,200	2.69
5.	Mr. Ungkul Thepsarskul	22,985,600	2.66
6.	Mrs. Araya Tontanasin	15,900,000	1.84
7.	Mr. Kowit Hunhirun	14,074,982	1.63
8.	Thai NVDR Co., Ltd.	13,637,046	1.58
9.	Mr. Theera Poomsanoh	12,000,000	1.39
10.	Mr. Pairoj Tachadanai	11,500,000	1.33

## Management Structure

### Committee

There are 3 committee namely, the Board of Directors, the Executive Committee, and the Audit Committee as detail follows:

#### (1) The Board of Directors

The Board of Director is comprised of 7 peoples as name follows:

Name-Surname		Position
1. Pol.Gen.Dato'Prung	Boonpadung	Chairman of Board Directors / Chairman of Audit Committee
2. Mr. Aree	Poomsanoh	Vice Chairman
3. Mr. Taweesak	Wangkorkiat	Director
4. Mr. Theera	Poomsanoh	Director
5. Mrs.Chankapaw	Dissakul	Director
6. Mr. Songphol	Annanon	Independent Director / Audit Committee
7. Mr. Nadith	Rodphet	Independent Director / Audit Committee

### Definitions

#### Executive Directors

Directors who holds executive positions and are responsible for managing the company

#### Non-executive Directors

Directors who do not hold executive positions and are not involved in management of the company. Non-executive directors might or might not be independent directors.

#### Independent Directors

Directors who are independent from major shareholders and are independent from any kinds of relationship that will prevent independent consideration. Independent directors must have following qualifications;

- (1) Independent directors must not be or has been directors involving in management of operation, employees, consultants or controlling member of the company, its subsidiary, joint venture, subsidiary of the same level, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (2) Independent directors must not be related by birth or by law

in a relationship as father, mother, spouse, brother, sister and child including spouse of child, management, major shareholders, controlling member or person(s) that will be appointed as management or controlling member of the company or its subsidiary.

- (3) Independent directors must not have any business relationship with the company, subsidiary, joint venture, major shareholders or controlling member in a way that might affect independent consideration. He or she must not be or never have been implied shareholders, or controlling member having business relationship with the company, its subsidiary, joint venture, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment. "Business relationship" as stated earlier includes normal business transactions, renting or letting properties, assets or service transactions, giving or receiving financial support by borrowing or lending, guaranteeing, giving assets as collateral for debt or that of the same kind that creates a binding liability for more than 3% of total tangible

assets or from 20 million Baht or more whichever is lower. Thus, such calculation comply with method of calculations for related party transaction according to the Stock Exchange Commission's rule for related party transactions. Such calculations is inclusive of those that happened within 1 year prior to business relationship of the person.

- (4) Independent directors must not be or have been the company's auditor(s), its subsidiary, joint venture, major shareholders or controlling member and must not be implied shareholders, controlling member or partners of auditor's office that has the auditor(s) of the company, its subsidiary, joint venture, major shareholders or controlling members unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (5) Independent directors must not be or have been professional service provider of any kind including legal or financial advisor that received professional fee of 2 million Baht or more from the company, its subsidiary, joint venture, major shareholders or controlling members and must not be implied shareholders, controlling member or partner of such professional firm unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (6) Independent directors must not be directors appointed as representative of company's directors, major shareholders or shareholders who are related to major shareholders.
- (7) Independent directors must not operate in a company of the same kind or is in direct competition as that of the company, its subsidiary or partner in partnership or as executive directors with involvement in management, employee, consultants or hold more than 1% of voting rights of other companies that operate in the same business or in direct competition with the company or its subsidiary.
- (8) Independent directors must not have any characteristics that may prevent him or her from giving independent opinions on the company's business operations.

### Authorized Directors

Authorized Directors who can sign to comply with the company are Mr. Aree Poomsanoh or Mr. Theera Poomsanoh or Mrs.Chankapaw Dissakul or Mr. Taweesak Wangkorkiat

co-sign totally two persons and affix the company seal.

### Scope of Authority and Duty of the Board of Directors

1. To manage the company honestly in accordance with laws, objectives, obligations and resolutions of Shareholder Meeting and to take precautions in order to protect the company benefits.
2. To authorize an appointment a set of directors as Executive Committee to execute one or several tasks in order to implement the work assigned by the Board of Directors as well as to authorize an appointment the Chairman of Executive Committee together with other committee such as Audit Committee, Nomination and Remuneration Committee as deemed appropriate.
3. To set objective, procedure, policy, plan, and company budget and monitor the management of the Board of Executive Committee or the assigned person to follow with the policy set forth.
4. To consider review and approve and govern policy, direction, strategy, business plan, and annual budget, investment on big project proposed by the Board of Executive Committee by supporting in apply innovation and technology to value added to the business.
5. To continuously follow up on the operation as plan and budget set forth.
6. To consider and approve other activities concerning the company and have it done to benefit the company.
7. Govern in intelligent technology and ensure of disclosure policy inclusive of confidential information leakage. The confidential information management will cover keeping information method especially market sensitive information.
8. Monitor sufficiency of liquidity, debt payment capability and recover business method in case the company is facing cash flow problem. Also, ensure of financial management understanding of the employees and provident fund.

Except for the following tasks which can be implemented only under the resolutions from Shareholder Meeting and under the stipulation that any director or person who might be involved with either conflicts of interests or any other beneficial conflicts with the company or subsidiary company shall not be granted



the right to vote in that matter.

- a) Matters stipulated by Laws must be obtained the resolutions from Shareholder Meeting.
- b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by Laws or Stock Exchange Specifications must be obtained the resolutions from Shareholder Meeting.

The execution of the following matters must be approved by the Committee Meeting and the Shareholder Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- a) To sale or transfer all or important part of the company business.
- b) To purchase or acquire of other company or private company.
- c) To make, to amend or to abolish the contract to rent all or some important part of company business. The appointment of other person who will manage company business or the merging with other person in order to share profit and loss.
- d) To amend the Memorandum of Associations or Objectives.
- e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.

### Rotation of Retirement

At every Annual General Meeting of Shareholders, one-third of the directors liable to retirement by rotation or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office. The directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who will have to retire is to be determined by lot, unless otherwise agreed to among themselves.

### Election of the Directors

Since there is no particular committee to perform this task, the selection of persons to be appointed as company's directors shall be made in Shareholders Meeting. The selection shall be made as per the criteria and method as stated in the company regulations as follows:

- 1) Each shareholder has as many votes as he/she owns share.
- 2) Each shareholder may use all his votes to elect one or many persons as the company directors; however, no voter may divide his/her votes among several candidates or allot to one candidate fewer votes than what he/she has.
- 3) Candidates who receive highest votes shall be elected as directors on a consecutive basis until all required directors during that meeting is obtained. The Chairman of that meeting shall act as an arbiter in case that equal votes occurred and numbers of directors exceed the required number of directors.

### Selection and Appointment of Directors and Executive Management

#### Directors' Selection

- 1) The Board of Directors or each Director could propose a nominee to be selected as the company's Director. The Board of Directors will introduce the person to the shareholders in order to select where as the company's Secretary would check the nominees' qualification prior to propose to the shareholders. The shareholders may consider selecting nominees who has appropriated engagement with the company or the main shareholders together with what the company agree to do for the shareholders.
- 2) Standard of Directors' Selection

The person who would be selected to be a Director of the company must qualified on

- Experiences
- Knowledge
- Honest and well understand in overall of the company business

However, in some case may need to select Directors who have significant relationship with shareholders or stakeholders due to Contract or Agreement with the shareholders regarding director seats in the company's board.

#### Executive Managements' Selection

In order to select and appoint executive management of the company must comply with regulation and practices of authorization of the company as follows:

1. Hire and appoint of the Chief Executive Officer and/or Chief Executive Officer of Businesses (CEO) must be approved

by the Board of Directors.

2. Appointment of Chief Financial Officer, Chief Investment Officer and/or Chief Operation Officer is under authorization of the Board of Executive Committee.
3. Appointment of any management level lower than above is under authorization of the Chief Executive Officer and/or Executive Management belowned depend upon situation.

### Director Development

The company's Director and Executive Management have paid continuously high attention on attend any courses that related to performance and capability on duty improvement. (as could see in their profiles) All of the Directors had already attended the training course with The Thailand Institute of Directors (IOD) which the company supports and manage to let Directors consider joining related courses with IOD or other institutes throughout the year together with joining site visit of institution, organization or related as appropriated in order to generate new effective thought that could be applied with the company's business.

### Directors Orientation

The company has set an orientation for new Directors in order to create best understanding with the company's business and policies inclusive with related information such as investment structure, shareholders structure, business performance, information and systems are used within the company, related rule and regulations and laws.

#### (2) The Board of Executive Committee

The Board of Executive Committee is comprised of 4 people as name follows:

Name-Surname	Position
1. Mr. Aree Poomsanoh	Chairman of Executive Committee
2. Mr. Taweesak Wangkorkiat	Executive Committee
3. Mr. Theera Poomsanoh	Executive Committee
4. Mrs.Chankapaw Dissakul	Executive Committee

### Scope of Authority and Duty of the Board of Executive Committee

1. To manage the company honestly in accordance with laws,

objectives, obligations, resolutions of Shareholder Meeting and resolutions of the Board of Directors Meeting and to take precaution to protect the company benefits.

2. To determine organization structure, authorization lines and to ensure its coverage of details in terms of selection, training, employment, reshuffle and dismissal of company personnel.
3. To plan and to determine the business plan, business strategies and annual budget and then to propose to the Board of Directors for approval. Also, to consider and to approve the allocation of annual budget, to amend, adjust, or increase annual expense budget in case of urgent needs and then to present to the Board of Directors accordingly.
4. To audit and monitor the company business operation, policy, and administrative guidance in a manner that is compatible to business situation.
5. To audit and to monitor in order to ensure that the company is operated in accordance with the approved business plans.
6. To consider company large-scaled investment project and have it presented to the Board of Directors for approval.
7. To authorize and to approve the following financial implementations.
  - a) The Board of Executive Committee is entitled to approve unlimited financial amount in case that such implementation is stated in the business plan or annual budget.
  - b) If not stated in documents mentioned in (1), the Board of Executive Committee is entitled to approve an amount not exceeding 150 million Baht. Such approval shall include the approval on the expense occurred from general operations. Investment on permanent property, loan, acquisition of credit including provision of guarantee, etc. and acknowledge the Board of Directors.
8. To implement other tasks as periodically instructed by the Board of Directors.

However, The Chairman of the Board of Executive Committee or the Board of Executive Committee are not entitled to approve any matters that might be a conflicts of interest to themselves or other party or matters that may cause any beneficial conflicts whatsoever with the company or subsidiary company.

**(3) The Audit Committee**

The Audit Committee is comprised of 3 people as name follows:

Name-Surname	Position
1. Pol.Gen.Dato'Prung Boonpadung	Independent Director and the Chairman of Audit committee
2. Mr.Songphol Annanon	Independent Director and Audit Committee
3. Mr.Nadith Rodphet	Independent Director and Audit Committee

The audit committee number 3 has adequate expertise and experience to review creditability of the financial reports.

Audit Committee Secretary: Ms.Wanphen Khaosuwan

**Independent Director / Audit Committee Qualification**

Audit committee consists of at least three independent committees who are on 2 year term of designation. The company has recruitment policy for audit committee who qualifications shall meet the followings;

1. Holding not exceeding 1% shares of paid-up capital amount of the company and its affiliates, joint-ventures, or related companies (inclusive of a number of shares hold by those concerned persons)
2. Neither participation in top management of the company and its affiliates, joint-ventures, related companies or major shareholders, nor being salary employee, staff or consultant of company and its affiliates, joint-ventures, related companies or major shareholders.
3. Neither partaking in the interest nor beings stakeholder directly and indirectly in relation to finance and administration of the company and its affiliates, joint-ventures, related companies or major shareholders, and must not participate in such interest and stakes within two years prior to being appointed as audit committee, unless the Board of Director, under deliberate discretion, assumes that such conduct shall not affect the performance and independent comment by the audit committee.
4. Not being a next of kin or relative of the executives or company's major shareholders
5. Not being appointed as fiduciary proxy for the directors, major shareholders, or shareholders who are associated with major shareholder.

6. Independently perform duty and express the opinion or report the Performance assigned by the Directors, and not being subjected to the executives or major shareholders or shareholder's relatives.
7. Not be or have not been auditor of the company, sub-company, co-company and major shareholder.
8. Not be or have not been any vocational service provider inclusive of consultant on law or financial which earn more than 2 MB per year.
9. Not engage in the same type of business and being a significant competitor for the company/sub-company

**Scope of Authority and Duty of the Board of Audit Committee**

- 1) To ensure that the company disclose its accurately and adequately Financial Statements to public by co-operating with the Auditor and Director who is in charge with preparing a financial report quarterly and annually. The Audit Committee may suggest the Auditor to examine or investigate any matters are considered necessary and important during the auditing period.
- 2) To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to attend a non- management meeting with an auditor at least once a year , to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit ;
- 3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulation, and the laws relating to the Company's business;
- 4) To consider, select and nominate an independent person

to be the Company's auditor, and to propose such person's remuneration by taking into consideration the creditability, personnel sufficiency, work volume of auditing firm as well as experience of the personnel to be appointed as company's auditor.

- 5) To review and ensure if the connected transactions or the transactions that may lead to conflicts of interests are in compliance with the laws and the Exchange's regulations, reasonable and created highest benefit to the Company;
- 6) To prepare, and to disclose an Audit Committee's Report in the Company's Annual Report which must be signed by the Audit Committee's Chairman. The Report must consist of :
  - an opinion on the accuracy, completeness and creditability of the Company's Financial Report,
  - an opinion on the adequacy of the Company's internal control system ,
  - an opinion on the suitability for an Auditor and reasons to believe that the company's Auditor is appropriate to be re-appointed for another term.
  - an opinion on the compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the company's business,
  - an opinion on the transactions that may lead to conflict of interests,
  - the number of the Audit Committee Meetings and the attendance of such meetings by each committee member,
  - an opinion or overview comment was received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which, according to the audit committee's opinion, should inform to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
- 7) To conduct other tasks as instructed by the Board of Directors whereas agreed by the Audit Committee, i.e. to make revisions on financial policies and risk management, make revisions on compliance with business ethics, make co-revisions with company directors on important issues which need to be disclosed to public stated by laws, for instance, report and analysis of management team.

### **Scope of Authority and Duty of the Managing Director**

- 1) To direct and oversee the administration and the management to be in accordance with policies, plans and budget approved by the Board of Directors or the Board of Executive Committee and report the company performance to the Board of Directors or the Board of Executive Committee consecutively.
- 2) To consider the suitability of an annual budget allocation prepared by the Board of Executive Committee prior to propose to the Board of Directors.
- 3) To authorize an approval on the overall purchase and the expenditure on general matters as stated in the Company Authority Table.
- 4) To consistently evaluate the company operation in order to prevent risks from various factors inside and outside the company.
- 5) To authorize the issuance of orders, regulations, announcements, memorandum so that the company is operated in compliance with the policy or for company's interest.
- 6) To provide an authority and/or to sub-authorize to other persons to carry out specific task. Such sub-authorization shall be under the scope of authorization as stated in the given power of attorney and/or shall be comply with the regulations, specifications or order stated by the Board of Directors and/or the company.
- 7) To implement other tasks as periodically instructed by the Board of Directors or the Board of Executive Committee.

However, the Managing Director is not entitled to approve any matters that might be of a conflict of interests or conflicts to himself or other party or may cause any beneficial conflicts what so ever with the company or subsidiary company.

### **The Company's Secretary**

The Board of Director had appointed Mrs.Chankapaw Dissakul, education: Master Degree in Business Management from the Emporia State University, USA. Major in Financial and Marketing. She got certificate from attending the Company Secretary Program of IOD No. 47/2012, to be the Company's Secretary which has duties as follows.

### **Scope of Duty of Company Secretary**

- 1) Advice Directors regarding laws, rules and regulations related.

- 2) Ensure the company follows the laws, rules and company's regulations related to good corporate governance.
- 3) Set up meetings as required by rules and regulations, prepare and keep Directors' Record, Invitation Letter for Board of Director Meeting, Minutes of Board Meeting and Annual Report together with Invitation for the Annual General Meeting of Shareholders and the Minute of AGM in fully secure and effective.
- 4) Disclose information and news to SEC and/or SET as required by law and regulations.
- 5) Contact and communicate with the shareholders, SET and SEC
- 6) Support and being an assistant to the new Directors in order to find and provide necessary information and courses that could be value added to director jobs
- 7) Other tasks as requested by the Board of Directors.

## Executive Remuneration

### Remuneration in Cash

#### Remuneration for the Board of Directors

In 2017 and 2018, the remuneration of directors can be summarized as follows:

Name of the Directors	Position	2017			2018		
		Meeting Allowance (Baht)	Gratuity (Baht)	No. of Attendance BOD; AC	Meeting Allowance (Baht)	Gratuity (Baht)	No. of Attendance BOD; AC
1. Pol.Gen, Dato'Prung Boonpadung	Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee	45,000	540,000	5/5;4/4	50,000	540,000	5/5;5/5
2. Mr. Aree Poomsanoh	Director, Vice Chairman of the Board of Directors	25,000	300,000	5/5	25,000	300,000	5/5
3. Mr. Taweesak Wangkorkiat	Director	25,000	300,000	5/5	25,000	300,000	5/5
4. Mr. Theera Poomsanoh	Director	25,000	300,000	5/5	25,000	300,000	5/5
5. Mrs. Chankapaw Dissakul	Director	25,000	300,000	5/5	20,000	300,000	4/5
6. Mr. Songphol Annanon	Independent Director & Audit Committee	35,000	450,000	4/5;3/4	50,000	450,000	5/5;5/5
7. Mr.Nadith Rodphet	Independent Director & Audit Committee	45,000	450,000	5/5;4/4	50,000	450,000	5/5;5/5
Total		225,000	2,640,000		245,000	2,640,000	

## Executive Remuneration

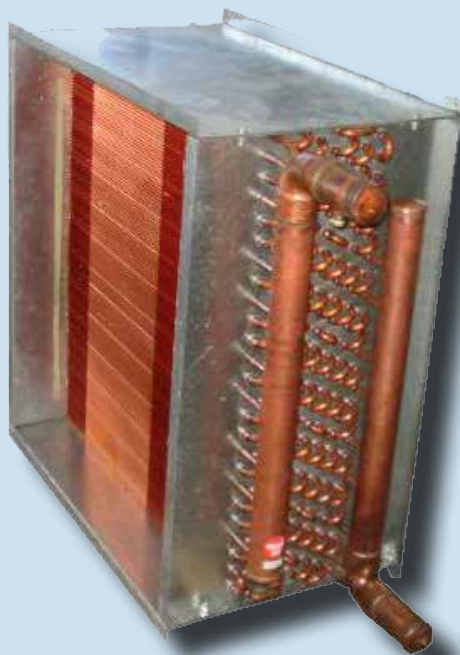
In 2016-2018 The executive remuneration is summarized as follows:

Type of Remuneration	2016	2017	2018
Salary	23,520,000	25,160,000	25,334,850
Incidental benefit	2,042,800	2,110,000	-
Other	673,800	682,800	688,097
Total	26,236,600	27,952,800	26,022,947
Number of Executive	9	9	9

Note: As of 31 December 2018, The Company has 5 Executive Managements and 4 Executive Committee. Other Remunerations consists of ESOP-1 and Provident Fund.

The company paid compensation to the Chairman of the Executive Committee (CEO) in the form of salary and gratuity, which will be varied to the company's performance. For the year 2018, total remuneration of CEO was 7,500,000 baht.





## THE INNOVATION

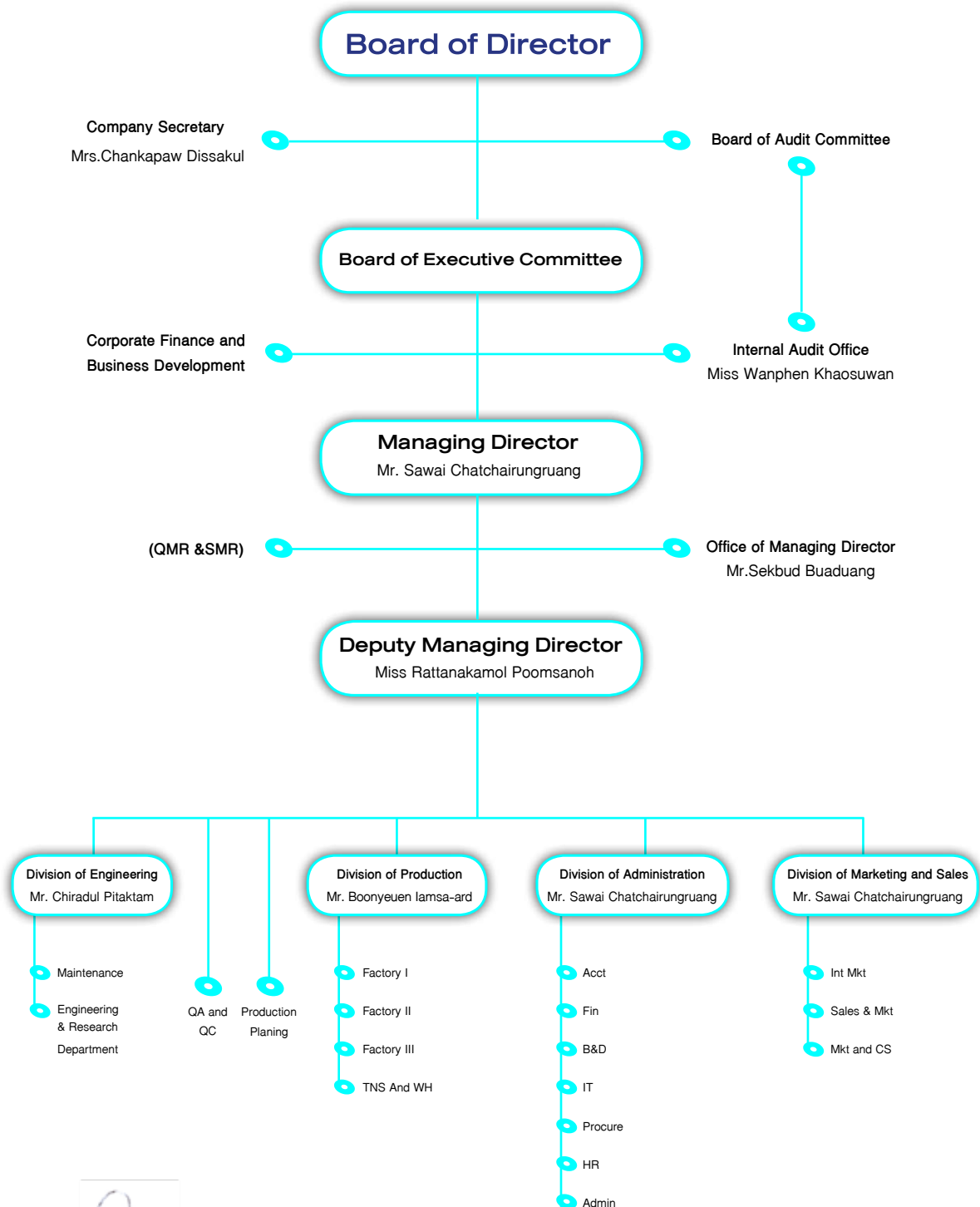
Our world is facing new threats from climate change, energy shortage, to emerging infectious diseases.

Together makes better. Our R&D engineers are teaming up with architects, specialists and universities to use creativity to turn these threats into new engineering design solutions.

Good things are happening right next to you!

# Organization Chart

## C.I.Group Public Company Limited



Approved by.....  
Chairman of Executive Committee

Date of Issue : 15/11/2017  
REV.44



## BOARD OF DIRECTORS AND EXECUTIVES

### Board of Directors



**Pol.Gen. Prung Boonpadung**

Age 69 years old

**Positions :** Chairman of the Board of Directors Independent  
Director And Chairman of the Audit Committee

**% of share holding :** -none-

**Number of CIG shares held as of 31 December 2018 :**

Self hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** Master of Public Administration (MPA)  
National Institute of Development Administration (NIDA)

**Working Experience :**

Chief of Royal Court Security Police

Deputy Commissioner General : Royal Thai Police

Commissioner Special Branch : Royal Thai Police

Commissioner Provincial Police Region 9 : Royal Thai Police

Commissioner Provincial Police Region 5 : Royal Thai Police

Board of University Council :

Suan Sunandha Rajabhat University

Chairman of the Board of Promotion Committee :

Suan Sunandha Rajabhat University

Police Sub-committee : Human Resources Department

President of the Sub-Committee of Ethic : Parliament

**Other current positions :**

Chairman of the Board and Chairman of the Audit Committee :

C.I.Group Public Company Limited

Advisor : The Foundation of Thai-Chinese International School

President of the Parent and Teacher Association Of

Demonstration School of Suan Sunandha Rajabhat University :

Suan Sunandha Rajabhat University

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 90/2011
- Role of the Chairman Program (RCP) Class 27/2012
- Ethical Leadership Program (ELP) Class 2/2015
- Advanced Audit Committee Program (AACP) Class 21/2015
- Driving Company Success with IT Governance (ITG)  
Class 1/2016
- Family Business Governance (FBG) Class 5/2016
- Successful Formulation & Execution of Strategy (SFE)  
Class 27/2016
- Financial Statements for Directors (FSD) Class 32/2017
- Risk Management Program for Corporate Leaders (RCL)  
Class 6/2017
- Directors Certification Program (DCP) Class 240/2017

**Mr. Aree Poomsanoh**

Age 63 years old

**Positions :** Vice Chairman of the Board  
And Chairman of the Executive Committee

**% of share holding :** 11.19%

**Number of CIG shares held as of 31 December 2018 :**

Self hold: 96,808,600 shares

Spouse/underage child : none

During 2018, bought 1,237,400 CIG' shares

**Highest Education :** B.B.A. (Administration), Sukhothai  
Thammathirat Open University

**Working Experience :**

Chairman of the Board and Managing Director : C.I. Group  
Public Company Limited

Director : Sirakorn Company Limited

Director : AC Square Energy Company Limited

Director : A.S.A. Property Company Limited

Director : A.S.A. Real Estate Company Limited

Director : A.S.A. Karnchang Company Limited

**Other current positions :**

Vice Chairman of the Board and Chairman of the Executive  
Committee : C.I. Group Public Company Limited

Chairman of the Board : CIG Development Company Limited

Chairman of the Board : C.I.G.(Thailand) Company Limited

Director : V&A High Tech Company Limited

Director : Siam Railway Development Company Limited

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 27/2004
- Role of the Chairman Program (RCP) Class 14/2006
- Role of the Compensation Committee (RCC) Class 8/2009
- Corporate Governance for Executives (CGE) Class 5/2015

**Mr. Taweesak Wangkorkiat**

Age 66 years old

**Positions :** Directors and Member of the Executive Committee

**% of share holding :** 3.53%

**Number of CIG shares held as of 31 December 2018 :**

Self hold : 30,500,000 shares

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** B.S., Faculty of Industrial Technology,  
King Mongkut Institute of Technology, North Bangkok

**Working Experience :**

Director and Member of the Executive Committee : De Lamai  
Company Limited

**Other current positions :**

Director and Member of the Executive Committee : C.I. Group  
Public Company Limited

Director : CIG Development Company Limited

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 27/2004



**Mr. Theera Poomsanoh**

Age 61 years old

**Positions :** Director and Member of the Executive Committee

**% of share holding :** 1.39%

**Number of CIG shares held as of 31 December 2018 :**

Self hold: 12,000,000 shares

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** M.B.A. (Marketing), National Institute of Development Administration

**Working Experience :**

Managing Director : C.I. Group Public Company Limited

Director : AVV Company Limited

Director : AC Square Energy Company Limited

**Other current positions :**

Director and Member of the Executive Committee :  
C.I. Group Public Company Limited

Director and Member of the Executive Committee :  
CIG Development Company Limited

Director : MDICP Holdings Co., Ltd.

Director and Secretary : Air-Conditioning & Refrigeration  
Group The Federation of Thai Industries

Director : North East Consultant Ltd.

Director : C.I.G (Thailand) Company Limited

Director : Greeneric Company Limited

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 27/2004



**Mrs. Chankapaw Dissakul**

Age 52 years old

**Positions :** Director and Member of the Executive Committee

**% of share holding :** 0.08%

**Number of CIG shares held as of 31 December 2018 :**

Self hold : 705,768 shares

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** MBA (Financial/ Economics/ Business Administration) Emporia State University, USA

**Working Experience :**

General Manager/ Marketing Manager/ Administrative

Manager : C.I. Group Public Company Limited

Director and Executive Committee :

De Lamai Company Limited

**Other current positions :**

Director and Member of the Executive Committee :

C.I. Group Public Company Limited

Company Secretary : C.I. Group Public Company Limited

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 60/2006
- Company Secretary Program (CSP) Class 47/2012
- Ethical Leadership Program (ELP) Class 1/2015
- Director Certificate Program (DCP) Class 223/2016
- Board Matters and Trends (BMT) Class 3/2017





**Mr. Songphol Annanon**

Age 47 years old

**Positions :** Independent Director and Audit Committee

**% of share holding :** -none-

**Number of CIG shares held as of 31 December 2018 :**

Self hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** MSA in International Business,  
Central Michigan University

**Working Experience :**

Partner : Dr.Ukrit Mongkolnavin Law Office

Senior Lawyer : Dej-Udom & Associates

Lawyer : Chongchai Teangtham Law & Accounting Office

Lawyer : Chairapee Law Office

Audit Committee : Scan Global Public Company Limited

**Other current positions :**

Audit Committee : C.I.Group Public Company Limited

Director : Annanon Law Office

Senior Lawyer : Punyariddhi Law Office

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) class 90/2011



**Mr. Nadith Rodphet**

Age 48 years old

**Positions :** Independent Director and Audit Committee

**% of share holding :** -none-

**Number of CIG shares held as of 31 December 2018 :**

Self hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

**Highest Education :** MBA, Thammasat University

**Working Experience :**

Country Finance Manager : Avanade (Thailand) co.,ltd

Internal Audit Manager & Financial Controller :

Millennium Auto Group

Finance Director : SME Trade Promotion Company Limited

Business Manager : Metro Infinium (Thailand)

Company Limited

Audit Committee : Scan Global Public Company Limited

**Other current positions :**

Audit Committee : C.I. Group Public Company Limited

Financial Controller : Netizen Company Limited

**Certified from Thai Institute of Directors (IOD) :**

- Director Accreditation Program (DAP) Class 90/2011



## Executive Management



### **Mr. Aree Poomsanoh**

#### **Position**

Chairman of the Executive Committee

#### **Highest Education**

B.A. (Administration), Sukhothai Thammathirat  
Open University

#### **Number of CIG shares held as of 31 December 2018 :**

Self-hold : 96,808,600 shares

Spouse/underage child : none

During 2018, buy 1,237,400 CIG' shares



### **Mr. Sawai Chatchairungruang**

#### **Position**

Managing Director and President of Corporate Finance  
and Business Development

#### **Highest Education**

M.S (Accounting), Chulalongkorn University

#### **Number of CIG shares held as of 31 December 2018 :**

Self-hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018



### **Miss Rattanakamol Poomsanoh**

#### **Position**

Deputy Managing Director

#### **Highest Education**

B.Eng. (Computer), Assumption University

#### **Number of CIG shares held as of 31 December 2018 :**

Self-hold : 100,000 shares

Spouse/underage child : none

No transaction on CIG share held during 2018

**Mr. Sakebud Buaduang****Position**

Assistant to Managing Director

**Highest Education**

Master in Microbiology, Faculty of Medicine  
Chiang Mai University

**Number of CIG shares held as of 31 December 2018 :**

Self-hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

**Mr. Boonyeuen Iamsa-ard****Position**

Division of Production Manager

**Highest Education**

High Vocational Certificate (Business Computer),  
College of technology, Laem Thong

**Number of CIG shares held as of 31 December 2018 :**

Self-hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

**Mr. Chiradul Pitaktham****Position**

Division of Engineering Manager

**Highest Education**

MBA (Finance), NIDA

**Number of CIG shares held as of 31 December 2018 :**

Self-hold : 226,000 shares

Spouse/underage child : none

No transaction on CIG share held during 2018

**Mr. Piyapot Keawjamlong****Position**

Accounting Manager

**Highest Education**

B.S. (Accounting), Ramkhamhaeng University

**Number of CIG shares held as of 31 December 2018 :**

Self-hold : none

Spouse/underage child : none

No transaction on CIG share held during 2018

## ☒ — Corporate ☒ — Governance

The Board of the C.I. Group Public Company Limited has emphasized the good governance practices to ensure the constant growth and development of the business. The company has embraced and complied with the Code of Best Practices in accordance with the Stock Exchange of Thailand. The company also encourages all members of the Board to be trained the Director Accreditation Program (DAP) held by the Thai Institute of Directors (IOD).

Under the Principle of the Good Corporate Governance, the company concentrate on effective internal control as an important method of management which could be a mirror of good corporate governance. Beyond that method, the company put an effort on 5 measurements which are:

1. Organizational Control and Environmental
2. Risk Management
3. Management Control Activities
4. Informational and Communication
5. Monitoring System

With objectives to ensure of the company's operation would reach the target of internal control under effectiveness of operation, usage of resources, asset monitoring and control, preventive or decreasing mistake and damages, leakage of all important issue of the company, waste, trustable of financial and others report and comply with law, rules, regulation, cabinet resolution and policy inclusive of the company's rules and regulation in order to create maximum benefit for shareholders and to ensure of rights of shareholders are protected.

In order to be used as a guideline of the organization, the Board of Directors has announced Corporate Governance Policy and Code of Conduct for Directors Management and Staffs which was effective since November 7<sup>th</sup>, 2014 by which has been improving to ensure operation is merit transparency and verifiable and follows business ethics. Hence could continuously create value added to the Company, trust of shareholders customers and related persons. The adjusted policy was approved and effective since November 11<sup>th</sup>, 2015 which had announced the Policy through all company's media such as website, announcement board and intranet. For the Code of Conducts, director management and all staffs have got Manual to get acknowledgement which all were signed to agree of following the manual strictly.

In the Board of Director Meeting No.5/2018 on November 13<sup>th</sup>, 2018, has consider how far of applying the 2017's Corporate Governance Code (CG CODE) for listed companies to be used as a principle of the board of directors. Then, found out that the Company has set and applied quite several codes where as some such as established a Nomination and Remuneration Committee that the company still not establish as yet due to appropriation of the organization itself. On the other hand, the Company does have directors' recruitment and nomination method together with appropriate remuneration consideration base upon industrial standard. However, the Company would set plan beyond objectives of applying the CG CODE for listed companies completely. in order to create good corporate governance method of the company. The resolution of the meeting considered to review appropriateness of compliment the new CG CODE to the company business continuously or at least once a year.

The Board of Directors has intention to support and push the company to be effective, corporate governance and management organization by which aim to create high return to shareholders and all stakeholders, to do business with merit transparency and verifiable. Therefore, the company has set the significance of the Principle of Good Corporate Governance for the Board of Directors; Executive Management; Management and staffs to be used as method by embracing the following;

1. The Board of Directors will perform their duties with high attention and responsibility; independence and define clearly between roles of President of the Board of Directors and President of the Board of Executive Committee.
2. The Board of Directors have an important roles in set vision, strategies, policy and important plan which must consider on risks in order to implement an appropriate method of doing business together with must ensure that the company's financial system and accounting audit are reliable and accepted.
3. The Board of Directors shall be leader in ethic, a role model on CG's behavior of the company and shall monitor on conflict of interest management and related items.
4. Board of Directors may set up a committee to decide on important issues.
5. Board of Directors must evaluate themselves for ease of auditing.

6. Board of Directors will set up Ethics Code of Conduct for management and all employees.
7. Board of Directors must disclose financial and non-financial data in a timely and equally manner for all shareholders and stakeholders.
8. Board of Directors must ensure that all shareholders are treated equally and have access to necessary information and provide suitable means for them to contact the company.
9. Board of Directors must set up a fair and transparent system for management recruitments.
10. Operate business in accordance with applicable law, regulation, rule and requirement set out by Stock Exchange Committee (SEC), requirement of the Stock Exchange of Thailand, and comply with the resolution of the shareholder meeting.
11. Prevent the company from entering into the conflict of interest which may occur among the companies, establish confidences with the shareholder under the transparent and verifiable tradeoff approach.
12. The Board of Directors consist at least no less than three independent committees.
13. Provide the evaluation and risk control appropriately.
14. The Board of Directors should hold a meeting at least on quarterly basis regularly and special meeting is allowed to be held when necessary. The meeting agenda should be designed in advance pursuant to the company's regulation so that the Board members have enough time to examine the information prior to the meeting.
15. The Board of Directors must be consisted of many variety of qualifications including skills, experience and expertise in guiding the company. The Board of Directors must also consisted of at least one directors who are not involved or associated with the core business of the company.

The company, in good faith, assumes that Good Corporate Governance is useful administrative guideline and honestly values its principles and compliance in term of corporate responsibility equitably to those related parties. For examples, the company clearly defines the competency and responsibility for the Board

of Directors, Audit Committee, and Executive Committee and Managing Director.

### **Leadership and Vision**

The Board of Directors consists of a group of competent responsible persons who play important role in supervising, auditing, and evaluating the company performance, honestly responsible for pursuing the company in compliance with applicable law, regulations and shareholder meeting resolution, overseeing the administrative affair of management in pursuit to policy, goal, and designated budgets effectively and efficiently.

### **Conflicts of Interest**

To avoid the interest conflict which may occur among the Board of Directors, executive, and employees, the company declares the following guidelines;

1. The Directors shall neither operate nor engage in nor partake as shareholder or partnership with any juristic person operating the similar business or competing with the company, unless informed in the shareholder meeting prior to appointment resolution.
2. Executive and employees shall neither use internal information for their own exploitation in buying and selling the company's stock, nor disclose the third party or any concerned persons the internal information that jeopardizes the shareholders.
3. Executives and employees shall not utilize their position or acquired information to operate activity or any business relevant to company business to compete.
4. In case that the company and its affiliates have some related transactions or acquired the crucial corporate assets sold, the Board and the Management shall conduct a meeting for such respective matter carefully, honestly and reasonably for the sake of the optimum interest of the company and overall shareholders. The Directors or executives who are stakeholders concerning such a case are required to leave the Board meeting and disclose the information through channels so that the stakeholders can be advised thoroughly and equitably.



## Business Ethics

The company policy has exercised the disclosure of the performance of the Board and employees to customers, trade partners, society and related persons explicitly, and embraced the Best Practices honestly, justly and equitably. The company pursues the performance and concerned matters in accordance with the policy and ethics regularly, including to disciplinary punishment.

## Balance of Power for Authority of Non-executive Directors

The company currently has overall 7 directors, composing of 4 executive committees and 3 independent committees who have real independence out of the Management and have neither business relationship nor any other kinds of relationship with the company. This is to ensure of the autonomy and neutrality of the Board in respect of governance.

## Control Over Affiliates and/or Subsidiaries

When the company decided to invest in a subsidiary or affiliate, the company will control by ensuring of taking one board seat of directors as per portion of investment allowed.

### Approval of related transactions

For related transactions, they must be necessary and sound for the best interest of the company

A future related transaction depends on the reasons and necessity. Paying and receiving remunerations must comply with market or fair value and an approval from the audit committee is required.

### Related transaction policy

For future related transactions, Directors may not approve any transactions that he or she may have conflict of interest and must disclose such transaction to the Audit Committee to see if they are commercially sound and within the fair value to the Board of Directors.

Moreover, the company will follow rules and regulations set out by the Stock Exchange Commission (SEC) and will disclose all related transactions including acquisition and sale of important assets in subsidiary and joint ventures.

## Surveillance of Internal Information Use

To protect the exploitation and misappropriation of undisclosed internal information, the company requires that the members of the

Board, executives and their spouse or immature dependents shall not make use of the company's internal information undisclosed to the public for their own purpose of buying, selling, transferring, or being assigned of the corporate assets prior to date of public disclosure or one month before public disclosure of the financial statement. This is to permit the transparent administration and the benefit of all concerned parties.

Regarding to buying, selling, transferring, or being assigned of the company's securities, the Directors and executives shall report the change in the possession of assets to the Stock Exchange Committee (SEC), and Stock Exchange of Thailand, pursuant to the requirements provided by the Stock Exchange Committee (SEC). Also, a copy of such a report shall be filed to the company secretary as a documentary proof.

## Governance in other areas

The company follows good corporate governance as stated by the Stock Exchange of Thailand apart from the aforementioned areas such as internal audit, social responsibility, risk management which will follow.

The company focuses on internal audit in management and operation level and set up rules and clear operating practices. Clear responsibility and scope of authority are clearly written to separate the operating personnel, evaluators and controllers from one another so that a balance can be maintained. Moreover, a financial system control is in place. Financial reports will be sent to related persons.

## Shareholder's Right

The company treats all shareholders equally within widely accepted standards. Shareholders have the right to buy, sell and transfer securities they own freely. They have the right to receive dividends, attend shareholders meetings, propose agendas, nominate persons as Director Candidacy, express opinion in shareholders meetings and take part in decision making on important issues such as Director Appointment, approval of important transactions, alter company register and regulations. Shareholders have the right to vote according to the number of shares they own. Each share equals to one vote and no other shares have extra privilege than that of others.

As the owners, the shareholders are entitled to dictate the company's direction or decide on matters of significant impacts. Shareholder's Meetings therefore serve as their key forums for the expression of views, asking of questions, and voting, apart from election of directors to supervise operation on behalf of the shareholders. Shareholders are entitled to attend shareholders' meetings, take adequate deliberation time, and acknowledge meeting minutes.

## Shareholders' Meetings

### Program of Shareholder's Meeting

The company sets to have Annual General Meeting of Shareholders once a year within four months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholder's interests or involve conditions, regulations, and laws that require the shareholders' approval, it calls an extraordinary meeting of the shareholders.

In the year 2018, the AGM was held on April 23 at 13.30 hrs. at the Meeting Room no.3, Queen Sirikit National Convention Center 60 New Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand. During 2018's, there was not any Extraordinary General Meeting held at all.

### Meeting Notice in Advance

For the 2018 AGM, the Board of Director's meeting No.1/2018 on Thursday 8<sup>th</sup> March, 2018 decided to call a shareholders' meeting on Monday 23<sup>rd</sup> April, 2018, its decision, meeting date, meeting agenda was disclosed in details ahead of time by announcing on SET's website to alert the shareholders before sending meeting notices.

The company assigned Thailand Securities Depository Co., Ltd. (TSD), its securities registrar, to mail meeting notices together with details of the agenda and accompanying documents, supplementary and supporting information for decision making, opinions of the board, complete minutes of the past meeting, the Annual Report, meeting documents, proxy forms with complete instruction, to the shareholders more than 7 days ahead of the meeting date. Also, Three days ahead of the meeting, the invitation was announced through newspaper for three days, to allow the shareholders enough time to prepare for the meeting.

The AGM meeting notice and supporting documents were made available at CIG's website 30 days prior of the meeting date.

### Organize of the Meeting

Before each meeting, the secretary of the meeting introduces the directors, management team members, the external auditor and the legal adviser who acts as a moderator. After explaining the company's rules on voting and vote counting for individual agenda items, the chairman must clearly address how to vote on each agenda item. Once information has been provided for each item, the chairman gives the floor to all attendants to express opinions or recommendations and ask questions, giving adequate time for debate. The chairman and the management are to address and answers all questions clearly and precisely, treating all questions with due respect. For the election of directors, individual votes are required.

The chairman ensures that the meeting proceeds according to the order of the agenda and does not add an item without notifying shareholders in advance. If the meeting should decide to change the order of the agenda, it would need at least two-thirds of the vote of the shareholders in attendance. Alternatively, the shareholders with at least one-third of all the sold-shares may ask the meeting to consider other matters not mentioned in the meeting notice. At the 2018 AGM, the order of the agenda was not changed and there was no request to consider any other matter.

The minute of the meeting must be completely and accurately recorded. Voting completes each applicable agenda item. As a rule, shareholders' meetings last 2 hours. The 2018 AGM began at 13.30 hrs., with registration beginning at 12.00 hrs. At the meeting's opening, the shareholders and proxy holders in total of 83 shareholders which holding 385,541,159 shares or 44.58% of the total shares sold, which exceeded one-third of all the sold shares of 864,786,382 shares.

### Disclosure of Shareholders' Meeting Outcomes

For the year 2018's AGM, the company duly submitted the summary of resolutions made to SET and the SET Board within the afternoon of the date of the meeting (April 23<sup>rd</sup>, 2018). It also duly submitted the report of the shareholders' meeting with minutes, voting records, and every question raised by shareholders to SET and the SET Board within 14 days after the meeting which also could be access via the company's website.

### Equitable Treatment of Shareholders

The company treats all shareholders fairly despite different shareholding proportions and thus different voting proportions. The fundamental rights of the shareholders are conserved regardless of their gender, age, origin, nationality, religious belief, physical impairment or political inclinations. At the AGM, the company has set staffs to take care and services shareholders. For any activity of the company, it will also open opportunities to everybody without any condition.

### Proposing Additional Meeting Agenda Items and Nominating Directors

To enable minor shareholders to earnestly take part in business operations and auditing, the company has defined the criteria and consideration process for entitling them to propose meeting agenda items and/or nominate directors in advance to deliberate agenda items that could be useful to the company, including the selection of qualified directors to perform their duties efficiently in the best interests of the shareholders and all stakeholders alike. In practice, the company gives a right to one shareholder or shareholders with a combined holding of at least 5% of sold shares and paid-up shares of the company not less than 12 months to propose agenda items or nominate qualified directors before the AGM during the last quartet of the last year.

For the AGM of year 2018, the company posted such criteria on its website and posted an announcement on the website of SET from 1 September to 29 December 2017, so that the shareholders could propose meeting agenda items and/or nominate directors in advance. However, it attracted no recommendation of such agenda items and no nomination of directors, and the Corporate Secretary has duly informed the Board meeting on the matter.

### Facilitating Shareholders at the Meeting

For the 2018's AGM, the company facilitated all shareholders by manning officers to welcome and take care of them, and provided adequate convenience. The meeting venue was well chosen to facilitate all shareholders. Officers were set to verify documents. On the meeting days, registration opened 2 hours ahead of the meeting and extended until the period before the

last meeting agenda. A barcode system quickened registration. Finally, the shareholders had access to a reception and fell free to have some snacks which the company had set for treating them.

Since most of the shareholders attending the meeting were Thai, each meeting was conducted in Thai. However, for the benefit of foreign shareholders, the company commissioned the translation of shareholders' meetings, supplementary documents and other relevant documents in English.

### Appointing Proxy

To maintain the rights of shareholders who cannot attend the 2018 AGM in person, they can appoint proxies or delegate their votes to the assigned independent director of the company in attendance. To this end, the company has specified these independent directors' name in proxy form defined by the Ministry of Commerce for voting on behalf of shareholders without conditions. The company shall treat proxies as if they were shareholders. Thirty days ahead of each meeting, the company discloses the proxy form, which is attached along with details and procedures on its website. Shareholders may make further inquiries about this by phone or other channels such as the company's website or e-mail.

In 2018, the company got 100% on quality of Annual General Shareholder Meeting of the Company from Thai Investor Association.

### Stakeholder's Role

The company has valued the significance of privilege of all stakeholders in respect of maintaining the company's interest and the benefit, right and equitability of shareholders and stakeholders which include company's shareholder, employee, trade partners, customers, competitor, social and environmental setting as follow;

### Shareholders

The company directors are dedicated to work with transparency and honesty for the best interest of shareholders and promote long term value creation for all shareholders. All information that might affect the share prices and/or important decision makings must be disclosed in a timely manner.

## Employee

All employees are vital to the business. The company acknowledges the importance of all employees, providing equality, giving equal benefits, promoting teamwork and respect human rights. The company tries its best to provide good and safe working environment, giving attractive remuneration, proving good welfare and technology necessary to support their work. Moreover, the company tries to prevent any sexual harassment and provide all the rights to employees to comply with the labor laws.

The company believes that the company's growth depends on high quality personnel. Therefore, the company has a policy to develop and improve management system and promote human resource development so that they their potentials are maximized. The company is trying its best to become a high performance organization so that it maintains its competitiveness and adaptability to changes.

### Guidelines

1. The company treats all employees with equality without origin, race, sex, age, skin color, religion, disability, wealth, status, education or other discriminations.
2. The company gives equal opportunity for all employees to work and provide suitable remuneration with positive motivation such as salary, bonus, and other benefits according to the company's regulations while providing long term and short term training.
3. All employees must dedicate themselves to their duties and responsibilities with good attitude, honesty and ethics. They must not directly or indirectly transfer their responsibilities or duties to other persons unless it is necessary to do so.
4. All employees must work according to their line of command. In most cases, they must receive orders or instructions from their direct manager. They should avoid criticizing their direct manager or other employees that might cause damages to such person or to the company. All employees should be open to opinions of subordinates, managers and colleagues without bias or prejudice.
5. All employees may use company resources, venue and other facilities in their work. They must not use company resources, venue or other facilities for their own use.

6. Employees must be polite, dress property and comply with local customs without creating bad image or impression to the company.
7. Employees may use the name and their title for charity use that the company is involved but they must not use the name and title for their own benefits.
8. Employees should cooperate with company's activities to promote team work or good causes.
9. Employees must not cause troubles, irritations, confrontation or disturbance, sexual harassment to other employees or other persons.
10. The company promotes employee's rights according to labor laws.

## Business Partner

The company pays great attention to business partners which are important stakeholders. The company treats all business partners equally based on fair competition with respect and mutual cooperation. The company maintains business relationship and honors all contracts. Purchasing system is carefully monitored and transparent for auditing.

### Guidelines

1. Company's purchasing department considers the needs, price and quality of products or services it tries to acquire. Purchasing procedures must comply with the company's rules and regulations with transparency. Information is equally distributed to all suppliers without bias or special treatments to promote fair competition. Procurements are based on international practice with careful consideration and suitable for each situation while complying with the laws and regulations applied to governmental sector.
2. The company promotes equality to all suppliers and among themselves. The company allows adequate time for suppliers to prepare paper works and quotations to the company.
3. Employees must not ask for any benefits or compensations in procurement process and must remain neutral. They must maintain business ethics and avoid conflict of interest with the suppliers.
4. Purchasing department and related employees must gather all evidence such as approval, quotation, negotiation papers or contracts for future reference.

5. The company must comply and honor all contracts. In case that the company is unable to fulfill the contract, related employees must notify the management in order to seek remedial actions.
6. All employees related to purchasing or procurement is responsible for good governance between the company and suppliers in a sustainable basis.

#### **Creditor**

The company will act as a good debtor, taking into account the interests of both parties and strictly comply with the conditions of creditors.

#### Guidelines

1. Strictly comply with contract terms with creditors in terms of payment and other terms which have been agreed with creditors.
2. Disclose financial information to creditors according to the contracts in a timely manner.
3. Notify creditors in case of non-compliance with the terms of the contract and try find solutions to such problems.

#### **Customer**

The Company focuses on the satisfaction of its customers who buy goods and services from the company with fair pricing, quality, commitment to product development and provide safe, fast and comprehensive quality to continuously meet customer needs.

The company utilizes quality management system, Security, safety, health and environment in the operation to focus on quality management process to deliver products and services to create customer satisfaction. The company put safety as the first priority by adopting standards such as ISO 9001:2008 / CSA / UL into practice.

The company applies customer management and marketing consistent with the vision and mission of the company to meet the needs and expectations of a wide range of clients.

The Company's process of listening to our customers includes 1) direct contact via channels such as common meetings, training, seminars, etc. 2) contact through media channels such as phone, fax, website and Social Network etc. 3) satisfaction survey covering all segments. Different data from each channel

will be analyzed so that the company is aware of customer's needs for future design and development of products.

The Company implements complaint handling process in the event of customer dissatisfaction on the services or products via channels for complaints mentioned above. All customer complaints will receive an initial response within 7 days and a response on expected remedial actions will be given to the client. Progress of remedial actions will be communicated to the client from time to time. Upon completion of the corrective actions, the client will be informed in order to maintain customer confidence in the company.

#### **Competitor**

The company operates within the framework of the principles of fair competition and does not violate the rights of competitors. Competition by way of capitalism liberalization in business will be conducted fairly. No misrepresent, fraud or invalid claims will be used in such competition.

#### Guidelines

1. The company operates in a free market. Business operations will conform with fair competition without false claims to competitors.
2. Company supports the commercial competitors to the benefit of consumers. Cooperation between the Company and competitor must not be for the exclusive allocation of revenues and market share. Reducing the quality of products and services and manipulation of pricing of products and services will cause a negative effect on consumers as a whole. Personnel of the Company must be careful when dealing with competitors staff of all competitors and not to disclose confidential information to competitors.

#### **Community and Society**

The company is a part of society. Thus it is responsible for developing and gives back to the community and society as a whole. For the company's sustainable growth based on the development of social policy, the company is committed to the community and social activities focusing on the development of society, the environment and conserve natural resources, supporting religion including education of young people and support activities in the community.



### **Respect for International Human Rights Principles**

The company requires all its directors, the management, and employees observe laws, customs, and culture which differ in each country that the company invests in and strictly respect international human rights principles under the Universal Declaration of Human Rights; it does not condone its violation.

#### Guidelines

1. Employees must understand and comply with all laws related to their duties and responsibilities.
2. Employees who are required to work in foreign countries should study local laws, customs and cultures of the countries they are visiting so that all products, samples and equipment, documents and operation procedures comply with local laws and customs.
3. The company must comply with international human rights guidelines and must educate its employees while avoiding activities that violate them.

### **Intellectual property or copyright and the use of information/communication technology and communications**

The company encourages employees of the company to use Information Technology and communication to enhance the understanding outside parties for the benefit of the company. They must carefully use such technology and respect the rights of intellectual property owners.

#### Guidelines

1. The company encourages employees to use the internet to work related matters. Employees must not interfere with the system and others in the office. They must not use the computer system of the company to publish information that is not suitable to customs and traditions or violates the laws, such as damage to reputation and assets. The possession of pornography and forwarding abusive mails or personal advertisement are also prohibited.
2. Employees must use licensed programs. Should they work on external computers, they must verify the required licenses and inform the management. They must not install or use illegal programs in the company.

3. Employees must protect their own password and never tell anyone. They should not use suspicious websites which may be harmful to the company's computer system.
4. In case that the employees require external user to use the company's computer system, they should oversee all the usage and they must be responsible for any damages that might result from such use.
5. The company will check, search, track, investigate and control use of Information technology system of the company for security and safely purposes.

### **Employee Safety and Welfare**

The employee's welfare and safety on workplace has been emphasized by the company. Not only having provided the employees with general health insurance and special welfare for those employees who work under the risk situation or risky area, the company also requires that employees who are assigned to perform duty in high risky area and supervisors at every level in the organization shall be trained on the workplace safety in accordance with the workplace safety law, Ministry of Labour. This is to enhance the employees and supervisors of different work units to realize and manage their subordinators safely to avoid the accident or illness caused by working.

Currently, the company has set up the Workplace Environment and Bio-Hygiene Safety Commission, which included professional safety officials, management safety officials, and supervisor safety officials. All commission shall be trained on the work safety according to the curriculum provided by the Ministry of Labour, and responsible for coordinating, promoting, and enhancing the work safety area to employees. In addition, Enterprise Place Welfare Commission has been established aiming to take care of the employees, coordinate the understanding between the company and employees. Also, the company has partaken as member of the "White Plant" project to express the intention of the corporate social responsibility to cope with the proliferation of illicit drug problems which are currently spreading over the business places according to policy promoted by the Ministry of Labour.

## Receiving and Offering Customary Gifts, Assets or other Benefits

Giving and receiving gifts is essential for the company personnel to show they care or appreciate. However, it is unacceptable to offer and/or receive gifts, assets, or other benefits that may bring about obligation difficulties, affect decision making or eventually harm the company in any way. Bribery and corruption are strictly prohibited which will be complied with the related laws.

### Guidelines

1. Non-extravagant gifts, assets or other benefits may be given and received so long as they are moral, legal and it is a customary local practice. When either the given or the recipient have any doubts or believe that such gifts, assets or other benefits may not be appropriate, the gift shall be returned. If it cannot be returned, it shall be delivered to the Administration Office in order to collect to be an employees' reward during special occasion or donate to external person or organization as appropriate. Ethical and legal gifts or assets of appropriate value may be received from persons with whom personnel have associated with if it is the general practice and there are no ulterior reasons. The Company personnel must not illegally accept gifts.
2. The Company prohibits its personnel and their family members at all levels, under any circumstances, to solicit or receive gifts, assets or other benefits from contractors, sub-contractors, customers, trade partners or other related parties, which may lead to unfair judgments, impair decision making or create conflicts of interest.
3. The Company personnel are responsible for reporting and gifts, assets or other benefits they have received. The Company shall frequently communicate its policies related to giving and receiving gifts, assets or other benefits to its contractors, sub-contractors, customers, and trade partners.
4. The Company personnel shall not offer bribes or other similar benefits to other company personnel or outsiders, especially government officials. When offering gifts, assets or other benefits to government officers in Thailand and other countries, it must be ensured that such offerings or not against the local law and customs.

## Disclosure of Information and Transparency Financial and Non-Financial Reports

The company trusts that disclosure of information is a key index of transparency, an important factor to create confidence among investors and stakeholders. Thus, it is important to control and set standard in disclosure of information in both financial and non-financial to be precisely correct and accurately align with the required laws and regulation. The information must include all major concern, is adequate, trustable and on-time both in Thai and English. Channels of disclosure information are through the Set Community Portal' system of the SET and SET Community Portal and through the company's website. The company strictly respects rules and regulations as set forth by SET, SEC and other government organization and following up all the changes (if any) at all time to ensure if the company's policies and regulations are correct including the standard set which could ensure shareholders' trust in our transparency, accuracy and accountability. The company also creates appropriate mechanism to receive complaints and fair treatment both for those who file complaints and those who have been complained such as:

1. Disclose information both financial and non-financial correctly, accurately and on-time.
2. Prepare Report of Directors' Responsibility on Financial Report together with Auditor Report in the company's Annual Report.
3. Set policy to make directors and managements to report all interests that are involved with interest of the company and affiliates of themselves and related person by having criteria and method of reporting as follows:
  - Report by the time of positioning as Directors and Management.
  - Report every time if the significant information have changed.
  - Report every end of the year.
  - In case the Directors retired by rotation which are chosen to be in the same position continuously, they do not need to submit new form if there is no change in the information reported.

- The Directors and Management must submit Interests Report Form to the Corporate Secretary and the Corporate Secretary must submit the report form to the Chairman of the BOD and AC within 7 days after receiving the reports.
- 4. Disclose information of the directors' performance and number of attendance to the meeting individually.
- 5. Clearly disclose operation structure and investment in affiliates and subsidiaries.
- 6. Disclose the Director's remuneration of each director from acting as the Company's Directors.
- 7. Disclose Compensation Policy for directors and executive managements in details.
- 8. Report on Corporate Governance Policy and results of perform as per the policies.
- 9. Disclose all significant investment projects and effects of investment through SET Community Portal of the SET and the company's website for investors, shareholders, mass media and related persons aware of the information thoroughly correctly and transparently.

### Investor Relations

The company has assigned the Central Management by the executive directors and MD to disclose the company's information and responsible for getting contact with the analysts and related investors. The company has focused the accuracy and transparency of the information disclosure for the benefit of the investors through the company website <http://www.coilinter.com>.

If any questions relevant to disclosure or further information, they are recommended to contact the Central Management at call 02-976-5290 or via email: [secretary@coilinter.com](mailto:secretary@coilinter.com)

### Complaint-Filling and Access to Information

All stakeholders have equal access to the company's public information, including reporting of news and leads, whether inside the company or outside the company through the company's website, by phone, letter or e-mail to the Corporate Secretary Office:

- Tel: 0-2976-5290
- Web site: [www.coilinter.com](http://www.coilinter.com)

- E-mail: [secretary@coilinter.com](mailto:secretary@coilinter.com)

The queries, comment and recommendations will be forwarded to relevant units to take action through complaints management system. Follow-up on the action is done through e-mail. When completed, responsible units will notify the contact(s) person.

The company offers opportunities for the public to complain on improper behavior of directors, the management, and staffs or their violation of the company's business ethics through Internal Audit (Corporate Audit) and/or the Corporate Secretary Office. The company treats all complaints on the basis of equality, transparency and fairness to all concerned. An appropriate timeframe to consider the complaints is set and the secrecy and protection of those who file the complaints will be observed through the following channels:

- A. The Corporate Secretary : [secretary@coilinter.com](mailto:secretary@coilinter.com)
- B. The Corporate Audit (Internal Audit):  
[internalaudit@coilinter.com](mailto:internalaudit@coilinter.com)

For the year 2018, no complaints on ethics were made.

### Board Responsibility

#### Segregation of the Chairman and the President & CEO Position

To segregate policy-making duties from those of day-to-day management and to enable directors to oversee, look after, and assess performance effectively. The company has required that the Chairman and the President & CEO are always two distinct persons. This is because the Chairman needs to oversee the management's performance, guide, and assist, but not to take part in or interfere with day-to-day management, which is the duty of the President & CEO under the authority delegated by the Board.

In addition, the Chairman must exercise leadership and ensure that directors do not fall under the influence of the management, partly by chairing Board meetings and shareholders' meetings fairly and efficiently, while encouraging participants to exercise their voting rights and strictly comply with good CG principles.

## Board Meeting

The company has policy that the Board of Directors shall convene the meeting at least every three months, and additional meeting is permitted when necessary. At any meeting, the agenda shall be predetermined precisely and the letter of meeting appointment shall be mailed seven days in advance so that the Directors shall have enough time to investigate the related matter and topics reasonably prior to commencement of meeting. During resolution, the meeting must consist of at least 2 to 3 of total Directors. The detailed discussion at the meeting shall be recorded in writing, and the Board-approved meeting report shall be retained and be verified by the Board and concerned persons.

Overall, the Board of Directors has held 6 meetings in the FY 2018 which are 5 BOD and 1 AGM. The directors could propose idea and opinion open and freely. For which agenda that may relate or has any conflict of interest to the directors, the said directors will not vote or even not attend the meeting during the agenda.

## Meeting of Non-Executive Directors

The Board of Directors does support non-executive directors meeting among each other and/or with auditor to exchange concern about management and operation without any Management attending. In 2018, the Audit Committee had meeting 5 times (without management attending).

## Self-Assessment of the Board

The company has set Board Self-Assessment in every year by has decided the self-assessment of the committee to align with the company's CG principles which complied with the SET's. The Board Self-Assessment consist of 3 set which are 1.) Self-assessment of the board of directors 2.) Self-assessment of individual director 3.) Self-assessment of each sub-directors committee (Audit Committee)

It was to be a vital tool for improving Board performance, provide reference data for the corporate governance rating, cover the assessment of all committees, as well as serving as information for the monitoring/assessment from external auditors.

## The Self-Assessment of the Board Method

There are two types of self-assessment forms, Assessment of the Board and Assessment of individual Directors which must be filled independently (Self-Assessment). The Self-Assessment Form has criteria by calculating into percentage of each item's total point as follows:

Over	85% =	Excellent
Over	75% =	Very Good
Over	65% =	Good
Over	50% =	Fair
Below	50% =	Need improvement

The findings from the self-assessments were as follows:

**Assessment of the Board** consisted of four categories:

- 1) Construction and Qualifications of Directors
- 2) Directors' Meeting
- 3) Roles, Duties and Responsibilities of the Directors
- 4) other matters such as relationships with the Management, self-assessment and improvement of the Directors and the development of the Management.

### Procedure of Assessment

1. Assess performance of the board of directors as a whole at least once a year every year to help directors to review performance concern and obstacle during the year in order to increase effectiveness of the board performance as per the corporate governance code.
2. The company secretary proposes the Board of Director's Assessment Form to each directors for their assessment on yearly operating performance of the board and collect to sum up the results from every directors. Then, conclude and analyses the assessment results to the Board of Director to consider and figure out how to improve effectiveness of the board of directors performance.

Overall results for the year 2018 were Excellent for most directors, with an average score at 95.69%.

**Assessment of Individual Directors (Self-Assessment)**

consisted of three categories:

- 1) Construction and Qualifications of Directors
- 2) Directors' Meeting
- 3) Roles, Duties and Responsibilities of the Directors.

### Procedure of Assessment

1. Directors assess their performance individually at least once a year every year to help directors to review performance concern and obstacle during the year in order to increase effectiveness of the board performance as per the corporate governance code.
2. The company secretary proposes the Individual Director's Assessment Form to each directors for their assessment on yearly operating performance of the board and collect to sum up the results from every directors. Then, conclude and analyses the assessment results to the Board of Director to consider and figure out how to improve effectiveness of the board of directors performance.

In 2018, overall results of the three categories indicated excellent conformance by most directors, with an average score at 95.45%.

### Assessment of the Audit Committee's Performance

Under the company's Audit Committee Charter 2013 on performance assessment, the Audit Committee Manual for State Enterprises under the Ministry of Finance, and SET's Good Governance handbook for internal auditors and the audit committee section 1.1: responsibility of the Audit Committee, the Audit Committee must assess its performance by undertaking self-assessment at least once a year. The individual self-assessment or the entire Committee's assessment is presented yearly to the Board, specify in problems leading to unfulfilled objectives. The Audit Committee's meeting No. 1/2018 on 8 March, 2018, passed

a resolution to use the assessment form since it conform to the good governance stipulated by SET, with a waiver of cross-assessments because there were only three audit committee members. The Audit Committee's Meeting No. 1/2019 dated 27 February, 2019, passed a resolution to approve the assessment of the Audit Committee's performance 2018 with the following details:

Assessment of the entire committee consisted of the structure and composition/ role and responsibilities/ relationship with the Office of Corporate Audit and the external auditor/ relationship with the management/ reporting / quality consistency.

The assessment criteria were 3 = regularly implemented  
2 = sometimes implemented 1 = not implemented

The result of the assessment of the entire Audit Committee was at the regularly implemented level.

### Directors and Executive Remuneration

The competitive and reasonable remuneration has been designed to the Directors and executives by the company at the similar level to the industry compensation and no surplus compensation has been paid. The committee remuneration pay shall be based on the meeting allowance depending on numbers of attendances, which shall be approved at the company's shareholder meeting. On the other hand, the executive remuneration shall be based on individual executive's performance and company's performance. It's believed that such incentive remuneration could be so motivated that powerful personnel can be retained.

### Director's Compensation

The 2018's Annual General Meeting of the shareholders on 23 April, 2018 had resolution to approve Director and Audit Committee's remuneration for the year 2018 not exceeded THB 8,000,000 per year, there were details of compensation as follows:

POSITION	DIRECTOR'S COMPENSATION	MEETING ALLOWANCE THB5,000 /PERSON/TIME
Chairman of the BOD	THB30,000 / Month	Meeting Allowance will be paid to Directors who attend meetings only (BOD and AC)
Chairman of the AC	THB15,000 / Month	
Directors	THB25,000 / Month	
Independent Directors	THB25,000 / Month	
Audit Committee	THB12,500 / Month	



## Management Succession Planning

There is a recruitment and selection plan for persons who would take responsibility in every important management's position to ensure of appropriateness and transparency. Also, has set individual development plan both in short and long term aims to develop knowledge and capability on his/her work, management skill, personality and teamwork behavior along with the Company's Value and Culture to increase management and leadership potential to successors to be readied for the positions in time or when the positions was vacant.

Guidelines for management succession for each position are as follow:

### 1. Managing Director

The company has set succession plan for Managing Director position to ensure of readiness of the company when the position is vacant or unable to perform inclusive of decreasing risk or effect from dis-continue of management where the potential group is middle management from Assistant to Managing Directors up who have high performance. The plan is for develop successors competencies and prepare to be readied as a candidate to take the position or might recruit and select person with qualification as the company's required with vision, competencies and experiences suit with the Company's Culture which the Chief of Executive Directors would select and propose to the Executive Board to vote prior to propose to the Board of Directors to approve the right person to take the position later on.

### 2. Manager

The company has set Succession Plan for replacement managers from Deputy of Managing Director, Assistant to Managing Director or Department Managers level which unable to perform or the position is vacant. Managing Director will take responsibility to select successors for the positions by consider from qualification, knowledge, competencies and experiences as required for each position. When successors are picked, the company will set an individual plan for each successor both in short and long term plan in order to ensure of readiness of successor when required.

The process of succession plan for manager level are:

- a. Analyze business situation of the company in term of policies, strategies, investment plan and operating extension plan.
- b. Assess man power to be complied with the company' strategies both in short and long term.
- c. Set man power preparation plan by either develop existing man power or recruit new to be prompt when need.
- d. Set Recruitment and Employee Training and Development Plan in advance prior to retirement or resign from the position.
- e. Set each position competencies which are education, skill, personality and attitude and Individual Development Plan for each successor.
- f. Select, performance assessment and evaluate potential of staffs to be potential successors.
- g. Use testing and evaluations tools to analyze employees' competencies.
- h. Inform successors who pass performance assessment and competencies evolution in advance to be prepared and job learning prior to take the position and also setting alternative successor.
- i. Develop and assess potential successors if could developed and create works as per expectation. If not, changing is allow.

## Policy on Serving as Directors of Other Companies

In the year 2018, CIG had 2 affiliates, so the company put highly attention to adopt group management structure for synergy and alignment of policies. To achieve this, the company has appoints directors or management team members to serve as directors in these companies to supervise policies and business management which align with the company's for the benefit and value addition for all stakeholders. The objectives for such appointments are as follows:

1. To ensure that the management of a given company aligns with the policy of the CIG's group companies; to monitor its overall business performance to align with the company's policy and institute comparable standards.
2. To establish synergy for the business of the company's group and add value to all related parties.

3. To apply specific expertise in support of business, including financial know-how to improve accounting and financial processes to enable a given company to grow robustly. This includes assistance to companies outside the group. The resulting application of the knowledge and expertise gained from serving in such leading companies will enhance the benefit to the company and foster cordial relations and business alliances for the company in return.
4. This is part and parcel of the responsibility of directors and the management of the company.

The company currently has three directors in the Director's Pool. The company has set a policy to limit the number of listed companies in which each director or management can hold a directorship to a maximum of three. This policy aims to protect the Company's best interests and to ensure that directors have sufficient time in performing their duties. This policy is also set to decrease the risk of conflict of interests and to ensure conformance to applicable laws and related regulation.

### **Directors' Development**

The Board and the management value regular participation in development training relevant to their performance, as seen in each of their profiles. Most directors have undergone training with Thai Institute of Directors (IOD). The company supports and encourages their training with IOD as well as other institutes in all relevant courses throughout the year. In addition, it stages study trips to other agencies and organizations to promote helpful initiatives for application to the company's business.

### **Related Transaction and Acquisition/Sales of Company's Assets**

In case that the company and its affiliates have some transaction relevant to or acquiring or sales the company assets that may lead to any kind of interest conflict, the company has to conduct the measures to bring forth the transparency and equitability for the benefit of the shareholders, by embracing the following guidelines;

1. The transaction is regarded for the company interest as the transaction with the outsiders.
2. The transaction is passed on comments through entering the transaction under sound consideration of the audit committee in term of reasonability and price appropriation.
3. The transaction is consented by the Board of Directors transparently in conjunction with the stockholder's decision-making.
4. Information is disseminated to those concerned persons equitably.

### **Dividend Policy**

The Company has a policy to pay an annual dividend not less than 50% of the Company's net profits after deducting all provisional reserves required by the Articles of Association and law. However, the dividend payments are subject to the Company's cash flow, investment plans of the Company and its subsidiaries, necessity, and other suitability as per the consideration of the Board of Directors.



## RELATED-TRANSACTIONS

### Detailed Related-transactions

As during 2016 - 2018, the company and its subsidiaries transactions with party that may cause the interest conflict, the company has to undertake the following transactions with necessity and reasonability;

Related Individual /Juristic Person who may cause conflict of interest	Relationship	Description	Related-transactions Amount (million Baht)			Necessity and reasonability of transactions
			2016	2017	2018	
1. CIG Development Co.,Ltd / Auction/ construction contractor and hotel Business.	C.I.Group Pcl., has held the ordinary shares 99.97% of the paid up capital of the De lamai Co.,Ltd. and Joint Directors ,	Long-term Loan	183.50	182.50	182.50	For using as working capital
		Interest receivable	1.39	4.13	6.86	
		Short-term Loan	2.76	10.76	22.26	
		Interest receivable	-	0.07	0.30	
2. Fakwantip Co.,Ltd/ Bio-Desel Manufacture	C.I.Group Pcl., has held the ordinary shares 99.98% of the paid up capital of the CIG (Thailand) Co.,Ltd, has invested in Fakwantip Co., Ltd as a joint venture in a portion of 29.67% of registered capital	Short-term Loan	10.00	18.00	14.00	For using as working capital
		Interest receivable	0.03	0.31	2.28	
3. CIG (Thailand) Co., Ltd	C.I.Group Pcl., has held the ordinary shares 99.98% of the paid up capital of the CIG (Thailand) Co.,Ltd, has invested in Fakwantip Co., Ltd as a joint venture in a portion of 29.67% of registered capital	Short-term Loan	0.25	0.25	21.00	For using as working capital
		Interest receivable	-	-	0.07	
4. Siam Railway Development Co., Ltd	C.I.Group Pcl., has held the ordinary shares 100% of the paid up capital of the Siam Railway Development Co., Ltd.	Short-term Loan	-	8.25	38.00	For using as working capital
		Interest receivable	-	0.03	0.43	

### **Measures or Approval Procedures for Related-transaction**

In the inter-transaction procedures, it's necessary to be reasonable to allow the optimum interest of the company. That contingent inter-transaction should be considered based on reasonability and necessity. Pay and wages should be made in accordance with the fair price in the market and should be approved by the audit committee. Having such the preceding event occurred, the audit committee shall determine based on the necessity and reasonability of the transaction, and inform their opinion at the Board Meeting

### **Future Related-Transaction Policy**

For any contingent inter-transaction, the Directors shall not approve any transaction that he/she or related party may invoke any kinds of the interest conflict against the company interest and such transaction should be disclosed in the presence of the audit committee to determine whether or not it is classified as general business with fair price, and further submit the Directors for approval.

However, the company has embraced the practices in accordance with the applicable law relevant to the security and the stock exchange, regulation, proclamation, order or the rule of the Stock Exchange of Thailand, including disclosure procedures for the related transaction, acquisition or distribution of the crucial assets of the company or the affiliates.



## REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statement of the Company and its affiliated companies, and the financial information stated in the Company's Annual Report. These financial statements were prepared in accordance with generally accepted accounting standards in Thailand, which are based on appropriated accounting policies applied and practiced on a regular basis. The financial statements were carefully prepared based on the most accurate and up-to-date information available. All relevant information related to the policies and practices used to prepare these financial statements are sufficiently disclosed in the Notes to the Financial Statements in order to maintain the Company's high standards of transparency for the benefit of shareholders and investors.

The Board of Directors has initiated the adoption and maintenance of an effective system of risk management and internal control which provides reasonable assurance that the Company's accounting records are accurate, complete, and sufficient to protect the assets of the Company. This system is also designed to prevent serious misconduct or other irregularities in the operation of the Company.

The Audit Committee was appointed by the Board and comprises independent directors to oversee the quality of the Company's financial reports and internal control procedures. The Audit Committee's view regarding such matters is disclosed in this Annual Report under the Audit Committee's Report.

In the Board of Directors' opinion, the Company's internal control system is satisfactory and can assure the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its affiliated companies as of 31 December 2018.

Pol.Gen.

(Prung Boonpadung)

Chairman of the Board of Directors

(Aree Poomsanoh)

Chairman of the Executive Committee





## Management Discussion and Analysis

### Description and Analysis of Financial and Performance

#### Conclusion of Operational Performance for the Fiscal Year 2018

The following conclusion of the company's financial and performance is an analysis upon the Financial Statement of the Company, C.I.Group (Public) Company Limited and its affiliates (company) by December 31st, 2018 as states in Notes to Financial Statement item 1. General Information.

#### **Executive Summary**

##### **Summary of Thai Industrial Economic Conditions in 2018 and Trends in 2019**

Industrial economic conditions in 2018, considering from the MPI, are expected to expand by 3.0 percent from 2017 in which the MPI grew by 2.5 percent.

##### **Trends in 2019**

The estimated growth rate of the Manufacturing Production Index (MPI) for the year 2019 is expected to expand by approximately 2.0 - 3.0%. With positive factors from the clarity of the election, the drive from public investments in major projects, and the implementation and continuing progress of the East Economic Corridor Development Plan (EEC), the confidence of investors will grow.

Electrical and Electronics Industry Production and exports are expected to increase by 4.0% and 5.0%, respectively, compared to the previous year. Due to positive factors both inside and outside of the country such as measures to stimulate the demand for government products in 2018 and the election in the year 2019. It is also expected that the new government will have even more measures to continuously support economic growth.

##### **Export Trends**

The overall export in 2018 grew from January 2018 onwards and has continued to grow. Exports in 2018 expanded by 8.2%, in line with the economic recovery and world trade volume and the economic conditions in major trading partners of Thailand, such as ASEAN, China, the United States, the European Union (27

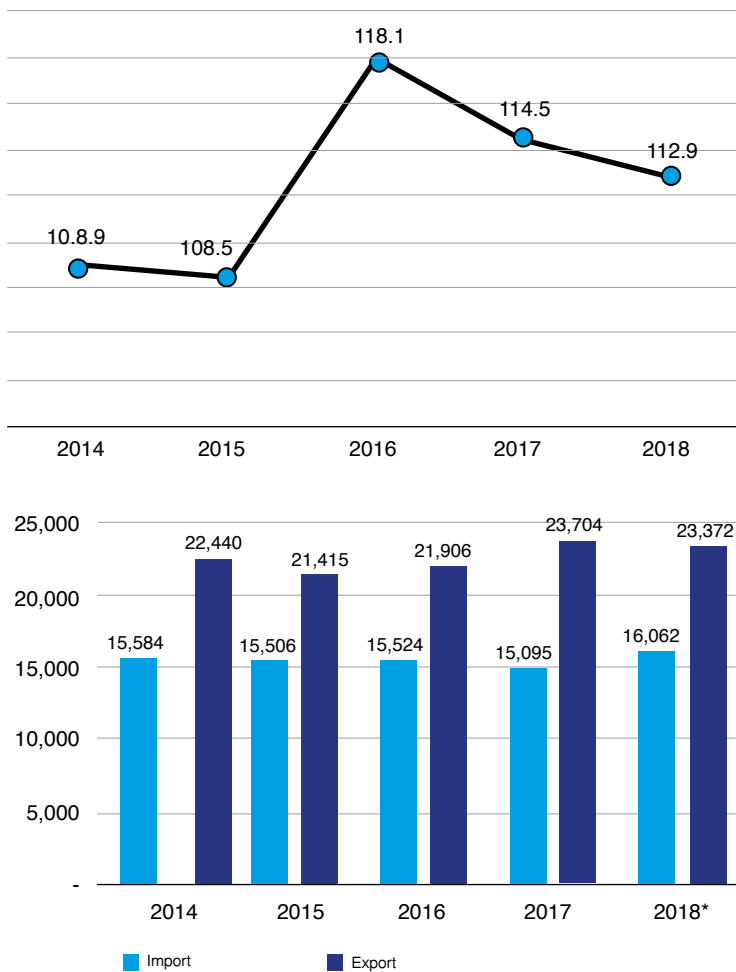
countries) and Japan, which have expanded well, reflecting from the export of many products that are still rising. This is especially true for Vehicles, Equipment and Components of Electrical Appliances and Electronics. As for the export trend in 2019, it is expected to gradually increase in accordance with the economic conditions and the world trade volume which is continuously expanding. The Ministry of Commerce estimated that exports in 2019 will grow at least 8.0%. However, the uncertainty of oil prices, exchange rate fluctuations, trade barriers between the United States and China and the retaliation from trade partners may result in changes in the direction of the trade, production, international investment and may be a pressure factor for the export to fall short of the target.

However, there are factors that need to be monitored; such as oil price fluctuations, exchange rate, tax policies of the United States that caused the trade war between USA and China. Together with the chance that USA might deal more with other countries, the retaliation of China or affected countries, and Geopolitical risk from political uncertainty economic stability--such as Brexit and emerging market countries--which may stagnate the world economy.

For the economic overview and the Thai Industry in 2018, gross domestic product or GDP has a growth rate of 4.1%, increasing from the 4.0% of 2017. The production of electrical appliances in 2018 was stable when compared to 2017, with a slight decrease of 1.6% due to the decline in the demand of the clothes washers, electric motors and refrigerators. While air conditioners have additional export value in ASEAN, EU and Japan markets.

The products that have increased include split type air conditioners, condensing units, compressors 4.4, 3.5, 1.5. This is a result of the increase in domestic sales and the increasing orders internationally especially for air conditioners that have been exported to ASEAN market, EU and Japan. Air conditioning products have their export value increased by 5.2% compared to the previous year.

### Manufacturing Production Index of Electrical & Electronics Industry



Source : The office of Industrial Economics and Electrical and Electronics Institute

### Electrical Industry Trend 2019

In the year 2019, the production and exports are anticipated to increase by 4.0% and 5.0%, respectively, due to positive factors from both inside and outside the country.

#### Operation Performance

##### 1.) Overall Performance

With current domestic and international situation, the company has not achieved all of its goals, and with that, the overall performance has declined compared to those of previous years. The company and its subsidiaries reported net loss of 39.60 million Baht and net loss of 33.17 million Baht for 2018 and 2017 respectively. In 2018, the company recorded sales of 943.25 million Baht. The gross profit margin decreased 0.04% compared with that of last year due to the increase of cost of goods sold per sales from 86.37% to 86.41%.

Overall, the increased cost of goods sold is a result of increasing of raw material costs which effect to raw material and production costs.

## 2.) Financial Performance for Each Business

### 1. Income

The company recorded revenue of 1,104.42 million Baht, an increase of 204.18 million Baht or 22.68% compared to revenue of 900.24 Million Baht in 2017. Details for each business units are as follow;

Unit : million Baht

	2018	2017	Change	
			Amount	Percentage
Manufacturing Business	943.25	832.95	110.30	13.24
Construction Business	129.83	22.14	107.69	486.40
Hotel Business	17.31	15.71	1.60	10.18
Trading Business	-	-	-	-

Sales from the manufacturing business (coils) has increased by 110.30 Million Baht or 13.24% better than the year 2017. The revenue from construction increases by 107.69 Million Baht or 486.40%, while the revenue from hotel business slightly increased by 1.60 Million baht or 10.18%. All of these has resulted in the sum of 219.58 Million Baht in the total revenue or 25.22% comparing to 2017.

## Revenue from sales and services

Unit : million Baht

	2018	2017	Change	
			Amount	Percentage
Revenue from sales and services	1,090.39	870.81	219.58	13.24
- Revenue from domestic sales	707.94	540.74	167.20	486.40
- Revenue from export sales	382.45	330.07	52.38	10.18
Deduct Cost of sales and services	942.22	752.10	190.12	21.83
<b>Gross Profit</b>	<b>148.17</b>	<b>118.71</b>	<b>29.46</b>	<b>3.38</b>

### 2. Cost of sales and gross profit margin

Cost of sales in 2018 amounted to 795.26 million Baht, increasing by 43.16 million Baht or 4.96% compared to cost of sales of 752.10 million Baht in 2017. The increased cost of sales is a result of the increased sales which makes gross profit margin in 2018 increased by 3.36% from that of 2017.

### 3. Sales, general and administrative expenses

Sales, general and administrative expenses in 2018 amounted to 191.52 million Baht, an increase of 15.72 million Baht or 8.94% compared to 175.80 million Baht in 2017 due to the increase of allowance for Promotional discounts of 6.29 million baht and Commission of 6.25 million baht.

#### 4. Interest expenses

The company recorded interest expenses of 8.84 million Baht in 2018, an increase of 1.86 million Baht or 26.64% compared to 6.98 million Baht in 2017 due to short term loan repayment and defaulted loan.

#### Profitability

Description	2016	2017	2018
<b>Profitability Ratio</b>			
Gross Profit Margin (%)	15.64	13.63	13.59
Operating Profit (%)	0.47	(3.98)	(3.61)
Cash Profitability (%)	128.87	106.38	132.60
Net Profit (%)	(0.21)	(3.68)	(3.59)
ROE (%)	(0.25)	(4.31)	(5.41)
<b>Efficiency Ratio</b>			
ROA (%)	(0.17)	(2.93)	(3.39)
ROFA (%)	12.89	6.58	8.13
Asset turnover (times)	12.89	0.79	0.95

Return on Asset (ROA) decreased from (2.93%) in 2017 to (3.39%) in 2018 and Return on Equity (ROE) decreased from (4.31%) in 2017 to (5.41%) in 2018 due to decreasing of the company performance. Net loss of the company increased from 33.17 million Baht in 2017 to net loss of 39.60 million Baht in 2018 due to the following factors;

#### Factors affecting the company's profitability in 2018

##### 1. Changing commodity prices of raw materials

Average raw material prices have increased from that of 2018 while the company's pricing depends on commodity prices. With the business nature of the company, 2 months minimum stock is required and this inevitably creates a gap between actual price charged to customers and actual cost. The company strives to improve its raw material and inventory management and change pricing policy to cover existing risks.

##### 2. Cost of sales

Overall cost of sales have decreased because of decreasing in revenue which also effect to the company gross margin.

##### 3. Exchange rates

The company received import tax benefit for import of its main raw materials. In order to be efficient, the company orders its raw materials from overseas, especially China. Therefore, the company is exposed to exchange rate risks. At the same time, the company also exports to overseas markets. Thus, if the company can maintain a good balance between export sales and raw material imports, the company will have less exposure to exchange rate risks.

## Factors Effect to Future Operation Performance

### 1. Wage

The government's policy on minimum wage has caused further labor shortage. As labors from upcountry find it unnecessary to work in Bangkok vicinity as they can work in their home towns and can receive similar wage. This results in a higher labor cost that pushes up manufacturing cost. The company, however, has acted on this by employing migrant workers and focuses on new technologies such as new automatic machinery to reduce labor dependency.

### 2. Exchange rates

Should US Dollars become volatile, the company may receive higher or lower order volumes which will affect sales. The company may delay placing orders for raw materials because copper and aluminum are the product's main cost which will directly affect profitability of the company. The company will systematically manage such risks by using financial instruments such as Forwards and natural hedging by balancing raw material imports and export sales.

## Audit Fee

Audit Fee for 2016-2018

(Baht)	2016	2017	2018
Audit Fee	1,325,000	1,325,000	1,100,000
Non-Audit Fee	143,312	366,390	692,032

\* **Remark** : Non-Audit Fee such as fee for additional financial statement report, traveling expense, overtime and daily allowance.



# AUDITOR'S REPORT

To the Shareholders of C.I.GROUP PUBLIC COMPANY LIMITED

## **Opinion**

I have audited the accompanying consolidated and separate financial statements of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiary companies ("The Group") and also of C.I.GROUP PUBLIC COMPANY LIMITED only ("The Company"), respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, except for the possible effect to the matter described in the basis of qualified opinion paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiary companies and also of C.I.GROUP PUBLIC COMPANY LIMITED only, respectively, as at December 31, 2018, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Basis of qualified opinion**

As mentioned to the note 9 to financial statements as at December 31, 2018, the Company has loan to other person, principal amount of Baht 26.88 million and accrued interest receivable amount of Baht 12.03 million. Due to the borrower default, the Company filed lawsuits against the borrower. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate, the debtor's personal assets shall be forced sale. At present, the Company has been following up the confiscation of the debtor which are condominium and two pieces of land. The handed over common shares of a company as collateral have been kept under the custody of the Company for confiscation. There is currently no settlement on the value of the assets to be obtained from the enforcement for the allowance for doubtful accounts of loans and accrued interest receivables.

As mentioned to the note 12 to financial statements. I cannot to audited enough evidences in the value of investment in associate as presented in the consolidated financial statements as at December 31, 2018 amount of Baht 46.58 million, because of the associate company out of rehabilitation plan on July 31, 2018 and the Company perform beginning equity method from originally recorded cost method. Currently, the Company is finding independent appraiser for assess fair value is building in progress and machinery during installation as financial reporting standards related for valuation within 1 year. The Company recorded investment in associate by equity method in the consolidated financial statements recognized share of profit on investment in associate for the year ended December 31, 2018 amount of Baht 1.22 million, by book value of net assets as at December 31, 2018, of associate company. However, the financial statement of the associate is the Company recognize. I have audited and presentation a qualified opinion on those financial reports of cannot audited cost of building in progress amount of Baht 74.29 million and machinery during installation amount of Baht 283.02 million. The management of the entity has clarified that the plant has been started after the machine has been installed before 2014, so there is no evidence of payment. Such matter may result change in the value of investments associate and share of profit on investment in associate, if fair value measurement of asset complete. Its incapacitate other audited to be satisfied to investments associate and share of profit on investment in associate.

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

### **Key audit matters**

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

### Recognition of revenue from construction services

The consolidated financial statements for the year ended December 31, 2018, the Group's recognition of revenue from construction services in amount of Baht 129.83 million and disclosed their policies on recognition of revenue from construction services and estimation of construction project costs in Note 4.14.3 to the financial statements. The management must exercise judgment in determining the percentage of completion of construction work, the probability of loss, and the measurement of possible losses. There are therefore risks with respect to the amount and the recognition of revenue from construction services and the estimates of possible losses from construction contracts.

### How my audit addressed the key audit matter

I examined the recognition of revenue from construction services and estimation of construction project costs by assessing and testing the effectiveness of the internal controls put in place over the recognition of revenue and construction costs, the estimation of project costs, the estimation of percentage of work completion and possible losses from construction contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the Group's designed controls, read the construction contracts to consider the conditions relating to revenue recognition, made enquiry of responsible executives, gained an understanding of process to assess the percentage of completion and cost estimates for projects, checked appropriate of estimates of project costs to the project budgets, checked actual costs against supporting documents, tested the calculation of the percentage of completion based on actual construction costs incurred, performed analytical procedures on gross margins of construction projects and compared the percentage of completion as evaluated by the project engineer to the percentage of completion based on actual construction costs incurred, observe the project in progress at the end of year and evaluated the possible losses on projects assessed by the management.

### Other matter

The accompanying consolidated and separate statements of financial position for the year ended December 31, 2017 of C.I.GROUP PUBLIC COMPANY LIMITED and its subsidiaries and also of C.I.GROUP PUBLIC COMPANY LIMITED respectively, which presented for comparative information purposes, were audited by another auditor, who expressed an qualified opinion on those financial statement in his report date March 12, 2018, while drawing not possible to estimate the allowance for doubtful accounts of loans to other defaulted persons.

**Other information**

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

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

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

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

**Responsibilities of management and those charged with governance for the financial statements**

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

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

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

**Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.

(Mr.Ampol Chamnongwat)

Certified Public Accountant Registration No. 4663

Bangkok

February 26, 2019

# STATEMENTS OF FINANCIAL POSITION

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at December 31, 2018

(Unit : Baht)

	Consolidated financial statements			Separate financial statements	
	Notes	December 31,2018	December 31,2017	December 31,2018	December 31,2017
<u>Assets</u>					
Current assets					
Cash and cash equivalents	6	20,658,357	31,920,295	15,244,595	29,007,587
Temporary investments	7	-	660,000	-	660,000
Trade and other receivables	5.1 and 8	199,248,746	203,540,630	205,618,579	207,017,440
Unpaid work value		34,232,980	-	34,232,980	-
Short-term loans to related parties	5.1	14,000,000	18,000,000	95,261,500	37,261,500
Default payment of loan to other person	9	38,910,289	38,910,289	38,910,289	38,910,289
Short-term loans to other party		6,200,000	-	-	-
Inventories	10	179,383,026	178,131,003	179,116,387	177,852,409
Other current assets		14,631,171	8,378,661	13,723,047	8,166,255
Non-current assets classified as held for sale		-	1,355,020	-	1,355,020
Total current assets		507,264,569	480,895,898	582,107,377	500,230,500
Non-current assets					
Investments in subsidiaries	11	-	-	30,556,359	53,984,700
Investments in associate	12	46,582,733	-	-	-
Other long-term investments	13	20,460,503	66,630,400	20,460,503	36,630,400
Long-term loan to related parties	5.1	-	-	102,059,223	132,500,000
Investment property	14	146,943,398	61,055,610	146,943,398	61,055,610
Property, plant and equipment	15	427,580,201	502,274,120	281,332,122	376,549,941
Deferred leasehold land	16	10,949,400	12,423,077	-	-
Intangible assets	17	5,287,038	3,064,262	4,904,786	3,001,615
Deferred tax assets	18	15,710,556	15,929,823	49,905,793	44,556,747
Other non-current assets		586,895	11,936,772	242,759	4,882,394
Total non-current assets		674,100,724	673,314,064	636,404,943	713,161,407
Total assets		1,181,365,293	1,154,209,962	1,218,512,320	1,213,391,907

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF FINANCIAL POSITION

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

As at December 31, 2018

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31,2018	December 31,2017	December 31,2018	December 31,2017
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	19	97,921,280	110,692,839	97,921,280	110,692,839
Short-term loans from other parties	20	51,998,728	25,723,638	51,998,728	25,723,638
Trade and other ayable	21	247,873,893	206,518,631	239,073,808	201,834,874
Advances received from construction		21,591,702	9,746,005	21,591,702	9,746,005
Current portion of liabilities under finance lease agreement	22	1,292,611	1,476,943	1,292,611	1,476,943
Current portion of liabilities under land lease agreement		889,000	889,000	-	-
Other current liabilities		2,757,726	3,504,910	1,199,841	1,762,516
Total current liabilities		424,324,940	358,551,966	413,077,970	351,236,815
Non-current liabilities					
Liabilities under finance lease agreement	22	21,000	1,235,081	21,000	1,235,081
Liabilities under land lease agreement		4,444,000	5,333,000	-	-
Employee benefit obligations	23	40,197,756	37,121,945	40,060,176	37,061,416
Other non-current liabilities		80,000	80,000	3,000	3,000
Total non-current liabilities		44,742,756	43,770,026	40,084,176	38,299,497
Total liabilities		469,067,696	402,321,992	453,162,146	389,536,312
Shareholders' equity					
Share capital	24				
Authorized share capital					
1,297,174,248 ordinary shares @ Baht 0.50		648,587,124	648,587,124	648,587,124	648,587,124
Issued and paid-up share capital					
864,786,382 ordinary shares @ Baht 0.50		432,393,391	432,393,191	432,393,391	432,393,191
Premium on ordinary shares		565,027,151	565,026,751	565,027,151	565,026,751
Premium on sale treasury stock		15,534,581	15,534,581	15,534,581	15,534,581
Retained earnings (deficit)					
Appropriated					
Legal reserve		12,707,000	12,707,000	12,707,000	12,707,000
Unappropriated		(313,364,526)	(273,759,726)	(260,311,949)	(201,805,928)
Total shareholders' equity of company		712,297,597	751,901,797	765,350,174	823,855,595
Non-controlling interests		-	(13,827)	-	-
Total shareholders' equity		712,297,597	751,887,970	765,350,174	823,855,595
Total liabilities and shareholder's equity		1,181,365,293	1,154,209,962	1,218,512,320	1,213,391,907

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF COMPREHENSIVE INCOME

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue from operation					
Revenue from sales		943,248,607	832,949,258	940,555,297	832,947,538
Revenue from services		147,141,834	37,851,854	129,827,334	22,138,184
Total revenues from operation		1,090,390,441	870,801,112	1,070,382,631	855,085,722
Cost from operation					
Cost of sales		(795,259,476)	(712,944,000)	(793,886,505)	(712,997,502)
Cost of services		(146,967,105)	(39,162,761)	(119,858,379)	(19,964,970)
Total cost from operation	10	(942,226,581)	(752,106,761)	(913,744,884)	(732,962,472)
Gross profit		148,163,860	118,694,351	156,637,747	122,123,250
Other income		14,032,655	29,444,529	16,626,494	31,839,181
Selling expenses		(72,935,367)	(58,489,634)	(72,309,063)	(58,151,575)
Administrative expenses		(118,583,496)	(117,307,734)	(155,966,327)	(142,994,428)
Finance costs		(8,843,918)	(6,983,245)	(8,843,918)	(6,982,464)
Loss before share of loss on investment in associate and income tax		(38,166,266)	(34,641,733)	(63,855,067)	(54,166,036)
Share of loss on investment in associate		(1,219,267)	-	-	-
Loss before income tax		(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Income tax revenues (expenses)	27.1	(219,267)	1,468,274	5,349,046	785,631
Loss for the year		(39,604,800)	(33,173,459)	(58,506,021)	(53,380,405)
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial losses arising from defined benefit plan	23	-	(4,542,752)	-	(4,542,752)
Income tax relevance with other comprehensive income	27.2	-	908,550	-	908,550
Other comprehensive income for the year		-	(3,634,202)	-	(3,634,202)
Total comprehensive income for the year		(39,604,800)	(36,807,661)	(58,506,021)	(57,014,607)
Loss for the year attributable to :					
Equity holders of the Company		(39,604,800)	(33,163,985)	(58,506,021)	(53,380,405)
Non-controlling interests		-	(9,474)	-	-
Loss for the year		(39,604,800)	(33,173,459)	(58,506,021)	(53,380,405)
Total comprehensive income attributable to:					
Equity holders of the Company		(39,604,800)	(36,798,187)	(58,506,021)	(57,014,607)
Non-controlling interests		-	(9,474)	-	-
Total comprehensive income for the year		(39,604,800)	(36,807,661)	(58,506,021)	(57,014,607)
Basic loss per share					
Equity holders of the Company	28	(0.0458)	(0.0383)	(0.0677)	(0.0617)

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

### Consolidated financial statements

								(Unit : Baht)	
	Issued and paid-up share capital	Premiums on ordinary shares	Premiums on sales treasury stock	Retained earnings (deficit)		Total shareholders' equity of the Company	Non - controlling interests	Total	
				Appropriated legal reserve	Unappropriated				
Balance as at January 1, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(236,961,539)	788,699,984	(4,653)	788,695,331	
Loss for the year	-	-	-	-	(33,163,985)	(33,163,985)	(9,474)	(33,173,459)	
Other comprehensive income for the year	-	-	-	-	(3,634,202)	(3,634,202)	-	(3,634,202)	
Total comprehensive income for the year	-	-	-	-	(36,798,187)	(36,798,187)	(9,474)	(36,807,661)	
Non-controlling interest of subsidiary increase	-	-	-	-	-	-	300	300	
Balance as at December 31, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(273,759,726)	751,901,797	(13,827)	751,887,970	
Loss for the year	-	-	-	-	(39,604,800)	(39,604,800)	-	(39,604,800)	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	(39,604,800)	(39,604,800)	-	(39,604,800)	
Increased ordinary shares	200	400	-	-	-	600	-	600	
Adjust on non-controlling interests	-	-	-	-	-	-	13,827	13,827	
Balance as at December 31, 2018	432,393,391	565,027,151	15,534,581	12,707,000	(313,364,526)	712,297,597	-	712,297,597	

Notes to the financial statements are an integral part of these statements.



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

## Separate financial statements

	Issued and paid-up share capital	Premiums on ordinary shares	Premiums on sales treasury stock	Retained earnings (deficit)		Total
				Appropriated	Unappropriated	
				legal reserve		
Balance as at January 1, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(144,791,321)	880,870,202
Loss for the year	-	-	-	-	(53,380,405)	(53,380,405)
Other comprehensive income for the year	-	-	-	-	(3,634,202)	(3,634,202)
Total comprehensive income for the year	-	-	-	-	(57,014,607)	(57,014,607)
Balance as at December 31, 2017	432,393,191	565,026,751	15,534,581	12,707,000	(201,805,928)	823,855,595
Loss for the year	-	-	-	-	(58,506,021)	(58,506,021)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(58,506,021)	(58,506,021)
Increased ordinary shares	200	400	-	-	-	600
Balance as at December 31, 2018	432,393,391	565,027,151	15,534,581	12,707,000	(260,311,949)	765,350,174

(Unit : Baht)

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF CASH FLOW (1/3)

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flow from operating activities				
Profit (loss) before income tax	(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Adjustment to profit (loss) before income tax for cash received (payment) from operation		-		-
Depreciation	66,182,811	67,012,112	55,873,022	57,301,839
Amortization of right to use land	1,473,677	1,309,803	-	-
Amortized intangible assets	1,624,737	1,582,433	1,519,667	1,535,377
Gain from sales of property, plant and equipment	(131,418)	-	(736,694)	-
Reversal equipment during installation is repair	-	5,238	-	5,238
Doubtful debts-trade receivables (Reversal)	137,195	8,134,525	137,195	3,266,190
Impairment loss on temporary investments	660,000	-	660,000	-
Loss from declining in value of inventories (Reversal)	94,359	(927,642)	94,359	(883,413)
Loss on unused equipment	-	689,236	-	561,954
Loss from sales of non-current assets classified as held for sale	-	14,764	-	14,764
Loss on impairment for deferred leasehold land	-	5,561,333	-	-
Loss from allowance for investments in subsidiaries	-	-	24,428,341	-
Doubtful debts-long term loan	-	-	30,440,777	50,000,000
Reversal of estimated accrued expenses	(4,100,000)	-	(4,100,000)	-
(Gain) loss from unrealized on exchange rate	(79,558)	(267,407)	(79,558)	(267,419)
Share of profit on investment in associates	1,219,267	-		-
Employee benefit expenses	4,292,041	3,440,245	4,214,990	3,445,182
Interest income	(3,316,554)	(3,024,864)	(6,273,872)	(5,926,124)
Interest expenses	8,843,918	6,983,245	8,843,918	6,982,464
Profit from operating activities before changes in operating assets and liabilities	37,514,942	55,871,288	51,167,078	61,870,016

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF CASH FLOW (2/3)

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities (continue)				
Operating assets (increase) decrease				
Trade and other receivables	5,964,918	6,769,781	6,457,364	11,101,027
Unpaid work value	(34,232,980)	-	(34,232,980)	-
Inventories	(1,346,382)	(49,045,236)	(1,358,337)	(50,319,578)
Other current assets	(6,141,105)	(5,915,978)	(5,445,387)	(5,954,288)
Other non-current assets	8,409,877	40,561	1,699,635	72,894
Operating liabilities increase (decrease)				
Trade and other payables	32,104,650	58,675,060	27,988,322	59,145,669
Advances received from construction	11,845,697	-	11,845,697	-
Other current liabilities	(747,184)	(1,121,222)	(562,675)	(1,484,605)
Employee benefit obligations	(1,216,230)	-	(1,216,230)	-
Other non-current liabilities	-	(28,000)	-	-
Cash received from operating activities	52,156,203	65,246,254	56,342,487	74,431,135
Income tax paid	-	(5,812,912)	-	(5,812,161)
Net cash received from operating activities	52,156,203	59,433,342	56,342,487	68,618,974
Cash flow from investing activities				
(Increase) decrease in fixed deposit used as collateral	16,169,897	(36,630,400)	16,169,897	(36,630,400)
Cash payment for short-term loans to other parties	(6,200,000)	-	-	-
Cash received for short-term loans to related parties	18,000,000	-	18,250,000	-
Cash payment for short-term loans to related parties	(14,000,000)	(8,000,000)	(76,250,000)	(24,250,000)
Cash payment for long-term loans to related parties	-	-	-	1,000,000
Cash received from interest	920,334	2,684,542	492,183	2,753,793
Cash payment in investments in subsidiary	(17,802,000)	-	(1,000,000)	(999,700)
Cash payment in purchase of investment property	(1,650,000)	-	(1,650,000)	-
Cash payment in purchase of property, plant and equipment	(58,877,108)	(37,568,817)	(27,438,143)	(37,302,424)
Cash received from sales of property, plant and equipment	1,206,676	-	1,206,676	-
Payment deposit on equipment	-	(10,259,450)	-	(4,059,450)
Cash payment in purchase of intangible assets	(3,847,513)	(207,500)	(3,422,838)	(177,500)
Net cash used in investing activities	(66,079,714)	(89,981,625)	(73,642,225)	(99,665,681)

Notes to the financial statements are an integral part of these statements.

# STATEMENTS OF CASH FLOW (3/3)

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(12,401,370)	(4,581,448)	(12,401,370)	(4,581,448)
Cash received from short-term loans from other parties	26,275,090	25,723,638	26,275,090	25,723,638
Cash paid for liabilities under finance lease agreement	(1,398,413)	(1,413,891)	(1,398,413)	(1,413,891)
Cash paid for liabilities under land lease agreement	(889,000)	(889,000)	-	-
Cash payment in interest expenses	(8,854,914)	(6,974,891)	(8,854,914)	(6,974,110)
Cash received proceeds from the increasing share capital	600	-	600	-
Adjust on non-controlling interests	13,827	300	-	-
Net cash received from financing activities	2,745,820	11,864,708	3,620,993	12,754,189
Effects of exchange rates in cash and cash equivalents	(84,247)	(4,217)	(84,247)	(4,217)
Net decrease in cash and cash equivalents	(11,261,938)	(18,687,792)	(13,762,992)	(18,296,735)
Cash and cash equivalents at the beginning of the year	31,920,295	50,608,087	29,007,587	47,304,322
Cash and cash equivalents at the ending of the year	20,658,357	31,920,295	15,244,595	29,007,587

### Additional disclosure :

Items not affecting cash flow are as follows :-

- Write-off allowance for doubtful debts with trade accounts receivable	1,495,179	-	1,260,003	-
- Purchases of property, plant and equipment which had not yet been paid	13,741,215	412,166	13,741,215	369,179
- Transferred deposit to investment property	2,940,000	-	2,940,000	-
- Transferred property, plant and equipment to investment property	85,357,194	-	85,357,194	-
- Transferred other long-term investments to investments in associate	30,000,000	-	-	-
- Transferred non-current assets classified as held for sales to property, plant and equipment	1,243,615	-	1,243,615	-
- Transferred equipment during installation to inventories	-	123,000	-	123,000
- Transferred deposit asset to building under construction and equipment	-	5,326,975	-	5,326,975
- Transferred machinery and equipment to non-current assets classified as held for sales	-	39,945	-	39,945

Notes to the financial statements are an integral part of these statements.

# NOTES TO FINANCIAL STATEMENTS

## C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

For the year ended December 31, 2018

### 1. General information

The Company was registered as a corporate entity under the Civil and Commercial Code on August 20, 1991 and later registered as a public company on March 1, 2004, registration number 0107547000133 with its registered head office located at 1/1, Moo 7, Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province, Thailand.

The Company main business activity is producing and distributing air conditioning products and parts and construction service.

Its subsidiary companies which operate business according in the note to financial statements No.3.1

### 2. Basis of financial statement preparation

2.1 The financial statements are issued for reporting purposes to be used in Thailand are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 The consolidated and separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

## 2.3 New financial reporting standards

### 2.3.1 New and revised financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) and accounting treatment guidance issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### 2.3.2 Financial reporting standard that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2019 and 2020. The Group has not yet early adopted these new and revised financial reporting standards which are as follows : -

<u>Reference standard No.</u>	<u>Name</u>	<u>Effective date</u>
<u>Thai Accounting Standards (TAS)</u>		
TAS 32	Financial Instruments: Presentation	January 1, 2020
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS 1	First-time Adoption of Financial Reporting Standards	January 1, 2019
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
<u>Thai Financial Reporting Interpretations (TFRIC)</u>		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

The management of the Group is in the process to assess the impact of this financial reporting standard to the financial statements in the year when it is adopted.



2.4 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected the significant estimates and assumptions are as follows :-

#### Lease agreement

In determining whether a lease is to be classified as an operating lease or financing lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

#### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### Reduce inventory cost to net realisable value

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

#### Investment properties, property, plant and equipment and depreciation

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

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

#### Deferred tax assets

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

#### Estimate on employee benefit obligations

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate and staff turnover rate.

Other estimates are disclosed under related caption in these notes to financial statements.

### 3. Basis of the consolidated financial statements preparation

3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of three subsidiary companies (“the Group”) The detail of structure and shareholding ratio of the Group is as follows:-

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Nature of business</u>	<u>Percentage of shareholdings</u>	
			<u>As at December 31,</u> <u>2018</u>	<u>2017</u>
C.I.G. (Thailand) Co., Ltd.	Thailand	Air conditioning and refrigeration parts manufacturing and distribution; including maintenance and inspection services	99.98	99.98
CIG Development Co., Ltd.	Thailand	Hotel	99.97	99.97
Siam Railway Development Co., Ltd.	Thailand	Locomotive Maintenance	99.97	99.97

3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- 3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.4 The accounting periods of subsidiary companies ended the same date as that of C.I. GROUP PUBLIC COMPANY LIMITED.
- 3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.
- 3.6 Investment in subsidiaries which the Company holds 99.95% onwards are prepare the consolidated financial statements. The Company calculated the investment in the subsidiary as 100%.

#### 4. Summary of significant accounting policies

##### 4.1 Cash and cash equivalents

Cash and cash equivalent items includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits and all highly liquid investments with an original maturity of three months or less from the date of acquisition and not subject to withdrawal restrictions.

##### 4.2 Temporary investments

Marketable securities for trading are stated at fair value. The difference between fair value and cost is shown as provision for adjustment of investments. The Company recognized revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income. Cost of the disposed trading securities during the year is based on the average cost of each security on the disposal time.

##### 4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on analysis of debt aging, payment histories and future expectations of customer payments from the uncollectability of each receivable. Bad debts are written off when incurred.

##### 4.4 Unbilled receivables / Deferred construction revenues

Unbilled receivables consist of the cost of materials and labour, cost of sub-contract, other services and expenses including both net profit or loss computed net from the amount collected from customers.

The contracts which have construction value more than amount billed to customers will be presented as “Unbilled receivables” under current assets. For those contracts which have the amount billed more than the construction value will be presented as “Deferred construction revenues” under current liabilities.

#### 4.5 Inventory

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the first-in, first-out method.

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

#### 4.6 Investments

4.6.1 Investments in subsidiary companies in the separate financial statements are recorded under the cost method net by the allowance for accumulated impairment and the recognition of the change in the investment in the profit or loss is recorded when the investment is disposed or the impairment of the investment incurred.

4.6.2 Investments in an associate in the consolidated financial statements are recorded by the equity method

#### 4.7 Investment properties

Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

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

The depreciation of the investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful life as follows :-

Building and building improvements	20 Years
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The depreciation of the investment properties is included in the calculation for the operating result. No depreciation is calculated for investment properties in case of land and work in process.

The Group recognize the difference between the assets' net realizable value and book value in the profit or loss for the period the investment properties are derecognized from the account.

Transfers investment property to property and plant is stated at carrying amount of the investment property transferred at the date of the change in use and measured in accordance with accounting policy of property and plant.

#### 4.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are account for as separate items (major components) of property, plant and equipment.

Subsequent costs, the cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:-

Building and building improvements	10-20 Years
Machineries and spare parts	5-10 Years
Furniture, fixtures and office equipment	3-10 Years
Vehicles	5 Years
Other	5 Years

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

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Transferred from owner-occupied property to investment property is stated at carrying amount of the property transferred at the date of the change in use.

#### 4.9 Intangible asset

Intangible assets are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of that asset. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows :-

Computer softwares	5 Years
Deferred expenses	10 Years

#### 4.10 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.



Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

#### 4.11 Impairment

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in. An impairment loss is recognized when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

Impairment loss is recognized as expenses in profit or loss immediately.

##### Calculation of recoverable amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit and its value in use.
- In assessing value in use of an asset, the estimated future cash flows are discounted to their present value which using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment loss

- The loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation of net realizable value changes since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

## 4.12 Trade and other payables

Trade and other payables are stated at cost

## 4.13 Employee benefit

Short-term employee benefits

- The Group is recognized salary, wage, bonus, and social security fund are expenses on date when the transactions occur.

Post-employment benefits (Defined benefit plans)

- The Group has obligations in respect of the severance payments then must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.
- The Group calculated its obligations from post employment benefits by using projected unit credit method. The independent expert has actuarially estimated such obligations, where the principle of such estimation requires various assumptions, including future salary increase rate, turnover rate, death rate, and inflation rate.
- Actuarial gains or losses arising from post-employment benefits are recognized in other comprehensive income in the period in which they arise.
- Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

## 4.14 Recognition of revenues

- 4.14.1 Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

- 4.14.2 Revenues from service is recognized when service are provided.
- 4.14.3 Revenue from construction services comprises the initial amount of revenue as agreed in the contract and income from the additional work as agreed in the quotation, which is recognized based on the percentage of completion method. The percentage of completed is determined by surveying the percentage of completed physical construction work compared to all construction work in accordance with the contract by the construction supervisor engineer. In the event that there is a certain possibility that the total cost of the project exceeds the contract revenue value The Company will recognize such loss immediately in profit or loss. The recognized revenues per the percentage of completion method which have not yet been due have been shown under the caption of “Unpaid work value”. Unrecognized income based on per percentage of completion method but payment under the contract have been show under the caption of “Advances received from construction” in the statements of financial position.
- 4.14.4 Interest and other income are recognized on an accrual basis.
- 4.15 Recognition of expenses
  - 4.15.1 Expenses are recognized on an accrual basis.
  - 4.15.2 Payments made under operating leases are recognized on a straight-line basis over the term of lease.
  - 4.15.3 Financial costs such as interest expenses and similar costs are charged to profit loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

#### 4.16 Income tax

Income tax comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

##### Current income tax

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

### Deferred tax

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 4.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) attributable to shareholders of the Company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

Diluted earnings(loss) per share are calculated by net income for the years attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares.

#### 4.18 Foreign currencies

Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the year-end date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in profit or loss.

#### 4.19 The related persons and related companies

The related persons and related companies with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related persons or related companies also meant the associated companies and the persons whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

#### 4.20 Segment reporting

The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

#### 4.21 Financial instruments

Financial assets were shown in the statements of financial position composed of cash and cash at banks and trade and other receivables. Financial liabilities were shown in the statements of financial position composed of trade and other payables. The accounting policy of each item would be disclosed in separated items.

#### 4.22 Fair value measurement

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

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

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

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

## 5. Inter-transaction with related companies

The Company has business transactions with subsidiary and related entities, which have the same group of shareholders or mutual directors. Such transaction which have been concluded on commercial terms and based agreed up on between the company and related parties and are in ordinary course of business which can be summarized as follow :-

### 5.1 Inter-assets and liabilities

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other receivables				
CIG Development Co., Ltd.	-	-	-	9,618
Accrued income				
CIG Development Co., Ltd.	-	-	1,000	9,000
Siam Railway Development Co., Ltd.	-	-	1,000	-
Total	-	-	2,000	9,000
Accrued interest receivable				
CIG Development Co., Ltd.	-	-	7,166,051	4,193,547
Siam Railway Development Co., Ltd.	-	-	428,787	28,932
C.I.G. (Thailand) Co., Ltd.	-	-	69,411	-
Fakwanti Co., Ltd.	2,278,065	305,002	2,278,065	305,002
Total	2,278,065	305,002	9,942,314	4,527,481



(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans				
C.I.G. (Thailand) Co., Ltd.				
Beginning balance	-	-	250,000	250,000
Addition	-	-	21,000,000	-
Repayment	-	-	(250,000)	-
Ending balance	-	-	21,000,000	250,000
CIG Development Co., Ltd.				
Beginning balance	-	-	10,761,500	2,761,500
Addition	-	-	11,500,000	8,000,000
Ending balance	-	-	22,261,500	10,761,500
Siam Railway Development Co., Ltd.				
Beginning balance	-	-	8,250,000	-
Addition	-	-	29,750,000	8,250,000
Ending balance	-	-	38,000,000	8,250,000
Fakwantip Co., Ltd.				
Beginning balance	18,000,000	10,000,000	18,000,000	10,000,000
Addition	14,000,000	15,525,412	14,000,000	15,525,412
Repayment	(18,000,000)	(7,525,412)	(18,000,000)	(7,525,412)
Ending balance	14,000,000	18,000,000	14,000,000	18,000,000
Total	14,000,000	18,000,000	95,261,500	37,261,500

As at December 31, 2018 and 2017, the short-term loans to related companies for the whole amount is in promissory notes form 12 month and at call and interest is carried by the rate of 1.50%-15.00% per annum for the both years.

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Long-term loans				
CIG Development Co., Ltd.				
Beginning balance	-	-	182,500,000	183,500,000
Repayment	-	-	-	(1,000,000)
Ending balance	-	-	182,500,000	182,500,000
<u>Less</u> Allowance for doubtful account	-	-	(80,440,777)	(50,000,000)
Net	-	-	102,059,223	132,500,000

On July 15, 2016, the subsidiary has signed new loan agreements amount of Baht 184.00 million because it was unable to made repayment under the original loan agreement with amount of Baht 183.06 million, consisting of a principal amount of Baht 175.90 million, accrued interest receivable amount of Baht 7.16 million as part of the principal (calculated until June 30, 2016) and an additional loan of Baht 0.94 million for working capital. The repayments under the terms of the contract by period of three months from August 31, 2016 to June 30, 2031, bearing interest rate at 1.50% per annum.

As at December 31, 2018 and 2017, the subsidiary was unable to made repayment above conditions. The management considerations allowance for doubtful loan amount of Baht 80.44 million and Baht 50.00 million respectively.

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other non-current liabilities				
CIG Development Co., Ltd.	-	-	3,000	3,000

## 5.2 Inter-revenues and expenses

(Unit : Baht)

		<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
		<u>For the year ended December 31,</u>			
	<u>Pricing policy</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Inter-transaction with subsidiaries</b>					
(Eliminated from consolidated financial statements)					
Rental income	Contract price	-	-	24,000	23,000
Interest income	The rate to the promissory note	-	-	3,466,347	2,907,070
Purchase of spare parts	Agreement price	-	-	-	62,501
Doubtful accounts	Estimated of the uncollectability	-	-	30,440,777	-
<b>Inter-transaction with associate</b>					
Interest income	The rate to the promissory note	2,206,438	2,684,472	2,206,438	2,684,472

## 5.3 Director and Management benefit expenses

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term benefits	2,885,000	2,865,000	2,885,000	2,865,000

Director and Management benefit expenses represent the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange Act.

## 5.4 Relationship among the companies

Consisted of :-

<u>Company's Name</u>	<u>Relationship</u>
C.I.G. (Thailand) Co., Ltd.	Subsidiary company by shareholding and common management
CIG Development Co., Ltd.	Subsidiary company by shareholding and common management
Siam Railway Development Co., Ltd.	Subsidiary company by shareholding and common management
Fakwantip Co., Ltd.	Associate company of the subsidiary

6. Cash and cash equivalent items

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	344,688	339,492	170,180	288,591
Savings deposits	8,405,360	9,688,055	3,217,106	6,877,249
Current deposits	98,387	98,217	47,387	47,216
Fixed deposits	30,669	33,183	30,669	33,183
FCD deposits	8,321,961	21,246,202	8,321,961	21,246,202
Cheque on hand	3,457,292	515,146	3,457,292	515,146
Total	20,658,357	31,920,295	15,244,595	29,007,587

7. Temporary investments

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Marketable trading securities		
Aggregate cost	1,960,000	1,960,000
<u>Less</u> Provision for investments adjustment	(1,300,000)	(1,300,000)
<u>Less</u> Allowance for investments impairment	(660,000)	-
Net	-	660,000

As at December 31, 2017, one security of investments in marketable trading securities (listed company) which has cost amount of Baht 1.96 million and has provision for diminution in investments amount of Baht 1.30 million and has net value amount of Baht 0.66 million (closing price as at August 15, 2016). As at December 31, 2018, there was no bid price to measure its fair value due to that listed company has not submitted the financial statements on time. Therefore it has been suspended trading by The Stock Exchange of Thailand and it may be delisted according to The Stock Exchange of Thailand's Regulations. However, the Company set up the allowance for investments impairment in the whole amount.

8. Trade and other receivable

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables-other parties	211,588,059	207,997,662	206,448,964	207,504,877
Notes receivables	2,742,480	3,324,356	2,242,480	3,324,356
Total trade and notes receivables	214,330,539	211,322,018	208,691,444	210,829,233
<u>Less</u> Allowance for doubtful accounts	(25,115,858)	(21,473,842)	(20,115,858)	(21,238,666)
Total trade and notes receivables-net	189,214,681	189,848,176	188,575,586	189,590,567
Other receivables-related parties	-	-	-	9,618
Other receivables-other parties	634,377	437,763	354,377	6,186
Accrued income-related parties	-	-	2,000	9,000
Accrued income-other parties	32,877	337,825	-	337,825
Accrued interest receivable-related parties	2,278,065	305,001	9,942,314	4,527,481
Accrued interest receivable-other parties	453,053	62,773	429,628	62,772
Prepaid expenses	3,497,364	2,543,136	3,207,625	2,468,035
Deposits to supplier	1,101,547	7,740,636	1,101,547	7,740,636
Other	2,036,782	7,265,320	2,005,502	2,265,320
Total other receivables	10,034,065	18,692,454	17,042,993	17,426,873
<u>Less</u> Allowance for doubtful accounts	-	(5,000,000)	-	-
Total other receivables-net	10,034,065	13,692,454	17,042,993	17,426,873
Total trade and other receivables	199,248,746	203,540,630	205,618,579	207,017,440

As of December 31, 2018 and 2017, The trade account receivables, value of Baht 58.21 million and Baht 28.58 million respectively, were transfer the right of collection to a company in the note to financial statements No.20. The Company still be responsible on this trade account receivable, if the liquidation is default.

Trade and notes receivables were classified by aging as follows :-

(Unit : Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Notes receivables	2,742,480	3,324,356	2,242,480	3,324,356
Trade receivables				
Within credit term	128,986,755	149,425,907	128,920,407	149,015,922
Overdue				
- Not over 3 months	54,799,427	33,409,476	54,743,251	33,326,676
- Over 3 months but not over 6 months	726,124	2,628,102	713,553	2,628,102
- Over 6 months but not over 12 months	1,659,895	6,342,417	1,655,895	6,342,417
- Over 12 months	25,415,858	16,191,760	20,415,858	16,191,760
Total	214,330,539	211,322,018	208,691,444	210,829,233
Less Allowance for doubtful accounts	(25,115,858)	(21,473,842)	(20,115,858)	(21,238,666)
Net	189,214,681	189,848,176	188,575,586	189,590,567

The normal credit term granted to customers of the Group is 30-120 days.

The movement of allowance for doubtful accounts-trade and other receivable-other parties for the year ended December 31, 2018 and 2017, were as follows :-

(Unit : Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(26,473,842)	(18,339,317)	(21,238,666)	(17,972,476)
Additions during the year	(2,291,390)	(8,134,525)	(2,291,390)	(3,266,190)
Collect during the year	2,154,195	-	2,154,195	-
Written off during the year	1,495,179	-	1,260,003	-
Ending balance	(25,115,858)	(26,473,842)	(20,115,858)	(21,238,666)

Management of the Group believes that the allowance for doubtful accounts recorded as sufficient in the circumstances present.

9. Default payment of loan to other person

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Principal	26,882,892	26,882,892
Accrued interest income	12,027,397	12,027,397
Total	38,910,289	38,910,289

The Company has loan to other person amounting to Baht 92.03 million (principal amounting to Baht 80.00 million and accrued interest receivable amounting to Baht 12.03 million) which the borrower has mortgaged land and construction in Phuket province as collateral. The appraised value of the collateral is Baht 110.00 million (as appraisal report dated March 25, 2010). In addition, the borrower has handed over 450,000 common shares of a company that operates a hotel business in Phuket province as additional collateral. Due to the borrower default payment, the Company filed lawsuits against the borrower in court. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate; the debtor's personal assets shall be forced sale after on. Since March 2010, the Company has filed to execute the enforcement of the assets confiscation. On November 14, 2013, the Company entered into the bidding of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60.00 million. In August 2014, the Company registered the receipt of the land and construction and recorded in the "Investments Property" account. For the balance of the loan amount of Baht 38.91 million, the Company has been following up the confiscation of other personal assets of the debtor which is condominium units and land.

The handed-over common shares of a company as collateral have been kept under the custody of the Company's lawyer for confiscation after other personal assets, condominium units and two pieces of land, of the debtor have been confiscated.

In May 2016, the Central Bankruptcy Court has ordered receivership the debtor and on July 15, 2016, the Company has filed the requisition for repayment from the debtor's assets amount Baht 87.34 million.

On February 20, 2017, the officer has announced the auction of the debtor' land and some of land have been sold by the auction on April 20, 2017 amount of Baht 1.81 million, the Company doesn't receive money.



On August 1, 2017, the official receiver has called the first creditors' meeting, but the debtor did not apply for reimbursement to the official receiver in any way. The official receiver reported to court and asked the court to order the debtor to be bankrupted on September 5, 2017.

The above factors cause the Company unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. However, the Company has ceased to record the interest received from the loan of Baht 80.00 million as from January 1, 2010, and will recognize the amount exceeding the accrued interest receivable as income in the period that the Company receives the payment.

#### 10. Inventories

Consisted of :-

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials	122,446,974	130,566,074	122,355,569	130,566,074
Goods in process	7,138,033	9,959,327	7,138,033	9,959,327
Finished goods	23,383,051	26,602,151	23,383,051	26,471,431
Goods in transit	12,255,326	17,739,002	12,255,326	17,739,002
Supplies	5,160,722	5,130,625	4,985,488	4,982,751
Raw materials for transfer	25,125,426	4,354,689	25,125,426	4,354,689
Total	195,509,532	194,351,868	195,242,893	194,073,274
<u>Less</u> Allowance for decline in value of inventories	(16,126,506)	(16,220,865)	(16,126,506)	(16,220,865)
Net	179,383,026	178,131,003	179,116,387	177,852,409

Movements of allowance for decline in value of inventories for the years ended December 31, 2018 and 2017 as follows :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance as at January 1,	(16,220,865)	(17,148,507)	(16,220,865)	(17,104,278)
Reversal for decline in value of inventories in the year	94,359	927,642	94,359	883,413
Ending balance as at December 31,	(16,126,506)	(16,220,865)	(16,126,506)	(16,220,865)

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of inventories recognized as an expense and is included in cost of goods sold account				
- Cost of sales and services	942,320,940	753,034,403	913,839,243	733,845,885
- Reversal from decline in value of inventories	(94,359)	(927,642)	(94,359)	(883,413)
Net	942,226,581	752,106,761	913,744,884	732,962,472

## 11. Investments in subsidiaries

As at December 31, 2018 and 2017, the Company had investments in subsidiaries were as follows :-

	<u>Separate financial statements</u>							
<u>Name of company</u>	<u>Paid-up</u>		<u>% Share</u>		<u>Cost method</u>		<u>Dividend</u>	
	<u>share capital</u>		<u>holding</u>		<u>As at December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
- C.I.G. (Thailand) Co., Ltd.	54,000	53,000	99.98	99.98	53,985,000	52,985,000	-	-
- CIG Development Co., Ltd.	100,000	100,000	99.97	99.97	146,547,841	146,547,841	-	-
- Siam Railway Development Co., Ltd.	1,000	1,000	99.97	99.97	999,700	999,700	-	-
Total					201,532,541	200,532,541	-	-
<u>Less</u> Allowance for impairment loss					(170,976,182)	(146,547,841)		
Net					30,556,359	53,984,700		

### C.I.G. (Thailand) Co., Ltd.

On January 23, 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 has decided to call for additional capital increase of 10 Baht per share from originally 30 Baht per share; which sums up to 40 Baht per share for 100,000 shares. The total amount was 1,000,000 Baht which was paid up by shareholders in January 2018.

### CIG Development Co., Ltd.

On February 6, 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 of De Lamai Co., Ltd decided to change its name from 'De Lamai Co., Ltd' to 'CIG Development Co., Ltd'. CIG Development Co., Ltd was registered with the Ministry of Commerce on February 14, 2018.

Siam Railway Development Co., Ltd.

On January 16, 2018, the Company invested in 9,997 common shares of Siam Railway Development Co., Ltd, valuing 999,700 Baht or 99.97% of total shares

For the year ended December 31, 2018, The Company determining impairment of investment in C.I.G. (Thailand) Co., Ltd and Siam Railway Development Co., Ltd, since the recoverable amount is lower the value of investment, which the cost of investment, which is subsidiary company has loss from operate.

Movement of allowance for investments impairment for the years ended December 31, 2018 is as follows :-

	(Unit : Baht)
	<u>Separate financial statements</u>
Beginning balance	(146,547,841)
Increase during the year	(24,428,341)
Ending balance	<u>(170,976,182)</u>

12. Investments in associate

As at December 31, 2018 and 2017, the Group's investments in associates were as follows :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>			
	<u>Percentage of Shareholding(%)</u>		<u>Equity method</u>	
<u>Name of companies</u>	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fakwantip Co., Ltd.	29.67	-	46,582,733	-

Financial information of associate company

The financial information as presented in the financial statements of the Fakwantip Co., Ltd. were as follows:-

	(Unit : Baht)	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current assets	17,103,185	33,715,854
Non-current assets	447,168,832	460,533,230
Total assets	464,272,017	494,249,084
Current liabilities	(323,442,209)	(202,990,259)
Non-current liabilities	-	(125,921,540)
Total liabilities	(323,442,209)	(328,911,799)
Net assets	140,829,808	165,658,285

	(Unit : Baht)	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenue	90,349,008	416,386,204
Profit (loss) for the year	(68,334,477)	341,681,139
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(68,334,477)	341,681,139
Dividend received from associate for the year	-	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Fakwantip Co., Ltd. with recognize them gradually in the consolidated financial statements is as follow :-

	(Unit : Baht)
	<u>2018</u>
Net assets of the associate	140,829,808
<u>Less</u> Increase ordinary shares - C.I.G. (Thailand) Co., Ltd.	(17,802,000)
Advance payment for shares - other person	(26,025,000)
Net	97,002,808
Shareholding of the Group (%)	29.67
	28,780,733
Increase ordinary shares	17,802,000
Book value of the Group in associate	46,582,733

As at December 31, 2018 and 2017, the subsidiary has investment in Fakwantip Co., Ltd. amount of Baht 47.80 million and Baht 30.00 million respectively.

On November 17, 2016, the rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to consider the proposal for changing the plan for the commercial operation date not exceeding on January 2, 2017, and repayment to the creditors. The rehabilitation plan manager will send a report and explanation to the court.

On March 15, 2017, the Central Bankruptcy Court agreed with the restructuring plan according to the resolution of the official creditors' meeting.

On February 14, 2018, the rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to consider and order the cancellation of the rehabilitation plan of Fakwantip Co., Ltd., which on July 31, 2018 the Court had command out of rehabilitation plan of Fakwantip Co., Ltd.

According the resolution of the Extraordinary General Meeting of Shareholders No. 2/2018, The Fakwantip Co.,Ltd. (the associated) on September 10, 2018, the directors approved the increase registered capital and the amendment of the Company Memorandum of Association by issue new ordinary shares 150,000,000 shares, par value at Baht 1.00, total amount of Baht 150.00 million that categorized as follows:-

Periods 1<sup>st</sup> on September 20, 2018 amount of Baht 60.00 million.

Periods 2<sup>nd</sup> on November 20, 2018 amount of Baht 60.00 million.

Periods 3<sup>rd</sup> on December 20, 2018 amount of Baht 30.00 million.

During the year, Fakwantip Co.,Ltd received proceeds from the increasing share capital amount of 43.83 million shares is Baht 1.00 per which is total outstanding of Baht 43.83 million, The Company registered capital of the principal with the Ministry of Commerce. As a result, authorized share capital increasing of Baht 17.80 million and the remaining amount is recognized as advance payment for shares amount of Baht 26.03 million.

As at December 31, 2018, Fakwantip Co., Ltd. did not completely repay the debt in accordance with debt restructuring agreement rehabilitation plan. Fakwantip Co., Ltd. has classified the whole amount of liability under debt restructuring agreement to current liabilities caption.

13. Other long-term investments

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments in other company				
- Fakwantip Co., Ltd. (Note 12)	-	30,000,000	-	-
Fixed deposits with obligation	20,460,503	36,630,401	20,460,503	36,630,401
Total	20,460,503	66,630,401	20,460,503	36,630,401

The Company has pledged its deposit at bank as collateral for the repayment of loans and collateral for the issuance of bank guarantee of the Company in the note to financial statement No.32.1.

14. Investment property

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>			
	Land and Land improvement	Buiding and improvement	Building under construction	Total
Cost :-				
As at January 1, 2017	60,133,158	1,092,055	-	61,225,213
<b>Purchase</b>	-	-	-	-
As at December 31, 2017	60,133,158	1,092,055	-	61,225,213
<b>Purchase</b>	-	1,650,000	-	1,650,000
Transfer in from property, plant and equipment	36,173,774	-	49,183,420	85,357,194
Transfer in / Transfer out	(39,815,370)	39,815,370	2,940,000	2,940,000
As at December 31, 2018	56,491,562	42,557,425	52,123,420	151,172,407
Accumulated depreciation :-				
As at January 1, 2017	-	(123,460)	-	(123,460)
<b>Depreciation for the year</b>	-	(46,143)	-	(46,143)
As at December 31, 2017	-	(169,603)	-	(169,603)
<b>Depreciation for the year</b>	-	(4,059,406)	-	(4,059,406)
As at December 31, 2018	-	(4,229,009)	-	(4,229,009)
Net book value :-				
As at December 31, 2017	60,133,158	922,452	-	61,055,610
As at December 31, 2018	56,491,562	38,328,416	52,123,420	146,943,398
Depreciation in the statements of income for the year				
Ended December 31, 2017				46,143
Ended December 31, 2018				4,059,406

During the year, The Company transfer in from property, plant and equipment amount of Baht 85.36 million because change the purpose of used.

## 15. Property, plant and equipment

[illegible]



(Unit : Baht)

Separate financial statement							
	Land and land improvement	Building and building improvement	Machine and equipment	Furniture And office-equipment	Vehicles	Construction in progress	Total
Cost :-							
As at January 1, 2017	130,211,149	165,183,091	669,275,139	22,069,646	29,096,168	13,460,275	1,029,295,468
Purchase	-	1,296,861	11,783,582	648,420	-	29,269,715	42,998,578
Transfer in	-	-	944,390	-	1,468,458	-	2,412,848
Transfer out	-	-	-	-	(1,468,458)	(1,072,628)	(2,541,086)
Disposal/write off	-	(489,666)	(3,085,881)	(1,013,699)	-	-	(4,589,246)
Transfer out to non-current assets classified as held for sale	-	-	(1,260,492)	-	-	-	(1,260,492)
As at December 31, 2017	130,211,149	165,990,286	677,656,738	21,704,367	29,096,168	41,657,362	1,066,316,070
Purchase	8,061	71,387	23,512,127	1,539,598	684,386	15,363,799	41,179,358
Transfer in non-current assets classified as held for sale	-	-	12,176,659	-	-	-	12,769,659
Transfer in	638,550	89,302	3,251,219	-	-	-	3,979,071
Transfer out	-	-	-	-	-	(3,979,071)	(3,979,071)
Disposal/write off	-	(600,000)	(32,306,521)	(2,367,925)	(1,385,047)	-	(36,659,493)
Transfer out to investment properties	(36,173,774)	-	-	-	-	(49,183,420)	(85,357,194)
As at December 31, 2018	94,683,986	165,550,975	684,290,222	20,876,040	28,395,507	3,858,670	997,655,400
Accumulated depreciation :-							
As at January 1, 2017	-	(108,709,318)	(494,731,201)	(18,106,116)	(16,240,244)	-	(637,786,879)
Depreciation for the year	-	(7,905,238)	(42,674,219)	(1,834,017)	(4,842,222)	-	(57,255,696)
Transfer in	-	-	-	-	(842,308)	-	(842,308)
Transfer out	-	-	-	-	842,308	-	842,308
Transfer out to non-current assets classified as held for sale	-	-	1,220,547	-	-	-	1,220,547
Disposal/write off	-	462,967	2,601,636	991,297	-	-	4,055,899
As at December 31, 2017	-	(116,151,589)	(533,583,237)	(18,948,837)	(21,082,466)	-	(689,766,129)
Depreciation for the year	-	(7,575,590)	(38,204,544)	(1,401,810)	(4,631,672)	-	(51,813,616)
Transfer in non-current assets classified as held for sale	-	-	(10,642,803)	-	-	-	(10,642,803)
Disposal/write off	-	599,999	31,860,925	2,343,542	1,385,045	-	36,189,511
As at December 31, 2018	-	(123,127,180)	(550,569,659)	(18,007,105)	(24,329,093)	-	(716,033,037)
Allowance for impairment							
As at December 1, 2017	-	-	-	-	-	-	-
As at December 31, 2017	-	-	-	-	-	-	-
Transfer in non-current assets classified as held for sale	-	-	(290,241)	-	-	-	(290,241)
As at December 31, 2018	-	-	(290,241)	-	-	-	(290,241)
Net book value :-							
As at December 31, 2017	130,211,149	49,838,697	144,073,501	2,755,530	8,013,702	41,657,362	376,549,941
As at December 31, 2018	94,683,986	42,423,795	133,430,322	2,868,935	4,066,414	3,858,670	281,332,122

Depreciation in the statements of income for the year

Ended December 31, 2017	57,255,696
Ended December 31, 2018	51,813,616

- Consolidated financial statements and separate financial statements

As at Desember 31, 2018 The Company had land, property and machinery in the cost value of Baht 475.16 million and the book value of Baht 117.41 million and to be acquired in the future pledged for collateral against credit line to commercial banks and financial institutions in the note to financial statements No.19 and 32.1.

16. Deferred leasehold land

Consisted of :-

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Leasehold land-cost	22,644,207	32,270,526
<u>Less</u> Accumulated amortization	(11,694,807)	(14,286,116)
<u>Less</u> Allowance for impairment loss	-	(5,561,333)
Net	10,949,400	12,423,077

As at December 31, 2018 and 2017, leasehold recorded in the subsidiary amounting Baht 22.00 million is leases of land title deeds No. 7919 and 7920 Maret District, Koh Samui Surat Thani, amortized according to the duration of the leased contract for 26 years (June 2005 to June 2031).

As at December 31, 2017, the subsidiary canceled leasehold recorded in the subsidiary amounting Baht 10.27 million and amortized allowance for impairment loss amounting Baht 5.56 million, leases of land title deeds No. 24160 with the building of the Room Hotel, Bophut District, Koh Samui Surat Thani, amortized according to the duration of the leased contract for 20 years (January 2010 to December 2029). On December 22, 2017, the subsidiary has signed contract to sell the leasehold and assets. The buyer will start operating from January 1, 2018, totaling Baht 1,000,000, payment on the contract date of Baht 200,000. The remaining amount is paid monthly at Baht 100,000 per month for 8 months on the fifth day of the month. The first installment is start in February 5, 2018, onwards. The subsidiary received the payment of leasehold and assets the first installment in March 2018.

17. Intangible assets

Consisted of :-

(Unit : Baht)

	Consolidated financial statements			
	Computer program	Deferred expenses	Development program	Total
<b>Cost :-</b>				
As at January 1, 2017	26,630,585	451,000	-	27,081,585
Purchase	207,500	-	-	207,500
Disposal/write off	(120,000)	-	-	(120,000)
As at December 31, 2017	26,718,085	451,000	-	27,169,085
Purchase	1,797,513	-	2,050,000	3,847,513
As at December 31, 2018	28,515,598	451,000	2,050,000	31,016,598
<b>Accumulated amortization :-</b>				
As at January 1, 2017	(22,242,481)	(371,301)	-	(22,613,782)
Amortization expenses	(1,537,579)	(44,854)	-	(1,582,433)
Disposal/write off	91,392	-	-	91,392
As at December 31, 2017	(23,688,668)	(416,155)	-	(24,104,823)
Amortization expenses	(1,589,892)	(34,845)	-	(1,624,737)
As at December 31, 2018	(25,278,560)	(451,000)	-	(25,729,560)
<b>Book value net :-</b>				
As at December 31, 2017	3,029,417	34,845	-	3,064,262
As at December 31, 2018	3,237,038	-	2,050,000	5,287,038

**Amortization in the statement of income for the year**

Ended December 31, 2017	1,582,433
Ended December 31, 2018	1,624,737

(Unit : Baht)

	Separate financial statements		
	Computer program	Development program	Total
<b>Cost :-</b>			
As at January 1, 2017	25,736,720	-	25,736,720
Purchase	177,500	-	177,500
Disposal/write off	(120,000)	-	(120,000)
As at December 31, 2017	25,794,220	-	25,794,220
Purchase	1,372,838	2,050,000	3,422,838
As at December 31, 2018	27,167,058	2,050,000	29,217,058
<b>Accumulated amortization :-</b>			
As at January 1, 2017	(21,348,620)	-	(21,348,620)
Amortization expenses	(1,535,377)	-	(1,535,377)
Disposal/write off	91,392	-	91,392
As at December 31, 2017	(22,792,605)	-	(22,792,605)
Amortization expenses	(1,519,667)	-	(1,519,667)
As at December 31, 2018	(24,312,272)	-	(24,312,272)
<b>Book value net :-</b>			
As at December 31, 2017	3,001,615	-	3,001,615
As at December 31, 2018	2,854,786	2,050,000	4,904,786

**Amortization in the statement of income for the year**

Ended December 31, 2017	1,535,377
Ended December 31, 2018	1,519,667

18. Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2018 and 2017 were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	15,710,556	15,929,823	49,905,793	44,556,747
Deferred tax liabilities	-	-	-	-
Net	15,710,556	15,929,823	49,905,793	44,556,747

Movements in total deferred tax assets and liabilities for the year ended December 31, 2018 and 2017, were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	As at January 1, 2018	(Charged) / credited to statements of income (Note 27.1)	As at December 31, 2018	As at January 1, 2018	(Charged) / credited to statements of income (Note 27.1)	As at December 31, 2018
Deferred tax assets						
Temporary investments	260,000	132,000	392,000	260,000	132,000	392,000
Trade and other receivables	4,247,733	(224,561)	4,023,172	4,247,733	(224,561)	4,023,172
Inventories	3,244,173	(18,872)	3,225,301	3,244,173	(18,872)	3,225,301
Non-current assets classified as held for sale	82,990	(82,990)	-	82,990	(82,990)	-
Investment in subsidiaries	-	-	-	29,309,568	4,885,669	34,195,237
Property, plant and equipment	-	58,048	58,048	-	58,048	58,048
Employee benefit obligations	7,412,283	599,752	8,012,035	7,412,283	599,752	8,012,035
Tax losses carried forward for not more than five years	682,644	(682,644)	-	-	-	-
Total	15,929,823	(219,267)	15,710,556	44,556,747	5,349,046	49,905,793

(Unit : Baht)

	Consolidated financial statements				Separate financial statements			
	As at January 1, 2017	(Charged) / credited to statements of income (Note 27.1)	(Charged)/ credited to statements of comprehensive income (Note 27.2)	As at December 31, 2017	As at January 1, 2017	(Charged) / credited to statements of income (Note 27.1)	(Charged)/ credited to statements of comprehensive income (Note 27.2)	As at December 31, 2017
Deferred tax assets								
Temporary investments	260,000	-	-	260,000	260,000	-	-	260,000
Trade and other receivables	3,594,495	653,238	-	4,247,733	3,594,495	653,238	-	4,247,733
Inventories	3,420,856	(176,683)	-	3,244,173	3,420,856	(176,683)	-	3,244,173
Non-current assets classified as held for sale	80,037	2,953	-	82,990	80,037	2,953	-	82,990
Investment in subsidiaries	-	-	-	-	29,309,568	-	-	29,309,568
Employee benefit obligations	6,028,187	475,546	908,550	7,412,283	6,028,186	475,547	908,550	7,412,283
Tax losses carried forward for not more than five years	-	682,644	-	682,644	-	-	-	-
Total	13,383,575	1,637,698	908,550	15,929,823	42,693,142	955,055	908,550	44,556,747

As at December 31, 2018 and 2017, the consolidated financial statement, the Group had temporary difference mainly arising from the unutilized tax losses with consolidate financial statements Baht 283.18 million and Baht 140.13 million respectively, which have not been recognized as deferred tax assets in the statement of financial position. (because it is not probable that it will be able to utilize the tax benefit in the foreseeable future).

#### 19. Short-term loans from financial institutions

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Bank overdraft	24,751,261	10,905,729
Promissory note	20,000,000	50,000,000
Trust receipt	53,170,019	49,787,110
Total	97,921,280	110,692,839

As at December 31, 2018 and 2017, the Group held bank overdrafts, trust receipt, letters of credit and promissory note facilities from several financial institutions as mentioned in the note to financial statements No. 32.1 which bearing the interest rates at MOR, MOR-1, 4.00-7.42 per annum and MOR, MOR-1, 3.27-6.48 per annum respectively.

Such credit facility line is pledged by mortgaged register of land, property and machinery as mentioned in the note to financial statements No. 15. Furthermore, the benefit from the insurance of those assets was forfeited to the lenders. Also the Company and director of the Company jointly gave guarantees and under conditions of the trust receipt agreement. The company would receive imported goods by using credit facility from financial institution, thus the company has obligation to that financial institution for the value of imported goods, both being stored or already sold.

#### 20. Short-term laons from other parties

As at December 31, 2018 and 2017, factoring payables amount of Baht 52.00 million and Baht 25.72 million respectively, is loan from the transfer of claims in the account trade receivable according note to financial statements No. 8. To a factoring company and interest is carried by the rate at 5.50% per annum for the both years.

#### 21. Trade and other payables

Consisted of :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables	142,949,440	162,963,870	142,602,710	162,682,651
Post dated cheque	1,616,184	1,860,538	1,078,321	1,831,648
Accrued expenses	13,382,903	17,603,570	11,137,976	14,600,753
Advance received	71,396,932	14,750,029	66,375,024	14,130,253
Other payable	18,528,434	9,340,624	17,879,777	8,589,569
Total	247,873,893	206,518,631	239,073,808	201,834,874



## 22. Liabilities under financial lease agreement

Consisted of :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Liabilities under financial lease agreement	1,353,794	3,057,937
<u>Less</u> Deferred interest	(40,183)	(345,913)
Present value of financial lease agreement	1,313,611	2,712,024
<u>Less</u> Current portion	(1,292,611)	(1,476,943)
Net	21,000	1,235,081

The Company has future minimum lease payments required under the finance lease agreements were as follows:-

(Unit : Baht)

	<u>As at December 31, 2018</u>			<u>As at December 31, 2017</u>		
	Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payment	Interest	Present value of minimum lease payment
Within one year	1,332,686	(40,075)	1,292,611	1,704,144	(227,201)	1,476,943
After one year but within five years	21,108	(108)	21,000	1,353,793	(118,712)	1,235,081
Total	1,353,794	(40,183)	1,313,611	3,057,937	(345,913)	2,712,024

## 23. Employee benefit obligation

Employee benefit obligations were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning present value of the obligation	37,121,945	30,206,398	37,061,416	30,140,932
Current service cost	3,124,392	2,323,279	3,051,896	2,330,161
Interest cost	1,167,649	1,116,966	1,163,094	1,115,021
<u>Less</u> Benefit paid	(1,216,230)	(1,067,450)	(1,216,230)	(1,067,450)
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752
Ending present value of the obligation	40,197,756	37,121,945	40,060,176	37,061,416

Expenses recognized in statements of comprehensive income are shown collectively for the year ended December 31, 2018 and 2017 were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Recognized in profit or loss</u>				
Cost of sales and services	1,803,695	1,446,016	1,803,695	1,446,016
Administrative expenses	2,488,346	1,994,229	2,411,295	1,999,166
Total	4,292,041	3,440,245	4,214,990	3,445,182
<u>Recognized in other comprehensive income</u>				
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752

The principal assumptions used for the purposes of the actuarial valuation were as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.96%-3.32%	2.96%-3.32%	2.96%-3.08%	2.96%-3.08%
Average salary increase rate	2.94%-5.00%	2.94%-5.00%	2.94%-4.14%	2.94%-4.14%
Employee turnover rate	0-45 %	0-45 %	0-45 %	0-45 %
Retirement age	60 years old	60 years old	60 years old	60 years old

Assumptions on the future mortality rate hold to the publicly published statistic information. The discount rate is based on the interest rate of long-term government bonds which the maturity dates nearby maturity of the employee's remuneration debt.

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2561</u>	<u>2560</u>	<u>2561</u>	<u>2560</u>
Discount increase rate (0.50% movement)	1,217,106	1,235,227	1,206,078	1,230,396
Discount decrease rate (0.50% movement)	(1,312,268)	(1,329,565)	(1,300,001)	(1,324,169)
Future salary growth increase (0.50% movement)	(1,399,714)	(1,271,336)	(1,386,982)	(1,266,057)
Future salary growth decrease (0.50% movement)	1,307,432	1,192,074	1,295,899	1,187,294
Employee turnover increase rate (0.50% movement)	1,461,067	1,279,824	1,448,342	1,274,551
Employee turnover decrease rate (0.50% movement)	(1,533,909)	(1,343,772)	(1,519,709)	(1,337,885)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being published in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment which the Group have recorded the effect of the change by recognizing past service costs as expenses immediately in profit or loss of the period in which the law is effective.

The Group is currently assessing the impact of additional recognition of employee benefit obligations from the enforcement of such laws.

#### 24. Share capital

On April 24, 2017, the Ordinary General Shareholders' Meeting for 2017 was held and approved the resolutions as follows:-

- Approved to decrease of the Company's authorized share capital of Baht 648,576,474 to Baht 540,489,270 due to expired of warrant CIG-W5 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the decrease of authorized share capital.

The Company has registered the capital decrease with the Ministry of Commerce on May 3, 2017.

- Approved to increase of the Company's authorized share capital of 216,195,708 shares with a par value of Baht 0.50 per share, equal to Baht 108,097,854 to accommodate the exercise of CIG-W7 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the increase of authorized share capital.

The Company has registered the capital increase with the Ministry of Commerce on May 4, 2017.

- Approved issuance and allocation of the increased common stocks of not exceeding 216,195,708 shares with a par value of Baht 0.50 per share in accordance with the increase registered capital of the Company to accommodate the exercise of CIG-W7. It is assigned to the Board of Directors of the Company and/or the Authorized Directors and/or the person assigned by the Board of Directors of the Company and/or the Authorized Directors to have his power to consider and to determine remaining capital for unexercised warrants as seen appropriate.

## 25. Warrants

### CIG-W7 Warrants

Type of warrants	: Warrants No. 7 appropriated for the former shareholders of the Company (Warrants No. 7 or “CIG-W7”)
Number of warrants	: 216,915,708 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on April 3, 2017 and the Maturity Date is on February 14, 2019)
Exercise Price	: At Baht 2.00 per share (par value at Baht 1.00)
First exercise date	: June 30, 2017
Last exercise date	: February 14, 2019
Outstanding unit as at December 31, 2018	: 216,915,708 units

### CIG-W6 Warrants

Type of warrants	: Warrants No. 6 appropriated for the former shareholders of the Company (Warrants No. 6 or “CIG-W6”)
Number of warrants	: 216,912,158 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on May 11, 2016 and the Maturity Date is on May 30, 2018)
Exercise Price	: At Baht 1.50 per share (par value at Baht 1.00)
First exercise date	: June 30, 2016
Last exercise date	: May 31, 2018
Total warrants exercised	: 400 units

### Capital management

The primary objectives of the Group’s capital management is to maintain their ability to continue as a going concern, to maintain an appropriate capital structure, and to maintain ratio of debt to equity to not exceeding the compliance with the loan agreements.

As at December 31, 2018 and 2017, in the consolidated financial statements, the debt to equity ratio is 0.66 : 1 and 0.54 : 1 respectively, and separate financial statements debt to equity ratio is 0.59 : 1 and 0.47 : 1 respectively.

26. Expenses by nature

Consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changes in inventories of finished goods and work in process	(6,040,394)	(8,353,840)	(5,909,674)	(8,353,040)
Raw materials and consumables used	707,984,767	529,357,046	707,984,767	529,357,046
Management benefit expenses	2,885,000	2,865,000	2,885,000	2,865,000
Employee benefit expenses	235,323,900	223,656,292	222,388,821	213,952,354
Depreciation and amortization expenses	67,807,548	68,594,545	57,392,689	58,837,216
Loss from investments impairment	660,000	-	55,529,118	-
Transportation expenses	20,434,370	16,456,193	20,434,370	16,456,093
Sale promotion expenses	21,470,973	13,393,700	20,844,669	13,055,641
Utility expenses	13,400,242	13,424,759	12,194,492	12,102,074
Finance costs	8,843,918	6,983,245	8,843,918	6,982,464
Other operating expenses	69,819,038	68,510,434	48,276,022	95,836,091
Total	1,142,589,362	934,887,374	1,150,864,192	941,090,939

27. Income tax (revenues) expenses27.1 Income tax is recognized in profit or loss

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current tax expenses	-	169,424	-	169,424
Deferred tax expenses (Note 18)				
Movements in temporary differences	219,267	(1,637,698)	(5,349,046)	(955,055)
Income tax (revenues) expenses	219,267	(1,468,274)	(5,349,046)	(785,631)

27.2 Income tax is recognized in other comprehensive income

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Actuarial loss arising from defined benefit plan	-	4,542,752	-	4,542,752
Applicable tax rate	20%	20%	20%	20%
Income tax relevance with other comprehensive income	-	908,550	-	908,550

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2018 and 2017 as follows:-

	(Unit : Baht)			
	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(39,385,533)	(34,641,733)	(63,855,067)	(54,166,036)
Applicable tax rate	20 %	20 %	20 %	20 %
Accounting loss before tax multiplied by applicable tax rate	(7,877,107)	(6,928,347)	(12,771,013)	(10,833,207)
Tax effect of income and expenses that are not considered				
As income tax expense as follows:-				
Depreciation of cars worth more than 1 million Baht	167,904	167,850	167,904	167,850
Loss on devaluation of inventories	(18,872)	(176,683)	(18,872)	(176,682)
Loss from investments impairment	-	-	4,885,668	-
Loss from loans impairment	-	-	6,088,156	10,653,238
Employee benefit obligations	599,752	475,546	599,752	475,546
Tax losses not yet used	6,257,544	4,582,546	277,639	-
Other	870,779	2,048,512	770,766	(117,321)
Total	-	169,424	-	169,424
Changes in temporary differences	219,267	(1,637,698)	(5,349,046)	(955,055)
Income tax (revenues) expense reported in comprehensive income statement	219,267	(1,468,274)	(5,349,046)	(785,631)

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at December 31, 2018 and 2017, in accordance with the clarification issued by the FAP in 2012.

## 28. Loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the year

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the year (Unit : Baht)	(39,604,800)	(33,163,985)	(58,506,021)	(53,380,405)
The number of issued and paid-up ordinary shares				
(Unit : Shares)	864,786,382	864,786,382	864,786,382	864,786,382
Loss per share (Baht/share)	(0.0458)	(0.0383)	(0.0677)	(0.0617)

For the diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid-up is adjusted to assume conversion of all dilutive potential ordinary shares, which is calculated by the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of warrant would be considered to have been received from the issue of shares at fair value. The company has not show diluted loss per share for the year ended December 31, 2018, because the average fair price of the ordinary share is lower than the exercise price of the warrant.

## 29. Segment information

The Group are engaged in the business of manufacturing and distributing of air-conditioning and refrigeration units and parts, including maintenance , inspection services and construction services and hotel business profit (loss) on each type of business arises from total sales less cost of sales and selling and administrative expenses of each business.

The information on business sector operation of the Group were as follows :-

(Unit : Baht)

Consolidated financial statements				
For the year ended December 31, 2018				
	Air-conditioning products and parts	Construction services	Hotel services	Total
Local revenues from sales and services	560,802,846	129,827,334	17,314,500	707,944,680
Export revenues from sales and services	382,445,761	-	-	382,445,761
Total	943,248,607	129,827,334	17,314,500	1,090,390,441
Cost of sales and services	(795,259,476)	(119,858,379)	(27,108,726)	(942,226,581)
Gross profit (loss) by segment	147,989,131	9,968,955	(9,794,226)	148,163,860
Non-allocation expenses				(191,518,863)
Loss from operations				(43,355,004)
Other incomes				14,032,655
Finance costs				(8,843,918)
Share of loss on investment in associate				(1,219,267)
Income tax expenses				(219,267)
Loss for the year				(39,604,800)
Other comprehensive income				-
Total comprehensive income				(39,604,800)
Fixed assets				427,580,201
Center fixed assets				753,785,092
Total assets				1,181,365,293



(Unit : Baht)

Consolidated financial statements  
For the year ended December 31, 2017

	Air-conditioning products and parts	Construction Services	Hotel services	Total
Local revenues from sales and services	502,884,316	22,138,184	15,713,670	540,736,170
Export revenues from sales and services	330,064,942	-	-	330,064,942
Total	832,949,258	22,138,184	15,713,670	870,801,112
Cost of sales and services	(712,944,000)	(19,964,970)	(19,197,791)	(752,106,761)
Gross profit (loss) by segment	120,005,258	2,173,214	(3,484,121)	118,694,351
Non-allocation expenses				(175,797,368)
Loss from operations				(57,103,017)
Other incomes				29,444,529
Finance costs				(6,983,245)
Income tax expenses				1,468,274
Loss for the year				(33,173,459)
Other comprehensive income				(3,634,202)
Total comprehensive income				(36,807,661)
Fixed assets				502,274,120
Center fixed assets				651,935,842
Total assets				1,154,209,962

For the year ended December 31, 2018 and 2017, the Group's major customers are worth higher than 10% of the revenues from sale of two individual amount of total sales of Baht 484.16 million and three individual amount of total sales of Baht 515.79 million respectively.

### 30. Financial instruments

#### Policy on financial risk management

The Group possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Group will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Group has no policy to hold or issue any financial instruments for speculation or for trading.

Risk on credit provision

The Group obtain risk from credit provision in relation to trade accounts receivable mostly derived from sales and service of clients. However, the Group hold the conservative policy in providing credit. Furthermore, the numbers of debtors of the Group are several thus the Group does not expected the material damage from debt collection.

Risk on interest rate

The Group's risk on interest rates is derived from the change of the market interest rates in the future, which affect upon the Group Companies's operating result and cash flow. However, the Group manage the interest rate risks by applying various instruments including the allocation of the investments at fixed and floating interest rates appropriately to suit the various activities of the Group with the following details:-

(Unit : Baht)

Consolidated financial statements						
As at December 31, 2018						
	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	8,405,360	12,252,997	20,658,357	0.04-1.10
Short-term loans to related parties	14,000,000	-	-	-	14,000,000	1.50-15.00
Short-term loans to other party	6,200,000	-	-	-	6,200,000	15.00
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	199,248,746	199,248,746	-
Total	20,200,000	-	8,405,360	250,412,032	279,017,392	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	20,000,000	-	77,921,280	-	97,921,280	0.00-7.42
Short-term loans from other parties	51,998,728	-	-	-	51,998,728	5.50
Liabilities under finance lease agreement	1,292,611	21,000	-	-	1,313,611	0.62-4.77
Trade and other payable	-	-	-	247,873,893	247,873,893	-
Total	73,291,339	21,000	77,921,280	247,873,893	399,107,512	

(Unit : Baht)

## Consolidated financial statements

As at December 31, 2017

	Fixed interest rate		Floating interest bearing	Non interest bearing	Total	Interest rate
	Within	Interest rate				
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	9,688,055	22,232,240	31,920,295	0.04-1.25
Short-term loans to related parties	18,000,000	-	-	-	18,000,000	1.50-15.00
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	203,540,630	203,540,630	-
Total	18,000,000	-	9,688,055	264,683,159	292,371,214	

**Financial liabilities**

Short-term loans from financial institutions	50,000,000	-	60,692,839	-	110,692,839	0.00-7.42
Short-term loans from other parties	25,723,638	-	-	-	25,723,638	5.50
Liabilities under finance lease agreement	1,476,943	1,235,081	-	-	2,712,024	0.62-4.77
Trade and other payable	-	-	-	206,518,631	206,518,631	-
Total	77,200,581	1,235,081	60,692,839	206,518,631	345,647,132	

(Unit : Baht)

## Separate financial statements

As at December 31, 2018

	Fixed interest rate		Floating interest bearing	Non interest bearing	Total	Interest rate
	Within	Interest rate				
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	3,217,106	12,027,489	15,244,595	0.04-1.10
Short-term loans to related parties	95,261,500	-	-	-	95,261,500	1.50
Default payment of loan to other person	-	-	-	38,910,289	38,910,289	-
Trade and other receivable	-	-	-	205,618,579	205,618,579	-
Long-term loans to related parties	-	102,059,223	-	-	102,059,223	1.50
Total	95,261,500	102,059,223	3,217,106	256,556,357	457,094,186	

**Financial liabilities**

Short-term loans from financial institutions	20,000,000	-	77,921,280	-	97,921,280	0.00-7.42
Short-term loans from other parties	51,998,728	-	-	-	51,998,728	5.50
Liabilities under finance lease agreement	1,292,611	21,000	-	-	1,313,611	0.62-4.77
Trade and other payable	-	-	-	239,073,808	239,073,808	-
Total	73,291,339	21,000	77,921,280	239,073,808	390,307,427	

(Unit : Baht)

## Separate financial statements

As at December 31, 2017

	Fixed interest rate		Floating	Non	Total	Interest
	Within	Interest rate	interest bearing	interest bearing		rate
	1 year	2 to 5 years				
<b>Financial assets</b>						
Cash and cash equivalent items	-	-	6,877,249	22,130,338	29,007,587	0.04-1.25
Short-term loans to related parties	37,261,500	-	-	-	37,261,500	1.50
Default payment of loan to other person	-	38,910,289	-	-	38,910,289	-
Trade and other receivable	-	-	-	207,017,440	207,017,440	-
Long-term loans to related parties	-	132,500,000	-	-	132,500,000	1.50
Total	37,261,500	171,410,289	6,877,249	229,147,778	444,696,816	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	50,000,000	-	60,692,839	-	110,692,839	0.00-7.42
Short-term loans from other parties	25,723,638	-	-	-	25,723,638	5.50
Liabilities under finance lease agreement	1,476,943	1,235,081	-	-	2,712,024	0.62-4.77
Trade and other payable	-	-	-	201,834,874	201,834,874	-
Total	77,200,581	1,235,081	60,692,839	201,834,874	340,963,375	

Risk on exchange rate

Regarding risk on exchange rates of the Group, mainly involves with sell goods and purchase of raw materials under the foreign currencies as at December 31, 2018 and 2017, the Group obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

Consolidated/Separate financial statementsAs at December 31, 2018As at December 31,2017

<u>Currency (Unit : Thousand)</u>	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
USD	1,920	2,430	3,203	3,774
AUD	11	-	61	-
EUR	-	-	-	1

### Fair value hierarchy

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Group's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

### 31. Fair value measurement

As of December 31, 2018 and 2017, the Group had the assets which measured and disclosed fair value using different levels of inputs as follows:

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2018</u>				<u>As at December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 14)	-	-	235.69	235.69	-	-	127.70	127.70

### 32. Obligation and contingent liabilities

Apart from liabilities reflected in the statement of financial position as at December 31, 2018 and 2017, the Group held other obligations as follows:-

#### 32.1 Obligation of credit lines for loans from financial institutions were as follow :-

	<u>Currencies</u>  (Unit : Million)	<u>Consolidated / Separate financial statements</u>					
		<u>As at December 31, 2018</u>			<u>As at December 31, 2017</u>		
		<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Letters of guarantee	Baht	197.46	129.36	68.10	38.30	38.30	-
Letters of credit and trust receipt	USD	135.00	92.60	42.40	105.00	49.79	55.21
Bank overdrafts	Baht	30.00	24.75	5.25	25.00	10.91	14.09
Short-term loans	Baht	20.00	20.00	-	50.00	50.00	-

The above credit facilities are guaranteed by the collaterals as mentioned in the note to financial statements No. 13 and 15.

32.2 As at December 31, 2018 and 2017, the Company has capital expenditure commitment for the purchase of machinery and equipment contract amount of Baht 5.00 million and Baht 9.27 million respectively.

32.3 As at December 31, 2017, the subsidiary company has capital expenditure commitment for the purchase of land contract amount of Baht 23.58 million.

32.4 As at December 31, 2018 and 2017, the Group has obligations as a operating lease, the term of agreements generally are 3 to 12 years. Future minimum lease payments required under these lease contracts were as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within 1 year	1,543,500	480,000	480,000	480,000
Over 1 and up to 5 years	1,924,900	760,000	280,000	760,000
Total	3,468,400	1,240,000	760,000	1,240,000

### 33. Approval of financial statements

These financial statements have been approved for issuance by C.I.GROUP PUBLIC COMPANY LIMITED authorized directors on February 26, 2019.



## Company Profile

<b>Company Name</b>	C.I.Group Public company Limited
<b>Initial</b>	CIG
<b>Business Type</b>	Produce parts, coils, for all heat exchanger products such as air-condition, refrigeration, heat pump, air handling unit and etc, for both export and local market
<b>Registration Number</b>	0107547000133
<b>Registered Capital</b>	648,576,474 Bahts (As of December 31, 2018) Paid up capital 432,393,391.00 Bahts Par value 0.50 Baht per share
<b>Head Office</b>	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290-9 Fax : 0-2976-5023
<b>Branch Office</b>	789/75 Moo 1 Pinthong Industrial Estate Nong-Kham, Sriracha, Chonburi Tel : 0-3829-6920-4 Fax : 0-3829-6919
<b>Branch Office</b>	526/1-3 Moo 3 Soi. Than Phu Ying, Thepharak Rd., Thepharak, Muang Samutprakan 10270 Tel : 0-2758-3034-6 Fax : 0-2758-3085
<b>Home Page</b>	<a href="http://www.coilinter.com">http://www.coilinter.com</a>

### REFERRED PERSONS

<b>Share Registrar</b>	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Din Daeng, Bangkok 10400 Tel : 0-2009-9000 Fax : 0-2009-9991
<b>Auditor</b>	consider Mr. Ampol Chamnongwat, Miss Praphasri Leelasupha, Mr. Naris Saowalagsukul, CPA Registration No.4663, 4664 and 5369 respectively or other CPAs, who are in list of approved auditors by the office of SEC. of Sam Nak-Ngan A.M.C. Co.,Ltd. Sam Nak-Ngan A.M.C. Co.,Ltd. 191 Silom Complex Bldg., 19 <sup>th</sup> FL, 4 <sup>th</sup> Unit, Silom Rd., Silom, Bangrak Bangkok 10500 Tel. : 0-2231-3980-7



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**SUBSIDIARY COMPANIES**


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<b>Company Name</b>	C.I.G Development Co., Ltd. (changed from De Lamai Co., Ltd.)
<b>Business Type</b>	Services business: hotel and auctions on construction contractor
<b>Registration Number</b>	0845547005846
<b>Registered Capital</b>	100,000,000.00 Bahts (as of December 31, 2015) Paid up capital 100,000,000.00 Bahts
<b>Head Office</b>	1/1 Moo.7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290-9 Fax : 0-2976-5023
<b>Branch Office</b>	71/4-9 Moo 4 Maret Koh Samui, Suratthani Tel : 0-7791-3250 Fax : 0-7791-3255
<b>Website</b>	<a href="http://www.samayabura.com">http://www.samayabura.com</a>

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<b>Company Name</b>	CIG (Thailand) Co., Ltd.
<b>Business Type</b>	Produce and sell air-condition and all other refrigeration parts
<b>Registration Number</b>	0135554002471
<b>Registered Capital</b>	60,000,000.00 Bahts (as of December 31, 2018) Paid up capital 54,000,000.00 Bahts
<b>Head Office</b>	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290 (Auto 10 lines) Fax : 0-2976-5023, 0-2598-2332

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<b>Company Name</b>	Siam Railway Development Co., Ltd.
<b>Business Type</b>	Railway repairing center
<b>Registration Number</b>	0135560001243
<b>Registered Capital</b>	1,000,000.00 Bahts (as of December 31, 2018) Paid up capital 1,000,000.00 Bahts
<b>Head Office</b>	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290 (Auto 10 lines) Fax : 0-2976-5023, 0-2598-2332



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