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รายงานประจำปี 2562

บริษัท สตาร์ค คอร์ปอเรชั่น จำกัด (มหาชน)

Stark Corporation Public Company Limited



Message from the Chairman

Stark Corporation Public Company Limited (“STARK”) is considered a newcomer to The Stock Exchange of Thailand in July, 2019 which a Holding company. The subsidiary company that STARK’s 99% holding is Phelps Dodge International (Thailand) Co., Ltd. (“PDITL”) and PDITL as a main business that drive STARK’s business successfully. PDITL is a leader in wire and cable market on Top Major in Thailand, PDITL also focus on quality and safety which is high quality product and globally recognized. PDITL has strong experience and driving long – term business more than 40 years ago and then STARK held shares and entered to the Stock Exchange of Thailand, It is worth keep every close an eye on the all investors.

In the year 2019, despite the internal and external economic fluctuations every business has been affected by the economic downturn that caused some businesses to slow down. But STARK still continues to move the business forward with the acquisition of assets and connected transaction on acquisition and acceptance of entire business transfer in Adisorn Songkhla Co., Ltd. (“Adisorn”) which the key business operations of manpower services and engineering services that helps STARK strengthen to be even stronger.

In the year 2020, around the world must face the situation of the spread of the virus Covid-19 since the beginning of the year, which aggravated the economy even more sluggish. But STARK Continue to develop all products and services to business expansion continuously. In March, 2020 the Company and its subsidiary company acquire shares in Thinh Phat Cables Joint Stock Company (“Thipha Cables”) and Dong Viet Non-Ferrous Metal And Plastic Joint Stock Company (“Dovina”) When PDITL combined with Thipha Cables and Dovina we are ASEAN's top manufacturer of wires and cables.

Finally, on behalf of the board of the directors, executives and all employees, I would like to thank you and committed to our mission to maintain organization and create secure growth steadily sustainably for the future and will give pride and deliver sustainable value to all stakeholders with our vision “To be ultra-competitive in everything we do”.

- Mr. Chanin Yensudchai -

(Mr. Chanin Yensudchai)

Chairman

Stark Corporation Public Company Limited

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Business Operation

1 Policy and Business Overview

1.1 Business Overview

Stark Corporation Public Company Limited (“**STARK**” or “**Company**”) conducts business by means of a holding company and has a subsidiary operating the main business, namely Phelps Dodge International (Thailand) Limited (“**PDITL**”). PDITL was founded on June 4, 1968 and commenced the first production at Samrong Plant. At the beginning, PDITL was a joint-stock company between major electric wire manufacturing companies in Thailand and Phelps Dodge Group of the United States of America. With regard to Phelps Dodge Group of the United States of America, it conducts a major copper mine business in the United States of America and was founded in 1834 making a total period of more than 180 years.

In 1987, PDITL jointly established a company named Thai Copper Rod Company Limited (“**TCR**”) in the proportion of 20.00 percent of the issued and fully paid ordinary shares. It is a joint-stock company between PDITL and other manufacturers and distributors of electric cable in Thailand. In this regard, TCR conducts a service business in casting and rolling copper wire for a group of electric wire manufacturers.

In 2015, Phelps Dodge Group of the United States of America sold the investment abroad, and Team A Holding 2 Company Limited (“**TAH2**”), of which the main shareholder was Mr. Wanarat Tungkarawakun, bought the shares of PDITL in the proportion of 75.66 percent of the issued and fully paid ordinary shares at that time. In addition, the Board and all of the executives of PDITL were also changed to be Thai executives in such year. However, PDITL still kept their personnel with experience, knowledge and expertise in the electric wire business, and developed the existing and new personnel to be able to keep up with technology at all times.

Nowadays, PDITL is the manufacturer and distributor of various kinds of electric wire for the world market by having a business network that connects with production bases and offices in several regions, including Asia, Africa, and etc. PDITL’s products are regarded as the most significant components in other industries, such as real estate, construction, petrochemical, as well as devices for communication, telecommunication, and etc. Additionally, the important previous projects, of which PDITL was the distributor and service provider, include Mahanakhon Building, Terminal 21 Korat, Ideo Q Sam Yan, BITEC 2, Assumption University Bang Na Campus, Electricity Sub-Station Project which is in cooperation with Provincial Electricity Authority, Electricity Sub-Station Project at Kolkata, India, and etc.

1.2 Vision, Mission and Operational Goal

STARK has a goal for organizational development at present and in the future for continuous and sustainable success. In this regard, STARK foresees the competition which may increase inside and outside the country. Hence, STARK focuses on the research and development of products and services, personnel development to

be prepared for changes in the industry, as well as studying new products that can support the main business for sustainable growth.

With regard to PDITL, it is the number 1 leader in electric wire and cable manufacturing technology that aims at placing importance on quality and safety which will lead to highly efficient products that are acceptable within Thailand and abroad around the world.

Vision

“To be ultra-competitive in everything we do”

1.3 Key Development of STARK

STARK (formerly known as Siam Inter Multimedia Public Company Limited (“SMM”) was established in 1990 with 1,000,000 baht of registered capital divided into 10,000 shares, each with a par value of 100 baht per share. In 2003, the Company converted into a public company. In 2005, the Company registered with Security Exchange of Thailand (“SET”) and it was approved an initial public offering (IPO) with 240,000,000 baht of registered capital divided into 240,000,000 shares, each with a par value of 1 baht per share. Thereafter, The Board of Directors’ Meeting of SMM No. 5/2018 on December 21, 2018 was resolved to grant approval regarding the Company’s business restructuring as follows:

- It was resolved to grant approval to propose the Shareholders’ Meeting to consider approving the Company’s business restructuring by way of partial business transfer, namely, book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses of any form, including assets, liabilities only in respect of trade accounts receivable, any other unconditional loans from creditors or financial institutions and personnel relating to such business (the “Current Business”) to a subsidiary to be newly established to accept transfer of the Current Business.
- It was resolved to grant approval to propose the Shareholder’s Meeting to consider approving the acquisition and acceptance of the entire business transfer according to the entire business transfer plan between STARK and TAH2 including the execution of the Entire Business Transfer Agreement, other documents relating to the acquisition and acceptance of the entire business transfer from TAH2 which is the acquisition and disposition of assets and connected transactions.
- It was resolved to grant approval to propose the Shareholders’ Meeting to consider approving the Company’s registered capital decrease by 80,757,550 baht from the current registered

capital of 403,968,555 baht to be 323,211,005 baht by cancelling 80,757,550 shares at the par value of 1 baht per share.

- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the Company's registered capital increase by 22,500,000 baht from the current registered capital of 323,211,005 baht to be 22,823,211,005 baht by issuing not exceeding 22,500,000,000 newly issued ordinary shares at the par value of 1 baht per share, divided into
 - (1) Not exceeding 21,500,000,000 shares at the par value of 1 baht per share as payment for the Entire Business Transfer Transaction to TAH2, and
 - (2) Not exceeding 1,000,000,000 shares at the par value of 1 baht per share for private placement to Mr. Rewin Petaibunlue and/or a legal entity in which Mr. Rewin Petaibunlue is holding more than 99 percent of its shares, and Mr. Nattapong Sittaworarat and/or a legal entity in which Mr. Nattapong Sitaworarat is holding more than 99 percent of its shares.
- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the issuance and allocation of not exceeding 22,500,000,000 newly issued ordinary shares at the par value of 1 baht per share at the offering price of 0.60 baht per share, totaling 13,500,000,000 baht for private placement, divided into
 - (1) Allocation of not exceeding 21,500,000,000 newly issued ordinary shares at the par value of 1 baht as payment for the Entire Business Transfer Transaction to TAH2, and
 - (2) Allocation of not exceeding 1,000,000,000 baht newly issued ordinary shares at the par value of 1 baht per share by way of private placement to Mr. Rewin Petaibunlue and/or a legal entity in which Mr. Rewin Petaibunlue is holding more than 99 percent of its shares; and Mr. Nattapong Sitaworarat and/or a legal entity in which Mr. Nattapong Petaibunlue is holding more than 99 percent of its shares.
- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the change of the Company's name, securities abbreviation and corporate seal from SMM to STARK.

Whereas, the foregoing resolutions were considered and approved by the Extraordinary General Shareholders' Meeting of SMM No.1/2019.

After the Company's business restructuring, TAH2 transferred the entire business to STARK, and STARK operates as holding company with an investment in subsidiaries. The key subsidiary is PDITL which STARK hold 99.28 percent of PDITL's issued and paid-up shares. Therefore, the key development of STARK can refer to a significant development of PDITL as follows:

Year	Situation
1968	- PDITL was established with 44,000,000 baht of registered capital operating as manufacture of electronic and electric wires and cables. PDITL initially started its production at Samrong Plant.
1987	- TCR was established by PDITL and other manufacturer of electronic and electric wires and cables. PDITL held 20.00 percent of TCR's issued and paid-up shares operating as manufacture of basic copper and copper products.
1992	- PDITL moved its manufacturing base from Samrong Plant to Bang Phli Plant.
1993	- PDITL started to produce vertical continuous vulcanization (VCV) at Bang Phli Plant. Currently, PDITL was the first and sole manufacturer in Thailand who brought VCV technology to produce wires and cables. Such technology could produce extra high voltage cables (EHV) up to 245 kV
1995	- PDITL was the first company who received an ISO 9001 quality management system certification from British Approvals Service for Cables (BASEC).
1999	- PDITL extended its manufacturing base by establishment of an additional manufacturing base located in Rayong Province in order to produce low voltage cables. Rayong Plant received an ISO 9002 certificate from DQS Underwriters Laboratories ("UL").
2000	- PDITL received an ISO 9001 quality management system from UL and Management System Certification Institute ("MASCI") as well as received an ISO 14001 Environment Management from UL.
2001	- Bang Phli Plant received OHSAS 18001:1999 occupational health and safety management certification from UL.
2002	- Bang Phli and Rayong Plants received ISO 9001:2000 from UL and MASCI.
2003	- Rayong Plant received ISO 14001 and OHSAS 18001 from UL.
2005	- PDITL was the winner of Chairman's Award 2005 on Safety, Occupational Health for large factory since the company obtained the best safety statistic.
2009	- PDITL received the best maintenance of standard award from Thai Industrial Standards Institute.
2013	- Rayong Plant received the capacity for flame test laboratory award as ISO/IEC 17025 standard.
2015	- Phelps Dodge Group of the United States of America restructured the investment in overseas. Hence, TAH2 acquired PDITL from Phelps Dodge Group of the United

Year	Situation
	States of America with initial shareholding proportion of 75.66 percent of issued and paid-up shares. - Board of Director’s member and management team were changed to be Thais.
2017	- PDITL was the first company who started to provide High Voltage Mobile Testing Unit Service or Mobile AC Resonance Onsite Test Service.
2018	- The resolution of the Extraordinary Shareholders’ Meeting of PDITL No. 1/2018 on December 26, 2018 was approved the company’s registered capital increase from 44,000,000 baht to 400,000,000 baht consisting of 356,000 newly issued ordinary shares at the par value of 1,000 baht. - TAH2 held 99.28 percent of PDITL issued and paid-up shares.
2019	- The resolution of the Board of Directors’ Meeting of PDITL No. 3/2019 on June 27, 2019 was approved the appointment the following persons as the Audit Committee: .1Dr. Songpope Polachan Chairman of Audit Committee .2M.L. Peputtchai Benyabadhana Member of Audit Committee 3 .Mr. Kusol Sangkananta Member of Audit Committee

On June 14, 2019, The Company has obtained permission to offer the newly issued ordinary shares by way of private placement from the SEC Office and SET.

On July 8, 2019, The Company has obtained approval from SET for the Company's relisting of its ordinary shares as listed securities on SET. Mr. Nattapong Sitaworarat, private placement investor, had no intention to subscribe the newly issued ordinary shares of the Company.

On July 9, 2019, The Company has received the payment of the allocation of newly issued ordinary shares of 22,166,666,666 shares, with the par value of 1 baht per share, the allocation price of 0.60 per share which total of 13,300,000,000 baht. The payment consist of the payment by entire business transfer of TAH2 in the amount of 12,900,000,000 and the payment by cash in the amount of 400,000,000 baht from private placement investor. In this regard, the Company registered change of its paid-up capital from 323,211,005 baht to be 22,489,877,671 baht with Department of Business Development, Ministry of Commence.

On July 9, 2019, The Board of Directors' Meeting of SMM No. 9/2018 has the significant resolutions as follows:

- It was resolved to acknowledge of the Company's directors and to appoint the Company's directors as follows:

- | | | |
|-----------------|----------------|----------|
| 1. Mr. Chanin | Yensudchai | Chairman |
| 2. Mr. Vonnarat | Tangkaravakoon | Director |

3.	Mr. Chinawat	Assawapokee	Director
4.	Mr. Sathar	Chantrasettalead	Director
5.	Mrs. Thanyarat	Sittanavithan	Director
6.	Dr. Songpope	Polachan	Independent Director and Chairman of the Audit Committee
7.	M.L. Peputtchai	Benyabadhana	Independent Director and Member of the Audit Committee
8.	Mr. Kusol	Sangkananta	Independent Director and Member of the Audit Committee

- It was resolved to approve the change of names and number of the authorized signatory directors to act on behalf of the Company to be in line with the appointment of the new director and Article 32 of the Company's Articles of Association.
- It was resolved to approve the appointment of the Company Secretary to be Mr. Sathar Chantrasettalead, with the effective date as at July 10, 2019 including approve to be an authorized person to notify or disclose the information as required by SET.
- It was resolved to approve the additional branch office location of the Company, namely "No. 518/5, Maneeya Center Building 16th Floor, Ploenchit Road, Lumpinee, Pathumwan, Bangkok"
- It was resolved to approve the Company's organization and appoint the following person to be the executives of the Company:

1.	Mr. Nirouth	Jeakvanthanyoo	Chief Executive Officer
2.	Mr. Sathar	Chantrasettelead	Chief Financial Officer
3.	Mr. Kittisak	Jitprasertngam	Chief Commercial Officer
4.	Mr. Phichet	Lochanachit	Chief Technology Officer
5.	Mr. Nirouth	Jeakvanthanyoo	Chief Human Resource Officer (Acting)
6.	Mr. Seree	Yootanawaraporn	Chief Operation Officer (Acting)

- It was resolved to appoint the Company's Nomination and Compensation Committee and to approve a charter of the Nomination and Compensation Committee, The list of the Nomination and Compensation Committee is as follows:

1.	Mr. Kusol	Sangkananta	Chairman of Nomination and Compensation Committee
2.	M.L. Peputtchai	Benyabadhana	Nomination of Compensation Committee
3.	Mr. Chinawat	Assawapokee	Nomination of Compensation Committee

On July 10, 2019, The Company has duly registered the change of the Company's name and seal, and such amendments with the Department of Business Development, Ministry of Commerce.

On July 22, 2019, SET has changed the Company name and symbol from Siam Inter Multimedia Public Company Limited ("SMM") to be Stark Corporation Public Company Limited ("STARK") on SET website.

On July 25, 2019, SET has changed the Company's industry and sector from services and media & publishing to be industrials and industrial materials & machinery.

On August 15, 2019, The Company has completed the disposition of investment in SMM Plus Limited to The Best Book Company Limited in a value of 350,000,000 baht.

Mrs. Thanyarat Sittanavithan resigned from the director position of the Company, with effect from August 16, 2019. In this regard, the Board of Directors consists of the following directors:

- | | | |
|--------------------|------------------|---|
| 1. Mr. Chanin | Yensudchai | Chairman |
| 2. Mr. Vonnarat | Tangkaravakoon | Director |
| 3. Mr. Chinawat | Assawapokee | Director and Nomination of Compensation Committee |
| 4. Mr. Sathar | Chantrasettelead | Director Chief Financial Officer and Company Secretary |
| 5. Dr. Songpope | Polachan | Independent Director and Chairman of the Audit Committee |
| 6. Mr. Kusol | Sangkananta | Independent Director, Member of Audit Committee and Chairman of Nomination and Compensation Committee |
| 7. M.L. Peputtchai | Benyabadhana | Independent Director, Member of Audit Committee and Member of Nomination and Compensation Committee |

On August 28, 2019, The Board of Directors' Meeting of STARK No. 3/2019 has the significant resolutions, namely the reduction of the Company's registered capital, the reduction of the par value of the shares, the reduction of the number of the Company's directors from 12 to 9 directors, amendment of the Articles of Association of the Company having details as follows:

- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the reduction of the Company's registered capital by 333,612,099 baht from 24,626,422,010 baht to be 24,626,422,010 baht by cancelling 333,333,334 authorized but unissued ordinary shares with a par value of 1.00 baht per share, which were issued to accommodate the newly issued ordinary shares for private placement, and 278,765 authorized but unissued ordinary shares with a par value of 1.00 baht per share, remaining from the allocation by way of right offering and oversubscription and amendment of the total amount of the amendment of the Memorandum of Association of the Company in order to be in line with the reduction of the Company's registered capital.
- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the reduction of the Company's registered capital by 9,960,052,064 baht from 24,293,088,676 baht to

14,332,922,319 baht and from the paid-up capital of 22,489,877,671 baht to be 13,269,027,826 baht by changing the par value of shares from 1.00 baht per share to be 0.59 baht per share to compensate for the Company's accumulated loss in order to main the existing number of 22,489,877,671 share and amendment of the Memorandum of Association of the Company to be in line with the reduction of the Company's registered capital.

- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the reduction of the number of the Company's directors from 12 to 9 directors.
- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the amendment of the Articles of Association of the Company.

On September 26, 2019, The Company moved its Head Office from 459 Soi Ladprao 48, Ladprao Road, Samsennok, Huai Khwang, Bangkok 10310 to 518/5 Maneeya Center Building 16th Floor, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330.

On September 30, 2019, The Company received the payment for the newly issued ordinary shares of 1,322,932,240 shares which equal to 1,322,932,240 baht from the Company's existing shareholders. In this regard, the Company registered the change of the paid-up capital registration with the Department of Business Development.

On September 30, 2019, The Board of Directors' Meeting No. 5/2019 has the significant resolutions as follows:

- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the amendment of the decrease of registered capital by cancelling authorized but unissued ordinary shares in the amount of 333,612,099 baht and the amendment of the Memorandum of Association of the Company in order to be in line with the reduction of the Company's registered capital.
- It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the amendment of the total amount of the decrease of registered capital by changing the par value in order to be in line with the number of the decrease of paid-up capital of the Company after the issuance and allocation of the newly issued ordinary shares offered to existing shareholders in proportion to their shareholding from 24,292,809,911 baht to be 14,049,557,847.49 baht by changing the par value of the shares from 1.00 baht per share to be 0.59 baht per share and the amendment of the Memorandum of Association of the Company in order to be in line with the reduction of the Company's registered capital.
- It was resolved to propose the Shareholders' Meeting to consider approving the Company to acquire and accept the entire business transfer of Pinwheel 2 Company Limited, and the execution of the Entire Business Transfer Agreement, other agreements and documents relating

to the acquisition and acceptance of the entire business transfer, which constitute a transaction on acquisition of assets and a connected transaction and to maintain the remaining long term load with the related companies.

On October 21, 2019, The Extraordinary Shareholders' Meeting No. 2/2019 has the significant resolutions as follows:

- It was resolved to approve the reduction of the Company's registered capital by 333,612,099 baht from the existing registered capital of 24,626,422,010 baht to be 24,292,809,911 baht by cancelling 333,333,334 authorized but unissued ordinary shares with a par value of 1.00 baht per share, which were issued to accommodate the newly issued ordinary shares for the private placement, and 278,765 unsubscribed newly issued ordinary shares with a par value of 1.00 baht per share, remaining from the allocation to the subscriber who over-subscribed (oversubscription) and the amendment of the Memorandum of Association of the Company to be in line with the reduction of the Company's registered capital.
- It was resolved to approve the reduction of the Company's registered capital by 9,960,052,064 baht from 24,292,809,911 baht to be 14,332,757,847.49 baht, and from the paid-up registered capital of 23,812,809,911 baht to be 14,049,557,847.49, by changing the par value of shares from 1.00 baht per share to be 0.59 baht per share to compensate for the Company's accumulated loss, In order to maintain the existing number of 23,812,809,911 shares and the amendment of the Memorandum of Association of the Company to be in line with the reduction of the Company's registered capital.
- It was resolved to approve the reduction of the number of the Company's directors from 12 to 9 directors.
- It was resolved to approve the amendment of the Company's Articles of Association.

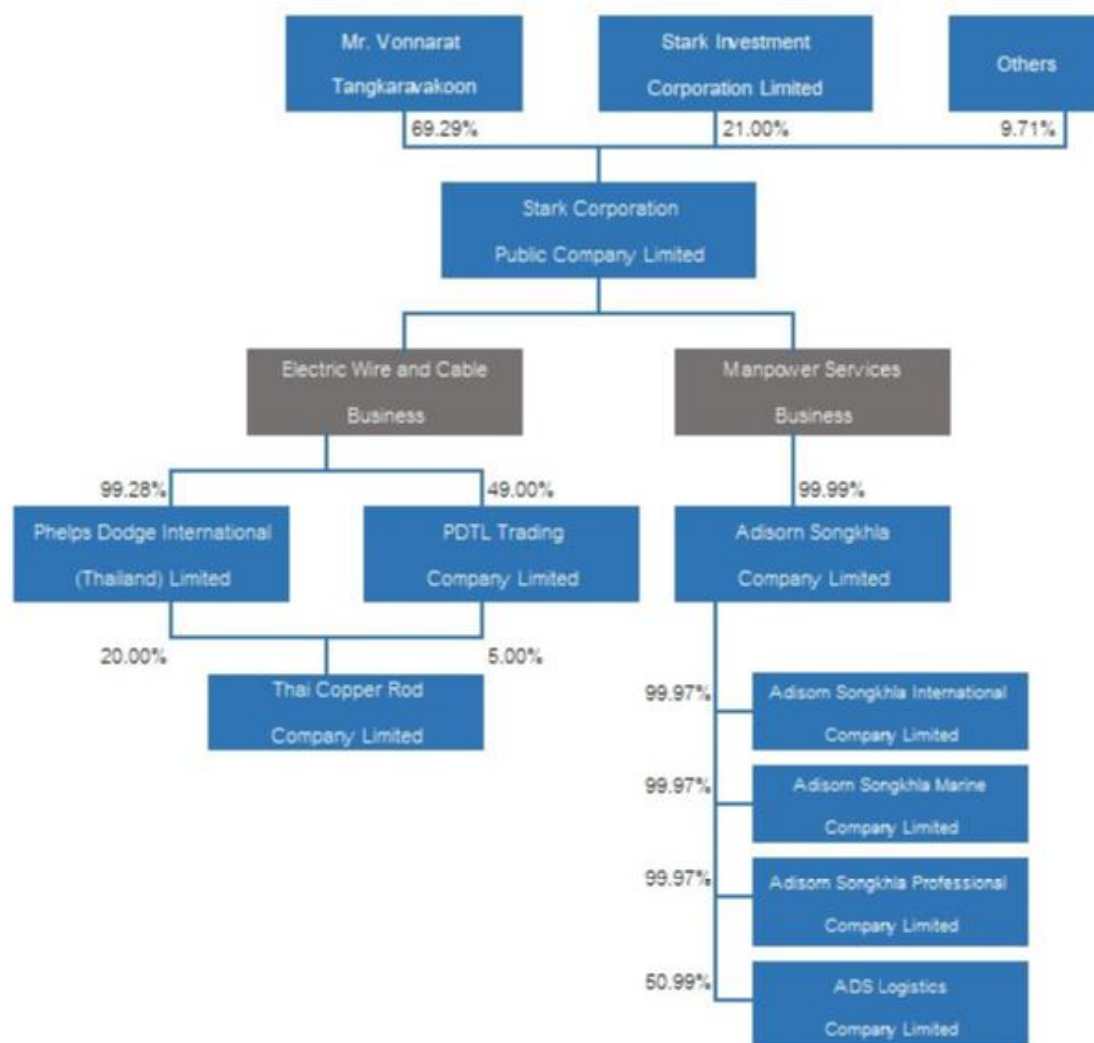
On November 29, 2019, the Extraordinary Meeting of Shareholders No. 3/2562 resolved to approve the purchase and receipt of the transfer of all businesses between the Company and Pinwheel 2 Company Limited ("Pinwheel 2"), as well as enter into an agreement for the transfer of all businesses, other agreements and documents in relation to the purchase and receipt of such transfer of all businesses which were asset acquisition transactions and connected transactions, and remaining long-term loans accrued with related businesses, including the ordinary shares of 109,998 shares (at the par value of 1,000 Baht per share) in Adisorn Songkhla Company Limited ("Adisorn") (calculated at 99.99 percent of the registered and fully paid shares of Adisorn). In this regard, the Company would pay the compensation for the transfer of all businesses in cash amounting to 1,550,000,000 Baht to Pinwheel 2. Whereas Adisorn and its related businesses had long-term loans in an approximate value of 1,059,000,000 Baht, the shareholders of Pinwheel 2 agreed to proceed with the related

businesses to repay the long-term loans accrued to Adisorn in the amount of no less than 500,000,000 Baht. For the remainder of the long-term loans accrued, the related businesses would repay such loans to Adisorn within the second quarter of 2020. On December 25, 2019, the Company received the transfer of such businesses and registered the dissolution of Pinwheel 2.

On December 23, 2019, STARK completely registered the reduction of the company registered capital in the amount of 9,960,052,063.51 Baht. As a result, the registered capital was reduced from 24,292,809,911 Baht to 14,332,757,847.49 Baht. In addition, the paid-up registered capital was reduced by 9,762,252,063.51 Baht from 23,812,809,911 Baht to 14,049,557,847.49 Baht by means of change in par value from 1.00 Baht per share to 0.59 Baht per share, with outstanding shares equivalent to 23,812,809,911 shares with the Department of Business Development, the Ministry of Commerce.

On 25 December 2019, STARK's Board of Directors' Meeting No. 7/2562 resolved to propose at the Shareholders' Meeting for consideration of approval of the purchase of shares of Thinh Phat Cables Joint Stock Company ("Thipha Cables") and Dong Viet Non-Ferrous Metal and Plastic Joint Stock Company ("Dovina"), which were established according to the laws of Socialist Republic of Vietnam, in the proportion of 100 percent of all ordinary shares of Thipha Cables and Dovina. In this regard, STARK, subsidiary and/or STARK's subsidiary to be newly established had a total value of share purchase and sales not exceeding 240,000,000 USD, as well as entering into agreements, contracts and documents related to such investment ("**Transaction of Share Purchase and Sale**").

1.4 STARK's Key Development



Nature of Business

2 Nature of Business

2.1 Revenues

Revenues of STARK for the fiscal year ended in 2018 and 2019 are as follows:

Details	For the Fiscal Year Ended			
	December 31, 2018		December 31, 2019	
	Million Baht	%	Million Baht	%
Revenues	12,007.50	100.00	11,759.67	100.00
1. Revenue from sales	10,420.00	86.78	10,149.58	86.31
2. Revenue from rendering services	1,382.66	11.51	1,330.57	11.31
3. Rental income	51.81	0.43	48.70	0.41
4. Interest income	71.14	0.59	68.67	0.58
5. Gain on foreign exchange rate - net	72.11	0.60	151.97	1.29
6. Other income	9.77	0.08	10.19	0.09

2.2 Nature of Product and Service

2.2.1 Electric Wire and Cable Business

Product

PDITL's electric wire product can be briefly categorized by type according to the following details.

1. Electric Wire for Current Supply and Distribution System

- 1.1 Bare Electric Wire
- 1.2 Medium Voltage Electric Wire
- 1.3 High and Extra High Voltage Electric Wire

2. General Electric Wire

- 2.1 Electric Wire for General Building
- 2.2 Low Voltage Electric Wire
- 2.3 Telephone Line
- 2.4 Fire Resistant Cable and Flame Restardant Cable

High Voltage Mobile Testing Unit

PDITL is the service provider of High Voltage Mobile Testing Unit pursuant to International Electrotechnical Commission (IEC) Standard which is a technology from Germany. It is the first and only service provider in the country for high voltage mobile test at an actual operating site, such as electricity sub-station or the customer's building, and etc. In this regard, the aforementioned service can help examine the quality of high voltage electric wire installed in such service facility after the completion of installation or construction for whether it has a current leakage or fault in electric wire structure that may occur during the installation or construction. A break, fracture and bending potentially occur during the installation, since the electric wire is dragged while installing which results in internal and/or external damage. In addition, it can identify the approximate coordinates of such leakage and fault. This test will help the customer reduce the risks that may consequently occur, such as the explosion of electric wire, leakage of high voltage electric wire, and etc. As a result, the project's customer can be assured that the installation of the electric wire will be of highest efficiency and safety for the user.







High Voltage Mobile Testing Truck pursuant to IEC Standard, a Technology from Germany





Important Previous Projects

PDITL distributes and provides the service relating to the electric wire to projects of the Electricity Generating Authority of Thailand, Provincial Electricity Authority, Metropolitan Electricity Authority, TOT, Siemens, Airports of Thailand, and etc. Furthermore, PDITL is a part of important projects inside and outside the country by acting as electricity manufacturer and distributor to the projects.

- | | |
|------------------------|--|
| 1. Mae Moh Power Plant |  |
|------------------------|--|



<p>2. PTT LNG Receiving Terminal Expansion – Phase II</p>	 A photograph of the PTT LNG Receiving Terminal Expansion – Phase II, showing several large green storage tanks situated along a waterfront under a clear blue sky.
<p>3. Mahanakhon Building</p>	 A photograph of the Mahanakhon Building, a tall skyscraper with a unique, stepped design, illuminated at night against a city skyline.
<p>4. BITEC 2</p>	 A photograph of the BITEC 2 building, a modern structure with a large glass facade, illuminated at night, with several flags flying in front.
<p>5. ABAC Bangna</p>	 A photograph of the ABAC Bangna building, a large, modern structure with a prominent clock face on its facade, viewed through an archway.

<p>6. Terminal 21 Korat</p>	
<p>7. Ideo Q Sam Yan</p>	
<p>8. 132 kV Sub-station Project, Kolkata, India</p>	
<p>9. Blueport Huahin</p>	

Procurement of Product or Service

Location of Office and Production Plant

With regard to the production and procurement of product for distribution of PDITL, the main part is operated from the head office, branch office and plant, totaling 3 places as follows:

1. Head Office / Bang Phli Plant, Samut Prakan Province	Address: No. 159, Village No. 10, Bang Pla 24 (Wat Rat Burana) Alley, Theparak Road, KM. 17, Bang Pla Sub-District, Bang Phli District, Samut Prakan Province, 10540 Area: 81 rai, 2 ngan, 3 square wah Bang Phli Plant has installed the furnace of aluminum raw material provided. However, it can produce both aluminum and copper conductive wire. Mostly, Bang Phli Plant emphasizes producing medium, high and extra high voltage electric wire.
2. Maneeya Branch Office	Address: No. 518/5, Maneeya Center, 16 th Floor, Phloen Chit Road, Lumpini Sub-District, Pathum Wan District, Bangkok
3. Rayong Provincial Plant	Address: No. 99, Village No. 4, Nikhom Phatthana Sub-District, Nikhom Phatthana District, Rayong Province, 21180 Area: 85 rai, 2 ngan, 72 square wah Rayong Provincial Plant has installed the furnace of copper raw material, and emphasizes producing the copper conductive wire. Mostly, Rayong Provincial Plant produces low voltage electric wire or small-sized electric wire, such as indoor electric wire, and etc.

Product procurement procedure includes details as follows:

1. Production Planning

When PDITL receives the purchase order from trading partner who is a product distributor or project's customer, such purchase order will be input to the production planning process. In this regard, the quantity and type of product under purchase order will be considered by comparing with the completed product in the warehouse. In case of insufficiency, the planning will be made for additional production.

Cable Design & Development (CDD) Department performs the design and development of electric wire, as well as prepare the Manufacturing Guide (MG) by considering the standard of electric wire in each type, and identifying the type of product quality testing plan, diameter of the copper and

aluminum conductive wire after the rolling, quantity of conductive wire for twisting, and type of plastic being used and its average thickness for wrapping.

Planning Department will then plan the production based on the MG to estimate the quantity of raw material in each type to be used in the production according to the standard usage, estimate the cost of raw material, identify the type and estimate the number of operational machines. After that, such estimation data will be compared to the remaining production capacity in each period of time at Bang Phli Plant and Rayong Provincial Plant while the Production Department will coordinate to spread the production order to each plant according to the remaining production capacity in such period.

2. Procurement of Raw Material

Regarding the procurement of raw material for production of project or addition production, the Procurement Department will receive the estimation data of the usage of raw material in each type from the Planning Department for considering the cost and comparison of suppliers in the vendor list.

The significant raw materials which are deemed the most proportion in the electric wire production include copper and aluminum. The general characteristics of the raw material supplier in the type of copper and aluminum are to conduct sales through the world's central market, known as London Metal Exchange ("LME"), in England. It is an advance commodity trading market of which the market price is subject to change based on the mechanism of demand and supply. Moreover, buyers and sellers will have a mutual agreement in relation to the delivery of raw material and time of product payment. In this regard, the determination of longer time of product payment may cause calculation of credit term which is a part of the raw material cost.

3. Production Process

The production process will take around 30 to 90 days depending on the type and complexity of electric wire structure, which can be categorized into 4 main procedures, including casting, rolling, twisting and wrapping as follows:

3.1 Casting

The main raw materials used for casting include copper cathode with 99.99-percent purity (LME Grade A), and aluminum ingot with 99.70-percent purity (EC Grade). In this regard, the copper cathode and aluminum ingot will be brought into the furnace to transform the solid state. After the copper cathode

and aluminum ingot are transformed into liquid, they will immediately be under the forming process into the line with square cross-section first.

3.2 Rolling

The copper or aluminum conductive wire will be rolled as the diameter determined for each type of product. Then, the quality test will be conducted, including conduction, inspection of roundness and surface condition of the copper or aluminum conductive wire, inspection of diameter as determined for each type of electric wire, elongation, and etc.

3.3 Twisting

Upon rolling process of the copper or aluminum conductive wire according to the required diameter, such conductive wire will be brought into the twisting machine. Each type of product may use different number of conductive wires to receive different current. After the twisting process, the conductive wire can have better flexibility and bending.

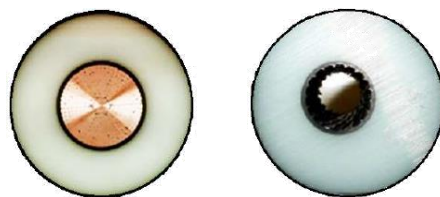
In addition, PDITL will perform the quality test pursuant to the quality plan, including elongation of the conductor after twisting, weight measurement per meter of the conductive wire after twisting, density examination, examination of twisting direction, examination of anti-tarnish agent for copper, and etc.

3.4 Wrapping

In terms of the wrapping of electric wire, plastic pellets, such as PVC or XLPE, and etc., will be used by putting into the electric wire wrapping machine which is set at an appropriate temperature in order to melt the plastic pellets. In this regard, such plastic pellets may be painted in primary colors based on the properties and application of each type of the electric wire. After that, the copper or aluminum conductive wire will be brought into the wrapping head, where the wrapping machine will inject the melted plastic to wrap around the conductive wire at the wrapping head. At this area, the conductive wire and plastic insulator will be welded. Next, the wire that is wrapped by the insulator will go through water to cool the plastic in order to become solid.

Furthermore, PDITL also applies Vertical Continuous Vulcanization (VCV) Technology in the insulator wrapping process of the high voltage electric wire. It is vertical wrapping and designed for wrapping XLPE insulator specifically for the high voltage electric wire. Since the insulator of the high voltage electric wire is large and heavy, it is difficult to wrap the insulator. Additionally, there is also a problem regarding gravity as the weight of the insulator will drop according to gravity. In this regard, the insulator wrapping with VCV Technology will make the electric wire insulator be located in the center

without tilting to one side. As a result, the electric wire will therefore be able to support the maximum voltage.



*Comparison between High Voltage Electric Wire Produced by VCV Technology (Left)
And High Voltage Electric Wire Not Produced by VCV Technology (Right)*

Upon completion of electric wire wrapping, there will be a quality assessment procedure prior to exporting from the production process which is 100-percent tested by the personnel of the Production Department and re-examined by the QC Department, such as inspection of the electric wire structure, inspection of the diameter of electric wire, weight loss test from the pre-weight of the plastic pellets by comparing with the post-weight after wrapping, inspection of the electric resistance and current leakage, inspection of air bubbles in electric wire, inspection of the surface condition of insulator and sheath, and the thickness of electric wire after wrapping the insulator and sheath, inspection of the direction, width and thickness of the wrapping tape (if any), and etc.

4. Quality Control Test

PDITL conducts the quality test of raw material and product in several forms as follows:

- Chemical Composition Analysis
- Metal Composition Analysis
- Material Test by Measuring the Calorific Value and Temperature of the Sample Agent and Comparing with the Standard Agent upon Physical or Chemical Change (Differential Scanning Calorimeter)
- Component Analysis of Agent's Chemical Structure by Infrared Wavelength (Fourier Transform Infrared Spectrometer or FT-IR)
- Stability Analysis of Material upon Receiving Heat by Measuring the Changing Weight of Material in each Temperature Range by Speed Scale and Agent Component Analysis (Thermo Gravimetric Analyzer)
- Tensile Strength Test
- Plastic Rheometer Test
- Plastic Melt Flow Index Test

- Aging Air Oven Test
- Karl Fischer Titrator Test
- Fire Resistance, Fire Retardant and Water Resistance for Indoor Fire Fighting Test
- Lightning Impulse Voltage Test of the High Voltage Electric Wire Up to 1,800 kV



5. Storage Process

When the product being produced passes the production process and quality assessment, the Warehouse and Transportation Department will receive it based on the quantity as indicated, and proceed with the wrapping of such product in order to prepare for the delivery according to the specified time.

In this regard, the product movement will be conducted by forklift according to the wheel size that is wrapped by the electric wire or based on the weight. The driver of such forklift shall be certified and obtain the license from PDITL's center prior to proceedings.

6. Delivery Process

PDITL performs product inspection prior to the delivery with such delivery under damage insurance that may occur during delivery. In addition, PDITL can also check the transportation status and location of all of the available delivery trucks with GPS system in order to ensure that the customer will receive the product according to standard and on the date and time as specified.

Production Capacity and Capacity Utilization Rate

Type of the Main Raw Material	2017	2018	2019
Copper Conductive Wire			
Full Production Capacity per Annum (Metric Ton)	30,000	30,000	30,000
Actual Production Quantity (Metric Ton)	17,670	20,314	23,118
Capacity Utilization Rate (Percent)	59	68	77
Aluminum Conductive Wire			

Type of the Main Raw Material	2017	2018	2019
Full Production Capacity per Annum (Metric Ton)	18,000	25,000	25,000
Actual Production Quantity (Metric Ton)	13,824	18,510	10,151
Capacity Utilization Rate (Percent)	77	74	41

Source of Significant Raw Material

In 2019, about 80 percent of raw materials used in the production by PDITL were imported from abroad through trading partners or major agents in Thailand, and most of them were suppliers of copper and aluminum. Additionally, about 20 percent of them were raw materials inside the country. In this regard, the source of main raw materials used in the production process by PDITL can be categorized into 2 types of raw materials as follows:

1. Electric Conductor

The significant raw materials include copper and aluminum, for which the cost of both raw materials refers to the central market price trading in London Metal Exchange (“LME”) in England. Most of them are imported from major suppliers of copper and aluminum from abroad according to the following standards.

Copper : 99.99-percent purity (LME Grade A)
 Aluminum : 99.70-percent purity (EC Grade)

2. Electric Insulator

The main electric insulators include “Polyvinyl Chloride” or “PVC”, “Polyethylene” or “PE”, and “Cross-Linked Polyethylene” or “XLPE”, which PDITL procures from entrepreneurs inside and outside the country according to the specified standards.

Industrial and Competitive Situation

1.1 Industrial Situation

In 2017, the electric wire and cable market worldwide was valued as 1.86 hundred thousand million USD or approximately 5.93 million Baht. In addition, Transparency Market Research and Grand View Research anticipate that the electric wire and cable market will grow at an average increase of 4.1 and 6.4 percent per annum, respectively, between 2018 to 2025. Such growth will make the market value be at 2.36 and 3.13 hundred thousand million USD or 7.52 and 9.97 trillion Baht in 2025, respectively. The factors supporting the growth of electric wire and cable market include increase of world population,

expansion of urban area, development of infrastructure, increase of electric energy demand in household and business sectors, increase of investment in smart grid, and etc.

In the past, the statistical data also indicated the growth of electric wire and cable market in the same direction as the growth of Gross Domestic Product or GDP. In this regard, International Monetary Fund (IMF) anticipates the value of worldwide GDP growth in 2019 at 3.7 percent, and the Southeast Asia (ASEAN-5), including Thailand, Malaysia, Indonesia, Philippines and Singapore, will have an average GDP growth of 5.2 percent in 2019. Such growth anticipation has the most value next to India (7.4 percent) and the Republic of China (6.2 percent). Therefore, the electric wire and cable market in the Southeast Asia will still have an opportunity for further expansion based on the related basic factors, such as the consumption of household and business sectors, the investment from private sector, the investment from public sector, and etc.

Additionally, the electric wire production and distribution business is the main part in several business sectors, such as power generation business, construction contracting business, petrochemical industrial business, and mass transportation business in electric railway and telecommunication. Hence, the factors relating to the market mechanism may have an effect on PDITL which will also occur in the above concerning industries. For this reason, the details of an analysis of industrial situation affecting the business operation of PDITL can be indicated as follows:

1.1.1 Power Generation Industrial Situation

The growth of world population, including Thailand, causes the expansion of urban area and the increase of electric energy demand in new urban areas for living for household sector and commercial activities for business sector. According to data from the Property Research Division of Krungsri Ayudhya, it states that in the last 10 years, the domestic electric energy demand on a yearly basis grew at the rate of 3.5 percent per annum or around 1.1 times the GDP growth per annum in such period. However, the value of the domestic electric wire market is expected to grow more than the growth rate of domestic electricity demand, since the electricity demand outside the country is likely to increase as well. According to data of IEA (International Energy Agency), it is anticipated that electricity demand in the Southeast Asia will grow to 3.7 percent per annum (during 2016 – 2040) or twice the global average which is mainly due to the expansion of urban areas, the increase of population, economic expansion and the electricity demand among the population.

Nowadays, EGAT conducts the energy business under the supervision of Ministry of Energy and Ministry of Finance, and its main businesses are generation, acquirement and distribution of energy to the Metropolitan Electricity Authority (MEA), Provincial Electricity Authority (PEA), users as required by

the laws, nearby countries, and other business relating to the electricity business under the EGAT Act. In this regard, EGAT generates the electricity from 47 power plants, making a total generation capacity of 16,071.13 megawatts, including 3 thermal power plants, 6 combined-cycle power plants, 24 hydro power plants, 9 renewable energy power plants (wind, solar and geothermal), 4 diesel power plants, and one more other power plant. In addition, EGAT accepts the purchase of electricity from 12 major private electricity generators, making a total generation capacity of 14,948.50 megawatts, and minor private electricity generators, making a total generation capacity of 7,536.02 megawatts. Furthermore, it also accepts the purchase of electricity from electricity generators in neighboring countries, such as the Lao People's Democratic Republic (Lao PDR) and Malaysia, making a total generation capacity of 3,877.60 megawatts.

Furthermore, EGAT transmits the electricity generated from its power plants and accepts the purchase from other electricity generators through EGAT's transmission system with networks covering all over the country at 500 kilovolts, 230 kilovolts, 132 kilovolts, 115 kilovolts and 69 kilovolts. This is for electricity distribution to the user of which the purchase is directly accepted by EGAT, MEA and PEA which will be distributed to the domestic user afterward. EGAT also distributes the electricity to the electricity authorities of the neighboring countries, including Lao PDR with transmission system at 115 kilovolts and 22 kilovolts, and Malaysia with high voltage direct current (HVDC) transmission system at 300 kilovolts.

EGAT has disclosed the data regarding the electricity generation source expansion plan pursuant to the Power Development Plan (PDP) 2015 – 2039. Currently, EGAT has been authorized for the construction of the main power plants for 2019 – 2022, totaling 7,390 megawatts, including Bang Pakong Power Plant (Replacement Project), South Bangkok Power Plant (Replacement Project), Wang Noi Power Plant (Replacement Project), Krabi Clean Coal Technology Power Plant, Thepa Clean Coal Technology Power Plant, and South Bangkok Power Plant Replacement Project, which are located in 5 provinces. Moreover, EGAT also has 2 more projects of renewable energy power plant development project for 2019 – 2020, including improvement project of Srinakarin Dam Power Plant and Ban Chan Day Hydro Power Plant, making a total generation capacity of 378 megawatts. In addition to the construction and development plan for power plants nationwide, EGAT is still in progress with 16 projects for expansion, improvement and development of transmission system which are expected to be completed around 2019 – 2033 with a total investment amount of 328,970 million Baht. Also, there are 4 transmission system projects pending for operation which are expected to be completed around 2020 – 2024 with an approximate investment amount of 37,486 million Baht. Additionally, there are 3 more transmission system projects pending for approval with an approximate project amount of 10,000 million Baht which are expected to be completed around 2022 – 2024.

Generation Capacity Used in Current System

The latest data in December 2020 shows the proportion of electricity generation from EGAT, private and foreign electricity generators at 33.40, 53.98 and 12.62, respectively.

1.1.2 Alternative Energy Industrial Situation

Scientific and technological development has changed rapidly and stimulated the energy consumption in the world to continuously increase. As such energy is consumed for improving the quality of life of the world population, driving the new economy, and accessing technology, previous energy consumption models cannot respond to demand of consumption around the world in time. Additionally, previous energy generation will cause the risk of climate change and greenhouse gas. Alternative energy consumption therefore takes an important role at present, such as electric energy generated from solar energy, biomass, biogas, wind energy, and etc.

Exxon Mobil anticipates that the consumption of wind and solar energy for current generation will grow rapidly with an expansion of approximately 400 percent and increase threefold within 2040. As a result, it will help reduce the amount of carbon dioxide generated from previous electricity generation by more than 30 percent. For Thailand, Thai Photovoltaic Industries Association anticipates that there will be investment in the installation of solar rooftop of residence in business and household sectors in 2019 with around 700 to 1,000 megawatts, for which the investment value can be calculated at approximately 21,000 to 30,000 million Baht. As the cost of electricity generation from solar rooftop is still lower than the electricity retail price, there is a tendency for the business sector to conduct installation in order to reduce the cost in this matter. In addition, the goals for electricity generation from renewable energy pursuant to the Alternative Energy Development Plan, B.E. 2015 – 2036 (AEDP2015), indicates that the proportion of electricity generation from renewable energy will be in a range of 15 – 20 percent within 2039, which has grown from the number at the end of 2014 at a proportion of 9.87 percent.

Furthermore, the expansion of generation capacity of renewable energy will also lead to an increase of demand of electric wire for current distribution from the source of alternative energy generation for storage or usage. The selection of electric wire to be the component of the electricity system is considered essential. In this regard, the appropriate electric wire, such as tinned coated copper wire, which is wrapped by insulator with high thermal resistance will make electric wire manufacturing companies (including PDITL) have more business opportunities.

1.1.3 Real Estate Industrial Situation

The overall real estate has market value at a proportion of 8 percent of Gross Domestic Price or GDP which is an important part in driving the economy. As a result, it will lead to the circulation of a large amount of money in the system, as well as employment and increase of revenue. It will also connect to other industries, such as construction business, construction material business, electric appliance business, and etc. Accordingly, it represents that the growth of the real estate sector which will help increase the demand of electric wire for buildings.

The overall growth situation of real estate sector is still ongoing. In this regard, the data relating to the industrial situation under the real estate sector can be shown according to 4 subcategories of the real estate as follows:

1.1.3.1 Real Estate in the Type of Building or Office for Rent

The real estate in the type of office building for rent is bunched together in Bangkok Metropolis and perimeter area at more than 80 percent. These immovable properties are located at the Central Business District or CBD of Bangkok Metropolis which is near the source of facilities, including shopping mall, hotel, upper residence, transportation and public transportation system, such as the area of Sathorn, Silom and Upper Sukhumvit. Moreover, the development investment for this type of real estate is usually in tall or large buildings, in which the offering for rent can be made to several lessors. Additionally, the project owner will provide public utility to facilitate the lessor, such as electricity system, air-conditioning system, elevator, parking lot, and etc. Nowadays, the demand of such office space is from Thai and multinational companies that come to establish an office in Thailand. In this regard, Cushman & Wakefield and the Property Research Division of Krungsri Ayudhya show the occupancy rate in the CBD of Bangkok Metropolis at 92.4 percent which is at a higher level than the average occupancy rate of other cities in Asia-Pacific (83.3 percent).

The business of office building rental has expanded in a good direction which is a result of the support for international investment in ASEAN, trade connectivity and economic recovery of Thailand. It also includes the factors of the progress of infrastructure project from the government sector which leads to continuous increase of demand for office space rental from Thai and foreign companies that come to launch a branch in Thailand. Such demand will support the supply in the future or result in an increase of construction of office buildings. Furthermore, there is a competitive tendency of the competitors in the same business, including the business of office building rental in the form of co-working space, which rents out the space for work or meeting with basic facilities. According to a report from CBRE (Thailand) Company Limited (CBRE), it anticipates mixed-use real estate projects that combine the usability for

residence, shopping mall and office in the same building. The projects that are disclosed and with expected construction to be completed in 2025 with a total area of 1 million square meters are as follows:

- 2 projects in 2020
- 1 project in 2021
- 1 project in 2022
- 2 projects in 2023
- 6 projects in 2025

With reference to the Property Research Division of Krungsri Ayudhya, it states that there will be a growth of general demand in using office space in Bangkok Metropolis and perimeter area at a range of 200,000 to 250,000 square meters per year within 2020. According to the report of supply for office building that will occur in 2019 to 2020, it is anticipated that there will be additional areas of general office building with a total area of 334,000 square meters, of which the details are as follows:

- 3 projects in 2019 with an area of 79,000 square meters
- 10 projects in 2020 with an area of 255,000 square meters

1.1.3.2 Real Estate in the Type of Modern Retail Store

The real estate in the type of modern retail store includes department store, discount store/hypermarket/supercenter, supermarket, convenience store/express/mini mart, and specialty store. According to data of the Property Research Division of Krungsri Ayudhya, it reveals the data regarding entrepreneurs of modern retail stores that the entrepreneur has invested in to launch a new branch, expand and improve the branch continuously from 2017 in order to open new retail space for support of the improved purchasing power of the consumer. According to the economic recovery of Thailand, the statistical data states that retail space in Bangkok Metropolis and perimeter area increased by 3.3 hundred thousand square meters in 2017 comparing with 2016, of which the increased area was only 1.3 square meters.

For the tendency of modern retail business industry until 2020, the Property Research Division of Krungsri Ayudhya anticipates that the growth will be at a rate of 4 to 6 percent per annum, which is supported by the economic recovery of Thailand and purchasing power of the household sector. However, the market situation of modern retail stores still has serious competition with the acceleration plan for branch expansion to secondary cities in order to expand the customer base. In terms of domestic investment, the entrepreneurs tend to conduct expansion to areas where there is investment in transportation system,

area of economic zone, area of the Eastern Economic Corridor (EEC), and country border connected to the neighboring countries.

1.1.3.3 Real Estate in the Type of Residence

According to data of the World Bank, it shows the data relating to real estate in the type of residence that there is a maximum proportion around two-thirds of the real estate value in Thailand. Regarding the business of real estate in the type of residence, the main real estate developer is Thai people, since Thailand enforces the laws that foreigners can purchase and hold ownership of a condominium project only, provided that such ownership shall not exceed 49 percent of the total sales area of such condominium. In terms of real estate which is courtyard house and townhouse, foreigners can hold ownership under stricter conditions and limitations.

Nowadays, the real estate in the type of new residence in Bangkok Metropolis and perimeter area is more than 80 percent, and they are projects developed by entrepreneurs. In this regard, the major entrepreneur registered in the Stock Exchange and its affiliates hold a market share of almost 80 percent of the number of units and market value of new residences, since they have better capability in cost management than medium-small entrepreneurs. For example, there is a continuous accumulation of land purchases, resulting in a great number of land banks in hand, with a lower cost for project development. The land can also be developed in many projects at the same time which leads to economies of scale. In addition, their experience in business operation builds reliability. For the past 10 years, new residences in the form of high-rise project or condominium in Bangkok Metropolis and perimeter area had a higher proportion than low-rise projects or courtyard house and townhouse. It is a result of the land price at the potential area that has been continuously increasing with less space available, and the residence construction has been expanding along the railway.

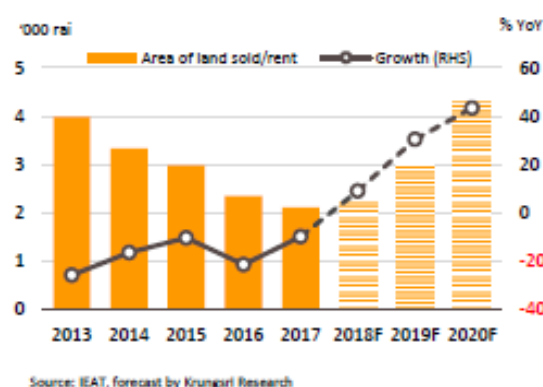
Within 2020, the real estate in the type of residence will recover gradually based on the recovery of domestic supply. Moreover, the investment in the construction of electric railway project has commenced in several projects, including Pink Line Electric Railway in route of Khae Rai – Min Buri, and Yellow Line Electric Railway in route of Lat Phrao – Samrong, which helps build reliability with the real estate entrepreneur. This also includes the economic connectivity across regions that results in an increase of investment from foreign capital groups and the foreign workers in Thailand. Accordingly, it will stimulate the demand of residence among foreign groups in Bangkok Metropolis and perimeter area. Furthermore, investment in the infrastructure system to cover more areas in Thailand will help build convenience in transportation and lead to the expansion of urban areas. As a consequence, the real estate entrepreneur will develop more residence projects in the future in order to respond to the demand of residents in each province. According to the statistical data of the Property Research Division of Krungsri Ayudhya, it is

anticipated that new projects will tend to increase at a rate of 3 to 5 percent per annum within 2020, where the main proportion will be projects of major entrepreneurs, including condominium, townhouse and courtyard house, respectively. In terms of the research report of Finansia Syrus Securities Public Company Limited (Finansia Syrus), it indicates that the impact from residence credit control measures of the Bank of Thailand (BOT) will possibly occur which may result in the push of sales acceleration of real estate in the type of residence within the 1st quarter of 2019, since such measures will be effective as of 1 April 2019. In this regard, Finansia Syrus has anticipated that the expansion of this industry will be at 8 percent in 2019, and decreases anticipation from the BOT's measures to be at a growth rate of 4 percent. Under a conservative hypothesis, the transfer amount of condominiums will reduce close to the rate of 60 to 80 percent of the backlog. In this regard, the growth anticipation of Finansia Syrus has a tendency in the same direction as the Property Research Division of Krungsri Ayudhya.

1.1.3.4 Real Estate in the Type of Industrial Estate

The industrial estate business relates to the land allocation for sale or rent to operate the industrial and commercial industries. In addition, the business operator of industrial estate usually provides public utility and public assistance service to the land buyer or lessor for operation of industrial plant in such estate, including electricity, water supply, flood protection system, common wastewater treatment system, and etc.

The key factors that support the growth of industrial estate business in Thailand are the world and Thai economic situation, domestic politics, rules or criteria supporting the industrial sector, additional privileges granted to industrial estate investors, and policy of multinational company regarding the spread of production base and investment in Thailand. Additionally, the Property Research Division of Krungsri Ayudhya anticipates the recovery of industrial estate business that space for sale or rent in the industrial estate will increase to 3.5 to 4 thousand rai per year within 2020 compared with an increase of 2 to 3 thousand rai per year during 2015 to 2017. Also, it is anticipated that the new area launches of the industrial estate entrepreneurs will also expand. In September 2018, Industrial Estate Authority of Thailand disclosed the data regarding 55 industrial estates in Thailand in 16 provinces, where 7 of them



are in progress of development, making a total area of 16,056 rai, such as (1) 700 rai in Rojana Industrial Park, Laem Chabang, Chon Buri Province; (2) 2,000 rai in Bo Thong Industrial Estate; (3) 649 rai in Phraeksa, Bangpu Industrial Estate; (4) 2,303 rai in Ubon Ratchathani Industrial Estate.

Anticipation of the Growth of Sale and Rent Amount of the Area of Land for Industrial Estate

In addition, the progress of measures for stimulating the economy and investment of the government sector in full infrastructure and transportation development projects also helps the growth of real estate in the type of industrial estate. The main area that benefits from such measures is the East of Thailand, as several projects of the government sector are in progress, including U-Tapao Airport Project, Laem Chabang Port Project, High-Speed Rail Linked 3 Airport Project, and Map Ta Phut Port Phase 3 Project. However, the area expansion in the eastern region may have limitations from certain factors, such as delay of the government sector's project process, enforcement of the Land and Building Tax Act, increase of land price, and etc.

1.1.4 Industrial Situation of Construction Contracting Business

With reference to the Office of the National Economic and Social Development Council (NESDC), a proportion of the average value of construction investment from 20007 to 2017 is shown at 8.4 percent of Gross Domestic Price (GDP), which has an impact on employment and connects to various kinds of continuous business, such as construction material business, real estate development business, and etc. Moreover, the NESDC also disclosed the data in the first half of 2018 with a total construction value at 639,177 million Baht and an average growth rate at 3.11 percent compared with the first half of 2017. The total construction value is generated by the construction of the government sector in the proportion of 56 percent amounting to 357,007 million Baht at a growth rate of 1.89 percent, and the construction of the private sector in the proportion of 44 percent amounting to 282,170 million Baht at a growth rate of 4.69 percent.

The construction of the government sector at 80 percent of the total construction value is generated from the infrastructure investment, and the remaining 20 percent is generated from the building construction projects of the government sector, such as civil servant residence. However, the construction of the government sector is often bid by private contractors. In this regard, the major contractors usually gain an advantage over the bidding, since they have an expertise with the use of technology in the construction and financial potential. Furthermore, such major contractors may employ medium and small contractors as the sub-contractors for the construction of the private sector. Mostly, 57 percent of the construction value of the private sector is construction projects for residence, while 11 percent is construction projects for industrial plant. In this regard, the key factors that drive the construction of the

private sector are economic situation, political stability, infrastructure investment of the government sector, and policy to stimulate the economy and confidence of the consumer. At present, according to data of the Department of Business Development, the Ministry of Commerce, it indicates the number of the contractors registered as a juristic person in Thailand, totaling 90,000 persons, in which around 300 of them are major contractors with an income proportion of 42 percent of the total income value of the contractors in the Thai market.

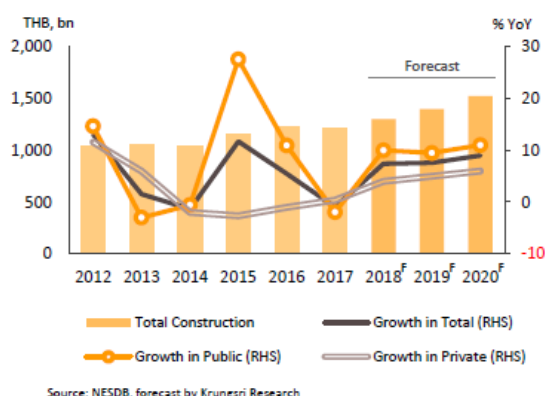
Regarding the growth of construction investment value in Thailand in 2020, it is anticipated by the Property Research Division of Krungsri Ayudhya that it is increasing at an average of 7 to 9 percent per annum. It is a result of the infrastructure investment plan of the government sector with around 61 projects in a total amount of 3.2 million Baht within 2026, and the recovery of construction investment of the private sector. If the investment of the government sector is considered only, it is expected that the growth will be at 8 to 12 percent per annum during 2019 to 2020 from the projects of which the agreements are signed in 2017, including Pink Line Electric Railway (Min Buri – Khae Rai), Yellow Line Electric Railway (Lat Phrao – Samrong), High-Speed Train (Bangkok – Nakhon Ratchasima), and double-track electric railways. Moreover, new projects are opened for bidding during 2018 to 2019, such as an expressway in route of Rama 3 – Dao Khanong – West Outer Ring, High-Speed Rail Linked 3 Airport, High-Speed Train Phase 2/3 in route of Bangkok – Nakhon Ratchasima, South Purple Line Electric Railway (Tao Poon – Rat Burana), and Laem Chabang Port Phase 3. This also includes the projects other than the infrastructure development projects, such as Underground Electric Wire Project and Thai Sustainable Development Project, in compliance with the government's policy to improve the quality of life of people in each area, including 14,362 projects for village road, 8,960 projects for community hall, and 6,103 projects for improvement of village water supply, and the investment plan of the Ministry of Transport for building the road network in 2019, totaling 48 routes with a budget amount of 48,000 million Baht.

Project	Project Value	Benefited Area
High-Speed Train: Bangkok – Nakhon Ratchasima	179,412	Bangkok – Saraburi – Nakhon Ratchasima
High-Speed Rail Linked 3 Airport	240,000	Bangkok – EEC Area
Dark Green Line Electric Railway: Samut Prakan – Bang Pu	13,000	Bangkok – Samut Prakan
Orange Line Electric Railway (West): Cultural Centre – Bang Khun Non	140,000	Bangkok
U-Tapao International Airport	200,000	Chon Buri – Rayong
Highway No. 101 and 102: Kamphaeng Phet – Sukhothai – Uttaradit	5,920	Kamphaeng Phet – Sukhothai – Uttaradit
Highway No. 4: Ranong – Phang Nga – Krabi	1,400	Ranong – Phang Nga – Krabi
Highway No. 201: Loei – Chiang Khan	800	Loei
Highway No. 317: Chanthaburi – Sa Kaeo	2,570	Chanthaburi – Sa Kaeo
Highway No. 212: Nakhon Phanom – Nong Khai	1,050	Nakhon Phanom – Bueng Kan – Nong Khai
EEC Road Project	18,490	EEC Area
Phuket Light Rail	24,000	Phuket

Double-Track Electric Railway Phase 2	419,806	Covering the main rail system nationwide
Khon Kaen Dry Port	2,000	Khon Kaen

Source: Collected by Kasikorn Research Center

Construction Investment Project of the Government Sector in 2019 (Unit: Million Baht)



Growth of the Construction Contracting Sector

In consideration of the construction value of the private sector, the trend grew gradually at a rate of 4 to 7 percent during 2019 to 2020 from the support of area structure projects in the eastern area, including the construction of residence, office building and industrial plant. In this regard, the positive signal is the result of the approval of construction area for residence, commerce, office building and hotel. According to the statistics of consideration of the request for investment promotion of Board of Investment of Thailand or BOI, the investment in 2017 increased by 22.4 percent from 2016, amounting to 641.9 thousand million Baht. Moreover, the support for construction investment of the private sector is also caused by investment in the industrial sector that increasingly focuses on mixed-use project. It is also expected that 12 projects will be completed within 2020 to 2025 with a total area of 1 million square meters.

1.1.5 Industrial Situation of Mass Rapid Transit System

Mass Rapid Transit System or Rail Public Transportation System invested by the government sector to reduce the traffic problem in Bangkok Metropolis and perimeter is another choice of the basic mass transportation service in addition to bus, train and boat. With regard to the business operation of mass rapid transit service of the Thai private sector, the concession from the government sector is required where the government sector will consider the turnover of such private entrepreneur, conditions of concession, and other agreements, including the form of investment which may be a mutual investment between government and private sectors or separate investment, the form of return allocation according to the concession agreement, and etc. Currently, there are 3 persons in charge of the Mass Rapid Transit

Project who are government authorities, namely (1) Bangkok Metropolitan Administration or BMA; (2) Mass Rapid Transit Authority or MRTA; and (3) State Railway of Thailand or SRT. Whereas the service providers who are the private sector are (1) Bangkok Mass Transit System Public Company Limited or BTS; (2) Bangkok Expressway and Metro Public Company Limited or BEM; and (3) SRT Electric Train Company or SRTET.

The first mass rapid transit of Thailand commenced service at the end of 1999, and the additional extension has also been conducted. Accordingly, there are 5 lines of the mass rapid transit available for service at present, totaling 86 stations, which cover the entire distance of 109.55 kilometers according to the details as follows:

1. Sukhumvit Line or Light Green Line of Bangkok Mass Transit System, having a total distance of 34.83 kilometers and 31 stations, travels from Mo Chit Station to Samut Prakan Station. (17 stations were open for service in 1999; 5 stations were open for service in 2011; 1 station was open for service in 2017; and 8 stations were open for service in 2018).
2. Silom Line or Dark Green Line of Bangkok Mass Transit System, having a total distance of 14 kilometers and 13 stations, travels from Bang Wa Station to National Stadium Station. (7 stations were open for service in 2004; 6 stations of the extension were open for service in 2009 to 2013).
3. Chaloem Ratchamongkhon Line or Blue Line of Mass Rapid Transit Authority, having a total distance of 20 kilometers and 18 stations, travels from Hua Lamphong Station to Bang Sue Station. (It was open for service in 2004.)
4. Chalong Ratchadham Line or Purple Line of Mass Rapid Transit Authority, having a total distance of 23 kilometers and 16 stations, travels from Tao Poon Station to Khlong Bang Phai Station. (15 stations were open for service in 2016, and Tao Poon Station was open for service to connect Chalong Ratchadham Line with Chaloem Ratchamongkhon Line in August 2017.)
5. Suvarnabhumi Airport Rail Link or Commuter Train, having a total distance of 28.5 kilometers and 8 stations, travels from Phaya Thai Station to Suvarnabhumi Station. (It was open for service in 2010.)

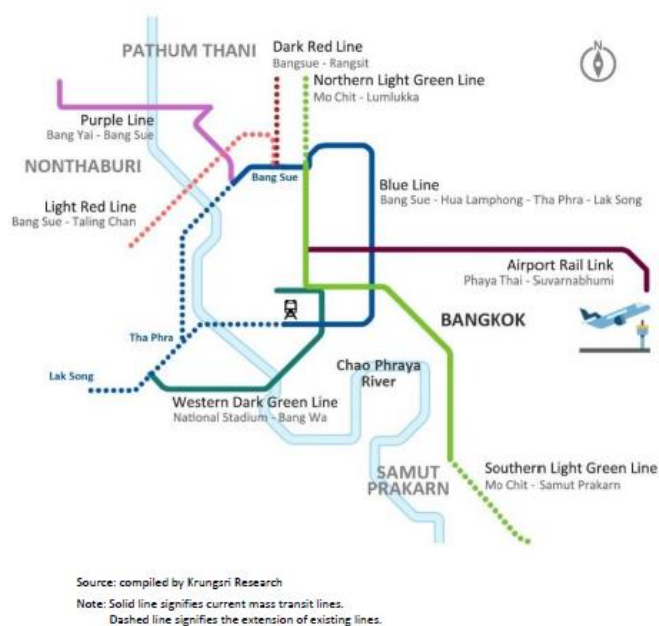
According to the statistical data disclosed through the Stock Exchange and data from related registered companies in 2017, the details of average service users and growth from the previous years are shown as follows:

1. Silom Line and Sukhumvit Line of Bangkok Mass Transit System had the average service users of 715,294 times per day, which increased by 4.5 percent from 2016. The higher number of service users than other routes was due to the route of the electric railway, which passed through the heart of the city and business road and is a route of which service was open prior to other routes.
2. Chaloem Ratchamongkhon Line of Mass Rapid Transit Authority had the average service users of 295,300 times per day, which increased by 7.7 percent from 2016.
3. Chalong Ratchadham Line of Mass Rapid Transit Authority had the average service users of 48,760 times per day, which increased by 47.1 percent from 2016. (It was first open for service in August 2016, and the extension was open for service to connect Chalong Ratchadham Line with Chaloem Ratchamongkhon Line in August 2017.)
4. Suvarnabhumi Airport Rail Link had the average service users of 66,300 times per day, which increased by 10 percent from 2016.

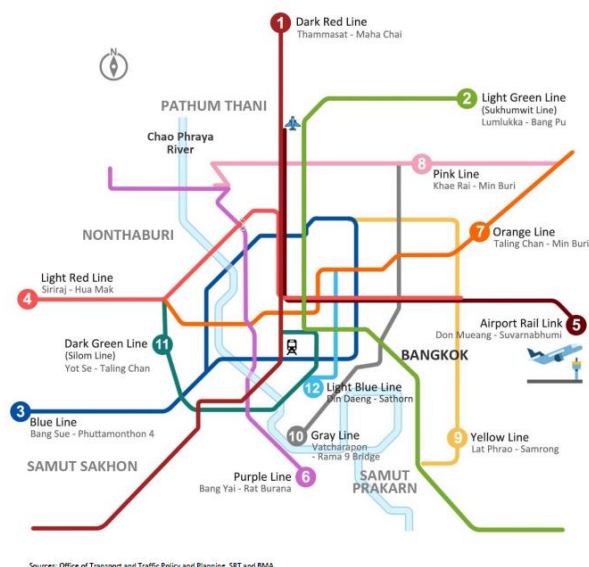
With reference to the Property Research Division of Krungsri Ayudhya, it is anticipated that the number of mass rapid transit passengers will tend to increasingly expand within 2020 according to the expansion of residences along the electric railway route or its vicinity. In addition, the construction of condominiums along the electric railway route in Bangkok Metropolis and perimeter is anticipated to gradually be completed within 2020 at approximately 1.3 hundred thousand units or 95,000 persons. Moreover, the government sector's plan for expansion of routes and distance for service of mass rapid transit still continuously increase, even though it is in progress of construction and additional expansion plans in the future, of which the details are as follows:

1. The northern extension of Sukhumvit Line of Bangkok Mass Transit System connected with Mo Chit Station, Saphan Mai Station and Khu Khot Station, having a total distance of 18.2 kilometers and 16 stations, is expected to open for service in 2020.
2. 2 parts of the extension of Chaloem Ratchamongkhon Line or Blue Line of Mass Rapid Transit Authority include:
 - 2.1 Hua Lamphong Station to Lak Song (Kanchanaphisek) Part, having a total distance of 14 kilometers and 11 stations, is expected to open for service in 2019.
 - 2.2 Tao Poon Station to Tha Phra Part (connected with the extension under Clause 1.1), having a total distance of 12 kilometers and 8 stations, is expected to open for service in 2020.

3. 2 parts of Red Line of Commuter Train include:
 - 3.1 Light Red Line of Bang Sue to Taling Chan Part (connected with Bang Sue Station of Mass Rapid Transit Authority), having a total distance of 15.2 kilometers and 3 stations, is expected to open for service in 2020.
 - 3.2 Dark Red Line of Bang Sue to Rangsit Part (connected with Bang Sue Station of Mass Rapid Transit Authority), having a total distance of 26.3 kilometers and 10 stations, is expected to open for service in 2020.



4. The government sector's long-term plan within 2029 consists of the policy for route expansion to cover more areas in Bangkok Metropolis and perimeter are as shown in the below diagram.



In addition, according to the infrastructure investment plan of the government sector for 61 projects with a total budget amount of 3.2 trillion Baht within 2026, the public transportation system projects of which the agreements were signed in 2017 include Pink Line Electric Railway (Min Buri – Khae Rai), Yellow Line Electric Railway (Lat Phrao – Samrong), High-Speed Train in route of Bangkok – Nakhon Ratchasima, and double-track electric railways. Moreover, new projects opened for bidding during 2018 to 2019, such as an expressway in route of Rama 3 – Dao Khanong – West Outer Ring, High-Speed Rail Linked 3 Airport, High-Speed Train Phase 2/3 in route of Bangkok – Nakhon Ratchasima, South Purple Line Electric Railway (Tao Poon – Rat Burana), and Laem Chabang Port Phase 3. Hence, it represents that the expansion of public transportation system will continue to expand in the future and become an important part to increase the demand of electric wire for the mass transportation system with high safety.

1.2 Market Share and Competitive Condition

Electric Wire Industrial Market in Thailand can be divided by 4 levels of electric wire voltage as follows: extra high voltage at 230 – 500 kV, high voltage at 69 – 115 kV, medium voltage at 11 – 33 kV, and low voltage at less than 1 kV.

The market value of high and extra high voltage has an approximate proportion of 60 percent of the total market value, where there are 3 domestic companies that mainly produce high voltage electric wire at present, namely (1) PDITL; (2) Bangkok Cable Company Limited; and (3) Thai Yazaki Electric Wire Company Limited.

The nature of electric wire production and distribution industry in Thailand is an oligopoly market, for which the growth direction tends to be mainly in conformity with investment of the government sector.

The first 5 major entrepreneurs hold a total market share of up to 50 – 60 percent, whereas the remaining are medium and small electric wire production plants, totaling around 20 entrepreneurs that still currently perform production. Furthermore, this kind of business encounters an obstacle regarding the high barrier of entry, since such electric wire manufacturer needs to acquire knowledge, competence and experience in production with an acceptable performance in the past (supply record), and requires high investment. If the manufacturer has no competence in relation to the control of cost and expense, it will be difficult to bring its product for competition because the production operation includes high transportation expense. Moreover, the electric wire production and distribution in Thailand must be certified by the Office of the National Standardization Council of Thailand (ONSC), the Ministry of Industry.

In general, the main customer group of the electric wire manufacturer is state enterprise agencies that mainly supervise the public utility business, such as Electricity Generating Authority of Thailand – EGAT, Provincial Electricity Authority – PEA, Metropolitan Electricity Authority – MEA, as well as other state enterprise agencies under privatization, namely TOT Public Company Limited (TOT). For the private sector, the consumer will be construction contracting companies ranging from large to small size, and the general customer group who purchases the electric wire for using in its household.

Marketing and Competition

1.1 Marketing and Competitive Strategy

PDITL carries out the business under a competitive strategy in terms of product and compliance with international standards and standards determined by PDITL for building trust and satisfaction of the customer. PDITL also adheres to punctuality, honesty and fairness for continuous use of service from the existing customer group and word-of-mouth to new customer groups. In this regard, the details regarding the marketing strategy according to 4P Principle are as follows:

1. Product and Service Strategy

PDITL conducts production and distribution of electric wire which covers all types of usage and supports application for all industries by professional engineers who control the operation of production throughout the process, as well as the development of new technology and products to respond to the demand of customer at all times.

With regard to high voltage electric wire, PDITL has applied Vertical Continuous Vulcanization or VCV Technology in the process. The vertical wrapping will help an electric conductor to be located in the center of the insulator or electric wire, leading to the capability of supporting the highest voltage and reduction of

the risk of current leakage. Moreover, PDITL also provides a service to help build the customer's trust in the electric wire prior to actual usage, which is the High Voltage Mobile Testing Truck pursuant to IEC Standard that is able to inspect the quality of the electric wire, conduction of the conductor, or fracture spots inside the electric wire after the wiring of electric wire in construction or installation that may cause damage by pulling, breaking and bending to the corner.

PDITL's electric wires are certified with the management standard, and its product is certified with the concerning standard from reliable institutions inside and outside Thailand. In this regard, it will help build the consumer's confidence for consideration of purchasing PDITL's product. The standards which have been granted are as follows:

Certification of International Management Standard

- ISO 9001:2015, Quality Management System Standard from MASC and DQS UL
- ISO 14001:2015, Environmental Management System Standard from DQS UL
- BS OHSAS 18001:2007, Occupational Health and Safety Management System Standard from DQS UL
- Certificate of Testing Laboratory Accreditation pursuant to the Standard No. TIS 17025 - 2548 (ISO/IEC 17025:2005) regarding general Requirements for the Competence of Testing and Calibration from Thai Industrial Standards Institute (TISI), the Ministry of Industry



Certification of Product Standard

- Medium and low voltage electric wire product which is certified by the product standard from TIS as follows: (1) TIS 11, Vol. 3 – 2010; (2) TIS 11, Vol. 4 – 2010; (3) TIS 11, Vol. 5 – 2010; (4) TIS 11, Vol. 101 – 2010; (5) TIS 293 – 2008; (6) TIS 2143 – 2003
- High voltage electric wire product which is certified by the product standard from TIS as follows: TIS 2202 – 2004
- Telephone line and cable product which is certified by the product standard from TIS as follows: TIS 2434 – 2009
- Fire resistant cable product (FRC) which is certified by the standard from TUV SUD, Germany, by passing the standard inspection, such as (1) BS 6387:2013; (2) BS EN 60332-1-2:2004; (3) BS EN 60332-3-22:2009; (4) BS EN 61034-2:2013; (5) IEC 60502-1 (Ed.2); (6) IEC 60332-3-22 (Ed.1.1).
- Product standard certification by KEMA Laboratories (KEMA), which is an institute that has the world's most modern and standard laboratory for electric wire testing, and located in the Netherlands, as follows: (1) high voltage electric wire product which passed the testing at 230 kV according to IEC 62067 Standard; (2) medium voltage electric wire product which passed the standard testing of IEC 60502-2, IEC 60754-1, IEC 60754-2, IEC 61034-2, and IEC 60332-3-24; (3) low voltage electric wire product which passed the standard testing of IEC 60502-1; (4) fire resistant and fire retardant cable product which passed the standard testing, such as IEC 61034-1/2, IEC 60754-1, IEC 60754-2, BS 6387 Cat CWZ, IEC 60332-2-22 Cat A, and etc.
- Standard certification from SGS for medium and low voltage electric wire according to IEC 60502-1 Standard
- Standard certification from TUV Rheinland for PV Cable H1Z2Z2-K according to EN 50618:2014 Standard
- Standard certification for high voltage electric wire from the Central Power Research Institute Bangalore according to IEC 60840-2011 and IEC 60840-2004 Standards



Fire Resistant Cable (FRC)
รับรองผลิตภัณฑ์ประเภท
สายไฟฟ้าทนไฟ



มาตรฐาน
รับรองความ
และ รับรอง
Type test HV Cables
รับรองผลิตภัณฑ์ประเภท
XLPE Cables
132kV, 115kV and 66kV



Type test CV-FD, CV-FD-SWA, SAC
รับรองผลิตภัณฑ์ประเภท
สายไฟฟ้าแรงดัน 600V



PV Cable
รับรองผลิตภัณฑ์ประเภท
Photovoltaic Cable Type H1Z2Z2-K

2. Price Strategy

In terms of determining the price of PDITL's electric wire for projects of the government sector, private sector and contractor of such electricity system, the order quantity of the project will be considered to calculate the raw material cost and other expenses that are required to be used in the process, as well as the related environmental factors, such as the number of personnel, operational period, transportation, after-sales service, and etc. In addition, the Gross Profit Margin is considered simultaneously based on the Company's policy and then the price will be offered to the employer.

Regarding the determination of the price of electric wire for dealers, PDITL will consider the raw material cost of the electric wire in each type and the Gross Profit Margin as required, and compare the demand and supply of the electric wire industry as well as the competitiveness with other entrepreneurs in the market in order to determine the offering price to be appropriate with the market mechanism and conditions.

3. Distribution and Channel of Distribution Strategy

PDITL's distribution and channel of distribution will aim at distributing to the government sector, private sector, contractor, dealer and for export, where the channel of distribution may be the bidding of government sector projects, direct distribution to the owner of government sector projects, distribution through the contractor of electricity system of such project, and distribution through PDITL's dealers. According to PDITL's performance and experience for more than 50 years, the customer, including government and private sectors inside and outside the country, has accepted and chosen PDITL to be in the Approved Vendor List for bidding in several important projects. As PDITL is in the Approved Vendor List, it is deemed an important part in building a competitive advantage and barrier to entry for other entrepreneurs.

For over 50 years, PDITL considers maintaining the long-term relationship with the existing customer group and building a good relationship with new customer groups, which is deemed to help the broader expansion of the customer base. In this regard, PDITL focuses on service that responds to the customer's demand through the experienced sales team that accurately presents product data, contacts for coordination, effectively distributes product on time, and provides after-sales service for quality inspection of electric wire after construction or installation. Such service is the High Voltage Mobile Testing Truck, a technology from Germany pursuant to IEC Standard, which can travel to perform an inspection at the customer's building or electricity sub-station and identify any fault and abnormal range.

Therefore, it can be considered that PDITL has an advantage in operating the business of electric wire production and distribution and helping the customer make a decision when choosing PDITL's product.

4. Sales Promotion Strategy

PDITL's sales promotion is conducted in various forms as follows:

- Creation of website (www.pdcable.com) to provide data relating to product, detail of the stores distributing PDITL's product, catalog and details of product price, and inform news and movement
- Creation of social media, such as Facebook (www.facebook.com/PhelpsDodgeThailand), to be the channel for advertising, providing knowledge and arranging sales promotion activities for the consumer
- Creation of video media to provide data relating to product, service and news via online channel, such as YouTube (www.youtube.com/channel/UCixzW1yLI2nzC8MMkhswkEA)
- Creation of channel for communicating with consumer via LINE Application (@phelpsdodge_th) as the media to forward data and essential information relating to electric wire, and arranging sales promotion activities
- Creation of advertisement on the magazine in electric wire industry, such as Thai Electrical & Mechanical Contractors Association – TEMCA Magazine and Poll News for Business – Marketing Analysis
- Participation in product exhibitions, such as (1) ASEAN SUSTAINABLE ENERGY WEEK 2019; (2) Manufacturing Expo 2019
- Arrangement of knowledge enhancement seminars for electric wire users and students in related fields, include
 - (1) 2019 Workshop Seminar Project for Electrical Lecturers in Northern Region at Sirikit Dam, Uttaradit Province
 - (2) 2019 Workshop Seminar Project for Electrical Lecturers in Central, Western and Eastern Regions at Vajiralongkorn Dam, Kanchanaburi Province
 - (3) Hands On 2019 Project for Faculty of Engineering, King Mongkut's University of Technology Thonburi

- (4) 2019 Workshop Seminar Project for Electrical Lecturers in Northeastern Region at Ubonrat Dam, Khon Kaen Province
- (5) Workshop Project for Students of Electrical Engineering Department, Naresuan University
- (6) Workshop Seminar Project for Faculties from Technical Colleges, Polytechnic Colleges and Industrial and Community Education Colleges, Electrical Personnel from Skill Development Institutions, and Electrical Technicians from Private Sector of Southern Region
- (7) Workshop Project for Students of Faculty of Engineering, Electrical Power Department, Mahidol University
- (8) Workshop Project for Students of Faculty of Electrical Engineering, Chiang Mai University
- (9) Workshop Project for Students of Faculty of Engineering, Rajamangala University of Technology Lanna

1.2 Group of Target Customers

PDITL produces and distributes several types of electric wire to the customer. In this regard, most of the products are distributed to domestic customers with an approximate proportion of 90 percent, and exports to overseas customers at around 10 percent. The groups of target customers can be categorized as follows:

A. Group of Customers from Government or State Enterprise Sectors

The group of customers from the government or private sectors, who are desirous to use the electric wire for national infrastructure development or general works, includes Electricity Generating Authority of Thailand, Provincial Electricity Authority, Metropolitan Electricity Authority, Airports of Thailand, TOT, and etc. Moreover, the distribution of electric wire to this group of customers is usually carried out directly through bidding, and the bidder must be in the Approved Vendor List.

B. Group of Customers from Private Sector

The group of customers from private sector can be divided into 2 types, including the group of the project's direct owners or electricity system contractors, the group of dealers and the contractor group for production under brands

- Group of Project's Direct Owners or Electricity System Contractors

Owners of real estate development project in private sector are desirous to use the electric wire for real estate development of their several projects, including industrial plant, condominium, office building, and etc. On the other hand, PDITL may conduct coordination through the electricity system contractors of such project, including Mahanakhon Building, Ideo Q Sam Yan and BITEC 2.

- Group of Dealers

Dealers of PDITL's electric wire will purchase the product for distribution to their customer, such as electric wire store, general construction material store, retail store, wholesale store, and etc., where these distribution channels cover the main area nationwide. In 2018, PDITL has 467 dealers distributing its product.

C. Group of Oversea Customers

In terms of group of overseas customers, it will be a direct order from the end user mainly, including government and private sectors. In terms of overseas government sector, it includes Dubai Electricity & Water Authority (the United Arab Emirates), Singapore Power (Singapore), and Jordanian Electric Power Company (Jordan). In terms of overseas private sector, it includes Siemens (distributing to the Southern Asia), TATA (India), Amec (Brunei), Energex (Australia), and MeralCo (the Philippines).

1.3 Distribution Channel

PDITL's distribution channel can be categorized in the same direction as the operational form of each type of customer as detailed above. The distribution channels can be categorized into 3 groups as follows:

A. Direct Bidding or Direct Sales to the End User

PDITL will participate in the bidding opened by the government or private sectors, which may be general work requiring the use of electric wire. In addition, PDITL has directly distributed the product to the project owner in the private sector which may be in real estate sector, industrial sector, petrochemical sector or alternative energy sector.

B. Distribution through the Contractor

Distribution through the contractor is similar to subdistribution to the contractor who accepts to conduct an operation relating to the wiring of electricity system for project, building or place determined by the end user. In this regard, PDITL will distribute the product to such contractor in order to use PDITL's electric wire for installation in such place, as well as the government sector's project, such as the

establishment of electricity sub-station, the establishment of basic public utility system, power plant, and etc.

C. Distribution through the Dealer

Distribution is carried out through the PDITL's dealer, including electric wire store, general construction material store, retail store and wholesale store, which is regarded as a partner who helps distribute PDITL's product to minor customers, such as small contractor, engineer for general electric wire, indoor repair, and etc.

Environmental Impact

STARK has a policy to control the environmental quality inside and surrounding area of the plant to be in compliance with the standard as determined by the laws, with the environmental management system under international standard, such as ISO 14001 Environmental Management System. Therefore, complaint or dispute in relation to environmental impact has never occurred.

2.2.2 Manpower Services Business

Adisorn Songkla Co., Ltd. was established, in 2010, in Songkla province. In the beginning, its business begins with general construction service. Its operation was, afterwards, expand to focusing mainly on Manpower Service, Property Rental Service, and other Petroleum-related business. The list of crucial development done by Adisorn are as follows:

Year	Key details
1980	Adisorn Songkla Co., Ltd. was found to operate in the field of general construction service. The staffs were specialized in Engineering, Technical knowledge, and Architecture.
1982	<ul style="list-style-type: none"> - Manpower Service was initiated by recruiting qualified personnel for clients in Petroleum industry (Oil and gas); for example, painter, skilled labor, welder, warehouse, technicians, and security inspector, etc. - In addition, Adisorn offered other Petroleum-related business; for example, Fabrication, Painting, Maintenance, etc. - The business was expanded into Manpower-related Service; for example, rules and regulation for recruitment process of Thai and International labors, including leasing warehouse/storehouse to clients who needed the space for storage.
2013	Adisorn was certified with ISO 9001:2008 in terms of Quality Assurance from Bureau Veritas Thailand. The clients were confident in the quality of our services and the constant development of our personnel.

4.2 Operational Characteristics

At present, Adisorn has revenue structure and main operations of businesses as follows:

	Year 2017		Year 2018		Year 2019	
	THB mm	Percentage	THB mm	Percentage	THB mm	Percentage
Income derived form services related to manpower	869.7	80.4	1,282.7	86.1	1,238.6	85.9
Income derived form services related to Petroleum business	121.5	11.2	94.4	6.3	83.5	5.8
Income from rental	38.6	3.6	51.9	3.5	48.6	3.4
Other	51.5	4.8	61.2	4.1	70.9	4.9
Total	1,081.3	100.0	1,490.3	100.0	1,441.6	100.0

(1) Manpower Services Business

Adisorn has operated its manpower service for more than 30 years. It focuses on Petroleum (Oil and gas) personnel, especially the staffs required to work on Petroleum platform. We only look for knowledgeable, skillful, experience, and well-trained (as required) manpower. Adisorn has developed the quality of its staffs in many fields, such as, engineering, construction, architecture. Also, we constantly provide training session for manpower development. Currently, Adisorn possess of more than 750 skillful-manpower which have been serving the clients from Petroleum Industry.



Some important operational characteristics were Manpower Service. For example, we act as a recruitment agency to offer the clients our quality personnel (recruiting services), Manpower services, and other relevant services; such as, Visa and work permits, and payroll services etc.



Adisorn has made a contract, in terms of Manpower services, with the entrepreneur from Petroleum Industry. According to the contract, the counterparties must agree to terms of budget, the number of personnel, and other conditions in every 2 years. The next agreement shall be held by late 2019. Since the past to present, Adisorn has offered manpower services to the certain entrepreneur for more than 30 years.

Besides, Adisorn has foreseen manpower services as a crucial factor for its competitive advantage. Consequentially, Adisorn has built great alliance and rapport with educational institution in Songkla province and nearby areas in order to minimize the risk in recruiting service and to create job opportunities in the community. Those who are interested will be instructed and trained by Adisorn in order to become a skillful labor as required by the clients. Moreover, Adisorn has additional recruitment channels; for instance, the PR of job opportunity during its Roadshows. The online platform and media, like recruitment website and social media, are also used to attract new generation potential workers.

(2) Other services related to Petroleum business (Engineering Services)



Adisorn offered other services related to Petroleum business, such as, vessel cleaning, off shore construction services, fabrication and maintenance services, and etc. Our clients were a Petroleum related company. Mostly, they were the same client we served with our manpower services since they were confident with Adisorn's quality of services and performance. The characteristic of work is depended on the demand of each client.

(3) Property Rental Services



Besides off shore services, Adisorn offers property rental services; such as, warehouse, equipment, and machinery. Our warehouse is located near the harbor of Songkla province to facilitate the conveyance. Adisorn warehouse is ready to serve with the total area of 82,000 sqm. To increase the confidence of our clients, we offer 24/7 security standard for the cargo. The goods are diverse, ranging from general to industrial commodities. Mostly, the stored goods are industrial machinery. Besides, Adisorn provides equipment and machinery rental services; such as, electric generator, welding machine, basket, containers, wire rope sling, air compressor, and heavy machinery, etc.

3 Risk Factor

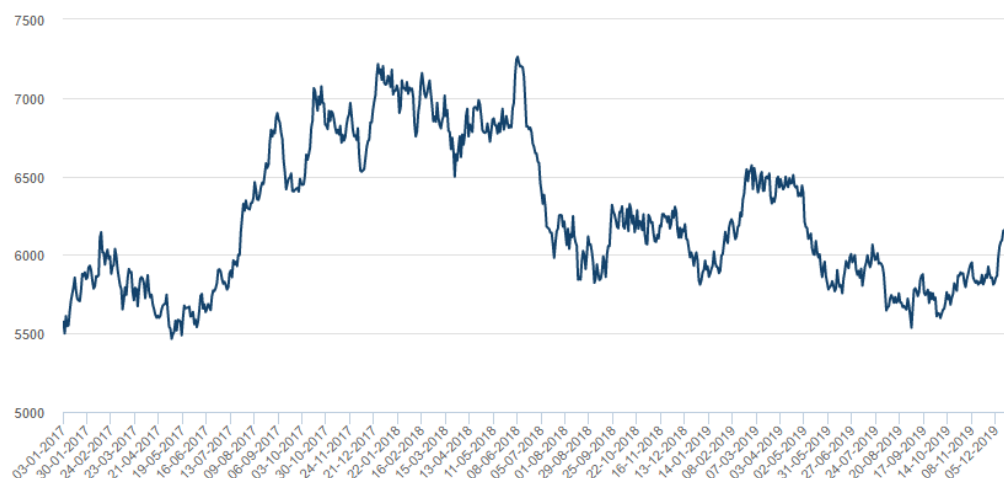
3.1 Risk from Business Operation

3.1.1 Risk from Fluctuation of Raw Material Cost in Production

PDITL's significant raw materials in production and distribution of electric wire and cable are copper and aluminum, which are categorized as a commodity with market price based on the London Metal Exchange (LME). In this regard, such market price rises and falls according to the principle of demand and supply. As a result, there will potentially be fluctuation of raw material cost in each period of time, which may cause a significant increase of the production cost and affect the turnover of PDITL.

LME Copper Historical Price Graph during January 2017 – December 2019

LME COPPER HISTORICAL PRICE GRAPH



LME Aluminum Historical Price Graph during January 2017 – December 2019

LME ALUMINIUM HISTORICAL PRICE GRAPH



However, PDITL has considered such risk and regularly monitors the trend of the main raw materials used in production. The raw material procurement is also planned according to the advanced production plan to enhance the capability in negotiations with the seller. Additionally, the financial instruments are considered, such as sale and purchase agreement for forward exchange rate, to help reduce the cost risk caused by the sale and purchase in USD currency as appropriate with each period of time and at the rate from 80 to 100 of the foreign currency to be actually paid.

PDITL has a policy to continuously maintain a good relationship with its partners and alliances, and mutually execute the plan with partner who produces copper and aluminum to ensure that PDITL will have sufficient raw material for production to be in line with the production plan as established, and can deliver it to the customer according to the specified time.

Furthermore, PDITL regularly develops the supply chain system, such as price comparison from several suppliers prior to making an order to obtain the best price and conditions, and the planning for raw material procurement according to an appropriate amount for the production in each project and the production for reserves in the warehouse. In addition, PDITL also plans to procure the raw materials and considers the raw material cost upon receiving the customer's purchase order, which will be used in the sale pricing of the finished product. Accordingly, this process can help reduce the risk from fluctuations

3.1.2 Risk from Dependency on Raw Material Supplier

As PDITL carries out the business of electric wire production, the main raw materials used in production are copper and aluminum, which are considered as a commodity with market price based on the London Metal Exchange (LME). In this regard, PDITL has purchase orders of such raw materials from 3 major manufacturers, namely (1) IXM (formerly known as Louis Dreyfus Company Metals); (2) Marubeni; and (3) Glencore. This group of raw materials are the main raw materials of which the characteristics and chemical properties are specified by PDITL to be used in the production. If the aforementioned manufacturers are unable to deliver the product, it may have significant impact on PDITL's performance.

With regard to PDITL's procurement of raw material, the vendor list will be determined, where the seller, for whom the Procurement Department can make a purchase order, is evaluated by PDITL in terms of quality of raw material, quantity of raw material allowed for delivery, offering price, reliability of the seller, and punctuality of the delivery. Most of them are major manufacturers and distributors of the world and Thailand whom PDITL has been an alliance with for a long time. Thus, it can be ensured that such raw material supplier can duly conduct the distribution and delivery to PDITL according to the standard and specified time. In terms of the determination of such vendor list, the existing sellers will be evaluated on a regular basis to ensure that the raw material is of stable quality. Additionally, PDITL focuses on the potential risk caused by over depending on any of the sellers. Hence, the plan therefore considers new sellers according to the procedure as specified by PDITL, and the policy is established to build and maintain a good relationship with all of the suppliers in order to reduce such risk.

3.1.3 Risk from Dependency on Major Customer

In 2017 – 2019, PDITL gained income from 3 major customers, (1) namely Communication & System Solution Public Company Limited (CSS); (2) electricity Generating Authority of Thailand (EGAT); and (3) Provincial

Electricity Authority (PEA), which is calculated as the proportion of 18 percent, 12 percent and 10 percent of the total sales revenue and service, respectively. If PDITL is unable to distribute the electric wire to such organizations in the future, it will directly have significant impact on PDITL's income and profit. Currently, there are major manufacturers and distributors of the electric wire, such as Bangkok Cable Company Limited and Thai Yazaki Electric Wire Company Limited, which may lead to a higher competition.

However, the aforementioned major customers are customers of the government and private sectors. In this regard, CSS is considered as a major distributor of electric wire and service provider for telecommunication installation of Thailand with reliability. In addition, EGAT and PEA are major state enterprises that play an important role in developing the national infrastructure system. The government sector also continuously gives priority to the development of power cable system, telecommunication system, public transportation system, and underground electric wire project.

PDITL has a good relationship and gained confidence from the government and private sectors at all times from the production and distribution of electric wire with quality according to international standard, as well as the related services. PDITL is therefore assured that it will continuously receive purchase orders. In this regard, PDITL understands such risk issues, so it emphasizes maintaining a good relationship with its customer, dealer, contractor and other partners in order to be able to deliver the product and service which are of quality, completeness and respond to the customer's demand. For this reason, it will enhance the reliability in PDITL's potential in orders to be able to offer other services in the future and expand the customer base by focusing on the group of new customers and oversea market, which will help reduce the risk for a certain level.

3.1.4 Risk from Production Technological Change

As the production technology in the industrial sector has been continuously developing, such technological development will help reduce the production cost. Nevertheless, if PDITL is unable to adapt to these changes, it may lead to a higher production cost than the competitors in the same industry. As a result, PDITL's product will possibly be unable to compete in the domestic and oversea market.

PDITL has experience in the business of electric wire production for more than 50 years with executives and engineers who have knowledge and expertise. Moreover, modern production technology has been continuously developed and adapted. For example, the production line for the Vertical Continuous Vulcanization (VCV) or vertical insulation commenced at Bang Phli Plant in 1993 which was the first and only manufacturer in Thailand to support the production of high voltage electric wire. This was to respond to the customer's increasing demand from domestic and international entrepreneurs according to the increasing consumption of electricity, enhance the safety in using the high voltage electric wire, and reduce the amount of high voltage electric wire which failed to pass the standard or is unusable after the production is completed. In this regard, PDITL has the Cable Design and Development Department and Process Engineering Department to perform

development and improve the production process and technology applied in the current production for more effectiveness. However, PDITL is assured that it can keep up with electric wire production technology. It can also be seen that PDITL has invested in providing the service of High Voltage Mobile Testing Unit pursuant to International Electrotechnical Commission (“IEC”) Standard which is a technology from Germany. It is the first and only service provider in the country for quality examination service of high voltage electric wire after the completion of installation or construction on whether there is a current leakage or fault in the electric wire structure that may have occurred during the installation. As a result, the project's customer can be assured that the installation of the electric wire will be of highest efficiency and safety for the user which is deemed to build competitive advantages when comparing with the competitors.

3.1.5 Risk from Exchange Rate

Since the sale and purchase of the main raw materials of PDITL are in the form of USD currency, while PDITL obtains the main revenue from the production and distribution of product in Baht currency, PDITL therefore is exposed to risk due to the fluctuation of exchange rate. Moreover, the level of this risk depends on the sale and purchase value of raw material in each agreement.

PDITL looks to financial instruments to help reduce the risk from the exchange rate caused by the purchase of raw material in foreign currency, such as advance sale and purchase agreement, option agreement, and etc. In this regard, PDITL will consider based on the appropriateness in each period of time and at the rate of 80 to 100 percent of the foreign currency to be actually paid, and have a team monitor the trend of the exchange rate at all times. In 2018 and 2019, PDITL gained profit from the exchange rate in the amount of 67.58 and 149.60 million Baht, respectively. In addition, PDITL also has a policy to support the export expansion for oversea sale in order to obtain revenue in USD currency which can reduce the risk from exchange rate (Natural Hedge) in a certain way.

For the production and distribution of electric wire and cable to the customer, PDITL is regarded as a major manufacturer and distributor of Thailand with high bargaining power. Upon consideration of the sale price of product, PDITL can reflect the raw material cost and fluctuation of exchange rate. In this regard, the ability in adjusting the sale price of product will help reduce the risk from exchange rate.

3.1.6 Risk from Increasing Competition Situation

Nowadays, the government, state enterprise and private sectors have placed importance on public utilities in terms of electricity and developed more large projects, such as several lines of electric railway projects, large estate project, mixed-use real estate project, electricity transmission and distribution project, and etc., according to the anticipation of economic growth and trend of increasing energy consumption. As a result,

other entrepreneurs, especially the medium electric wire manufacturer, will increasingly take an interest and participate in the competition in this industry.

However, with regard to the right to bid in significant projects of the government, state enterprise and private sectors, it is required to be listed in the register of the Approved Vendor List, where such register helps select the quality and potential entrepreneur to participate in the support of project development. Since PDITL is an entrepreneur which is approved and listed in such register, it therefore has an opportunity to participate in the bidding of projects of the government and state enterprise sectors, including the government sector's infrastructure projects or general construction projects and the private sector's large projects.

In addition, PDITL is also in the Approved Vendor List of contractors of leading projects in foreign countries which spreads the risk from dependency on domestic revenue only, by having a group of oversea customers from several regions, such as America, Asia, Africa, and etc. Nevertheless, PDITL still continuously improves and develops its quality to build competitiveness and stable growth. Moreover, the competition in the electric wire market in Thailand requires standard certification from Thai Industrial Standard (TIS) to be able to conduct production and distribution in Thailand. Thus, it shows that the oversea competitors have an obstacle to join the competition in Thailand, and this helps reduce the risk from the competition situation in the electric wire production and distribution market of Thailand.

Moreover, PDITL is prepared for the risk from competition in the industry at all times to stably maintain business competitiveness by focusing on the quality and timely handover and service, building a good relationship with the customer and partner, and developing the personnel to know the product and keep up with technology. Additionally, PDITL also develops the organization in many forms, such as investment in technology and information system for effective project management according to the handover period as specified, and the application of internal control system to examine and monitor the entire work process for more transparency and clarity. Therefore, the work and service will be of quality as planned with good performance that the customer and partner can rely on. As a result, PDITL has a turnover which has been continuously growing for the past 3 years.

3.1.7 Risk from Competitive Business in Thailand Regarding General Cable and Trademark

During the time that TAH2 considered purchasing the ordinary shares of PDITL from General Cable, PDITL's shareholders and executives realized the potential risks if General Cable returns to production and/or distribution of electric wire in Thailand, and the use of the original trademark by PDITL for business operation. Hence, TAH2's shareholders have entered into an agreement under the following conditions: (1) General Cable is not allowed to perform trade competition for a period of 5 years; and (2) The right to use the original trademark shall not be exercised until both parties agree to cancel or breach the provision indicated therein.

In the event that General Cable returns to production and/or distribution of electric wire in Thailand during a period of 5 years as determined by the agreement, PDITL shall be entitled to take legal action against General Cable for violating the provision regarding the prohibition of trade competition. This represents that the risk of General Cable conducting such operation is low. If General Cable carries out business in Thailand between 31 August 2015 to 31 August 2020, it may cause impact on General Cable's image and reputation. In addition, it may include financial impact if the lawsuit is brought to claim for damages. *(Please consider additional details according to the opinion report of the legal consultant regarding the legal risks in terms of trademark and competitive business operation.)*

In this regard, upon expiration of the aforementioned agreement, it is possible that General Cable will return to production and/or distribution of electric wire in Thailand. However, PDITL is aware of those issues and has assessed the risk and possibility if General Cable returns to production and/or distribution of electric wire in Thailand, of which the details are as follows:

Production/Import

- The commencement of electric wire production line may take at least 4 – 5 years, and depends on the experienced professionals in Thailand to control the production standard.
- The production shall be carried out to be in conformity with the standard and certified by Thai Industrial Standards Institute (TISI). If the overseas companies wish to produce the electric wire in Thailand, it may cause difficulty and waste of time, because such overseas companies have formerly obtained standard certification from other countries only.
- If the electric wire produced abroad is imported for distribution in Thailand, there may be no competition in terms of price, because the import of electric wire will be charged with (1) import duty (based on the total of product value, transportation cost and insurance cost); and (2) value-added tax (based on the total of product value, transportation cost, insurance cost and import duty).

Distribution

- For the distribution of electric wire to the government sector of Thailand, the seller who is entitled to participate in the bidding is required to be listed in the Approved Vendor List of the government sector prior to any proceedings. Therefore, it is unlikely that the new sellers in the market can compete with the group of manufacturers and existing sellers, since the government sector's project depends on high experience, expertise and reliability.

- In addition, in case of distribution to the dealer, it still depends on persons who have skill and experience in the Thai industry for marketing and promoting, and the oversea competitors may not have sufficient understanding.
- Upon consideration of the possibility that General Cable will deliver product for distribution in Thailand, there is also a low possibility since it is affected by import duty and value-added tax as mentioned above. Currently, General Cable does not carry out a business strategy in Southeast Asia, because it has sold a partial investment in foreign countries. The countries where General Cable withdrew investment are Asia-Pacific are People's Republic of China, Republic of the Philippines and Republic of Fiji. Moreover, it also ceased operation in Australia and New Zealand earlier.
- In terms of the risk of existing companies in the People's Republic of China, Republic of the Philippines and Republic of Fiji where General Cable withdrew investment, PDITL considers that there is a low risk that such companies will conduct distribution to Thailand for the reasons that:
 - (1) The production line of the plant in the People's Republic of China mainly produces aluminum conductive electric wire, no longer uses the original brand, and carries out production to principally respond to the domestic demand.
 - (2) The production line of the plant in the Republic of the Philippines and Republic of Fiji is the production of medium and small electric wire, and the production capacity is not large enough for oversea export.

Trademark

- According to the mutual agreement, PDITL is entitled to solely use the trademark in Thailand and can export the electric wire under this trademark to foreign countries as indicated therein. In this regard, the term of the agreement shall be effective until the parties agree otherwise. (Please consider additional details according to the opinion report of the legal consultant regarding the legal risks in terms of trademark and competitive business operation.)
- If General Cable violates such provision by using the trademark in Thailand, PDITL is entitled to make a legal claim which will affect the image, reputation and financial status of General Cable if the lawsuit is brought to claim for damages.
- Moreover, if General Cable operates the business in Thailand under the similar trademark, it will not have significant impact on PDITL's operation, since the business of electric wire production and distribution of the new sellers depends on the quality and standard of the electric wire. It also includes the capability in electric wire distribution to the end user of which standard must be certified by TISI, and be in the Approved Vendor List as mentioned above.

- Furthermore, upon consideration of the risk that General Cable will produce and/or distribute the electric wire under the original trademark, there is a low risk since Prysmian Group, which is the world's No. 1 electric wire production and distribution company, has purchased General Cable in 2018. Accordingly, it is expected that if General Cable returns to produce and/or distribute the electric wire in Thailand, it may use the trademark of Prysmian Group as the new shareholders rather than using the original trademark currently used by PDITL.

According to the limitation and rules on production, import and distribution of the electric wire in the Thai market, it shows that it is difficult and depends on time for the new competitor who considers operating the same business as PDITL in Thailand. In addition, if the new competitor actually decides to carry out the business of electric wire production and distribution in Thailand, PDITL is of the opinion that it also has a period of more than 5 years to conduct the marketing strategy to maintain the customer base and market share without significantly affecting the business operation and financial status.

3.1.8 Risk of PDITL from Maintaining the Financial Ratio According to the Loan Agreement with Financial Institutions

Due to the loans of PDITL with financial institutions, the conditions of loan indicate that PDITL shall maintain a financial ratio in each accounting period as follows: (1) interest-bearing debt to equity ratio (IBD-to-Equity) not exceeding 1.50 times; and (2) debt service coverage ratio (DSCR) not less than 1.10 times.

According to the data of PDITL's financial statements for the year ended 31 December 2018 and as of 31 December 2019, PDITL had an interest-bearing debt to equity ratio (IBD-to-Equity) of 5.27 times and 6.56 times, respectively, and a debt service coverage ratio (DSCR) of 2.05 times and 1.44 times, respectively. In this regard, PDITL received a letter requesting for grace period from financial institutions to maintain such financial ratio, and PDITL's financial ratio will be maintained to be in accordance with the conditions stipulated by the financial institutions in the next accounting period.

However, upon business restructuring, PDITL's interest-bearing debt to equity ratio will decrease subsequently which is caused by the capital increase to (1) private placement (PP) within 10 July 2019; (2) right offering (RO) which is completed in September 2019; and (3) public offering (PO) of which the allocation is expected to be completed in 2020 in order to repay PDITL's loan as specified in the objectives regarding an increase of each type of capital which is published and approved at the SMM's Shareholders' Meeting No. 1/2562 as of April 11, 2019.

3.2 Risk from Administration

3.2.1 Risk from Dependency on Personnel with Specific Expertise

The business of electric wire production relates to the national infrastructure which requires engineers who have the skill, experience and specific expertise, and can provide the services in terms of marketing and operation in order to respond to the customer's demand and objectives of the assignment. In this regard, such personnel shall be able to present the product that meets the customer's demand, including the determination of properties, product standard, design, work system control and quality test prior to delivering the product to the customer. At present, PDITL has a certain number of engineers to provide the services and personnel of the Production Department. If PDITL is unable to recruit additional personnel according to the amount of work that may increase, or is unable to maintain the existing personnel in the future, PDITL may have the risk that the personnel who have the electrical skill is insufficient for operation.

PDITL has placed importance on maintaining the personnel who have the competence and experience, so welfare for the officers and their family is therefore provided with shuttle bus to the plant. In addition, the wage is adjusted on an annual basis based on the performance evaluation results with other wages in addition to the monthly wage. The work environment is also arranged to be appropriate and sanitary. Moreover, personnel development is performed in terms of knowledge to offer an opportunity in growth of their work field. In the event that the personnel of each work field changes, new officers can study all of the procedures in the work manual according to quality system certification of ISO 9001:2015.

For new personnel recruitment, PDITL has provided training of specific knowledge and skill in the electric wire production for the new personnel of the Production Department to reinforce more expertise in operations. In addition, PDITL also arranges seminars to provide knowledge to outside parties in the electrical work field and executes agreements with several institutions, such as mutual agreement with Office of the Vocational Education Commission (OVEC) for academic encouragement, support and development to the personnel in the agency, students of nationwide institutions under the responsibility of OVEC, and general people from any region in the country. It also aims at providing the proper knowledge and expertise for profession and selection of electric wire product according to the standard by considering the safety of installer and user which is deemed the most important matter in the profession.

3.3 Risk from Business Restructuring and Capital Increase of Ordinary Shares Offering to Private Placement

3.3.1 Risk from Control Power of Major Shareholder

Upon business restructuring, STARK's major shareholder will be changed to Team A Holding 2 Company Limited (TAH2) or TAH2's major shareholder, namely Mr. Wanarat Tungkarawakun, holding shares in the proportion of 94.20 percent. With regard to the shareholding of Mr. Wanarat Tungkarawakun in such proportion, it may directly affect STARK's policies as minor shareholders may have a risk of being unable to sufficiently vote to oppose the major shareholder.

In addition, STARK has appointed the Audit Committee who is the independent director to audit the operation of the management and provide an opinion for the preparation of report which may cause conflict of interest between the shareholders and STARK. The aforementioned major shareholder will be unable to vote in entering into connected transactions which they have interest in. In terms of transaction for share sale from this capital increase, such shares will be subject to a silent period and cannot be sold within 1 year to prevent making a profit when the capital increase shares are received in the Stock Exchange.

Furthermore, STARK will have a plan to enhance the free float to be higher according to the criteria of the Stock Exchange within a period of 1 year upon business restructuring.

3.3.2 Risk Regarding Secondary Market for the Company's Sale and Purchase of Ordinary Shares

Due to this business restructuring, the capital increase of ordinary shares are offered to a private placement which is the share offering prior to acknowledging the consideration results of the Stock Exchange regarding the receipt of capital increase of ordinary shares. Hence, SMM's shareholders may be affected by this restructuring in terms of decision for investment in the secondary market, and may not receive a return from share offering according to the anticipated price if SMM's capital increase of ordinary shares are not allowed by the Stock Exchange.

Notwithstanding, SMM has submitted the permission request with the Stock Exchange to receive the capital increase of ordinary shares as a return of business transfer and for offering to a private placement on 11 April 2019. In this regard, Maybank Kim Eng Securities (Thailand) Public Company Limited as the financial consultant in the relisting has primarily considered STARK's qualifications upon business restructuring, and is of the opinion that STARK is fully qualified pursuant to the Stock Exchange's regulations on maintaining the status of registered company. However, it excludes the qualification of free float that STARK shall have the number of minor ordinary shareholders not less than 150 persons, and these shareholders shall hold total shares not less than 15 percent of the fully paid shares of the registered company. Accordingly, the financial consultant expects that upon this share offering for a period of 1 year, STARK will have the full qualifications in relation to the free float as determined by the criteria.

4 Investment Properties

4.1 Property, plant and equipment

As at December 31, 2018 and December 31, 2019, details and net book value after deducting accumulated depreciation of investment properties of STARK and its subsidiaries specified in the financial statement, consists of the following:

Details	Net Book Value (Million Baht)	
	December 31, 2018	December 31, 2019
Land	549.25	627.04
Land improvements	25.92	25.49
Building and building improvements	244.91	307.22
Warehouse	42.91	39.39
Machinery and factory equipment	1,147.50	1,040.02
Vehicles	15.95	12.45
Furniture, fixtures and office equipment	9.25	11.63
Assets under installation and construction	348.94	540.34
Total cost	2,384.63	2,603.58

4.2 Intangible assets

Intangible asset as at December 31, 2017, December 31, 2018 and December 31, 2019, consist of 893.47 million baht of goodwill.

Trademark of STARK and its subsidiaries were registered with Ministry of Commerce.

4.3 Policy of Investment in Subsidiary and Joint-stock Company

Stark Corporation Public Company Limited ("STARK") will invest in a subsidiary or joint-stock company which has the same objectives of business operation as STARK's main business or similar business or business supporting STARK's business by aiming at investment in a business with growth potential and in conformity with the objectives, strategy plan for business expansion, and generation of good return from investment. In this regard, the approval request for investment in the subsidiary or joint-stock company shall be in accordance with the notification of the Capital Market Supervisory Board regarding the criteria for significant transactions within the scope of asset acquisition or disposition, and the notification of the Board of Stock Exchange of Thailand regarding the disclosure and operation of the registered company in an asset acquisition and disposition, B.E. 2547 (A.D. 2004). For an investment in the aforementioned businesses, STARK has a policy for investment in a sufficient proportion to be able to participate in the administration and determination of business guideline in such subsidiary, joint-stock company and concerning companies.

STARK may consider investing in other businesses which are not the Company's main business at present. However, the investment shall be in line and appropriate with the conditions of business, policy, goal, direction of business growth, and strategy plan of STARK.

Regarding the investment decision, STARK will carefully analyze the possibility of the project and consider the potential and risk factors from the investment, turnover and financial liquidity of STARK. In addition, the Company's investment shall pass the consideration of the Chief Executive Officer or Board of Directors or Shareholders' Meeting according to the scope of approval authority as determined, and in conformity with the requirement and notification of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the related laws. In this regard, STARK will perform supervision by dispatching STARK's directors and/or executives to act as the director based on the shareholding proportion in order to control the direction and policy of work management to be in accordance with STARK's business operation.

For the supervision of subsidiary and joint-stock company, STARK will dispatch representatives who have the qualifications and experience suitable for business operation to act as the director or executive for business management of such subsidiary and/or joint-stock company in order to stipulate significant policy and control the business operation of such subsidiary and/or joint-stock company. In this regard, the director who is STARK's representative will perform the duty of supervising the subsidiary and/or joint-stock company to administer or carry out operations according to the policy determined by STARK. Additionally, such director shall use its discretion pursuant to the resolution of the Board of Directors' Meeting and/or STARK's Shareholders' Meeting that approve an important matter of the subsidiary and/or joint-stock company for the utmost benefit of the Company and stable growth of STARK.

4.4 Policy of Supervision of Subsidiary and Joint-stock Company

STARK determines the policy of supervision and administration of subsidiary and joint-stock company operating the main business. With regard to the objective, direct and indirect measures and mechanism are stipulated for the Company to be able to supervise and administer the business of subsidiary and joint-stock company. In addition, the subsidiary and joint-stock company are monitored to be in compliance with the measures and mechanisms as determined as if they are STARK's agency and in accordance with STARK's policies, law on public limited companies, Civil and Commercial Code, law on securities, and related laws, as well as concerning notifications, regulations and criteria of the Capital Market Supervisory Board, the Securities and Exchange Commission, the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand, in order to maintain the benefit in the Company's investment in such subsidiary and joint-stock company.

In the event that this policy determines the execution of transactions or operations which is significant or affects the financial status and performance of the subsidiary and joint-stock company, it shall be approved by the Co-Chief Executive Officer or the Board of Directors or the Shareholders' Meeting of the Company according to the Approval Authority Table (as the case may be). In addition, the Company's directors shall hold STARK's Board of Directors' Meeting and/or STARK's Shareholders' Meeting to consider the approval of such matter before the subsidiary and joint-stock company holds their Board of Directors' Meeting and/or Shareholders' Meeting to consider the approval prior to carrying out the transaction or operation of such matter. In this regard, the Company shall disclose data and comply with the criteria, conditions, procedure and method relating to the matter requested for approval as stipulated in the law on public limited companies, Civil and Commercial Code, law on securities, and related laws, as well as concerning notifications, regulations and criteria of the Capital Market Supervisory Board, the Securities and Exchange Commission, the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand, mutatis mutandis (to the extent that it is not contrary or contradictory), completely and accurately.

In this regard, "subsidiary" and "joint-stock company" mean a subsidiary or joint-stock company (as the case may be) that operates the main business and is qualified as determined in the Notification of the Capital Market Supervisory Board No. ThorJor. 39/2559 regarding the request for approval and approval for the offering of newly issued shares (as amended) in conjunction with the Notification of the Securities and Exchange Commission No. GorJor. 17/2551 regarding the determination of definitions in the notification relating to the issuance and offering of securities (as amended).

Clause 1. The following cases shall be approved by STARK's Board of Directors' Meeting and/or STARK's Shareholders' Meeting (as the case may be).

(1) Matter to be approved by STARK's Board of Directors' Meeting

- A. Appointment or nomination of the person to act as the director and executives in the subsidiary or joint-stock company based on STARK's shareholding proportion in the subsidiary or joint-stock company at minimum, by having the director nominated or appointed by the Company have discretion to consider voting in the subsidiary's Board of Directors' Meeting in matters relating to general administration and normal business operation of the subsidiary as deemed appropriate by the director of subsidiary or joint-stock company for the utmost benefit of the Company and subsidiary or joint-stock company, except the matters specified in Clause 1 of this policy (as the case may be).

However, the director and executives under the above paragraph being nominated shall be a person whose name is listed in the White List of STARK with qualification,

role, duty and responsibility without characteristics of lacking reliability pursuant to the notification of the Securities and Exchange Commission regarding the determination of characteristics of lacking reliability of STARK's director and executives.

- B. Capital increase by issuing the capital increase shares of the subsidiary and allocation of shares as well as the reduction of registered capital and/or paid-up capital of the subsidiary which is not in accordance with the existing shareholding proportion of the shareholders or any other operation that will cause the direct and indirect voting proportion of the Company at the subsidiary's Shareholders' Meeting whether in any period to decrease more than 10 percent of the total votes of such subsidiary, unless it is a case in the business plan or annual budget of the subsidiary which is approved by STARK's Board of Directors.
- C. Consideration of the payment of annual dividend and interim dividend of the subsidiary (if any).
- D. Revision of the subsidiary's articles of association, except the revision of articles of association in significant matters under Clause 2 which shall be approved by STARK's Shareholders' Meeting.
- E. Consideration of the approval of total annual budget of the Company and all groups of STARK's subsidiaries.
- F. For the appointment of the subsidiary's auditor, it shall be only in the case that such auditor is not under the supervision of audit office with a full member in the same network as STARK's auditor, which is not in accordance with the guideline on appointment of auditor of the subsidiary's audit company that it shall be under the supervision of audit office in the same network as STARK's auditor. In addition, the items from (g) to (j) are deemed significant. If the transaction is carried out, there will be significant impact on the financial status and performance of the subsidiary. Prior to the subsidiary's Board of Directors' Meeting, the director appointed by the Company to take a position in the subsidiary who will vote in the following matters shall be approved by STARK's Board of Directors. However, it shall be in the case when the size of transaction entered into by the subsidiary is calculated by comparing with the size of STARK by enforcing the criteria determined according to the notification of the Capital Market Supervisory Board and the Board of Stock Exchange of Thailand regarding asset acquisition or disposition and/or connected transaction (as the case may be), mutatis mutandis in the criteria and must be considered for approval from STARK's Board of Directors for the following matters.
- G. In the event that the subsidiary agrees to enter into the transaction with the connected person of the Company or subsidiary, the transaction relating to the asset acquisition

or disposition of the subsidiary shall include but not be limited to the following cases.

- 1) Transfer or waiver of the benefit, including waiver of the right to claim against person causing damage to the subsidiary;
- 2) Sale or transfer all or significant part of businesses of the subsidiary to a third party;
- 3) Sale or transfer acceptance of the business of other companies to the subsidiary;
- 4) Execution, revision or cancellation of agreement relating to the lease of all or significant part of businesses of the subsidiary, assignment of a third party to manage the business of the subsidiary, or business combination with third party with an aim of profit and loss sharing;
- 5) Lease or hire-purchase of all or significant part of business or asset of the subsidiary.

H. Borrowing, lending, granting credit facility, making security, executing juristic act to bind the subsidiary by undertaking an increasing financial burden, or providing financial assistance in any other nature to a third party which is not the normal business of the subsidiary, unless it is borrowing with STARK and subsidiary.

I. Dissolution of the subsidiary.

J. Any other transactions which are not a normal business transaction of the subsidiary and are transactions that have significant impact on the subsidiary.

- (2) Matters to be approved by STARK's Shareholders' Meeting with the votes of not less than three-fourths (3/4) of the total votes of the shareholders who are present at the meeting and eligible for voting before the subsidiary carries out the transaction.

A. In the event that the subsidiary agrees to enter into transaction with the connected person of STARK or subsidiary, or transaction relating to the asset acquisition or disposition of the subsidiary by enforcing the criteria determined according to the concerning notification of the Capital Market Supervisory Board and the notification of the Board of Stock Exchange of Thailand (as the case may be), mutatis mutandis, it shall be in the case when the size of transaction entered into by the subsidiary is calculated by comparing with the size of STARK pursuant to such criteria which is in

the criteria that must be approved by STARK's Shareholders' Meeting under such criteria.

- B. Capital increase by issuing the capital increase shares of the subsidiary and allocation of shares as well as the reduction of registered capital and/or paid-up capital of the subsidiary which is not in accordance with the existing shareholding proportion of the shareholders or any other operation that will cause the direct and indirect voting proportion of STARK in the subsidiary whether in any period to decrease less than the proportion determined by the laws enforceable to the subsidiary, which will cause STARK to not have control power over the subsidiary. However, it shall be in the case when the size of transaction is calculated by comparing with the size of STARK, and in the criteria that must be considered for approval from STARK's Shareholders' Meeting (by enforcing the criteria of transaction calculation determined in the concerning notification of the Capital Market Supervisory Board and the notification of the Board of Stock Exchange of Thailand, *mutatis mutandis*).
- C. For the dissolution of the subsidiary, it shall be in the case when the size of business of the subsidiary under dissolution is calculated by comparing with the size of STARK which is in the criteria that must be approved by STARK's Shareholders' Meeting by enforcing the criteria of transaction calculation determined in the notification of the Capital Market Supervisory Board and the notification of the Board of Stock Exchange of Thailand regarding asset acquisition or disposition, *mutatis mutandis*.
- D. For any other transactions which are not the normal business transactions of the subsidiary and are transactions that have significant impact on the subsidiary, it shall be in the case when the size of transaction is calculated by comparing with the size of STARK, and in the criteria that must be considered for approval from STARK's Shareholders' Meeting by enforcing the criteria of transaction calculation determined in the notification of the Capital Market Supervisory Board and the notification of the Board of Stock Exchange of Thailand regarding asset acquisition or disposition, *mutatis mutandis*.
- E. For the revision of the subsidiary's articles of association in matters which may have significant impact on the financial status and performance of the subsidiary, it shall include but not be limited to the revision of the subsidiary's articles of association that may cause a negative impact on the Company's right to vote at the subsidiary's

Board of Directors' Meeting and/or the subsidiary's Shareholders' Meeting or the subsidiary's dividend payment, and etc.

Clause 2. STARK's Board of Directors will monitor the director and executives of the subsidiary and joint-stock company nominated or appointed by the Company to comply with their duty and responsibilities according to the laws, regulation and policy of STARK.

Clause 3. STARK's Board of Directors will continuously follow the subsidiary's performance to be in compliance with the plan and budget, and monitor the subsidiary to disclose the data regarding financial status and performance, as well as execution of connected transactions and transactions of asset acquisition or disposition with STARK completely and accurately by enforcing the criteria according to the concerning notification of the Capital Market Supervisory Board and the notification of the Board of Stock Exchange of Thailand (as the case may be), *mutatis mutandis*.

Clause 4. The director and executives of the subsidiary nominated or appointed by STARK shall have the following duties.

- (1) To disclose the data regarding financial status and performance, execution of connected transaction of STARK or subsidiary, as well as significant asset acquisition or disposition to STARK fully, accurately and within the appropriate time as specified by STARK. In this regard, Board of Directors of the Company or subsidiary shall consider entering into the connected transaction and significant asset acquisition or disposition of STARK or subsidiary by enforcing the notification regarding connected transactions or notification regarding asset acquisition or disposition, *mutatis mutandis*.
- (2) To disclose and send the data regarding its own interest or concerning person's interest in parts relating to the operation of any transaction in other business that is potentially expected to cause any other conflicts of interest to STARK within the time as specified by STARK in order to be used as data supplementing the consideration for decision or approval, and such consideration shall be significantly based on the overall interest of STARK and the subsidiary.

In addition, the director and executives of the subsidiary shall not be involved in the approval in matters that they have an interest or conflict of interest.

However, the following actions which cause the director or executives of the subsidiary or concerning persons of the director or executives of the subsidiary to have financial interest other than those normally received or cause damage to the subsidiary or STARK, shall be assumed that it is an action which is significantly contrary or contradictory to the subsidiary's interest.

- A. Execution of transaction between the subsidiary and director or executives of the subsidiary or concerning persons of the director or executives of the subsidiary which is not in accordance with the criteria of the connected transaction.
 - B. Use of foreseen data of the Company or subsidiary, unless it is data that is disclosed to the public.
 - C. Use of assets or business opportunity of STARK and/or subsidiary in nature of violation/opposition of the criteria or general practice as announced and determined by the Capital Market Supervisory Board.
- (3) To report the plans of business operation, business expansion, large investment project and investment participation with other entrepreneurs to STARK through the monthly or quarterly performance report, and clarify or submit the documents supplementing the consideration of the aforementioned cases in the case that they are requested by STARK.
- (4) To clarify and/or submit the data or documents relating to the operation or any documents to STARK when they are requested as appropriate.
- (5) To be responsible for the subsidiary to have the internal control system, risk management system and fraud prevention system with sufficient appropriateness, effectiveness and concision to ensure that the operation of the subsidiary will be truly in compliance with STARK's policies, related laws, notifications, regulations and criteria of the Capital Market Supervisory Board, the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand, and arrange a clear work system to represent that the subsidiary has sufficient systems to continuously and reliably disclose the data regarding execution of significant transactions according to the criteria as stipulated with the channels for STARK's director or executives to be able to acknowledge the subsidiary's data for effectively monitoring the performance and financial status, execution of transactions between the subsidiary and its director and executives, and execution of the subsidiary's significant transactions. Furthermore, the audit mechanism of such work system in the subsidiary shall be arranged in a way that STARK's internal audit team and independent director will be able to access the data directly. Moreover, the audit result of such work system shall be reported to STARK's director and executives to ensure that the subsidiary regularly performs the work based on the arranged system.

Clause 5. The director and executives of the subsidiary nominated or appointed by STARK, officer, employee, assigned person of the subsidiary, including their spouse and child who has not reached the legal

age of such person, shall not be allowed to use the internal data of STARK and subsidiary obtained from performing its duty or any other ways, which has or may have significant impact on the subsidiary and/or STARK for benefit to oneself or others whether directly or indirectly and whether it will receive a return or not.

Clause 6. STARK shall proceed to have the director the subsidiary who is appointed by the Company participate in the meetings and vote as determined by the Company in the subsidiary's Board of Directors' Meeting for consideration of the agendas which are significant to the subsidiary's business operation at all times.

5 Labor Disputes

Currently, STARK has no labor disputes or legal cases that may affect asset and financial status of STARK significantly.

6 General Information

6.1 Stark Corporation Public Company Limited ("STARK")

Head Office Address : 518/5 Maneeya Center Building, 16th Floor, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330

Industry Group : Activities of holding companies.

Registered No. : 0107546000466

Registered Capital : 14,332,757,847,49 Baht

Paid Capital : 14,049,557,847,49 Baht (as at December 23, 2019)

Tel : 02-680-5822

Fax : 02-680-5899

Website : www.starkcorporation.com

6.2 Phelps Dodge International (Thailand) Company Limited ("PDITL")

Head Office Address : 159 Moo 10, Soi Watratburana, Thepharak Road, Km.17, Bangpla, Bangplee, Samutprakarn 10540

Industry Group : Manufacture of other electronic and electric wires and cables

Registered No. : 0105511002860

Registered Capital : 400,000,000 Baht

Paid Capital : 400,000,000 Baht

Tel : 02-680-5800

Fax : 02-680-5899

Website : www.pdcable.com

6.3 PDTL Trading Company Limited ("PDTL Trading")

Head Office Address : 518/5 Maneeya Center Building, 16th Floor, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330

Industry Group : Wholesale of telephone and telecommunications equipment

Registered No. : 0105523000166

Registered Capital : 1,000,000 Baht

Paid Capital : 1,000,000 Baht

Tel : 02-680-5800

Fax : 02-680-5899

6.4 Thai Copper Rod Company Limited (“TCR”)

Head Office Address : 518/5 Maneeya Center Building, 16th Floor, Ploenchit Road, Lumpinee,
Pathumwan, Bangkok 10330

Industry Group : Manufacture of basic copper and copper products

Registered No. : 0105530020002

Registered Capital : 100,000,000 Baht

Paid Capital : 100,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

Website : www.thaicopperrod.com

6.5 Adisorn Songkhla Company Limited (“ADS”)

Head Office Address : 39/15 Moo 10, Kanchanawanit Road, Khao Rup Chang, Mueang Songkhla,
Songkhla

Industry Group : Manpower Services, Property Rental Services, Logistics Services and
Engineering Services

Registered No. : 0105530020002

Registered Capital : 110,000,000 Baht

Paid Capital : 110,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

Website : <https://www.adisorn-skl.com>

6.6 ADS Logistics Company Limited (“ADSL”)

Head Office Address : 39/15 Moo 10, Kanchanawanit Road, Khao Rup Chang, Mueang Songkhla
Songkhla

Industry Group : Property Rental Services

Registered No. : 0105530020002

Registered Capital : 1,000,000 Baht

Paid Capital : 1,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

6.7 Adisorn Songkhla International Company Limited (“ADSI”)

Head Office Address : 39/15 Moo 10, Kanchanawanit Road, Khao Rup Chang, Mueang Songkhla
Songkhla

Industry Group : Manpower Services and Engineering Services

Registered No. : 0905562001898

Registered Capital : 1,000,000 Baht

Paid Capital : 1,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

6.8 Adisorn Songkhla Marine Company Limited (“ADSM”)

Head Office Address : 39/15 Moo 10, Kanchanawanit Road, Khao Rup Chang, Mueang Songkhla
Songkhla

Industry Group : Manpower Services and Engineering Services

Registered No. : 0905562001871

Registered Capital : 1,000,000 Baht

Paid Capital : 1,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

6.9 Adisorn Songkhla Professional Company Limited (“ADSP”)

Head Office Address : 39/15 Moo 10, Kanchanawanit Road, Khao Rup Chang, Mueang Songkhla
Songkhla

Industry Group : Manpower Services and Engineering Services

Registered No. : 0905562001880

Registered Capital : 1,000,000 Baht

Paid Capital : 1,000,000 Baht

Tel : 02-385-5003

Fax : 02-385-5007

Management and Corporate Governance

7. Securities Information and Shareholders

7.1 Registered Capital and Paid-up Capital

As at January 1, 2019

Registered Capital	403,968,555 Baht
Common Stock	403,968,555 Shares
Par Value	1 Baht
Paid-up Stock	323,211,005 Baht
Preferred Stock	None

As at June 28, 2019

Registered Capital	24,626,422,010 Baht
Common Stock	24,626,422,010 Shares
Par Value	1 Baht
Paid-up Capital	323,211,005 Baht
Preferred Stock	None

The Company changed a company name from Siam Multimedia Public Company Limited to Stark Corporation Public Company Limited at Ministry of Commerce on July 10, 2019, and The Securities of Thailand approved a change of symbol from SMM to STARK on July 17, 2019.

As at September 30, 2019

Registered Capital	24,626,422,010 Baht
Common Stock	24,626,422,010 Shares
Par Value	1 Baht
Paid-up Capital	23,812,809,911 Baht
Preferred Stock	None

As at October 22, 2019

Registered Capital	24,292,809,911 Baht
Common Stock	24,292,809,911 Shares
Par Value	1 Baht
Paid-up Capital	23,812,809,911 Baht
Preferred Stock	None

As at December 23, 2019

Authorized Capital	14,332,757,847.49 Baht
Common Stock	24,292,809,911 Shares
Par Value	0.59 Baht
Paid-up Capital	14,049,557,847.49 Baht
Preferred Stock	None

7.2 Restrictions on transfer of shares

There are no restrictions on a transfer of shares, unless the transfer of shares will cause shareholding ratio of foreign shareholders to exceed 49 percent of the Company's total issued shares.

7.3 Shareholders

7.3.1 Top 10 major shareholders of the Company are as follows:

(Last updated December 31, 2019)

No.	Shareholders	No. of Shares	Percentage
1	Tangkaravakkon Group	21,500,000,000	90.288
	- Mr. Vonnarat Tangkaravakoon	16,500,000,000	69.290
	- Stark Investment Corporation Limited	5,000,000,000	20.997
2	Mr. Rewin Pataibunlue	1,171,666,666	4.920
3	Mr. Nuttapat Supanantaroeak	773,269,938	3.247
4	Horsangchai Group	73,798,900	0.310
	- Mr. Apinan Horsangchai	43,630,900	0.183
	- Mr. Nattasit Horsangchai	8,934,000	0.038
	- Mr. Kritaphol Horsangchai	8,610,200	0.036
	- Mr. Phasachai Horsangchai	7,733,800	0.032
	- Ms. Pichayapa Horsangchai	4,690,000	0.020
	- Ms. Suwannarat Horsangchai	200,000	0.001
5	Mr. Kudun Sukumanon	36,634,435	0.154
6	Mr. Virat Anurakputti	27,550,000	0.116
7	Mr. Pimarn Tiewtranon	15,201,500	0.064
8	Mr. Chanukorn Kittipawanit	9,631,400	0.040
9	Mr. Apisit Honglawan	7,365,000	0.031
10	Mr. Poritch Rohitachart	7,298,861	0.031
	Total	23,622,416,700	99.200

7.3.2 Shareholders in Subsidiaries Operating Core Business

Shareholders of Phelps Dodge International (Thailand) Limited ("PDITL") as at December 31, 2019 are as follows:

No.	Shareholders	No. of Shares	Percentage
1	Stark Corporation Public Company Limited	397,116	99.2790
2	Mr. Pholsakdi Kanchanacharee	1664	0.4160
3	Mr. Kritda Kanchanacharee	600	0.1500
4	Mrs. Busakorn Kanchanacharee	300	0.0750
5	Ms. Parimol Kanchanacharee	300	0.0750
6	Mrs. Chalermpan Viravaidhya	10	0.0025
7	Mr. Santiphap Saragupta	10	0.0025
	Total	400,000	100.0000

Shareholders of Adisorn Songkhla Company Limited as at December 31, 2019 are as follows:

No.	Shareholders	No. of Shares	Percentage
1	Stark Corporation Public Company Limited	109,998	99.990
2	Mr. Vonnarat Tangkaravakoon	1	0.005
3	Mrs. Piyachanok Tangkaravakoon	1	0.005
	Total	110,000	100.000

7.4 Issuance of other securities

As at December 31, 2019, the Company and its subsidiaries have issued securities as follows:

Type of Bond	Interest Rate Per Annum	Guarantee	Due Date	Value (Million Baht)
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of 2 subsidiaries	May 22, 2020	200.0
Promissory Note	4.5	None	April 30, 2020	200.0
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of 2 subsidiaries	March 18, 2020	160.0

Type of Bond	Interest Rate Per Annum	Guarantee	Due Date	Value (Million Baht)
Promissory Note	MLR. – 1.25	1. Land building and machine of its subsidiary 2. Shares of 2 subsidiaries	April 21, 2020	40.0
Promissory Note	MLR – 1.25	None	March 25, 2020	124.5
Promissory Note	MLR – 1.25	None	May 20, 2020	37.6
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	April 17, 2020	122.3
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	April 20, 2020	258.9
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	April 27, 2020	40.4
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	April 30, 2020	20.5
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	April 30, 2020	40.8
Promissory Note	MLR – 1.25	1. Land building and machine of its subsidiary 2. Shares of its subsidiary	May 7, 2020	16.9
Promissory Note	3.50 - 4.25	1. Title deed of its subsidiary 2. Guarantee by the major shareholder of its subsidiary	March 24, 2020	400.4
Short-term Loan	MOR – 2.75	1. One of debtor of its subsidiary	January 17, 2020	36.9
Bill of exchange	4.60 – 6.50	None	December 31, 2020	570.0
Senior Bond	6.00 – 6.50	Nonr	December 31, 2020	252.0

7.5 Dividend Payment Policy

The Company has a policy of dividend payment not less than 50% of net profit after corporate income tax and legal reserves each year; however, performance and management shall be considered for the dividend payment such as financial status, financial strength, liquidity, business expansion plan or investment plan. The dividend payment shall be approved by the shareholders and the board of directors.

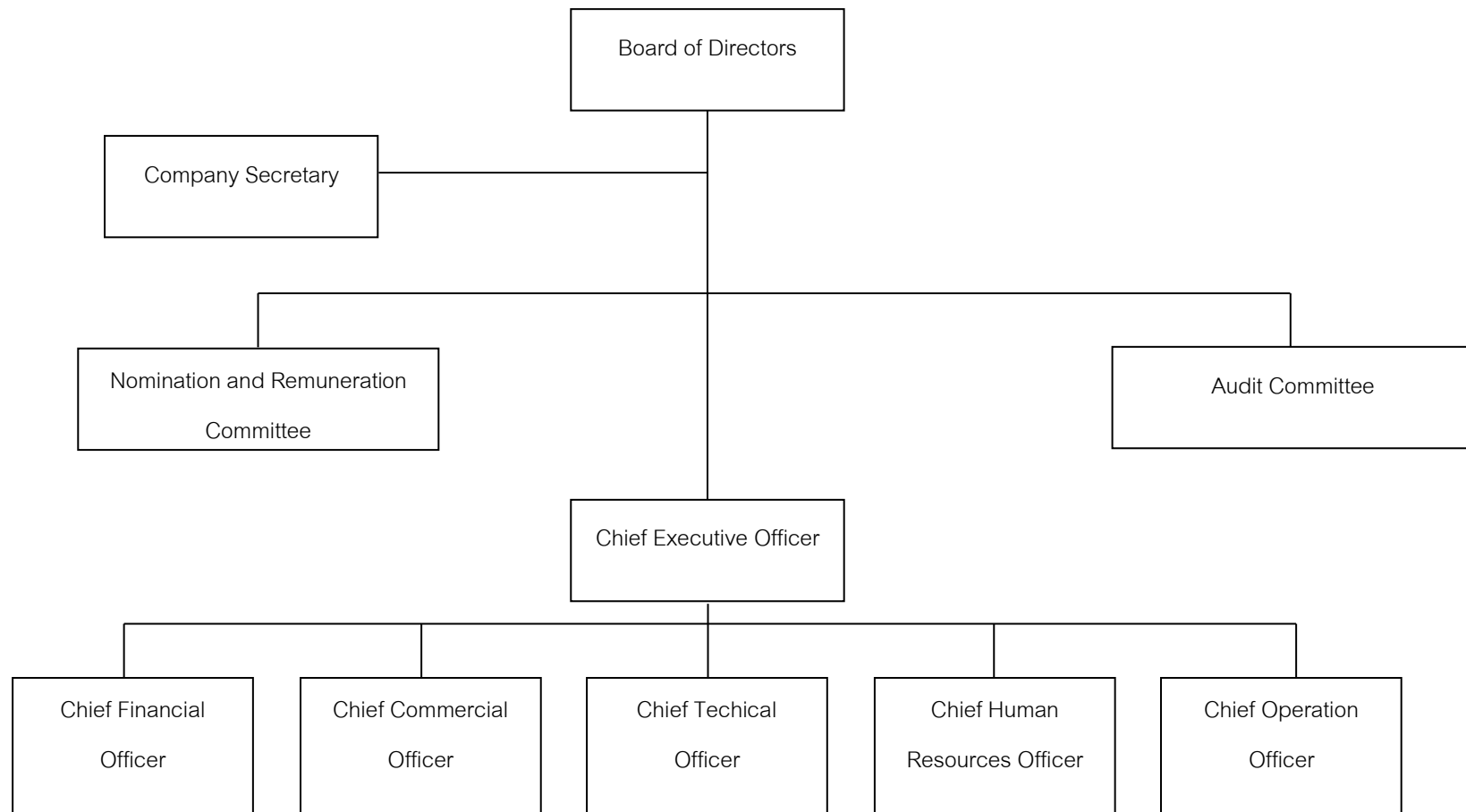
Dividend Payment Policy of Stark Corporation Public Company Limited ("STARK")

The Company has a policy of dividend payment not less than 50% of net profit after tax and legal reserves and other reserves (if any) as well as any conditions stipulated in facility agreements. The dividend payment shall be aware of the best interests of the shareholders, and it shall not affect the significant operation of the Company; however, the rate of dividend may be revised depending on performance, financial status, liquidity, cash flow, necessity of working capital utilization, investment plan, business expansion, market condition, provision and restriction stated in facility agreements and other suitable reasons regarding performance and management subject to enough cash flow and the best interests of the shareholders according to the resolution of the board of directors' meeting; and afterwards, such dividend must be approved by the shareholders' meeting except interim dividend payment that the board of directors has an authorization to approve and be responsible for reporting to the next shareholders' meeting.

No dividend shall be paid out of funds other than profit. In the case where the Company still sustains an accumulated loss, no dividend shall be paid unless preferred shares specified otherwise in the articles of association. Dividend shall be distributed according to the number of shares in equal amount for each share, and must be duly approved by the shareholders' meeting.

Dividend Payment Policy of Subsidiaries

Its subsidiaries has a policy of dividend payment according to the resolution of the board of directors' meeting and shareholders' meeting of its subsidiaries each year. The dividend payment policy must not less than 30% of net profit stated in its financial statement after tax, legal reserves, other reserves (if any), any conditions stipulated in facility agreements; however, the rate of dividend may be revised depending on performance, cash flow, necessity in investment, provision and restriction stated in its facility agreements. The interim dividend payment can be approved by the board of director and shall be reported to the next shareholders' meeting.

8 Management Structure**8.1 Stark Corporation Public Company Limited ("STARK")****8.1.1 Organization Structure of STARK as at December 31, 2019**

8.1.2 Management Structure

(a) Board of Directors

The Board of Directors consists of 8 persons, and Mr. Sathar Chantrasettalead, one of directors, is the Company Secretary.

Name		Position
1.	Mr. Chanin Yensudchai	Chairman
2.	Dr. Songpope Polachan	Independent Director
3.	Mr. Kusol Sangkananta	Independent Director
4.	M.L. Peputtchai Benyabadhana	Independent Director
5.	Mr. Vonnarat Tangkaravakoon	Director
6.	Mr. Chinawat Assavapokee	Director
7.	Mr. Nirouth Jeakvathanyoo	Director
8.	Mr. Sathar Chantrasettalead	Director

Authorized Directors of STARK

1. Mr. Vonnarat Tangkaravakoon or Mr. Chanin Yensudchai or Mr. Chinawat Assavapokee, 2 of these 3 directors jointly sign their names with the company's common seal being affixed.
or
2. Any one of Mr. Vonnarat Tangkaravakoon or Mr. Chanin Yensudchai or Mr. Chinawat Assavapokee jointly signs his name with Mr. Nirouth Jeakvathanyoo or Mr. Sathar Chantrasettalead, totalling 2 persons, with the company's common seal being affixed.

The Attendance of the Directors of STARK in 2019

Name		Number of meetings attended / Number of meetings
1.	Mr. Chanin Yensudchai	6/7
2.	Dr. Songpope Polachan	6/7
3.	Mr. Kusol Sangkananta	6/7
4.	M.L. Peputtchai Benyabadhana	7/7
5.	Mr. Vonnarat Tangkaravakoon	7/7
6.	Mr. Chinawat Assavapokee	7/7
7.	Mr. Nirouth Jeakvathanyoo	3/7
8.	Mr. Sathar Chantrasettalead	7/7

Remark: Mr. Nirouth Jeakvathanyoo was appointed as the director according to a resolution of the Board of Directors' meeting no. 3/2019 on August 28, 2019

(b) **Audit Committee**

The Audit Committee consists of 3 persons as follows:

Name	Position
1. Dr. Songpope Polachan	Chairman of Audit Committee
2. Mr. Kusol Sangkananta	Audit Committee
3. M.L. Peputtchai Benyabadhana	Audit Committee

Dr. Songpope Polachan has experience of a financial statement review.

(c) **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of 3 persons as follows:

Name	Position
1. Mr. Kusol Sangkananta	Chairman of Nomination and Remuneration Committee
2. M.L. Peputtchai Benyabadhana	Nomination and Remuneration Committee
3. Mr. Chinawat Assavapokee	Nomination and Remuneration Committee

(d) **Executives**

The executives consists of 5 persons as follows:

Name	Position
1. Mr. Nirouth Jeakvathanyoo	Chief Executive Officer Chief Human Resources Officer (Acting)
2. Mr. Sathar Chantrasettalead	Chief Financial Officer
3. Mr. Kittisak Jitprasertngam	Chief Commercial Officer
4. Mr. Phichet Lochanachit	Chief Technical Officer
5. Mr. Seree Yootanawarapom	Chief Operation Officer (Acting)

(e) **Company Secretary**

Mr. Sathar Chantrasettalead was appointed as the Company Secretary to support the Board of Directors in any activities, and to ensure that the Board of Directors and the Company comply with the laws and the requirements regarding good corporate governance stipulated by The Stock Exchange of Thailand.

8.1.3 **Remuneration of the directors and executives**

(1) **Directors' Remuneration**

Board of Directors	Monthly Fixed Fee (Baht)	Attendance Fee (Baht)	Other
	2019	2019	2019
Board of Directors	15,000	20,000	None
Audit Committee	10,000	10,000	
Nomination and Remuneration Committee	-	20,000	

The 2019 of Annual General Meeting of Shareholders approved the directors' remuneration for the year 2019 not exceeding 1,320,000 Baht

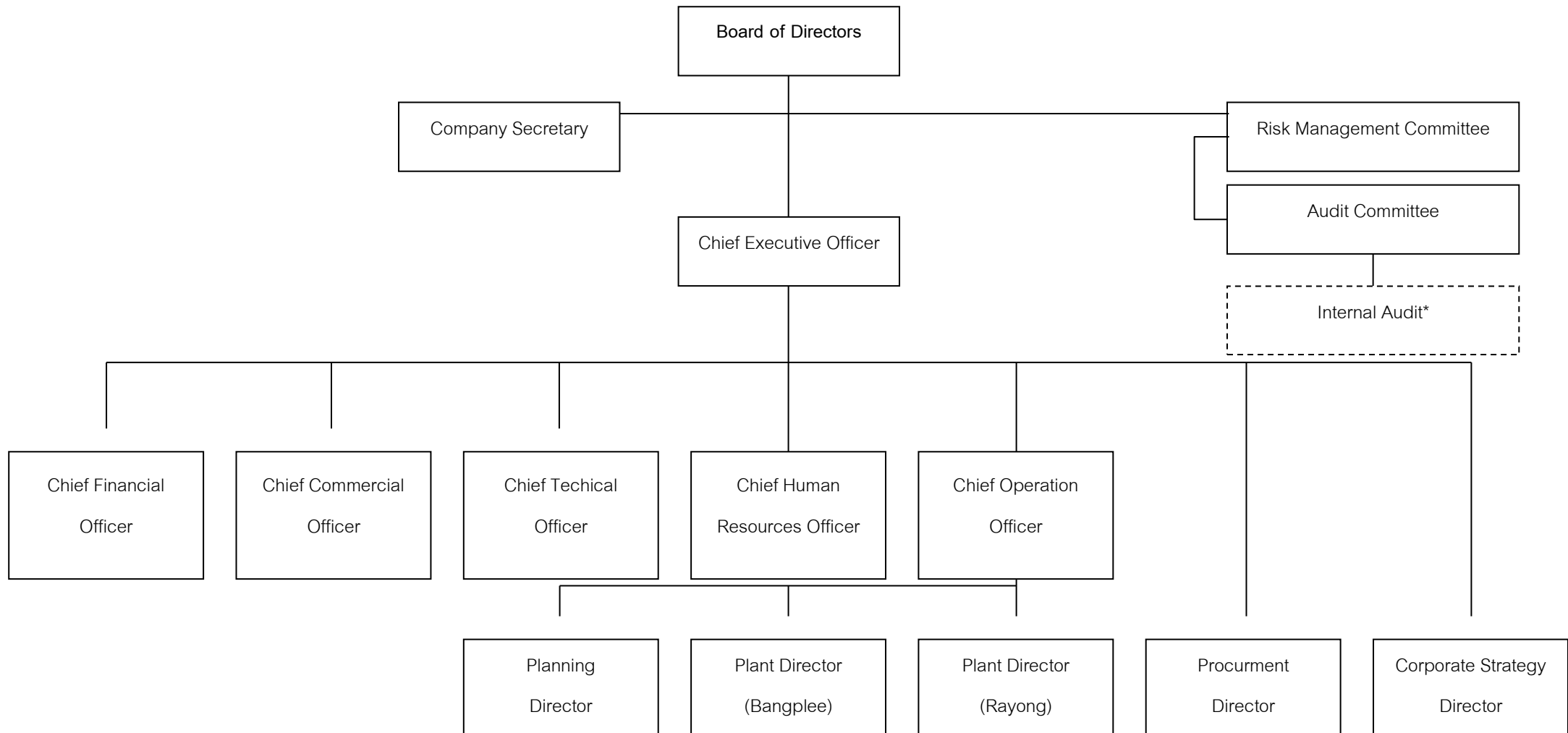
(2) Execitives' Remuneration

-None-

8.2 Subsidiaries Operating Core Business

8.2.1 Phelps Dodge International (Thailand) Limited (“PDITL”)

8.2.1.1 Organization Structure as at December 31, 2019



*Phelps Dodge International (Thailand) Limited has appointed P&L Internal Audit Company Limited to evaluate its internal control system.

8.2.1.2 Management Structure

(a) Board of Directors

the Board of Directors of PDITL consists of 9 persons as follows:

Name	Position
1. Mr. Chanin Yensudchai	Chairman
2. Dr. Songpope Polachan	Independent Director
3. Mr. Kusol Sangkananta	Independent Director
4. M.L. Peputtchai Benyabadhana	Independent Director
5. Mr. Vonnarat Tangkaravakoon	Director
6. Mr. Chinawat Assavapokee	Director
7. Mr. Nirouth Jeakvathanyoo	Director
8. Mr. Sathar Chantrasettalead	Director
9. Mr. Seree Yootanawaraporn	Director

Remark: Dr. Songpope Polachan, M.L. Peputtchai Benyabadhana and Mr. Kusol Sangkananta were appointed as the director according to a resolution of the Board of Directors' meeting no. 184/2019 on January 15, 2019.

Authorized Directors of PDITL

1. Mr. Vonnarat Tangkaravakoon or Mr. Chanin Yensudchai or Mr. Chinawat Assavapokee, 2 of these 3 directors jointly sign their names with the company's common seal being affixed.
or
2. Any one of Mr. Vonnarat Tangkaravakoon or Mr. Chanin Yensudchai or Mr. Chinawat Assavapokee jointly signs his name with Mr. Nirouth Jeakvathanyoo or Mr. Sathar Chantrasettalead, totalling 2 persons, with the company's common seal being affixed.

(b) Audit Committee

The Audit Committee consists of 3 persons as follows:

Name	Position
1. Dr. Songpope Polachan	Chairman of Audit Committee
2. Mr. Kusol Sangkananta	Audit Committee
3. M.L. Peputtchai Benyabadhana	Audit Committee

Dr. Songpope Polachan has experience of a financial statement review.

(c) Executives

The executives of PDITL consists of 5 persons as follows:

Name			Position
1.	Mr. Nirouth	Jeakvathanyoo	Chief Executive Officer Chief Human Resources Officer (Acting)
2.	Mr. Sathar	Chantrasettalead	Chief Financial Officer
3.	Mr. Kittisak	Jitprasertngam	Chief Commercial Officer
4.	Mr. Phichet	Lochanachit	Chief Technical Officer
5.	Mr. Seree	Yootanawarapom	Chief Operation Officer (Acting)

(d) Company Secretary

Mr. Sathar Chantrasettalead was appointed as the Company Secretary to support the Board of Directors in any activities, and to ensure that the Board of Directors and the Company comply with the laws and the requirements regarding good corporate governance stipulated by The Stock Exchange of Thailand.

8.2.1.3 Remuneration of the directors and executives

(1) Directors' Remuneration

-None-

(2) Executives' Remuneration

In 2019, Phelps Dodge International (Thailand) Limited paid the executives' remuneration composed of monthly salary, bonus and other remuneration such as provident fund totaling 24,368,018.00 million baht.

8.2.2 Adisorn Songkhla Company Limited ("ADS")

8.2.2.1 Management Structure

(a) Board of Directors

the Board of Directors of ADS consists of 2 persons as follows:

Name			Position
1.	Ms. Yosabavorn	Amarit	Director
2.	Mr. Sathar	Chantrasettalead	Director

Authorized Directors of PDITL

Ms. Yosabavorn Amarit and Mr. Sathar Chantrasettalead jointly sign their names with the company's common seal being affixed.

(b) Executives

The executives of ADS consists of 1 person.

Name	Position
1. Mr. Wirot Pongloke	Chief Executive Officer

8.2.2.2 Remuneration of the directors and executives of ADS

(1) Directors' Remuneration

-None-

(2) Executives' Remuneration

In 2019, Adisorn Songkhla Company Limited paid the executives' remuneration composed of monthly salary, bonus and other remuneration such as provident fund totaling 3,778,488 million baht.

8.3 Employees of STARK and its subsidiaries

8.3.1 The number of employees

As at December 31, 2019, the number of employees of PDITL is 641 persons.

Department	The number of employees as at December 31, 2019
Management	6
Commercial	36
Customer Service Centre	37
Financial & Accounting	18
Human Resource Management & OHS	18
Information Technology	11
Logistics & Warehouse	31
Operation-Bangplee	218
Operation-Rayong	104

Department	The number of employees as at December 31, 2019
Planning	29
Procurement	9
Technology	73
Corporate Strategy	9
Administration	9
Contract	21
AEC	12
รวม	641

As at December 31, 2019, the number of employees of ADS is 142 persons.

Department	The number of employees as at December 31, 2019
Safety	14
Information Technology	1
Training	1
Accounting & Finance	12
Operations	10
Manpower	23
OCS	39
Transportation	10
Vessel Cleaning	31
QMR	1
รวม	142

8.3.2 Employee Remuneration

The fiscal year ended on December 31, 2019, PDITL paid the employee remuneration composed of monthly salary, bonus and other remuneration such as overtime fee, shift allowance and provident fund totaling 412,656,979.40 million baht. The provident fund was managed by TISCO Asset Management Company Limited.

The fiscal year ended on December 31, 2019, ADS paid the employees remuneration composed of monthly salary, bonus and other remuneration such as overtime fee, shift allowance and provident fund

totaling 40,347,100 million baht. The provident fund was managed by SCB Asset Management Company Limited.

8.3.3 Labor Disputes

As at December 31, 2019, PDITL and ADS have no significant labor disputes that may affect asset of PDITL and ADS that more than 5% of shareholders' equity, and have no labor disputes that may affect the performance of PDITL and ADS.

8.3.4 Personnel Development Policy

In terms of employee's quality improvement, the Company has placed an importance on developing the potentiality of the employee in all levels by arranging the training for the employee, including in-house training and training with institution or external agencies, to increase employee's potentiality in bringing the knowledge to develop the efficient work style. In the employee training, the Company has arranged the training according to Skill Development Promotion Act, B.E. 2545 (2002), which determines that the Company with more than 100 employees must arrange the training in the ratio of 50% of all employees and must file the training certification to Department of Skill Development in which the Company has strictly complied.

In the training and the providing of knowledge to the employee in terms of business moral and ethics, the Company is aware of the importance of business conductivity and the work management with morality and transparency, which leads the Company to be progressive and will support the development of human resources to be in accordance with the policy and the mission of the organization for the employee to obtain knowledge, ability, and efficiency for the work in their responsibility continuously. The superior together with the Human Resources Division have the responsibility to plan the evaluation, follow-up, and provide the feedback. The employee must concentrate to seek knowledge and improve oneself regularly in both works in the responsibility and other works of the Company.

9 Corporate Governance

9.1 Corporate Governance Policy

Stark Corporation Public Company Limited (“Company”) is aware of the importance of good corporate governance that it is an important thing that will help to support the business of the Company to be efficient and grow with sustainability, which will lead to the highest benefits to all relevant parties, starting from employees, investors, shareholders, and other stakeholders. Therefore, the Company’s Board of Directors has agreed to prepare the good corporate governance policy to cover the significant principles, starting from structures, roles, duties, and responsibilities of the Committee, to the work management principles of the Executives with transparency, clear, and auditable as the guideline in the organization management to ensure that any operations of the Company are done with fairness and aware of the highest benefits of all shareholders and stakeholders.

For the Company to become reliable for all shareholders and stakeholders and for the benefits in creating the value for the business with sustainability to meet with the anticipation of the business sector and investor as well as the overall capital and social market, the Company has prepared the good corporate governance by complying with good corporate governance principle for registered company in 2017, which is made by Securities and Exchange Commission to become the guideline for the corporate governance of the Company in which the approval will be made after the Company has received approval for relisting from Stock Exchange and has proceeded with the operations according to the organizational restructuring plan of the Company as follow:

Principles of Corporate Governance

The Company’s Board of Directors has placed an importance on complying with the principle of good corporate governance, covering 8 practical principles of corporate governance:

Principle 1	Leadership Role and Responsibilities of the Board Directors
Principle 2	Objectives and Goals of the Company
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective Executives and People Management
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Principle 7	Ensure Disclosure and Financial Integrity
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Principle 1 Leadership Role and Responsibilities of the Board Directors

Principle 1.1

The board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the company, and strengthen good governance, including:

- (1) defining objectives;
- (2) determining means to attain the objectives; and
- (3) monitoring, evaluating, and reporting on performance.

Principle 1.2

The board should exercise its leadership role and pursue the following governance outcomes:

- (1) competitiveness and performance with long-term perspective;
- (2) ethical and responsible business;
- (3) good corporate citizenship; and
- (4) corporate resilience

Guidelines

- 1.2.1 In evaluating the performance of the company, the board should not just consider the company's financial results but also take into account non-financial performance such as its ethical performance and impact on stakeholders, society and the environment.
- 1.2.2 The board should assume a leadership role in creating and driving a culture of compliance and ethical conduct throughout the company, and lead by example.
- 1.2.3 The board should ensure the creation of written policies and guidelines, such as a corporate governance policy, codes of ethics, and business conduct, applicable to all directors, executives, employees and staff of the company.
- 1.2.4 The board should ensure effective implementation including regular communication of the company's policies and guidelines to all directors, executives, employees and staff. The board should ensure adequate mechanisms are in place for monitoring, reviewing and reporting compliance with the company's policies and guidelines.

Principle 1.3

The board should ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the company operates in accordance with applicable laws, regulations, the resolutions of the shareholders' meeting, policy and significant approval process for investment, entering into a transaction which may affect to the Company, related party transaction, acquisition and disposition of assets and dividend payment.

Principle 1.4

The board should demonstrate a thorough understanding of the division of board and management responsibilities. The board should clearly define the roles and responsibilities of management and monitor management's proper performance of its duties.

Guidelines

- 1.4.1 The board should adopt a written policy (such as a charter) that clearly sets out the roles and responsibilities of the board and management. The board should regularly review the policy.
- 1.4.2 The board is responsible and accountable for the overall affairs of the company but may delegate day-to-day management duties. The board must provide written directions to management that clearly set out management's responsibilities.

Matters for which the board has primary responsibility:

The matters that the Director is the main responsible person for proper implementation. Hence, the Director might assign the Management Division to become the proposer for consideration.

- a. Defining objectives and business model
- b. Developing culture of compliance and ethical conduct, and lead by example.
- c. Strengthening an effective board structure and practices conducive for achieving the company's objectives.
- d. Ensuring suitable CEO selection, remuneration, development, and performance evaluation.
- e. Ensuring appropriate compensation architecture that supports achievement of the company's objectives.

Matters involving shared responsibility of the board and management:

The matters that the Director, Chief Executive Officer, and Management Division will make a consideration together by which the Management Division must propose to the Director for approval

in which the Director will supervise for the overall policy to be in accordance with the objectives and the main targets of business conduction. The Management Division is assigned to take action under the supervision of the Director. The Management Division must report to the Director periodically as see appropriate.

- a. Formulating and reviewing policies and strategies, plans and targets.
- b. Ensuring robust system for risk management and internal control
- c. Clearly defining management's responsibilities
- d. Overseeing appropriate policies and plans for resource allocation, including HR, IT, and budgeting.
- e. Monitoring and evaluating financial and non-financial corporate performance.
- f. Ensuring integrity of financial and non-financial information disclosures.

Matters that the board should delegate or not get involved with:

The matters that the Director will supervise in the policy level by assigning the Chief Executive Officer and the Management Division as the main responsible persons in the operation.

- a. Engaging in activities which under normal circumstances are not expected roles of the board, including day-to-day management and decisions (such as procurement and staffing), ongoing monitoring that conduct and operations are in compliance with the company's policies, strategies, plans, and applicable law and standards.
- b. Not getting involved in or influencing matters in which a director may have vested interests.

Principle 2 Define Objectives that Promote Sustainable Value Creation

Principle 2.1

The board should define objectives that promote sustainable value creation and governance outcomes as a framework for the operation of the company.

Guidelines

- 2.1.1 The board should ensure that the company has clearly defined objectives that support the company's business model. The board should ensure company-wide communication of the objectives, for instance, in the form of the company's vision and values, or principles and purposes.
- 2.1.2 When developing the business model for sustainable value creation, the board should take into consideration the following factors:

- (1) the company's ecosystem, including changes to business conditions and opportunities, and the company's effective use of innovation and technology;
- (2) customers and other stakeholders; and
- (3) available resources and competitiveness of the company.

2.1.3 The company's values should reflect characteristics of good corporate governance, such as accountability, integrity, transparency, and due consideration of social and environmental responsibilities.

2.1.4 The board should promote a good corporate governance culture and strive to have the company's objectives embedded in company-wide decision-making and conduct through effective communication and leading by example.

Principle 2.2

The board should ensure that the company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilising innovation and technology effectively.

Guidelines

2.2.1 The board should ensure that the company's annual and medium-term (for example, 3 - 5 years) objectives, goals, strategies, and plans correlate and align with the company's long-term objectives, while considering the business environment, opportunities, and the company's risk appetite. The board should ensure that the company's medium-term objectives, goals, strategies, and plans are annually reviewed and updated as appropriate.

2.2.2 The board should ensure that the company's strategies and plans take into account all relevant factors influencing the value chain, including the company's ecosystem, risks, resources, competitiveness, and stakeholders. The board should ensure that a mechanism for stakeholder engagement is in place that:

- (1) Clearly defines stakeholder engagement policies, procedures, and practices that enable the company to identify and assess the interests of each stakeholder group.

- (2) Clearly identifies stakeholder groups (internal and external, short term and long term) including individuals, groups, and entities, such as employees and staff, investors, customers, business partners, communities, society, environment, government agencies and regulators.
 - (3) Identifies, prioritises and addresses stakeholder concerns and expectations, considering their level of importance and (potential) impact on the company.
- 2.2.3 When developing strategies and plans, the board should promote innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities.
- 2.2.4 In considering the approval of the company's targets (financial and non-financial), the board should ensure that they are suitable to the company's business profile, and they do not cause the company to engage in illegal or unethical conduct.
- 2.2.5 The board should ensure effective communication of the company's objectives, goals, strategies, plans, and targets throughout the company.
- 2.2.6 The board should ensure proper resource allocation and effective systems and controls, and monitor the implementation of the company's strategies and plans.

Principle 3 Strengthen Board Effectiveness

Principle 3.1

The board should be responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the company's objectives.

Guidelines

- 3.1.1 The board should establish a skills matrix to ensure that the board consists of directors with appropriate and the necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives of the company and stakeholder interests. At least one of the non-executive directors should be experienced and competent in the company's main industry.

3.1.2 The board should determine the proper number of directors to function effectively. It must comprise at least 5 directors and should not be more than 12 directors, depending on the company's size, type, and complexity of the business.

3.1.3 The proportion between executive directors and non-executive directors should support proper checks and balances to prevent unfettered power of decision and authority by any one individual, whereby:

- a) the majority of the board should be non-executive directors, who exercise objective and independent judgement;
- b) the number and qualifications of the independent non-executive directors should reflect applicable legal requirements.

The board should ensure that the independent directors and the entire board can fulfil its role and responsibilities efficiently and in the best interest of the company while exercising objective and independent judgement.

3.1.4 The board should explicitly disclose in the company's annual report and on the website its diversity policies and details relating to directors, including directors' age, gender, qualifications, experience, shareholding percentage, years of service as director, and director position in other listed companies.

Principle 3.2

The board should select an appropriate person as the chairman and ensure that the board composition serves the best interest of the company, enabling the board to make its decisions as a result of exercising independent judgement on corporate affairs.

Guidelines

3.2.1 The chairman of the board should be an independent director.

3.2.2 The chairman's roles and responsibilities are different from those of the chief executive officer. The board should clearly define the roles and responsibilities of both positions. To ensure effective checks and balances of power, the two positions should be held by different individuals.

3.2.3 The chairman is responsible for leading the board. The chairman's duties should at least cover the following matters:

- (1) Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objectives.
 - (2) Ensure that all directors contribute to the company's ethical culture and good corporate governance.
 - (3) Set the board meeting agenda by discussing with the chief executive officer which important matters should be included.
 - (4) Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the company.
 - (5) Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.
- 3.2.4 If the roles and responsibilities of the chairman and the chief executive officer are not clearly separated, for instance, when the chairman and the chief executive officer are the same person, the chairman is not an independent director, the chairman and the chief executive officer are family members, or the chairman is a member of the management team or has been assigned a management role, the board should ensure the balance of power and authority of the board and between the board and management by:
- (1) having the board comprise a majority of independent directors, or
 - (2) appointing a designated independent director to participate in setting the board meeting agenda.
- 3.2.5 The board should establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence.
- 3.2.6 The board should appoint relevant committees to review specific matters, to screen information, and to recommend action for board approval; however, the board remains accountable for all decisions and actions.

- 3.2.7 The board should disclose the roles and responsibilities of the board and the committees, the number of meetings and the number of directors participating in meetings in the previous year, board and committee performance.

Principle 3.3

Guidelines

- 3.3.1 The board should establish a nomination committee. The majority of its members and the chairman should be independent directors.
- 3.3.2 The nomination committee should set the nomination criteria and process consistent with the skills matrix approved by the board and ensure that the candidate's profile meets the requirements set out in the skills matrix and nomination criteria. Upon proposal to and approval by the board of a candidate, the candidate is presented to the shareholders' meeting for election and appointment as a director. Shareholders should receive adequate prior notice and sufficient information about candidates up for election at the shareholders' meeting.
- 3.3.3 The nomination committee should present a description of the nomination criteria and process, and role and responsibilities of a particular appointment to the board before nominating new directors. If the nomination committee nominates current directors, their performance should be considered.
- 3.3.4 If the board appoints any person as a consultant to the nomination committee, relevant information about that consultant should be disclosed in the annual report, including information about independence and conflicts of interest.

Principle 3.4

When proposing director remuneration to the shareholders' meeting for approval, the board should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and company performance, and provide incentives for the board to lead the company in meeting its objectives, both in the short and long term.

Guidelines

- 3.4.1 The board should establish a remuneration committee with the majority of its members and the chairman being independent directors. The remuneration committee is responsible for setting the remuneration policy.

- 3.4.2 The remuneration of the board should be consistent with the company's strategies and long-term objectives, and reflect the experience, obligations, scope of work, accountability and responsibilities, and contribution of each director. Directors who have additional roles and responsibilities, such as a member of a committee, should be entitled to additional remuneration, comparable to industry practice.
- 3.4.3 Shareholders must approve the board remuneration structure, including level and pay components (both cash-based and non-cash compensation). The board should consider the appropriateness of each pay component, both in terms of fixed rates (such as retainer fee and attendance fee) and remuneration paid according to the company's performance (such as bonus and rewards). The remuneration should reflect the values that the company creates for shareholders taking a long-term perspective on company performance, and the pay level should not be too high so as to avoid the board excessively focusing on the company's short-term results.
- 3.4.4 The board should disclose the directors' remuneration policy that reflects the duties and responsibilities of each individual, including the pay components and level received by each director. The remuneration disclosed for each director should also include remuneration for what each individual receives from holding directorship at the company's subsidiaries.
- 3.4.5 If the board appoints any person to consult with the remuneration committee, that consultant's information should be disclosed in the annual report, including information regarding independence and any conflicts of interest.

Principle 3.5

The board should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

Guidelines

- 3.5.1 The board should ensure that there is a mechanism to support directors in understanding their roles and responsibilities, and the time commitment expected from them.
- 3.5.2 The board should set and publicly disclose criteria limiting the number of director positions directors can hold simultaneously in other companies, and should consider the effectiveness of directors who hold multiple board seats. The number of

companies of which a person can simultaneously be a director should be appropriate to the nature and types of businesses involved but should not exceed five listed companies.

- 3.5.3 The board should ensure reporting and public disclosure of directors assuming or holding positions at other companies.
- 3.5.4 The board should ensure that the company's policies prohibit and prevent a director from creating a conflict of interest with the company, including by using the company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a director's other directorships and positions should be reported to shareholders, as appropriate.
- 3.5.5 Each director should attend not less than 75 percent of all board meetings in any whole financial reporting year.

Principle 3.6

The board should ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

Guidelines

- 3.6.1 The board should ensure that the company's governance framework and policies extend to its subsidiaries, including written policies relating to:
 - (1) The authority to appoint subsidiary directors, executives, or others with controlling power. Generally, the board should have the authority to appoint those persons, except that for smaller operating subsidiaries, the board may delegate this authority to the chief executive officer.
 - (2) The duties and responsibilities of subsidiary directors, executives and others with controlling power. They are to oversee the subsidiaries' operations to ensure compliance with applicable law and standards, and the subsidiaries' policies. If the company's subsidiary has investors other than the company, the board should require the company's appointed representative to perform his/her

role in the subsidiary's best interest and consistent with the governance framework and policies of the company.

- (3) The subsidiary's internal control systems are effective and that all transactions comply with relevant law and standards.
- (4) The integrity and timely disclosure of the material information of the subsidiary, including its financial information, related party transactions, acquisition and disposition of assets and other important transactions, capital increases or decreases, and termination of a subsidiary.

- 3.6.2 For businesses that the company has or plans to hold a significant investment in (such as between 20 percent and 50 percent of shares with voting rights), other than subsidiaries, the board should ensure that shareholder agreements or other agreements are in place to enable the company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions. This is to ensure that the company has sufficient, accurate, and timely information for the preparation of its financial statements that conform to relevant standards.

Principle 3.7

The board should conduct a formal annual performance evaluation of the board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the board.

Guidelines

- 3.7.1 The board's, committee's and individual directors' performance evaluation should be conducted at least once a year to facilitate consideration and improvement of the board's performance and effectiveness and resolution of any problems. Assessment criteria and process for the board's, committees' and directors' performance should be systematically set in advance.
- 3.7.2 The annual assessment of the performance of the board and committees as a whole and on an individual director level should be based on self-evaluation, or alternatively, on cross-evaluation together with self-evaluation. The criteria, process, and results of the evaluation should be disclosed in the annual report.

- 3.7.3 The company should appoint an external consultant to assist in setting guidelines and providing recommendations for a board assessment at least once every three years. This information should be disclosed in the annual report.

Principle 3.8

The board should ensure that the board and each individual director understand their roles and responsibilities, the nature of the business, the company's operations, relevant law and standards, and other applicable obligations. The board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and board committees.

Guidelines

- 3.8.1 The board should ensure that newly appointed directors receive a formal and proper induction and all information relevant to their responsibilities and performing their duties, including details about the company's objectives, the nature of the business, and the company's operations.
- 3.8.2 The board should ensure that directors regularly receive sufficient and continuous training and knowledge development.
- 3.8.3 The board should have knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates.
- 3.8.4 The board should disclose in the annual report training and knowledge development of the board.

Principle 3.9

The board should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The board should appoint a company secretary with necessary qualifications, knowledge, skills and experience to support the board in performing its duties.

Guidelines

- 3.9.1 The board's meeting schedule and agenda should be set in advance and each director should receive sufficient notice to ensure attendance.
- 3.9.2 The number of board meetings should be appropriate to the obligations and responsibilities of the board and nature of the business, but the board should meet

at least six times per financial year. If the board meetings are not held monthly, the board should receive a report on the company's performance for the months in which the board does not hold a board meeting, so that it can monitor management and company performance continuously and promptly.

- 3.9.3 The board should have a mechanism that allows each board member and management to propose the inclusion of relevant items on the meeting agenda.
- 3.9.4 Meeting documents should be sent to each director at least five business days before the meeting.
- 3.9.5 The board should encourage the chief executive officer to invite key executives to attend board meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key executives and assist succession planning.
- 3.9.6 The board should have access to accurate, relevant, timely and clear information required for their respective roles from the chief executive officer, company secretary, or designated executive. If necessary to discharge their responsibilities, the board may seek independent professional advice at the company's expense.
- 3.9.7 Non-executive directors should be able to meet, as necessary, among themselves without the management team to debate their concerns and report the outcome of their meeting to the company's chief executive officer.
- 3.9.8 The board should appoint a company secretary with the necessary qualifications, knowledge, skills, and experience for performing his/her duties, including providing advice on corporate governance, legal, regulatory and administrative requirements, preparing board meetings and other important documents, supporting board meetings, and coordinating the implementation of board resolutions. The board should disclose the qualifications and experience of the company secretary in its annual report and on the company's website.
- 3.9.9 The company secretary should receive ongoing training and education relevant to performing his/her duties. The company secretary is also encouraged to enrol on a company secretary certified programme.

Principle 4 Ensure Effective CEO and People Management

Principle 4.1

The board should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.

Guidelines

- 4.1.1 The board should establish, or assign the nomination committee to establish, the criteria and procedures for nomination and appointment of the chief executive officer.
- 4.1.2 The board should ensure that the chief executive officer appoints knowledgeable, skilled, and experienced key executives. The board or the nomination committee together with the chief executive officer should establish the criteria and procedures for nomination and appointment of key executives.
- 4.1.3 To ensure business continuity, the board should ensure that development and succession plans for the chief executive officer and key executives are in place. The board should annually request reporting on the implementation of the development and succession plans from the chief executive officer.
- 4.1.4 The board should promote continuous development and education of the chief executive officer and key executives that is relevant to their roles.
- 4.1.5 The board should establish set clear policies and guidelines for the chief executive officer and key executives serving or wishing to serve as a director in other companies. The policies should set out permissible appointments and the permissible number of companies in which they are allowed to simultaneously serve as a director.

Principle 4.2

The board should ensure that an appropriate compensation structure and performance evaluation are in place.

Guidelines

- 4.2.1 The board should ensure that the compensation structure rewards individual performance, incentivises the chief executive officer, key executives, employees and

staff at all levels to act in support of the company's objectives and values, and fosters long-term commitment by aligning incentives with future company performance.

- 4.2.2 The board should approve the performance evaluation criteria and overall compensation structure of key executives. In addition, the board should ensure that the chief executive officer evaluates the performance of key executives based on clear and predetermined performance evaluation criteria.

Principle 4.3

The board should consider its responsibilities in the context of the company's shareholder structure and relationships, which may impact the management and operation of the company.

Guidelines

- 4.3.1 The board should understand the company's shareholder structure and relationships, and consider their impact on the control over the company, including written and non-written family agreements, shareholder agreements, or group company policies.
- 4.3.2 The board should ensure that the company's shareholder structure and relationships do not affect the board's exercise of its duties and responsibilities, including in relation to succession planning, in the best interest of the company.
- 4.3.3 The board should oversee that information is properly disclosed when there are any conditions that have an impact on the control over the company.

Principle 4.4

The board should ensure the company has effective human resources management and development programmes to ensure that the company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

Guidelines

- 4.4.1 The board should ensure that the company is properly staffed, and that human resources management aligns with the company's objectives and furthers sustainable value creation. All employees and staff must receive fair treatment.
- 4.4.2 The board should ensure that the company establishes a provident fund or other retirement plan, and require management to implement a training and development programme for employees and staff that promotes financial literacy, including on

retirement savings, and educates employees and staff on life path investments that are suitable for their age and risk appetite.

Principle 5 Nurture Innovation and Responsible Business

Principle 5.1

The board should prioritise and promote innovation that creates value for the company and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the company.

Guidelines

5.1.1 The board should prioritise and promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in corporate strategy, operational development planning, and operation monitoring.

5.1.2 The board should nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products and services, promoting research, improving production and operation processes, and collaborating with partners.

Innovation should create benefits for the company, customers, business partners, the community, society and the environment. In addition, innovation should not facilitate or result in unethical, non-compliant or illegal conduct by individuals or the company.

Principle 5.2

The board should encourage management to adopt responsible operations, and incorporate them into the company's operations plan. This is to ensure that every department and function in the company adopts the company's objectives, goals, and strategies, applying high ethical, environmental and social standards, and contributes to the sustainable growth of the company.

Guidelines

5.2.1 The board should encourage management to ensure that the company's operations reflect the company-wide implementation of high ethical, environmental and social standards and ensure that appropriate company-wide policies and procedures are implemented to further the company's objectives, goals and strategies in support of sustainable value creation. Policies and procedures for running the business fairly and respecting and adhering to stakeholders' rights should at least cover:

- (1) Responsibilities to employees, staff, and workers at least by adhering to applicable law and standards and providing fair treatment and respect for human rights, including a fair level of remuneration and other benefits, a level of welfare that is not less than the legal limit (but can be over the legal limit where appropriate), health care, non-discrimination and safety in the workplace, access to relevant training, potential skills development and advancement.
- (2) Responsibilities to customers at least by adhering to applicable law and standards, considering impact on health, safety of products and services, customer information security, sales conduct, after-sales service throughout the lifespan of products and services, and following up on customer satisfaction measurements to improve the quality of products and services. In addition, advertising and public relations should promote responsible consumption and must be done responsibly, avoiding taking advantage of or misleading customers, or causing misunderstanding about the products and services offered by the company.
- (3) Responsibilities to business partners by engaging in and expecting fair procurement and contracting, including fair contract or agreement conditions, providing access to training, developing potential and enhancing production and service standards in line with applicable law and standards, and expecting and supervising business partners to respect human rights, social and environmental responsibilities, and treat their employees, staff, and workers fairly including ensuring that business partners have implemented sustainable and values-based business policies and procedures.
- (4) Responsibilities to the community by applying business knowledge and experience to develop and follow up on the success of projects that can concretely add value to the community while respecting community interests.
- (5) Responsibilities to the environment by preventing, reducing and managing negative impact on the environment from all aspects of the company's operations, including in the context of raw material use, energy use, water use, renewable resources use, rehabilitating the diversity of biology, waste management, and greenhouse gas emissions.

- (6) Fair competition by promoting ethical business conduct and not using anti-competitive practices to gain or protect a market position.
- (7) Anti-fraud and corruption by ensuring that the company complies with applicable anti-fraud and corruption law and standards, and implements, announces and reports on anti-fraud and corruption policies and practices to the public, including on its participation in private sector anti-corruption initiatives and certification programmes. The board should encourage the company to collaborate with other companies and business partners to establish and implement anti-fraud and corruption measures.

Principle 5.3

The board should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the company to meet its objectives.

Guidelines

- 5.3.1 The board should have a thorough understanding of the company's resource needs to support its business model, and how available resources correlate.
- 5.3.2 The board should have a thorough understanding of how the business model affects resources optimisation in support of ethical, responsible, and overall sustainable value creation.
- 5.3.3 The board should ensure that management continuously reviews, adapts, and develops the company's use and optimisation of resources, considering internal and external factors to meet the company's objectives.

The types of resources that the company should consider include financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

Principle 5.4

The board should establish a framework for governance of enterprise IT that is aligned with the company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the company's objectives.

Guidelines

- 5.4.1 The board should ensure that the company has an IT resource allocation policy that ensures adequate and optimal investment in and allocation of IT resources.
- 5.4.2 The board should ensure that the company's risk management includes IT risk management.
- 5.4.3 The board should ensure that IT security policies and procedures are in place.

A company's governance of enterprise IT should cover:

- (1) Compliance with relevant law and standards.
- (2) An information security system to safeguard against unauthorised access to information, measures to maintain the integrity of relevant data and ensure availability of critical data.
- (3) Consideration of IT risks and risk mitigation policies, plans, and measures. For example, business continuity management, IT security, incident management, and IT asset management.
- (4) Proper allocation and management of IT resources, including criteria to identify IT priorities, that takes into consideration the company's business model.

Principle 6 Strengthen Effective Risk Management and Internal Control

Principle 6.1

The board should ensure that the company has effective and appropriate risk management and internal control systems that are aligned with the company's objectives, goals and strategies, and comply with applicable law and standards.

Guidelines

- 6.1.1 The board should be aware of and understand the nature and scope of the company's principal and substantial risks and should approve the risk appetite of the company.
- 6.1.2 The board should ensure the establishment and implementation of risk management policies that are consistent with the company's goals, objectives, strategies and risk appetite. The risk management policies should support identification and prioritisation of early warning signals of material risks. The risk management policies should be reviewed regularly, such as annually.

- 6.1.3 The board should ensure that the company's principal and substantial risks are identified through consideration of internal and external factors.
- 6.1.4 The board should ensure that the impact and likelihood of identified risks are assessed and prioritised, and that suitable risk mitigation strategies and plans are in place.
- 6.1.5 Considering the size and nature of the company, the board may establish a risk management committee or assign responsibility to the audit committee to assist the board in its oversight functions related to guidelines nos. 6.1.1 – 6.1.4.
- 6.1.6 The board should regularly monitor the effectiveness of the company's risk management.
- 6.1.7 The board has to ensure and monitor that the company complies with relevant and applicable law and standards, whether domestic, international or foreign.
- 6.1.8 In assessing the effectiveness of the company's internal controls and risk management, the board should consider the results of internal controls and risk management at its subsidiaries and businesses in which it has a significant investment (between 20 percent to 50 percent of shares with voting rights).

Principle 6.2

The board shall establish an audit committee that can act effectively and independently.

Guidelines

- 6.2.1 The board shall establish an audit committee that comprises at least three directors, all of whom must be independent directors, with required qualifications, and comply with applicable legal requirements, including those promulgated by the Securities and Exchange Commission and Stock Exchange of Thailand.
- 6.2.2 The board should clearly set out in writing the audit committee's duties and responsibilities.
- 6.2.3 The board should ensure that procedures are established that allow the audit committee to fulfil its duties and responsibilities, including by having access to management, employees and staff, professional advisers (such as external auditor), and information relevant and necessary to perform their duties.

- 6.2.4 The board should ensure the designation of an internal auditor or establish an independent internal audit function that is responsible for reviewing and improving the effectiveness of the risk management and internal control systems, and reporting review results to the audit committee. The result of the internal audit review must be disclosed in the company's annual report.
- 6.2.5 The audit committee should express its opinion on the adequacy of the company's internal control and risk management systems, and disclose its opinion in the company's annual report.

Principle 6.3

The board should manage and monitor conflicts of interest that might occur between the company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

Guidelines

- 6.3.1 The board should establish an information security system, including appropriate policies and procedures, to protect confidentiality, integrity, and availability of business information, including market-sensitive information. The board should monitor the implementation of the information security policies and procedures and the adherence to confidentiality requirements by insiders, including directors, executives, employees and staff, and professional advisers, such as legal or financial advisers.
- 6.3.2 The board should ensure management and monitoring of conflict of interest situations and transactions. The board should adopt an ethics and conflicts of interest policy consistent with applicable law and standards (including fiduciary duties), and establish clear guidelines and procedures for disclosure and decision-making in conflict of interest situations. For example, any party who has a vested interest in a particular transaction, should disclose that interest, and not be involved in the decision-making.
- 6.3.3 The board should set requirements for all directors to report conflicts of interest in relation to any meeting agenda item at least before consideration of the matter at the meeting and record the reported conflict of interest in the meeting minutes. The

board should also ensure that all directors that have a conflict of interest in relation to an agenda item abstain from being present for discussion of or voting on that agenda item.

Principle 6.4

The board should establish a clear anti-corruption policy and practices (including communication and staff training), and strive to extend its anti-corruption efforts to stakeholders.

Guidelines

- 6.4.1 The board should ensure company-wide awareness and implementation of the company's anti-corruption policy and practices, and compliance with applicable law and standards.

Principle 6.5

The board should establish a mechanism for handling complaints and whistleblowing.

Guidelines

- 6.5.1 The board should oversee that an effective mechanism is in place to record, track, resolve, and report complaints and feedback. The board should ensure the availability of convenient complaint channels (more than one), and that stakeholders are made aware through the company's website or annual report of all channels available for complaints.
- 6.5.2 The board should ensure that the company has a clear whistleblowing policy, including designated whistleblowing channels for reporting of suspected wrongdoing, such as through the company's website, e-mail, designated independent directors or the audit committee. The board should ensure proper and effective handling of whistleblowing complaints, including the investigation, any remedial action, and reporting to the board.
- 6.5.3 The board should ensure that whistleblowers are protected from retaliation as a result of their good faith whistleblowing activities.

Principle 7 Ensure Disclosure and Financial Integrity

Principle 7.1

The board must ensure the integrity of the company's financial reporting system and that timely and accurate disclosure of all material information regarding the company is made consistent with applicable requirements.

Guidelines

7.1.1 The board should ensure that any person (including chief financial officer, accountant, internal auditor, company secretary, Investors Relation officer) involved in the preparation and disclosure of any information of the company has relevant knowledge, skills and experience, and that sufficient resources, including staffing, are allocated.

7.1.2 When approving information disclosures, the board should consider all relevant factors, including for periodic financial disclosures:

- (1) The evaluation results of the adequacy of the internal control system.
- (2) The external auditor's opinions on financial reporting, observations on the internal control system, and any other observations through other channels.
- (3) The audit committee's opinions.
- (4) Consistency with objectives, strategies and policies.

7.1.3 The board should ensure that information disclosures (including financial statements, annual reports, and Form 56-1) reflect the company's financial status and performance accurately and fairly. The board should promote the inclusion of the Management Discussion and Analysis (MD&A) in quarterly financial reports in order to provide to investors more complete and accurate information about the company's true financial status, performance and circumstances.

7.1.4 For disclosures related to any individual director, that director should ensure the accuracy and completeness of the information disclosed by the company, including of shareholders' information and any shareholders' agreement.

Principle 7.2

The board should monitor the company's financial liquidity and solvency.

Guidelines

7.2.1 The board should ensure that management regularly monitors, evaluates and reports on the company's financial status. The board and management should ensure that

any threats to the company's financial liquidity and solvency are promptly addressed and remedied.

- 7.2.2 The board should ensure that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency.

Principle 7.3

The board should ensure that risks to the financial position of the company or financial difficulties are promptly identified, managed and mitigated, and that the company's governance framework provides for the consideration of stakeholder rights.

Guidelines

- 7.3.1 In the event of financial risk or difficulties, the board should enhance monitoring of the affairs of the company, and duly consider the company's financial position and disclosure obligations.
- 7.3.2 The board should ensure that the company has sound financial mitigation plans that consider stakeholder rights including creditor rights. The board should monitor management's handling of financial risk or difficulties and seek regular reports.
- 7.3.3 The board should ensure that any actions to improve the company's financial position are reasonable and made for a proper purpose.

The following are examples of indicators of financial risk or difficulties to the company's sustainability:

- (1) ongoing losses
- (2) poor cash flow
- (3) incomplete financial records
- (4) lack of a proper or incomplete accounting system
- (5) lack of cash flow forecasts and other budgets
- (6) lack of a business plan
- (7) increasing debt (liabilities greater than assets), and
- (8) problems selling stock or collecting debts

Principle 7.4

The board should ensure sustainability reporting, as appropriate.

Guidelines

- 7.4.1 The board should consider and report data on the company's compliance and ethical performance (including anti-corruption performance), its treatment of employees and other stakeholders (including fair treatment and respect for human rights), and social and environmental responsibilities, using a report framework that is proportionate to the company's size and complexity and meets domestic and international standards. The company can disclose this information in the annual report and in separate reports, as appropriate.
- 7.4.2 The board should ensure that the company's sustainability reporting reflects material corporate practices that support sustainable value creation.

Principle 7.5

The board should ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

Guidelines

- 7.5.1 The board should establish a communication and disclosure policy to assist the company in meeting its disclosure obligations and to ensure that all information relevant and material to the company's shareholders, the market and third parties is disclosed in an appropriate, equal, and timely manner, using appropriate channels, while protecting the company's sensitive and confidential information. The board should ensure company-wide communication and implementation of the company's communication and disclosure policy.
- 7.5.2 The board should ensure the creation of an Investor Relations function responsible for regular, effective and fair communication with shareholders and external parties. The company's designated Investor Relations contact should be suitable for the role and have a thorough understanding of the nature of the company's business, and its objectives and values. Examples of suitable Investor Relations contacts are the chief executive officer, the chief financial officer, and the Investor Relations manager.

- 7.5.3 The board should ensure that management sets clear directions for and supports the Investor Relations function (such as through a code of conduct), and clearly defines the roles and responsibilities of the Investor Relations function, so as to ensure effective communication between the company, the financial community and other stakeholders.

Principle 7.6

The board should ensure the effective use by the company of information technology in disseminating information.

Guidelines

- 7.6.1 In addition to the company's mandatory periodic and non-periodic disclosure of information pursuant to applicable requirements, the board should consider regularly disclosing relevant information in both Thai and in English through other channels, such as the company's website.

Information to be disclosed on the company's website includes:

- (1) the company's objectives and values;
- (2) nature of the company's business and the company's operations;
- (3) list of the company's board of directors and of executives;
- (4) financial statements and reports about the financial status and the company's financial and non-financial performance for current and previous year;
- (5) downloadable version of annual reports and SEC Form 56-1;
- (6) information and documents that the company discloses to the investment community and other external parties;
- (7) shareholding structure, both direct and indirect;
- (8) the company's group structure, including subsidiaries, affiliates, joint ventures, and special purpose enterprises/vehicles (SPEs/SPVs);
- (9) direct and indirect major shareholders, holding at least 5 percent of paid-in capital with voting rights;

- (10) direct and indirect shareholdings in the company held by directors, major shareholders, and key executives of the company;
- (11) invitation letters to the shareholders' ordinary and extraordinary meetings;
- (12) the company's regulations, and memorandum and articles of association;
- (13) the company's corporate governance policy and related policies including IT governance policy, anti-corruption policy and practices, and risk management policy;
- (14) a charter or statement of duties and responsibilities, directors' qualifications, board composition, terms, and authority of the board and board committees, including audit committee, nomination committee, remuneration committee, and corporate governance committee;
- (15) the company's code of ethics and conduct applicable to all directors, executives, employees and staff, as well as the company's Investor Relation's code of conduct, and;
- (16) contact information (name of department or relevant person, phone number, and e-mail) for complaints, investor relations and the company secretary.

Principle 8 Ensure Engagement and Communication with Shareholders

Principle 8.1

The board should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

Guidelines

- 8.1.1 The board should ensure that significant corporate decisions are considered and/or approved by the shareholders pursuant to applicable legal requirements. Matters that require shareholder approval should be included in the agenda for the shareholders' meeting and shareholders should be provided sufficient notice thereof.
- 8.1.2 The board should support participation of all shareholders through reasonable measures, including:

- (1) Establishing criteria that allow minority shareholders to propose agenda items for shareholders' meetings. The board should consider shareholders' proposals to be included in the agenda, and if the board rejects a proposal, the reasons should be given at the meeting.
 - (2) Establishing criteria for minority shareholders to nominate persons to serve as directors of the company.
- 8.1.3 The board should ensure that the notice of the shareholders' meeting (including the Annual General Meeting (AGM)) is accurate, complete, and sufficiently in advance for the shareholders to exercise their rights.
- 8.1.4 The board should ensure that the company arranges for the notice of the shareholders' meeting and related papers to be sent to shareholders and posted on the company's website at least 28 days before the meeting.
- 8.1.5 Shareholders should be allowed to submit questions prior to the meeting. The board should therefore ensure that there are clear criteria and a process for shareholders to submit questions. The criteria should be posted on the company's website.
- 8.1.6 The notice of the shareholders' meeting and related papers should be fully translated into English and published at the same time as the Thai version.

The notice of the shareholders' meeting should comply with applicable legal requirements and include the following:

- (1) Date, time, and place of the meeting.
- (2) Meeting agenda and matters to be proposed for information, consideration or approval. The agenda should clearly specify each individual matter or item of information to be considered or approved, such as the separate listing of election of directors, and approval of directors' remuneration instead of a general reference to matters related to directors.
- (3) Sufficient information, objectives and reasons, and board of directors' opinions, concerning each agenda item, including as follows:
 - a) Approval or rejection of dividend payment: dividend payment policy, proposed dividend payment rate, including reasons and supporting

information, or reasons and supporting information for rejecting a dividend payment.

- b) Appointment of directors: name, age, gender, education, experience, the number of listed companies and other companies where they each hold directorial positions, the criteria and procedures for selection, and types of proposed directors. Where proposed directors are those who are re-entering the same position, information must be identified about participation in meetings in previous years and the date of original appointment as a director.
 - c) Approval of directors' remuneration: the policy and criteria for determining role-specific director remuneration and all monetary and non-monetary components of a director's remuneration.
 - d) Appointment of external auditors: auditor's name and the name of the auditor's audit firm, auditor's experience, independence, and audit and non-audit fees.
- (4) Proxy form and supporting documentation using the form specified by the Ministry of Commerce.
- (5) Other supporting information, including on voting procedures (such as voting count and verification of voting results criteria, voting rights of each class of shares), details concerning independent directors proposed by the company to act as proxies for shareholders, and map of meeting venue.

Principle 8.2

The board should ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

Guidelines

- 8.2.1 The board should set the date, time, and place of the meeting by considering the interests of shareholders, such as allocating sufficient time for debate, and choosing a convenient location.
- 8.2.2 The board should ensure that the company does not through its meeting attendance requirements or prerequisites prevent attendance by or places an undue burden on shareholders, including as a result of identification requirements that exceed applicable legal and regulatory requirements.

- 8.2.3 In the interest of transparency and accountability, the board should promote the use of information technology to facilitate the shareholders' meetings, including for registration and vote counting.
- 8.2.4 The chairman of the board is the chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the company's articles of association, allocating sufficient time for consideration and debate of agenda items, and providing opportunity to all shareholders who wish to share their opinions or ask questions related to the company.
- 8.2.5 To ensure the right of shareholders to participate in the company's decision-making process in relation to significant corporate matters by participating and voting at shareholder's meetings on the basis of sufficient notice and information, directors who are shareholder should not be allowed to add items to the meeting agenda that have not been duly notified in advance.
- 8.2.6 All directors and relevant executives should attend the meeting to answer questions from shareholders on company-related matters.
- 8.2.7 The attending shareholders should be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods before the start of the meeting.
- 8.2.8 There should not be any bundling of several items into the same resolution. For example, the appointment of each director should be voted on and recorded as separate resolution.
- 8.2.9 The board should promote the use of ballots for voting on resolutions proposed at the shareholders' meeting and designate an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "for", "against" and "abstain" votes. The voting results for each proposed resolution should be included in the minutes of the meeting.

Principle 8.3

The board should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

Guidelines

- 8.3.1 The board should ensure that the company discloses the results of voting on proposed resolutions at the shareholders' meeting through the designated Stock Exchange of Thailand channels and through the company's website by the next business day.
- 8.3.2 The board should ensure that minutes of the shareholders' meeting is submitted to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date.
- 8.3.3 The board should ensure that the company promptly prepares the minutes of the shareholders' meeting, including the following information:
 - (1) attendance of directors, executives, and the proportion of attending directors;
 - (2) voting and vote counting methods, meeting resolutions, and voting results ("for", "against", and "abstain") for each proposed resolution; and
 - (3) questions asked and answers provided during the meeting, including the identity of the persons asking and answering the questions.

9.2 Board of Directors Structure

Board of Directors Structure consists of Board of Directors, Audit Committee, and Nomination and Remuneration Committee. The scope of duties and responsibilities are as follows:

9.2.1 Board of Directors

Roles of the Board of Directors

1. In operating business of the company, the directors shall perform their duty in accordance with the law, objective, and articles of association of the company as well as utilize skills, knowledge and experience in good faith and with care to maintain interests of the company.
2. To establish policies and regulations supporting the operations, to monitor company operation in accordance with applicable laws and regulations of related government entities, to disclose the adequacy of information to other related persons and to conduct business with transparency and the best interest of shareholders.

3. To monitor and follow-up the compliance of management on approved policies and plans as well as report on significant issues which may affect operation of the company including related party transaction in accordance with rules and regulations of the Securities and Exchange Commission and Stock Exchange of Thailand.
4. To ensure that the company has appropriate and efficient internal control and to assign the internal auditor in order to monitor company performance as well as to coordinate with the Audit Committee and independent auditor.
5. The Board of Directors may appoint Managing Director or authorize any person to operate the Company under control of the Board of Directors. An authorization must be in accordance with the resolution of the Board of Directors that the Independent Directors and Audit Committee attend the meeting. In case that the Independent Directors or Audit Committee disapprove such authorization. The Company should record the Independent Director's opinions in the meeting minutes. Their power are unable to authorize items or persons that can gain and loss, or may have a conflict of interest of the Company or subsidiaries.
6. To perform duties in good faith and ethic as well as be interested and immerse in company operation continuously.
7. To account to shareholders on a regular basis, to conduct business with the best interest of shareholders and to disclose accurate and complete information having standard and transparency to investors.
8. To approve of business plan, budget including investment plan or joint venture

Consider approving the revenue business plan and annual expenditures, including the investment plan or the joint venture that is in accordance with the growth of the Company. The Company's Board of Directors has determined for the Authorized Signatory of the Company to have the authorities to proceed with various matters of the business, except the following actions that can only be done after receiving the approval from Shareholders' Meeting:

- 8.1 The creation of obligations or plans that must be invested more than 50 million baht.
- 8.2 The legal matters must receive the resolution from the Shareholders' Meeting.

The following cases must receive the approval from the Shareholder's Meeting with the vote of no less than three in four of all votes of shareholders who attend the meeting and have the right to vote.

 - 8.2.1 The selling or the transferring of the Company's business as a whole or some significant parts to other individuals.

- 8.2.2 The purchasing or the receipt of a business transfer of other companies or private companies to the Company.
 - 8.2.3 The making, revision, or the rescission of the contract about the leasing of the Company's business whether as a whole or some significant parts; the assignment of other individuals to manage the business of the Company; or the combination of Company's business with other individuals.
 - 8.2.4 The modification of memorandum of association or Company's requirements
 - 8.2.5 The increase or the decrease in the Company's capital.
 - 8.2.6 The merger or the dissolutions of the Company.
 - 8.2.7 Other matters as required by the law.
- 8.3 The making of transactions that the Director has a stake and is in the scope of the laws or the requirements of the Stock Exchange of Thailand must receive approval from Shareholders' Meeting.

Board of Directors Charter

1. Components of the Board of Directors

The Company's Board of Directors consists of the individuals who have knowledge and abilities and are those with significant roles in determining the policy and the overall of the organization as well as playing an important role in supervising, checking, and evaluating the operational result of the Company to be in accordance with the plan freely. The Company's Board of Directors must contain the components as follows:

- 1.1 The Company's Board of Directors must consist of no less than 5 directors. No less than half of the number of directors must reside in the Kingdom of Thailand. The Company's Directors must have the qualifications as required by laws. The Company's Directors must or must not be the shareholders of the Company.
- 1.2 The Company's Board of Directors consists of Executive Director, Non-Executive Director, and Independent Director by which the Independent Director must be at least 1 in 3 and must be no less than 3 persons. There must be at least 1 non-executive director with the experience in the business or the main industry that the Company is conducted. The qualifications of the Independent Director must be in accordance with the Announcement of the Office of SEC.
- 1.3 The Company's Board of Directors selects a Director as Chairman. The duties of Chairman are as follows:

- (1) Have responsibilities as the leader of Company's Board of Director in supervising, providing advice, monitoring, and supporting the work management of Management Division and other Sub-Committee to achieve the objectives to ensure that the practice of duties of Board of Directors are efficient and can be achieved according to the objectives and the main targets of the organization.
- (2) Support and encourage the Company's Board of Directors to practice in full capacity according to the scope of authorities and responsibilities and the principle of good corporate governance for all directors to participate in the promotion of ethical organizational culture.
- (3) Call the Meeting of Company's Board of Directors and is the Chairman of Meeting of Company's Board of Directors. If more than two committee members have requested for the Meeting of Company's Board of Directors, the Chairman of Company's Board of Directors shall determine the meeting date within fourteen days as from the date of receiving the request, including determining the meeting agenda of Meeting of Board of Directors by consulting with the Chief Executive Officer with the measure to supervise for the significant matter to be contained in the meeting agenda.
- (4) Allocate the time adequately for the Management Division to propose the matters and enough for the Directors to discuss an important issue deliberately and thoroughly and encourage the Directors to use their discretion carefully and give their opinions freely.
- (5) Strengthen the good relationships between the Executive Director and Non-Executive Director and between the Board of Directors and Management Division.
- (6) Be a person who casts a vote in case the Meeting of Company's Board of Directors has voted and the votes of both parties are equal.
- (7) Be a person who casts a vote in case the Meeting of Company's Board of Directors has voted and the votes of both parties are equal.
- (8) Be responsible in the control and the conduction of meeting in the Meeting of Company's Board of Directors and Shareholders' Meeting of the Company to become effective and be in accordance with the requirements of the Company. Support and provide an opportunity for the Directors or the shareholders to express their opinions freely.

- 1.4 In all annual general meeting, 1 in 3 of Directors must vacate the office. If it cannot be divided into 3 portions, it must be divided into the number that is nearest to 1 in 3. The Directors that vacate the office can be elected to take up office.
- 1.5 The Company has determined the qualifications of Independent Director of the Company, which consists of a person with knowledge of accounting, financial, and other branches of business. Suitable for the protection of the benefits of shareholders and others. Moreover, it can cover the qualifications as determined in the requirements of the Stock Exchange of Thailand and Office of SEC.
- 1.6 The Company has clearly divided the roles and the responsibilities between the Company's Board of Directors and the Executives by which the Company's Board of Directors has the duty to determine the policy and supervise the operation of the Executive in the policy level. At the same time, the Executive has the duty to manage the work of the Company in various aspects to be in accordance with the required policy. Therefore, the Chairman of the Company and the Chief Executive Officer must not be the same person. Both positions must be selected from the Company's Board of Directors to be the most suitable person.
- 1.7 The Board of Directors selects an individual to act as the Company Secretary. The Company Secretary must or must not be the Director.
- 1.8 The Board of Directors selects an individual with complete qualifications and suitable experiences in performing the duties as Company Secretary. The Company Secretary must support the work of Company's Board of Directors in the matters that are relevant with the regulations and manage the Meeting of Directors and the Committee that is appointed by the relevant Committee and the Shareholders' Meeting to be in accordance with the laws, the requirements of the Company, and the good practices, including the making and the storage of Director Registration, Shareholders' Meeting Appointment Letter, Minute of Shareholders' Meeting, important documents, activities of Committee, including coordinating to have the practice according to the resolution of the Committee and providing the suggestions about laws and rules that the Committee must acknowledge, including keeping the report of the stake that is reported by the Director or the Executive to proceed with other actions as announced by Capital Market Supervisory Board and delivering the copy of report of stake that is made by the Director for the Chairman and the Chairman of Audit Committee to acknowledge within 7 working days as from the date that the Company has received the report. Hence, the Committee must reveal the

qualifications and experiences of Company Secretary in the annual report and on the website of the Company.

Moreover, the Committee must encourage the Company Secretary to receive training and develop the knowledge that can be beneficial to the practice of duties continuously and receive the training in case of having the certified program that is relevant to the practice of duties of Company Secretary.

2. Roles, Duties, and Responsibilities of the Board of Directors

In the corporate governance of the Company, apart from operating the business to be in accordance with the laws, objectives, and the requirements of the Company, including the resolution of Shareholders' Meeting. The Board of Directors has determined for the following matters to be in the authorities and the responsibilities of the Company's Board of Directors and to be in accordance with the rules and relevant requirements, including determining the duties and the responsibilities of the Board of Sub-Committee for the Company's Board of Directors and the Board of Sub-Committee to consider, approve, and provide an opinion according to the scope of authorities and the responsibilities accurately. The roles, duties, and responsibilities of the Company's Board of Directors are as follows:

- 2.1 The Company's Board of Directors must perform the duties according to the laws with responsibilities, carefulness, and honesty; protect the benefits of the Company; and pay attention in taking care of the operation of the Company to be in accordance with the laws, objectives, and requirements of the Company as well as the resolution of the Meeting of Board of Directors and the Meeting of Shareholders, including the requirements of the Stock Exchange and Office of SEC to be in accordance with the principle of good corporate governance.
- 2.2 The Company's Board of Directors must have knowledge, abilities, skills, various expertise, leadership, and experiences that are beneficial to the business with intention and business ethics, including experts with knowledge and ability in various branches with the independence in the revision of Company's operation.
- 2.3 The Company's Board of Directors must proceed for the Company to have the internal control system and the effective internal audit and the control of practices according to the rules, regulations, and the policies that will affect the operational result of the Company by establishing the Internal Audit Agency and the Compliance Unit Agency to ensure that the Company has operated according to the required guideline with efficient and arrange to have the monitoring and the evaluation

regularly by which these agencies are independent. There is the making of a performance report to the Audit Committee and the penalty in case of non-compliance with the rules. Moreover, the Company has outsourced to work with internal audit agency of the Company to supervise the internal control system and check the significant transaction regularly to ensure that the Company has the system with the efficiency of internal control system in another level, which covers the operation and the compliance control, the risk management and the use of significance against all unusual transactions.

- 2.4 The main duties of the Company's Board of Directors are to determine the visions, missions, overall policies, directions, financial targets, risks, plans, and budgets as well as the significant strategy in the business operation of the Company with the ability, honesty, and prudence to protect the benefits of the Company and the benefits of the shareholders, including supervising the operation of the Administrative Division to be in accordance with the policy and the plan as assigned with efficiency, effectiveness, and correctly according to the requirements of laws and the provisions of organizational governance.
- 2.5 Have the duties to approve the appointment of a person with qualifications and have no prohibited characteristics as determined in Public Limited Companies Act and Securities Exchange Act, including the announcement of requirements and/or regulations that are relevant with the position of Director in case the position of Director is vacant due to other reasons apart from retirement by rotation.
- 2.6 Have the duties to appoint the Independence Director and the Audit Committee by considering from the qualifications and the prohibited characteristics of Independence Director and Audit Committee according to the Securities Exchange Act and/or Office of SEC in order to propose to the Shareholders' Meeting to appoint as Independence Director and Audit Committee of the Company henceforth.
- 2.7 Have the duties to determine and modify the name of the Authorized Director of the Company.
- 2.8 Appoint other individuals to proceed with the business of the Company under the control of the Committee or assign the authority for the said individual to have the authority and/or within the period as the Committee sees appropriate. The Committee might cancel, revoke, change, or modify the said authority.
- 2.9 Have the duties to approve the making of the acquisition list or the disposal list of the assets of the Company, unless the said transaction must receive the approval from

the Shareholders' Meeting. The consideration for the said approval must be in accordance with the announcements, requirements, and/or the regulations that are relevant to the Stock Exchange and/or Office of SEC.

- 2.10 Have the duties to approve the making of related party transactions, except the case that the said transaction must receive the approval from Shareholders' Meeting. Hence, the consideration for the said approval must be in accordance with the announcements, requirements, and/or regulations that are relevant to the Stock Exchange and/or Office of SEC.
- 2.11 Have the duties to approve the dividend payment between each other to the shareholders when it is seen that the Company has adequate profits to do so and report the said dividend payment to the Shareholders' Meeting in the following Shareholders' Meeting.
- 2.12 Have the duties to determine the visions, missions, policies, operational directions of the Company, financial targets, risks, plans, and annual budget, including the significant strategies for the business operation of the Company with the abilities, honesty, and prudence to protect the benefits of the Company and benefits of the shareholders as well as supervising the operation of the Administrative Division according to the policy and the plan as assigned with efficiency, effectiveness, and correctly to be in accordance with the rules of good corporate governance to increase the highest economic value to the shareholders and the sustainable growth.
- 2.13 Be accountable to the shareholders regularly. Operate the work by protecting the benefits of the shareholders. Disclose the information that is essential to the investors correctly and accurately with standard and transparency.
- 2.14 Assess the performance of the Company's Board of Directors, Board of Sub-Committee, and the Chief Executive Officer and the Chief Executive Panel at least once a year to collect the votes from the evaluation of the Company's Board of Director and the Sub-Committee and summarize the performance analysis result of the Committee in the year-round in order to make a report to the Company's Board of Directors to consider the works and the problems for improvement by determining the rules to compare the performance and arranging to have the disclosure of procedures and the overall evaluation report in the annual report.
- 2.15 Supervise for the Management Division to have the proper and efficient risk management system.

- 2.16 Consider making the decision in the essential matters. For example Policy and business plan of large investment project, administrative authority, acquisition or disposal of assets, and other transactions as required by laws.
- 2.17 Determine the authority and the approval level in the making of the transaction and other operations that are relevant to the work of the Company for the team or the individual in case of suitability and to be in accordance with the relevant laws by registering as the Authority's Handbook. The revision should be done at least once a year.
- 2.18 Arrange to have the balance sheet and the profit and loss statement as of the end of the fiscal year of the Company and sign the name to certify the said financial statement in order to propose to the Shareholders' Meeting in the annual general meeting for approval.
- 2.19 Approve appointing the Auditor and consider the annual audit fee in order to propose to the shareholders for appointment.
- 2.20 Report the responsibilities of the Board of Directors in the making of the financial transaction together with the Auditor's Report in the annual report, covering the various significant matters according to the policy of good practices for the Directors of listed companies.
- 2.21 Supervise the performance of various Board of Sub-Committee to be in accordance with the charter as determined.
- 2.22 The Board of Directors must assess the performance by oneself and assess the overall performance.
- 2.23 Proceed for the Company and the subsidiaries to make use of the proper and efficient accounting system as well as arranging to have the internal control system and the internal audit system.
- 2.24 Arrange to have the policy regarding the good corporate governance and prepare the business ethics in writing with the adaptation of the said policy effectively, including reviewing the policy and monitoring to have the practices according to the said policy regularly to ensure that the Company is responsible for all groups of relevant persons with fairness.
- 2.25 Have the duties to supervise and determine the operational policy of the subsidiaries and other businesses that the Company has invested with significance. For example The proportion of shareholdings with the right to vote starts from 20 percent, but not

exceeding 50 percent. In case of necessary, the Committee must supervise to have the making of contract between shareholders or the joint venture contract to clarify about the authorities in the management, the participation in making the decision for important matters, and the monitoring of performance to use as the information in the making of financial statement of the Company to be according to the standard and time.

- 2.26 Arrange to have the advisor determine the guideline for the potential development of the Directors and the Executives every 3 years. The said information must be disclosed in the annual report.
- 2.27 Understand the structures, shareholders' relationship, and the policies of the mother companies that affect the work management control of the subsidiaries.
- 2.28 Supervise the risk management and the internal control measure. Hence, the Company's Board of Directors and the Audit Committee must consider giving an opinion about the adequacy in such matter at least once a year and must disclose in the annual report as well as taking care of the factors so that the risk factors will not provide the negative impact to the business operation of the Company.
- 2.29 Arrange to have the policy to promote the training and provide the knowledge to those who are relevant with the corporate governance system of the Company, such as Company Director, Audit Committee, Executive, and Company Secretary to improve the performance simultaneously. There is the making of documents and plans systematically for a person who takes up an office to proceed with the operation simultaneously in case there is a change of Directors or reappointment of Directors. Hence, the Committee arranges to disclose the training information and knowledge development in the annual report.
- 2.30 Arrange to have an orientation for the Directors who take up an office in the Company's Board of Directors in order to know the significant information of the Company, such as business types, policies, targets, operational results, and regulations that are relevant with the position of Directors of the registered company. The Company Secretary gives the documents, Company's annual report, and Company's video, including visiting the Company's operational site for the benefits in the practice of duties of the new Directors.
- 2.31 Determine the compensation structure. The compensation of the Independent Director is monthly compensation and the meeting allowance per time, which must be in the average criteria when comparing with the same industry, taking the

adequacy to the duties and the responsibilities that the Director must be responsible for consideration. The Executive Director will not receive monthly compensation and meeting allowance per time but will receive the salary and annual bonus by considering the operational result of the Company. The annual compensation of the Committee and the Executive must not be higher than normal when compared with the average compensation of the listed companies. Hence, the highest benefit of the shareholders will be taken into consideration mainly. The compensation of the Directors must receive approval from the annual general meeting of each year.

3. Election of Company Director and Term of Office

The Election of Company Director must be done at the Shareholders' Meeting according to the criteria as follows:

- 3.1 One shareholders has a vote of 1 share per 1 vote.
- 3.2 In the election of Director, the vote might be needed to select the Director individually for one or several persons per time as the Shareholders' Meeting sees appropriate. In each resolution, the shareholder must make a vote with the number of votes as in Item 1. The number of votes cannot be shared with any persons in any numbers. Therefore, the shareholder cannot share one's own vote in the election of Director for any persons in any numbers according to the first paragraph of Section 70 of Public Limited Companies Act (voting by Non-Cumulative Voting only).
- 3.3 Those who receive the highest vote in respective order must be elected as Director in the number that is equivalent to the expected number of Directors or the number that should be elected during the time. In case the individual who is elected in the following order receives the vote in the number that exceeds the expected number of Directors or the number that should be elected during the time, the Chairman of the Meeting must cast a vote.
- 3.4 The Board of directors has the duty to manage the business operation of the Company to obtain the term of office according to the Company's requirements. That is to say, in each annual general meeting, one in three (1/3) of Directors during the time must vacate the office. If the number of Directors cannot be divided into three proportions, the Directors must vacate the office in the number that is nearest to one in three (1/3) of Directors who are retired by rotation in which they might be elected to take up office again.

For the Specific Committee, which is the Audit Committee, the term of office is 3 years per time by which 1 year means the period between the date of the annual general meeting of the year that is being appointed and the date of the annual general meeting in the following year. The Directors who are retired by rotation might be nominated and reappointed to take up office.

3.5 In addition to the expiration of the term of office stated above, a Director can also vacate from positions by:

- (a) death
- (b) resignation
- (c) lack of qualifications or possession of disqualifications under Public Limited Companies Act or Securities and Exchange Act
- (d) the meeting of shareholders may pass a resolution to remove any Director prior to the expiration of term of office with votes not less than three-fourths of number of shareholder attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.
- (e) the court issuing an order to remove.

3.6 Any director who wishes to resign from office shall tender a letter of resignation to the company, and resignation shall take effect on the date on which the letter of resignation reaches the company

The director who has resigned from office under paragraph one may notify the Registrar for information of the resignation from office.

3.7 In the case of a vacancy of directorship for reason other than expiration of term of office, the board of directors shall elect a person possessed of qualifications and not possessed of disqualifications under Public Limited Companies Act or Securities and Exchange Act as the replacement director in the next meeting of board of directors, unless the remaining term of office of the director is less than two months. The replacement director may hold only for the remainder of term of office of the director whom be replaced. The resolution of the board of directors must be supported by majority votes of number of the remaining directors.

3.8 The Director who wishes to be other company director must be approved by the Board of Directors. However, the director has a limit of 5 board seats in publicly-

listed companies and such director should disclose information about board memberships to the Company.

4. Meeting of the Board of Directors

- 4.1 The Board of Directors should set its meeting to consider for company performance at least 6 times per year. In a month that there is no the Board of Directors' meeting, the management should create and submit performance report to the Directors so that the Director can monitor the performance continuously and in time.
- 4.2 The opinions must be given in a free and unrestricted manner. The Directors should attend every Board of Directors' meetings. In case of force majeure, the Directors should notify the Company Secretary in advance. The Company must notify the number of meeting held during the year in the annual report.
- 4.3 In each Committee Meeting, to notify all committee members in advance, the Committee Secretary will deliver the meeting invitation to all Directors to notify the date, time, place, and agenda by delivering at least 7 days in advance and must collect the meeting documents from the Directors and the Management Division in order to deliver to the Committee at least 5 days in advance prior to the meeting date. The said documents must contain adequate information for the decision making and must involve the use of the Committee's discretion.
- 4.4 The Company Secretary must record the issues in the meeting and prepare the minutes of the meeting with complete content in which it must be completed within 15 days as from the end date of the meeting in order to propose to the Chairman of the Board of Directors to sign. The storage system must be good, easy to search and
- 4.5 The Company Director who has the stake in any matters must not make a resolution in that matter.
- 4.6 The voting in the Board of Directors' meeting will mainly hold the majority vote as significant. In case the votes are equal, the Chairman in the Meeting might cast another vote. However, the opinion of other Company Directors that do not approve with the resolution must be identified in the minute of the meeting.

The Company Director encourages for the Chief Executive Officer to invite the Chief Executive to attend the Board of Directors' meeting to provide additional information as a person who is involved with the problem directly and to provide an opportunity to get to know the Chief Executives in order to use as a consideration for the succession plan.

9.2.2 Audit Committee

Roles of an audit committee

1. Review the company's financial reporting process to ensure that it is accurate and adequate.
2. Review to ensure that the company has appropriate and efficient internal control and internal audit systems. Also consider the independence of internal audit unit, approve an appointment, transfer, or termination of the head of internal audit unit, or any other units in charge of an internal audit.
3. Review to ensure the company is compliance with SEC's laws, SET's regulations, and other related business laws.
4. Consider, select, and nominate independent persons to act as auditor, propose auditor's remuneration with regard to credibility, resourcefulness and amount of audit works of such auditing firm, including the experience of the person designated for auditing.
5. Consider the connected transactions or the transactions that may cause conflicts of interests, making them in line with the laws and SET's regulations. This is to ensure such transactions are reasonable and for the highest benefit of the company.
6. Prepare an audit committee's report and disclose it in the company's annual report. The report must be signed by the audit committee's chairman and consist of at least following information:
 - (a) Opinion on the accuracy, completeness, and reliability of the company's financial reports;
 - (b) Opinion on the adequacy of the company's internal control system;
 - (c) Opinion on the compliance with SEC's laws, SET's regulations, or any other related business laws;
 - (d) Opinion on the suitability of the auditor;
 - (e) Opinion on transactions which may cause conflicts of interests;
 - (f) Number of the audit committee meetings, and attendance of such meetings by each audit committee member;
 - (g) Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter;
 - (h) Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the board of directors.

7. Other operations as assigned by the board of directors, and approved by the audit committee

Audit Committee Charter

1. Composition of Audit Committee

- 1.1 The Audit Committee shall consist of at least 3 independent directors having qualifications and duties in accordance with the regulations of the Securities and Exchange Commission Thailand and the Stock Exchange of Thailand.
- 1.2 The Audit Committee shall have sufficient knowledge and experience to perform the duty of the audit committee. There must be at least 1 member of the audit committee, who has the knowledge, understanding or experience in accounting, finance or auditing.
- 1.3 The Chairman of audit committee shall be nominated and appointed by the Board of directors.

2. Qualifications of Audit Committee

- 2.1 Having been appointed by the board of directors.
- 2.2 Qualified in accordance with Public Limited Companies Act and Securities and Exchange Act.
- 2.3 At least 1 member of the audit committee having the knowledge of accounting and finance.
- 2.4 Being an independent director having the following qualifications:
- (1) Holding no more than 1 % of total voting shares of the Company, parent company, subsidiary, affiliate, and major shareholders or controlling persons of the Company including the shareholding of persons related to the independent directors.
- (2) Not currently be or never been the company's executive director, worker, employee, salaried consultant, or controlling persons of the Company, parent company, subsidiary, affiliate, major shareholders or controlling person. Exception: It has been at least two years after the person has held the position before submission of form of notification of names and scope of work of the Audit Committee to the Securities and Exchange Commission Thailand. However, such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor

- of a government unit which is a major shareholder or controlling person of the Company;
- (3) Not by blood or legally registered with other directors, executives, major shareholders, controlling persons, or persons who will be nominated as directors, executives, or controlling parties of the company or subsidiary.
 - (4) Not currently having or never had any relations with the Company, parent company, subsidiary, affiliate, major shareholders or controlling persons of the Company in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or controlling person for persons having business relations with the Company, parent company, subsidiary, affiliate, major shareholders or controlling persons of the Company. Exception: It has been at least two years after the person has held the position.
 - (5) Not currently being or never been the auditor of the Company, parent company, subsidiary, affiliate, major shareholders or controlling persons of the Company. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current auditor's auditing firm of the Company, parent company, subsidiary, affiliate, major shareholders or controlling persons of the Company. Exception: It has been at least two years after the person has held the position.
 - (6) Not currently be providing or never provided professional services, legal consulting, nor financial consulting services to the Company including the parent company, subsidiary, affiliate, major shareholders or controlling persons of the Company with a fee more than THB 2 million per year. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current service providers. Exception: It has been at least two years after the person has held the position.
 - (7) Not currently a director appointed to represent the company's directors, major shareholders, or the shareholder related to major shareholder.
 - (8) Not currently be operating under similar business nature and significant competition to the company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating

under similar business nature and significant competition to the company and subsidiary.

- (9) Not under any conditions that may impede the person from having independent views towards the company's operations.

2.5 Being able to implement, give opinions or report on performance in a free and unrestricted manner in accordance with the entrusted task with free and clear of influence of the management or major shareholders including related persons or relatives of the management or major shareholders.

2.6 Being reliable and admitted.

2.7 Being able to dedicate sufficient time to the performance of work of the Audit Committee.

3. Duties and Responsibilities

The Audit Committee consists of at least 3 independent directors having duties and responsibilities as follows:

- 3.1 To review the Company's financial reports are correct and adequate by jointly reviewing with the auditor and management being responsible for preparing quarterly and annual financial reports as well as disclosing company information before proposing to the Board of Directors.
- 3.2 To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and consider the independence of the office of internal audit related to the approval of appointing, transferring and terminating the head of the office of internal audit or other offices in charge of internal audit
- 3.3 To review that the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's rules and regulations, and other laws relating to the Company's business.
- 3.4 To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration to the Board of Directors before shareholder approval. Review with the independent auditors the objectivity of audit as well as issues that the independent auditors consider they may have material impact on the company financial reports and to attend a meeting with the auditor without the presence of the management at least once a year.

- 3.5 To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange of Thailand's regulations
- 3.6 To prepare, and to disclose in the Company's annual report, an Audit Committee's report, which must be signed by the Audit Committee's Chairman and consist of at least the following information:
- (1) Opinion on the accuracy, completeness and creditability of the Company's financial reports;
 - (2) Opinion on the adequacy of the Company's internal control system;
 - (3) Opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws relating to the Company's business;
 - (4) Opinion on the suitability of an auditor;
 - (5) Opinion on the transactions that may lead to conflicts of interests
 - (6) Number of meeting held during the year and number of each member's attendance
 - (7) Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter;
 - (8) report the operation of Audit Committee to the Board of Directors at least once every quarter (4 times a year).
 - (9) Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the board of directors.
- 3.7 Reporting the findings or suspicious transactions or any of the following acts which may materially affect the Company's financial condition and operating results, to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
- (1) a transaction which causes a conflict of interest;
 - (2) any fraud, irregularity, or material defect in an internal control system; or
 - (3) an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or Management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Securities and Exchange Commission or the Stock Exchange of Thailand.

- 3.8 To implement the tasks stated above for subsidiaries as assigned or requested by subsidiaries within the Audit Committee's scope of work
- 3.9 To review the regulations and reports on the performance at least once a year.
- 3.10 To look after whistle-blowing, complaints, suggestions or recommendations channels for reporting of inadequate financial statement or other issues so that a whistle-blower can confident that there are independent review process and appropriate follow-up process.
- 3.11 To request assistance from external advisors or experts related to the audit operation, at the Company's expense, in accordance with the Company's regulation as necessary.
- 3.12 To review the accuracy of supporting documents and self-assessment forms regarding anti-corruption policy according to Thailand's Private Sector Collective Action Coalition Against Corruption.

4. Term of Office of the Audit Committee

- 4.1 Each term of office of the Audit Committee consists of 3 year from the date of shareholder's meeting of the year of appointment as the Audit Committee. The members of the Audit Committee, who retire from office by rotation, may be nominated and reappointed for another term.
- 4.2 In addition to the expiration of the term of office stated above, the Audit Committee members can also vacate from positions by:
 - (a) death
 - (b) resignation
 - (c) lack of qualifications for being a member of the Audit Committee according to the Charter of the Audit Committee or other related laws
 - (d) expiration of the term of the Board of Directors
- 4.3 Any member of the Audit Committee who wishes to resign from office shall tender a letter of resignation to the Chairman at least 1 month's notice together with a reason. The resignation shall be approved by the Board of Directors. The Company shall

notify and submit the resignation letter to the Security of Thailand. In case of where the whole Audit Committee vacate office, such Audit Committee shall remain in office as long as necessary to operate business of the company until the new Audit Committee assume office.

- 4.4 In case of vacancy for any reason other than at the expiry of the term, the Board of Directors shall appoint a qualified person to fill in the vacancy within 90 days of the shortfall. Such new member of the Audit Committee shall continue the remaining term of office of a member of the Audit Committee who is replaced.

5. Meeting of the Audit Committee

- 5.1 The Audit Committee shall convene a meeting at least 4 times a year. In case that there arises the necessity and urgency, the Chairman of Audit Committee may call the meeting of the Audit Committee.
- 5.2 Any member of Audit Committee who has a conflict of interest in a matter for consideration is not allowed to vote on a resolution.
- 5.3 Voting for a resolution arising at any meeting of the Audit Committee shall be decided by a majority of votes. In case of an equality of votes, the Chairman has a casting vote. However, other Audit Committee member's opinions that vote on disapproval resolution. The Chairman of Audit Committee must propose such opinions to the Board of Directors.
- 5.4 The Chairman of Audit Committee shall report on results of the meeting to the next Board of Directors' meeting.
- 5.5 The Secretary of the Audit Committee or assigned person has the duties record the minutes of the meetings

6. Reporting of the Audit Committee

- 6.1 Reporting the findings or suspicious transactions or any of the following acts which may materially affect the Company's financial condition and operating results, to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit:
- (1) a transaction which causes a conflict of interest;
 - (2) any fraud, irregularity, or material defect in an internal control system; or
 - (3) an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law relating to the Company's business.

- 6.2 If the Company's Board of Directors or management fails to make a rectification within the period of time, any Audit Committee member may report on the transaction or act to the Securities and Exchange Commission or the Stock Exchange of Thailand.

7. Reporting of Listed Company to the Exchange

7.1 Reporting upon Establishment of the Audit Committee

- 7.1.1 Reporting of resolution of the Board of Directors' meeting concerning establishment of the Audit Committee, and submission of form of notification of names and scope of work of the Audit Committee according to the regulations of the Stock Exchange of Thailand.

- 7.1.2 Submission of representation letters and curriculum vitae of members of the Audit Committee together with minutes specifying a resolution to establish the Audit Committee to the Stock Exchange of Thailand within 3 days from the date of appointment.

7.2 Reporting upon Change of Members of the Audit Committee

- 7.2.1 Report of resolution of the Board of Directors' meeting concerning change of members of the Audit Committee, and submission of form of notification of names and scope of work of the Audit Committee according to the regulations of the Exchange.

- 7.2.2 Submission of representation letters and curriculum vitae of members of the Audit Committee together with minutes specifying a resolution to establish the Audit Committee within 3 days from the date of appointment.

7.3 Reporting upon Change of Scope of Duties of the Audit Committee

- Report of resolution of the Board of Directors' meeting concerning change of scope of duties of the Audit Committee according to the regulations of the Exchange within 3 days from the date of change.

9.2.3 Chief Executive Officer

Scopes and Authorities of Chief Executive Officer

1. Is the Chairman of all executives and is a person who takes the policies of the Committee or the policies of the shareholders into practice.
2. Practice and operate the business to be in accordance with the policy and the operational direction of the Company's Board of Directors.

3. In case of essential matters or transactions that might affect the Company significantly, propose to the Company's Board of Directors for approval.
4. Monitor and operate the work to be in accordance with the plan and the policy as determined.
5. Consider and summarize the opinion towards the investment plan for job expansion or new business at the first stage, including the acquisition/disposal of assets that exceed 80 million baht before proposing to the Company's Board of Directors and to propose to the shareholders henceforth.
6. Consider, supervise, and control the budget expenditure as approved by the Company's Board of Directors. In case the expenditures.
7. Practice with honesty and protect the benefits of the Company.
8. Have the authorities to approve the abovementioned businesses, except the assignment of authorities to approve the inter-transaction according to the definition of the Securities and Exchange Commission.
9. Have the authorities consider the loan or to give loans or to request for any credits from the financial institutions, including being the surety. The Managing Director must propose the approval of transaction as mentioned above to the Company's Board of Directors to ask for approval, especially for the loan that is used as the revolving fund that will be approved by the Company's Board of Directors solely.

Hence, after the Company has received approval for delisting from the Stock Exchange and has proceeded according to the organizational restructuring plan of the Company, the Meeting of the Company's Board of Directors must approve the charter of Chief Executive Officer with the details as follows:

Charter of Chief Executive Officer

1. Manage the business of the Company according to the objectives, requirements, policies, regulations, provisions, instructions, and resolutions of the Committee Meeting and/or the resolution of the Shareholders' Meeting of the Company.
2. Prepare the strategic planning and annual budget plan in order to propose to Company's Board of Directors for further consideration.
3. Proceed according to the plan and the budget as approved by the Company's Board of Directors.
4. Make a report, plan, and financial statement of the Company and propose to the Committee in every quarter.

5. Make or rescind any contracts or obligations under the scope of approval authorities that the Company's Board of Directors has determined as well as the authorities to perform any actions that are necessary and as see appropriate to achieve the abovementioned actions.
6. Employ, appoint, remove, transfer, postpone, reduce, or cut the salary or wage; perform a disciplinary action; or disemploy the employee in the name of the Company, including appointing and determining the compensation to other officers and those who are under the command in the position that is lower than Chief Executive Officer as well as assigning the authorities and the duties to the officer in case of suitability.
7. Have the authorities to assign the sub-authority and/or assign other individuals to perform specific jobs by which the assignment of sub-authority and/or the said assignment must be under the scope of assignment of authorities according to the power of attorney and/or must be in accordance with the requirements, regulations, provisions, or instructions that the Company's Board of Directors and/or the Company has determined.

Hence, Co-chief Executive Officer has co-authorities and responsibilities. The authorities of the Co-Chief Executive Officer must be used and received approval from both Co-Chief Executive Officers. Moreover, the authorities of Co-Chief Executive Officer cannot be done if the Co-Chief Executive Officer has a stake or might have any type of conflicts of interest with the Company.

9.2.4 Company Secretary

Scope of Authorities of Company Secretary

The Company Secretary must perform the duties as determined in Section 89/15 and Section 89/16 of Securities and Exchange Act (No. 4), B.E. 2551 (2008), which is effective on 31st August 2008 with responsibilities, carefulness, and honesty as well as must practice to be in accordance with the laws, objectives, Company's requirements, and Committee resolution, including the resolution of Shareholders' Meeting. Hence, the duties according to the laws of Company Secretary are as follows:

1. The making and the keeping of documents are as follows:
 - A. Director registration
 - B. Meeting invitation for the Board of Directors' meeting, minutes of the Board of Directors' meeting and annual report of the Company
 - C. Meeting invitation for Shareholders' meeting and minutes of Shareholders' meeting
2. Keep the stake report that is reported by the Directors or the Executives. Deliver the copy of the stake report according to Section 89/14 to the Chairman of the Committee and the

Chairman of Audit Committee within 7 working days as from the date that the Company has received the report.

3. Proceed with other operations as announced by Capital Market Supervisory Board

Moreover, the Company Secretary has other duties that the Company or the Company's Board of Directors has assigned as follows:

- Give advice about laws and rules that are relevant and practices regarding supervision in the operation of Committee to be in accordance with the laws
- Arrange the meeting of Company's Board of Directors and Shareholders' meeting
- Coordinate with the internal agencies of the Company to practice according to the resolution of the Company's Board of Directors and the resolution of Shareholders' meeting
- Coordinate with regulatory agencies, such as Stock Exchange Office. Supervise and disclose the information and report the information to the regulatory agencies and the public completely according to the laws
- Arrange an orientation and provide suggestions to the new Directors in other duties as assigned from the Company

7 Charter of Company Secretary

1. Duties and Responsibilities of Company Secretary

The Company Secretary must perform the duties with responsibility, carefulness, and honesty according to Securities Act, which determines specific roles, duties, and responsibilities of Company Secretary as follows:

1.1 The making and the keeping of the Company's documents are as follows:

- (A) Director Registration
- (B) Meeting invitation for the Board of Directors' meeting and minutes of the Board of Directors' meeting
- (C) Meeting invitation for Shareholders' meeting and minutes of Shareholders' meeting
- (D) Annual Report

1.2 Keep the stake report that is reported by the Directors or the Executives

- 1.3 Proceed with the operations regarding the meeting of Company's Board of Directors and Shareholders' meeting
- 1.4 Provide suggestions regarding requirements and rules that the Company's Board of Directors and the Executives should know
- 1.5 Arrange training and orientation as well as providing information that is necessary for the practice of duties to the current Directors and the new Directors
- 1.6 Supervise and coordinate for the Company to practice according to the laws, requirements, provisions, and resolution of the Meeting of Company's Board of Directors and Shareholders' Meeting, including the good corporate governance policy and the business ethics completely and accurately
- 1.7 Deliver the copy of the stake report according to Section 89/14 to the Chairman and the Chairman of Audit Committee within 7 days as from the date that the Company has received the report. The Company must arrange to have the storage system for documents or evidence that are relevant to the display of information. Supervise for the storage to become accurate, complete, and able to inspect within the period of no less than 10 years as from the date that the documents or the information are prepared
- 1.8 Proceed with other operations as determined by Capital Market Supervisory Board

2. Principle of Operations of Company Secretary

The Company Secretary must perform the duties with responsibility, carefulness, and honesty as well as must practice according to the laws, objectives, Company's requirements, committee resolution, and shareholder resolution by which

- 2.1 The decision must be made on the basis of information with the belief in good faith that it is adequate.
- 2.2 The decision has been made with no stake, whether directly or indirectly, in the matters that the decision-making is needed.
- 2.3 The action is done in good faith for the highest benefits of the Company
- 2.4 The action is done with the legal and appropriate objective and the action does not conflict or contradict the benefits of the Company with significance.

- 2.5 The Company's information must not be exploited unless the information has been disclosed to the public. The assets or the business opportunity of the Company must not be used in a way that violates the rules or the general practices as determined by Capital Market Supervisory Board.
- 2.6 Any agreements or contracts that might cause a conflict of interest with the Company, employees, or Company's customers or might contradict the practice of one's own duties must not be made.
- 3. In case the Company Secretary vacates the office or is unable to perform the duties

The guideline for practices in case the Company Secretary vacates the office or is unable to perform the duties are determined as follows:
 - 3.1 The Board of Directors must appoint the new Company Secretary within 90 days as from the date that the former Company Secretary has vacated the office or is unable to perform the duties.
 - 3.2 The Board of Directors has the authority to assign one or another Director to perform the duties while the Company Secretary vacates the office or is unable to perform the duties.
 - 3.3 The Chairman must notify the name of the Company Secretary to the Office of SEC within 14 days as from the date that the responsible person is assigned in the said position.
 - 3.4 Notify the Office of SEC about the document storage place as in Item 1.1 and 1.2

9.3 Nomination of Directors

The guidelines for the appointment of Company Director are as follows:

- 1. The Company Director must perform the duties according to the laws, objectives, and Company's requirements as well as the resolution of Shareholders' meeting.
- 2. In all annual general meetings, the Directors must vacate the office for one in three. If the number of Directors cannot be equally divided into three proportions, they must be vacated in the number that is nearest to one in three.
- 3. The Directors who will resign during Year 1 and 2 will be decided by drawing lots. In the following years, the Directors who will resign will be considered from the longest period of work but can take up office again in the following year.

4. The Shareholders' meeting has made the resolution for one or another Director to vacate the office prior to the term with the vote of no less than three in four of the number of shareholders who attend the meeting with the right to vote and the number of shares for no less than half of number of shares that are held by the shareholders who attend the meeting with the right to vote.
5. The vote of a shareholder is one share per one vote.
6. Each shareholder must use all votes in Item 5 to select one or multiple person as Director, but cannot divide the vote to any persons less than one another. The Director will be appointed in the same proportion as the number of votes. If the votes of Directors are equal, the Chairman will cast a vote.

9.4 Supervision of Operations of Subsidiaries and Associated Companies

Stark Corporation Public Company Limited ("Company") has determined the policies to supervise and manage the business of subsidiaries and associated companies that conduct the main business with the objectives to determine the measures and the mechanisms both directly and indirectly for the Company to supervise and manage the business of subsidiaries and associated companies, including monitoring for the subsidiaries and the associated companies to comply with the measures and mechanisms that are determined as if it is their own agencies of the Company and to be in accordance with the policies of the Company, including the laws of public company limited, code of civil and commercial laws, securities laws, and relevant laws as well as the announcements, requirements, and rules that are relevant with the Capital Market Supervisory Board, Securities and Exchange Commission, Office of Securities and Exchange Commission, and the Stock Exchange of Thailand to protect the benefits in the investment of the Company in the subsidiaries and the associated companies.

In case this policy has determined for the making of transactions or operations with significant or those that affect the financial status and the operations of subsidiaries and associated companies are the matters that must be approved from Co-Chief Executive Officer or Company's Board of Directors or Shareholders' Meeting of the Company according to the Table of Approval (as a case may be). The Company's Board of Directors has duties to arrange the Meeting of Company's Board of Directors and/or Shareholders' Meeting of the Company to consider approving such matter before the subsidiaries and the associated companies will arrange the Meeting of Committee and/or their shareholders for approval prior to the making of transactions or operations. In this regard, the Company must disclose the information and comply with the rules, conditions, procedures, and methods that are relevant with the matters for approval as determined the public company limited laws, code of civil and commercial laws, securities laws, and relevant laws as well as announcements, requirements, and rules of Capital Market Supervisory Board, Securities and Exchange Commission, Office of Securities and

Exchange Commission, and Stock Exchange of Thailand mutatis mutandis (as long as it does not contradict/conflict) completely and accurately.

In this regard, “Subsidiaries” and “Associated Companies” mean subsidiaries or associated companies (as a case may be) that conduct the main business with the qualifications as determined in the Announcement of Capital Market Supervisory Board No. ThorChor. 28/2008 regarding the asking for permission and the permission to sell the newly issued shares (as amended) and the Announcement of Securities and Exchange Commission No. KorChor. 17/2008 regarding the determination of definition in the announcement regarding the issuance and the offer to sell securities (as amended).

Item 1 The following cases must be approved from the Meeting of Company’s Board of Directors and/or Shareholders’ Meeting of the Company (as a case may be):

(1) Matters for approval from the Meeting of Company’s Board of Directors

(a) The appointment or the nomination of Directors and Executives in the Subsidiaries or the Associated Companies must at least be according to the proportion of shareholdings of the Company in the Subsidiaries or the Associated Companies. The Directors that the Company has nominated or appointed must have the discretion to vote in the Committee Meeting of the Subsidiaries in the matter regarding general management and normal business operation of the Subsidiaries as the Directors of Subsidiaries or Associated Companies see appropriate for the highest benefit of the Company and Subsidiaries or Associated Companies (as a case may be), except the matter in Item 1 of this policy.

Hence, the Directors and the Executives as mentioned in the above paragraph who are nominated must be the individuals with the name in the name list of Directors and Executives of the Company that issues the securities (White List) and have the qualifications, roles, duties, and responsibilities as well as no characteristics of distrustfulness according to the Announcement of Securities and Exchange Commission regarding the determination of characteristics of distrustfulness of Directors and Executives of Company.

(b) The increase of capital by issuing the capital increase shares of subsidiaries and the share allotment, including the reduction of registered capital and/or the paid-in capital of Subsidiaries that are not in accordance with the proportion of the previous shareholding of the shareholders or any operations that might affect the proportion of the right to vote both directly and indirectly of the Company in Shareholders’

Meeting of Subsidiaries whether in any intervals to reduce more than 10 percent of all votes of Subsidiaries, unless it is the case that is in the business plan or the annual budget of the Subsidiaries that are approved by the Company's Board of Directors.

- (c) The consideration for annual dividend payment and interim dividend (if any) of Subsidiaries.
- (d) The modification of requirements of Subsidiaries (unless it is the modification of requirements in the significant matter as in Item (2) , which must be approved from the Shareholders' Meeting of the Company).
- (e) The consideration for approval of the overall annual budget of the Company and all subsidiaries of the Company.
- (f) The appointment of Subsidiaries' Auditor only for the case that the said Auditor is not in the affiliation of Full Member Audit Office in the same network with the Company's Auditor which is not in accordance with the guidelines for appointment of Company's Auditor in which the Subsidiaries' Auditor must be in the affiliation of the Audit Office in the same network with the Company's Auditor.

The transactions from Item (g) to (j) are considered to be essential. If the making of transactions significantly affects the financial status and the operational results of the Subsidiaries prior to the Committee Meeting of Subsidiaries, the Directors that the Company has appointed to take up office in Subsidiaries must vote in the following matters and must be approved by the Company's Board of Directors first. Hence, it must be in the case that when calculating the transaction size that the Subsidiaries have compared with the size of the Company by using the rules as determined in the Announcement of Capital Market Supervisory Board and the Board of Stock of Exchange of Thailand regarding the acquisition or the disposal of assets and/or any related party transaction (as a case may be) mutatis mutandis, it must be approved by the Company's Board of Directors. The transactions are as followed:

- (g) In case the Subsidiaries agree to make the transaction with the related persons of the Company or the Subsidiaries, the transactions that are relevant with the acquisition or the disposal of Subsidiaries' assets must include but not limited to the following cases:

- 1) The transferor the waiver of privileges, including the waiver of right of claim against those who cause the damages to the Subsidiaries.
 - 2) The selling or the transfer of all or some significant parts of the business to other individuals.
 - 3) The buying or the receiving of a business transfer of other companies to be in the ownership of Subsidiaries.
 - 4) The making, modification, or rescission regarding the lease of all or some significant parts of the business of Subsidiaries; the assignment of other individuals to manage Subsidiaries' businesses; or the merge of businesses with other individuals with the objectives to share the profit and loss.
 - 5) The hiring or the lease of all or some significant parts of business or asset of Subsidiaries.
- (h) The loan, loan giving, credit giving, guarantee, making of a juristic act to bind Subsidiaries to receive more financial burdens, or the financial support in other ways to other individuals and is not the normal business of Subsidiaries unless it is the loan between the Company and Subsidiaries.
- (i) The winding-up of Subsidiaries.
- (j) Other transactions that are not the normal business transactions of Subsidiaries and are the transactions that will affect the Subsidiaries significantly.
- (2) Matters for approval from Shareholders' Meeting of the Company with the vote of no less than three in four (3/4) of all votes of Shareholders who attend the meeting with the right to vote before Subsidiaries make the transaction.
- (a) In case the Subsidiaries agree to make a transaction with the related person of the Company or the Subsidiaries or a transaction that is relevant with the acquisition or the disposal of Subsidiaries' assets according to the rules as determined in the Announcement of Capital Market Supervisory Board and Announcement of Board of Stock Exchange (as a case may be) mutatis mutandis. Hence, it must be in the case that when calculating the transaction size that the Subsidiaries have made the transaction in comparison with the size of Company according to the said rules, it must be in the criteria that must receive an approval from the Shareholders' Meeting of the Company according to the said rules.

- (b) The increase of capital by issuing the capital increase of Subsidiaries and the share allotment, including the reduction of registered capital and/or the paid-in capital of Subsidiaries that is not in accordance with the proportion of the previous shareholding of the shareholders or any operations that might affect the proportion of shareholding both directly and indirectly of the Company in the Subsidiaries whether in any intervals to be lower than the proportion as determine in the laws that are enforced with the Subsidiaries, which affect the Company to have no controlling authority over the Subsidiaries. Hence, it must be in the case that when calculating the transaction size that the Subsidiaries have compared with the size of the Company and must be in the criteria that must receive an approval from Shareholders' Meeting of the Company (by using the rules for calculating transaction as determined in the relevant announcement of Capital Market Supervisory Board and the announcement of Stock Exchange of Thailand *mutatis mutandis*).
- (c) The winding-up of Subsidiaries only in the case that when calculating the transaction size of Subsidiaries' business that is winding up and comparing with the Company's size, it must be in the criteria that must receive an approval from Shareholders' Meeting of the Company by using the rules for the calculating transaction as determined in the announcement of Capital Market Supervisory Board and the announcement of Stock Exchange of Thailand regarding the acquisition or the disposal of assets *mutatis mutandis*.
- (d) Other transactions that are not the normal transaction of Subsidiaries and are the transactions that will affect the Subsidiaries significantly only in the case that when calculating the transaction size and comparing with the Company's size, it must be in the criteria that must receive an approval from Shareholders' Meeting of the Company by using the rules of a calculating transaction as determined in the announcement of Capital Market Supervisory Board and the announcement of Stock Exchange of Thailand regarding the acquisition or the disposal of assets *mutatis mutandis*.
- (e) Modification of requirements of Subsidiaries in the matter that might significantly affect the financial status and the operational result of the Subsidiaries, which include but not limited to the modification of requirements of Subsidiaries that might cause negative impact to the right to vote of the Company in the Committee Meeting of

Subsidiaries and/or Shareholders' Meeting of Subsidiaries or the dividend payment of Subsidiaries.

- Item 2 The Company's Board of Directors will supervise the Directors and the Executives of Subsidiaries and the Associated Companies that are nominated or appointed by the Company to practice according to the roles and the responsibilities according to the laws, requirements, and policies of the Company.
- Item 3 The Company's Board of Directors will monitor the operational result of Subsidiaries to be in accordance to the plan and the budget continuously and monitor for the Subsidiaries to disclose the information of financial status and the operational result, related party transaction, and acquisition or disposal of assets to the Company completely and accurately by using the rules according to the relevant announcement of Capital Market Supervisory Board and the announcement of Board of Stock Exchange (as a case may be) mutatis mutandis.
- Item 4 The Directors and the Executives of Subsidiaries who are nominated or appointed by the Company have the duties as follow:
- (1) Disclose the information about the financial status and the operational result, the making of inter-transaction of the Company or the Subsidiaries as well as the acquisition or the disposal of significant assets to the Company completely, accurately, and within the appropriate period as determined by the Company. Hence, the Company's Board of Directors or the Subsidiaries must consider the inter-transaction and the acquisition or the disposal of significant assets of the Company and the Subsidiaries by using the announcement of related party transaction or the announcement of the acquisition or the disposal of assets mutatis mutandis.
 - (2) Disclose and submit the stake information of oneself and relevant persons in the part that is relevant with any transactions in other businesses that might be predicted that it might cause the conflict of interest to the Company and/or the Subsidiaries to the Committee of Subsidiaries or those that the Committee of Subsidiaries has assigned within the period as determined by the Subsidiaries. The Committee of Subsidiaries has the duties to notify the matter to the Company's Board of Directors within the period as determined by the Company as the information for consideration to decide or approve. The consideration must take the overall benefits of the Company and the Subsidiaries into consideration significantly.

The Directors and the Executives of the Subsidiaries must not participate in the approval of matter that oneself has the stake or the conflict of interest.

Hence, the following actions affect the Directors or the Executives of Subsidiaries or the individual that is relevant with the Directors or the Executives of the Subsidiaries to receive the financial benefits apart from normal or might cause the Subsidiaries or the Company to receive damage. It must be assumed that the actions are contradicted or conflicted with the benefits of Subsidiaries with significance.

- (a) The making of transactions between the Subsidiaries and the Directors or the Executives of Subsidiaries or an individual who is relevant with the Directors or the Executives of the Subsidiaries are not in accordance with the rules of related parties transaction.
 - (b) The use of information of the Company or the Subsidiaries that are perceived, unless it is the information that is disclosed to the public.
 - (c) The use of assets or business opportunities of the Company and/or the Subsidiaries in a form that it has violated the rules or the general practices as determined by the Capital Market Supervisory Board.
- (3) Report the business plan, business expansion, and large investment project as well as the investment with other entrepreneurs to the Company through the monthly or quarterly performance report. Then, notify and deliver the documents for consideration as requested by the Company.
 - (4) Notify and/or deliver the information or the documents that are relevant to the operation or any documents to the Company when being requested in case of suitability.
 - (5) Be in charge for the Subsidiaries to have the internal control system, risk management system, and anti-corruption system appropriately, efficiently, and concisely to ensure that the operations of the Subsidiaries are truly in accordance with the Company's policies, laws, announcements, requirements, and rules that are relevant with the Capital Market Supervisory Board, Office of Securities and Exchange Commission, and the Stock Exchange of Thailand. Arrange to have the clear work system to show that the Subsidiaries have an adequate system in the disclosure of information about the making of significant transaction according to the

determined rules continuously and reliability with the channel for the Directors and the Executives of the Company to perceive the information of Subsidiaries in supervising the performance and the financial status; the making of inter-transaction between Subsidiaries, the Directors, and the Executives of Subsidiaries; and the making of significant transaction of Subsidiaries with efficiency. Moreover, there is an arrangement of mechanism to inspect the work system in the Subsidiaries by which the team of Internal Auditor and the Independent Director of the Company can gain access into the information directly. The inspection result of work system must be reported to the Directors and the Executives of the Company to ensure that the Subsidiaries can operate the work according to the prepared system regularly.

Item 5 The Directors and the Executives of the Subsidiaries who are nominated or appointed by the Company; employees; and staff or assigned persons of the Subsidiaries, including a spouse or underage child of the said individual are prohibited to use the internal information of the Company and the Subsidiaries, whether from action by duties or any other ways that significantly affect or might affect the Subsidiaries and/or the Company for the benefits of oneself or other persons whether directly or indirectly and whether receiving the compensation or not.

Item 6 The Company must proceed for the Directors in the Subsidiaries who are appointed by the Company to attend the meeting and vote as the Company has determined in the Committee Meeting of Subsidiaries in the consideration for agenda that is essential to the Subsidiaries' business at all time.

9.5 Supervision of the Use of Internal Information

The Company has determined the Inside Information Usage Policy. The Company has considered it to be a significant policy that the Directors, Executives, and Company's employees (including spouse and underage child of the said person) are prohibited to use the internal information of the Company to seek the benefits of oneself or to publicize to other individuals. Also, there is the determination of Inside information Usage Policy in writing and notify the guideline to every person in the organization for practice.

The Company has given the information to the Directors and the Company's Executives about the duties that the Directors and the Executives must report; the holding of securities in the Company; and the penalty according to Securities Act and the requirements of Stock Exchange that are relevant. The Directors or the Executives must report the securities holding of themselves, spouse, spouse or those who cohabitate, and the underage child who holds the Company's securities, including reporting the change of securities holding every

time when there is the buying, selling, transferring, or receiving the transfer of securities to Securities and Exchange Commission according to Section 59 of Securities and Exchange Act, B.E. 2535 (1992) within 3 working days after the buying, selling, transferring, and receiving date of securities.

The Company has placed importance on the efficient internal control system by determining the guideline for internal control to prevent and reduce the risk that might occur. The Company has prohibited the Executives who receive the inside information to perform any actions that are contradicted to Section 242 of Securities and Exchange Act, B.E. 2535 (1992), including the relevant rules from the Inside Information Usage Policy.

9.6 Auditor Fees

The Company and its subsidiaries have paid the audit fees to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for 2017, 2018 and 2019 in the amount of 6.04 million baht, 8.06 million baht and 15.93 million baht respectively, the other fees to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for 2017, 2018 and 2019 in the amount of 0.00 baht, 10.06 baht and 1.90 million baht respectively.

9.7 Compliance with Other Good Corporate Governance

-None-

10 Social Responsibility

10.1 Overall Policy

The Company has operated the business by becoming aware of the responsibility towards the society, environment, and stakeholders, starting from shareholders, customers, trading partners, contract parties, employees, and communities as well as having the determination to develop the business to grow steadily and sustainability. The Management Team and all employees shall participate in the practice and the responsibility in order to achieve the business guideline with ethic and good corporate governance by which the guidelines will cover the topics as follows:

- 1) Responsibility towards Employee and Staff by practicing to be in accordance with the laws and relevant standards. Practice towards employees fairly and respect the human rights, which are determining the compensations and other benefits with justice, arranging the welfares to not be less than the specified laws or more as see appropriate; taking care of health and sanitation and the safety at work; and providing the knowledge to develop the potentiality and encourage the advancement, including giving an opportunity for the employees to develop the work skill in other aspects.
- 2) Responsibility towards Customers by practices according to the laws and relevant standards. Be aware of the health, safety, fairness, confidentiality, after-sales service throughout the lifetime of products and services, and monitoring and assessment of customer satisfaction to improve products and services. The advertisement, public relations, and sales promotion must be done with responsibility to prevent misunderstanding. Do not use the benefits from the misunderstanding of the customers.
- 3) Responsibility towards Trading Partner by using the procurement process and the conditions of contract and or agreement that are fair. Provide the knowledge, develop the potentiality, and enhance the productivity and the service provided to be up to standard. Notify and supervise the trading partner to respect human rights and practice towards its own laborers with justice. Be responsible for the society and the environment, including monitoring and assessing the trading partner for sustainable business development.
- 4) Responsibility towards Community by using the knowledge and the business experiences to develop the project that can create the benefits to the community concretely. Monitor and assess progress and success in the long term.
- 5) Responsibility towards Environment by preventing, reducing, managing, and supervising to ensure that the Company will not create or cause any negative impacts to the environment, which covers the use of

raw materials, the use of energy, the use of water, the use of renewable resources, the release and the management of wastes that come from the conduction of business and the release of greenhouse gas.

- 6) Fairness Competition by conducting the business openly and transparently. Do not create an unfair competitive advantage.
- 7) Anti-Corruption by practicing according to the rules and relevant standards. Determine for the Company to have and announce the anti-corruption policy to the public. The Company might consider participating as the networking associate to anti-corruption, including supporting other companies and the trading partners to have and announce the anti-corruption policy, including participating in the networking association.

Anti-Corruption Policy

The Company and the Subsidiaries adhere to conduct the business according to the good corporate governance with honesty, transparency, fairness, and in accordance to the good corporate governance with the responsibility towards the society and all groups of stakeholder by emphasizing on encouraging morals, creating awareness and accurate social values in the work. The Company realizes that corruption is a wrong and unfair act in the business that might cause damages to the Company and society. Therefore, to ensure that the Company has an intention to prevent and reduce a chance that the corruption might occur, the Company has determined the anti-corruption policy as guideline for the personnel of the Company and the Subsidiaries and relevant persons to practice in order to prevent the corruption by which the Directors, Executives, and all employees must hold for practice and use as the guideline.

1. Definition

“Corruption” means any forms of bribery by offering or promising to give, or requesting for money, assets, or any benefits with the public officers, government agencies, private agencies, or persons in charge, whether directly or indirectly, for the said individual to perform or omit to perform the duties or to obtain or maintain the incorrect business benefits.

2. Policy

The Company and the Subsidiaries shall not accept all types of corruption whether directly or indirectly and determine for the personnel of the Company to comply with the anti-corruption policy seriously as follow:

- 2.1 The personnel of the Company must not take action or participate in all types of corruption whether directly or indirectly.

- 2.2 The personnel of the Company must practice carefully in terms of receiving; giving of presents, assets, or other benefits; giving or receiving presents, and entertaining by which it shall be done for the business objective only with appropriate value and it must not affect the decision with significant.
- 2.3 The efficient and appropriate internal control system and risk assessment must be arranged regularly to prevent corruption. The operational risk that might cause corruption must be reviewed and assessed at least one (1) time a year.
- 2.4 The mechanism for the financial report must be arranged with transparency and accurately under the accounting standard that is being accepted on an international level.
- 2.5 There is a human resource management process that reflects the determination of anti-corruption measures.
- 2.6 The communication channel must be arranged for the personnel to notify clues, suggestions, and complaints about corruption with the measure to protect the whistle-blowers.
- 2.7 The operation should be done to be in accordance with the laws that are relevant to anti-corruption in all countries that Company and the Subsidiaries have conducted the business.
- 2.8 Any actions that are violated or are not in accordance with this policy, whether directly or indirectly, must receive disciplinary considerations according to the regulations that the Company has determined or legal punishments.

The personnel of the Company must understand and practice according to the anti-corruption policy in all operational procedures. If the actions that are within the scope of contradicting this policy are found, inform the superior or the responsible agencies/persons.

3. Duties and Responsibilities

- 3.1 The Committee has the duties and the responsibilities to determine and approve the anti-corruption policy. Supervise to have a system that supports the efficient anti-corruption to ensure that the Management Department is aware of the importance and has taken the policy into practice until becoming the organizational culture.
- 3.2 The Audit Committee has the duties and the responsibilities to review for the Company to have adequate internal control and for the practice to be in accordance with the anti-corruption policy.

- 3.3 The Managing Director has the duties and responsibilities to determine the system to encourage, support, and supervise to ensure that the employees and all relevant parties have practiced according to the anti-corruption policy, including reviewing the suitability of measures regularly whether it is suitable and up-to-date.
- 3.4 The Audit Committee has the duties and the responsibilities to inspect and review the practices whether they are in accordance with the policies and the guidelines that the Company has determined and must in accordance with the relevant regulations and laws to ensure that the anti-corruption system of the Company is adequate and report. Then, report to the Audit Committee.
4. Scope and Guideline
- 4.1 The Company has determined for the Directors, Executives, and all employees to practice according to the anti-corruption policy by not involving with the corruption, whether directly or indirectly, and not neglecting or ignoring the actions that are within the scope of corruption that is in accordance with the Company. The practices must be carefully done. Types of corruption are as follows:
- 4.1.1 Giving or Receiving of Bribery
- Do not give or receive all types of bribery, whether by oneself or assign other persons to do so.
- 4.1.2 Giving or Receiving of Present, Entertainment, Other Benefits
- In the giving or receiving a present, entertainment, and other benefits from customers, trading partners, or other relevant persons, comply with the Company's Code of Ethics.
- 4.1.3 Charitable Donation, Community Service, and Financial Support
- 1) Must be transparent and legal, must not contradict morality, and must not cause damages to the public.
 - 2) Comply with the procedures for transaction approval that that Company has determined.
- 4.2 The Company determines to create awareness, social value, and attitude to the employees to perform their work according to the laws and rules with honesty and preserve the organizational culture by adhering that corruption is unacceptable in the making of transaction with both government sector and private sector.

- 4.3 The Directors, Executives, and all employees should not neglect or ignore the actions that are within the scope of corruption that is relevant to the Company and must inform a superior or a person in charge as well as providing cooperation in the inspection of facts.
- 4.4 This anti-corruption policy must cover the personal management process, starting from selecting the personnel, promoting, training, and assessing the performance of employees. The superior at all levels must communicate with the employees so that they can comply with the policy with efficiency.
- 4.5 The efficient and effective internal control system is arranged with proper inspection and check and balance to prevent the employees from performing corruption or taking parts in any corruptions.
- 4.6 The internal control system that covers efficient financial and accounting is determined to ensure that the financial transactions are done with accuracy, transparency, and can be audited.
- 4.7 The Company's Board of Directors, Executives, and employees are prohibited to perform any actions to request or accept assets or benefits for oneself or others that can motivate the practices or the omission of legal practices or those that might cause the Company to lose its legal benefits.
- 4.8 The principle of giving or receiving presents, objects, or entertainment that might cause doubts in corruption or bribery is determined. The receiving of presents should be done reasonably. They must not be cash or those that are equivalent to cash. It must be realized that all actions must be done under transparency and can be audited.
- 4.9 The rules for procurement, disbursement, or the making of contracts are determined. Each procedure must contain clear evidence with proper and concise approval authority.
- 4.10 The Company's Board of Directors, Executives, and employees are prohibited to give or offer to give assets or benefits to the third party in order to motivate the said person to act or omit from performing any actions that are illegal or unlawful to their own position.
- 4.11 The mechanisms for a financial status report that is transparent and accurate are determined.
- 4.12 The anti-corruption policy and guidelines are communicated to the Directors, Executives, and all levels of employee of the Company for acknowledgment and true understanding in order to practice through various channels, such as employee training and organizational communication system.
- 4.13 The channels to report clues about corruption in case there are suspicious incidences of corruption and illegal practices of the Directors, Executives, and the Company's employees are determined by which

the whistle-blower can submit details and evidence to the Company through the channel, website, e-mail, or letter.

- 4.14 The mechanism to protect the whistle-blower about the corruption that is relevant to the Company is made by determining the information of whistle-blower as confidentiality. In case the information of whistle-blower is disclosed, a person in charge of such information must receive disciplinary action.
- 4.15 The punishment of Directors, Executives, and employees who perform corruption or support the actions that are relevant to corruption are determined by which the disciplinary action will proceed as a case may be. For example written warning, wage reduction, suspension from work, unemployment, and legal proceeding.
- 4.16 There are inspection and a report according to the rank of superior of a person who performs corruption until Risk Committee, Audit Committee, and the Company's Board of Directors.
- 4.17 The Risk Management Committee is determined to assess the chance that corruption might occur, including the impact by covering all types of corruption. For example The making of false financial reports, the loss of assets, the corruption, the management override of internal controls, the change of information in significant reports, or the illegal acquisition or the disposal of assets.

10.2 Operating and Reporting

The Company has the practices that are in accordance with the overall policy of the business with social responsibility as follows:

1) Operating in accordance with the policy

The Company emphasizes implanting the employees to understand the target of the organization and to perform their work with the awareness of social responsibility. The Company has communicated the policy about social responsibility for all employees to understand through the training and personnel plan of the Company for all employees to practice in the same direction as well as encouraging the employees to receive the training in order to increase the working skills and play a part in activities for the benefits of society and environment regularly.

2) Reporting Process

The Company prepares the social responsibility plan by taking the determined guideline into consideration. The social responsibility performance report is made yearly by disclosing in the form of an annual report or the sustainability report for publication every year after being registered in the Stock Exchange.

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10.3 Social and Environmental Activities (After Process)

The operation and social and environmental activities are part of the Company's sustainable development goals. The Company is aware of social services in order to compensate for society and instill all staff in the organization to beware of society. In this regard, the Company has organized social activities annually for community development. The social and environmental activities are as follows:

- The Company held North Regional Workshop for electrical teachers 2019 at Sirikit Dam, Uttaradit Province on April 22, 2019.



- The Company held Central, West and East Regional Workshop for electrical teachers 2019 at Vachiralongkorn Dam, Kanchanaburi Province on May 8-10, 2019.



- The Company held Hands-on Activity 2019 for faculty of engineering, King Mongkut's University of Technology Thonburi on June 5, 2019.



- The Company held Northeast Regional Workshop for electrical teachers 2019 at Ubol Ratana Dam, Khon Kaen Province on August 21-23, 2019.



- The Company held Workshop for electrical engineering students, Naresuan University on August 31, 2019.



- The Company held Workshop for teachers from Technical College, Polytechnic College and Industrial and Community Education College including electrician from Institute for Skill Development and professional electrician from the private sector, Southern region on October 16-18, 2019.



- The Company held Workshop for electrical engineering students, Mahidol University on November 5, 2019.



- The Company held Workshop for electrical engineering students, Chiangmai University on December 18, 2019.



- The Company held Workshop for electrical engineering students, Rejamangala University of Technology Lanna on December 19, 2019.



10.4 Business that Affects Social Responsibility

The Company has never been inspected or accused by any agencies that the business of the Company has caused a negative impact on the society and environment or the Company does not comply with the social responsibility policy that the Company has determined.

11 Internal Control and Risk Management

7.1 Opinion about Internal Control System of Board of Directors of Subsidiaries that Conduct Main Business

The Board of Directors of Phelp Dodge International (Thailand) Company Limited (“PDITL”) has seen that internal control is an important component that can support the operation of the business to achieve the target with efficiency. Therefore, PDITL has hired P&L Internal Audit Company Limited to audit the internal control system and present the report to the Board of Directors of PDITL at least once per quarter to strengthen the internal control system for the operation of the personnel and the organization to be in accordance with the plan and the determined objective of the Management Department smoothly, efficiently, and effectively.

Hence, in the Meeting of Board of Directors of PDITL No. 185/2019 on 18 February 2019, the Board of Directors of PDITL had an opinion that PDITL had adequate internal control system and had approved the assessment report of internal control system of 2019 that was made by P&L Internal Audit Company Limited.

7.2 Head of Internal Audit and Head of Compliance of PDITL

PDITL has appointed P&L Internal Audit Co., Ltd. to monitor and control system of PDITL since 2018. P&L Internal Audit Co., Ltd. assigned Ms. Monnapat Phumirattanajarin to be a head of internal audit. The qualifications of the head of internal audit are as follows:

Internal Audit:	P&L Internal Audit Co., Ltd.
	Ms. Monnapat Phumirattanajarin
	(Vice President)
Education:	- Master of Accounting Program Executive Accounting
	Faculty of Commerce and Accountancy, Chulalongkorn University
	- Bachelor of Accounting, Accounting Program
	Faculty of Accountancy, Dhurakij Pundit University
Certificate:	- CAC SME Independent Auditor Certification
	Thai Institute of Directors Association (IOD)
	- Internal Auditing Certificate Program (IACP)
	Thailand Federation of Accounting Professions (TFAC)

- Certified Professional Internal Audit of Thailand (CPIAT)

The Institute of Internal Auditors of Thailand (IIAT)

Internal Auditing Work Experience

- Head of internal audit for a company that is in the process of internal public offering (IPO); hospital and health care business, production business, hotel and restaurant business, transportation business, energy business, wholesale and retail business, personal loan, real estate
- Head of internal audit for listed companies registered in Securities Exchange of Thailand (SET) and Market for Alternative Investment (mai); production business (food & non food), wholesale and retail business, personal loan, debt audit and real estate
- Head of internal audit for private companies; education business, production and distribution business

Work Experience:

- Vice President, P&L Internal Audit Co., Ltd.
- Senior Internal audit manager, P&L Internal Audit Co., Ltd.
- Internal audit manager, P&L Internal Audit Co., Ltd.
- Marketing Officer, Seamico Securities PLC.
- Assistant Teacher, Dhurakij Phundit University (Accountancy Faculty)
- Accountant staff, Sustainable Energy Association

Training:

- Auditing and audit considerations when an entity uses a computer to process data (2/2561), Thai Federation of Accounting Professions (TFAC)
- Tax Accountant (Full course), Thai Federation of Accounting Professions (TFAC)
- 108 Problems of VAT and Update new tax law (2014-2015), The Revenue Department
- Internal Auditing Certificate Program (17), Thai Federation of Accounting Professions (TFAC)

- Quality Accounting Firm, Department of Business Development (DBD)
- Business Management for Internal Audit In the age Digital 4.0 Class No. 6, Thai Federation of Accounting Professions (TFAC)
- Working Paper for Better Corruption Prevention, Thai Institute of Directors Association (IOD)
- Financial Statements Review for Internal Auditors Class No. 1/2560, Thai Federation of Accounting
- Accountant acted legally (1/2560), The Revenue Department
- IPO Focus "Effective Internal Control for Success IPO", Thai Institute of Directors Association (IOD)
- NPAE Financial Reporting Standards and the difference from IFRS for SME, Thai Federation of Accounting Professions (TFAC)
- Integrated Audit (1/2561), Thai Federation of Accounting Professions (TFAC)
- Pre-CIA course, Chulalongkorn University
- Training Analysis Fundamental Information in Financial Market and Stock Market, Thailand Securities Institute (TSI)

The Board of Directors of PDITL has considered and agreed that the qualifications of P&L Internal Audit Co., Ltd. and Ms. Monnapat Phumirattananarin are appropriated for auditing because of independence and 10-year internal auditing work experience

12 Related Party Transaction

12.1 Information of the relationship of persons and juristic persons who may have a conflict of interest of the Company and its subsidiaries

List of persons and juristic persons who may have a conflict of interest of the Company and its subsidiaries for a fiscal year ended on December 31, 2019.

The persons who may have a conflict of interest	Nature of Business	Relationship with the Company
1. Team A Holding Co., Ltd.	Activities of holding companies, of mostly investing in logistics business	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Vonnarat Tangkaravakoon. - Mr. Vonnarat Tangkaravakoon, who is the major shareholder with the Company, holds shares in Team A Holding Co., Ltd. 100.00% of its paid-up capital.
2. MM Logistics Co., Ltd.	Road transport services of freight by other goods and engineering activities and related technical consultancy	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd. which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of MM Logistics Co., Ltd.'s paid-up capital.
3. MM Freight Forwarding Co., Ltd.	Scheduled freight air transport	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd. which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of MM Freight Forwarding Co., Ltd.'s paid-up capital.
4. MM Carrier Co., Ltd.	Road transport services of freight by other goods	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd. which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of MM Carrier Co., Ltd.'s paid-up capital.
5. MM Catering Co., Ltd.	Other food service activities	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd. which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of MM Catering Co., Ltd.'s paid-up capital.

The persons who may have a conflict of interest	Nature of Business	Relationship with the Company
6. Connection Lathe Services Co., Ltd.	Manufacture of other basic iron and steel	<ul style="list-style-type: none"> - There is a common directors with the Company, 2 persons, namely Mr. Vonnarat Tangkaravakoon and Mr. Chanin Yensidchai. - Team A Holding Co., Ltd. which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of Connection Lathe Services Co., Ltd.'s paid-up capital.
7. Industrial Construction & Maintenance Services Public Company Limited	Other building and industrial cleaning activities	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd., which has a common major shareholder with the Company, namely Mr.Vonnarat Tangkaravakoon, holds 56.36% of Industrial Construction & Maintenance Services Public Company Limited's paid-up capital.
8. T.C.K. Interplas Co., Ltd.	Manufacture of plastic packaging	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A 3 Holding Co., Ltd., which has a common major shareholder with the Company, namely Mr.Vonnarat Tangkaravakoon, holds 98.41% of T.C.K. Interplas Co., Ltd.'s paid-up capital.
9. Superpack Plastic Co., Ltd.	Manufacture of plastic packaging	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A 3 Holding Co., Ltd., which has a common major shareholder with the Company, namely Mr.Vonnarat Tangkaravakoon, holds 99.99% of Superpack Plastic Co., Ltd.'s paid-up capital.
10. Propet (Thailand) Co., Ltd.	Manufacture of plastic packaging	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A 3 Holding Co., Ltd., which has a common major shareholder with the Company, namely Mr.Vonnarat Tangkaravakoon, holds 99.99% of Propet (Thailand) Co., Ltd.'s paid-up capital.
11. Thai Cable Intertec Co., Ltd. (Currently, it is not a related party)	Manufacture of other electronic and electric wires and cables	<ul style="list-style-type: none"> - NMN Holding 2 Co., Ltd. is a major shareholder, holds 99.99% of paid-up capital.

The persons who may have a conflict of interest	Nature of Business	Relationship with the Company
12. TOA Paint (Thailand) Public Co., Ltd.	Manufacture of paints, varnishes and similar coatings and mastics	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Vonnarat Tangkaravakoon. - Mr. Vonnarat Tangkaravakoon, who is the major shareholder with the Company, holds shares in Team A Holding Co., Ltd. 9.00% of its paid-up capital.
13. M.M. Asia Co., Ltd.	Established according to law of Hong Kong Special Administrative Region of the People's Republic of China operating logistics services	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead.
14. Asia Pacific Drilling Engineering Co., Ltd.	Wholesale of industrial machinery and equipment	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Sathar Chantrasettalead. - Team A Holding Co., Ltd., which has a common major shareholder with the Company, namely Mr. Vonnarat Tangkaravakoon, holds 99.99% of Asia Pacific Drilling Engineering Co., Ltd.'s paid-up capital.
15. Right Tunnelling Co., Ltd.	Construction of streets, roads, bridges or tunnels	<ul style="list-style-type: none"> - There is a common director with the Company, 1 person, namely Mr. Songpope Polachan.
16. Bee Wave Co., Ltd.	Other management consultancy activities	<ul style="list-style-type: none"> - Bee Wave Co., Ltd. holds 49.00% of ADS Logistics Co., Ltd.'s paid-up capital.
17. Mr. Vonnarat Tangkaravakoon	N/A	<ul style="list-style-type: none"> - Mr. Vonnarat Tangkaravakoon is the director and major shareholder of the Company, holds 90.29% of the Company's paid-up capital.

12.2 Related Party Transaction of persons and juristic persons who may have a conflict of interest of STARK

12.2.1 Team A Holding Co., Ltd. ("TAH")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Long term loan to related party				
<u>Long term loan to related party</u> PDITL issued 4 promissory notes to TAH with 69.82 million baht limit (call loan).	69.82	-	Such transaction is a financial assistance to be used as a fund for business expansion and working capital. The interest rate is set at	Financial supporting transaction to related company which determines the interest rate that reflects the financial costs of PDITL. However, the management has called for repayment of the loan and accrued interest according to the schedule. In the future, providing financial supporting transaction to related parties and its subsidiary must comply with the related regulations of the Stock Exchange of Thailand and the management must consider to comply with such regulations before entering into future financial supporting transactions.
<u>Interest revenues</u>	3.67	0.71	5.25% per annum based on the borrowing cost of PDITL at the borrowing date plus an additional interest rate of approximately 1.00%	
<u>Accrued interest revenues</u>	6.64	-	per annum. In addition, PDITL repaid all loan and accrued interest in March 2019.	
<u>Long term loan to related party</u> ADS issued 1 promissory note to TAH with 63.37 million baht limit (call loan)	1,038.60	63.37	Such transaction is a financial assistance to be used as a fund for business expansion and working capital. The interest rate is set at	
<u>Interest revenues</u>	58.26	62.96	5.50 – 6.25% per annum based on MLR	However, the management has called for repayment of the loan and accrued interest according to the schedule. In the future,
<u>Accrued interest revenues</u>	187.04	250.02	Kasikornbank PCL.	

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
				providing financial supporting transaction to related parties and its subsidiary must comply with the related regulations of the Stock Exchange of Thailand and the management must consider such regulations before entering into future financial supporting transactions.
2. Short term loan from related party				
<u>Short term loan from related party</u> TAH issued a promissory notes to TAH2 (formerly known as a major shareholder of PDITL) with 299.33 million baht limit (call loan).	299.33	-	Such transaction is a financial assistance to be used as a fund for business expansion and working capital according to the Company's normal business. The interest rate is set at	Receiving financial supported from related company which is beneficial to TAH2 eventhough there is a slightly higher interest rate than the Company borrowed from
<u>Interest revenues</u>	18.71	4.17	6.25% per annum based on the borrowing	financial institutions but such loans does not
<u>Accrued interest revenues</u>	61.73	-	cost of TAH at the borrowing date plus an additional interest rate of approximately 1.00% per annum There are accrued interest revenues from TAH2 since September 2015, However, TAH2 has gradually repaid accrued interest because there is no repayment call for loan or interest from TAH.	provide collateral to the lender which is considered beneficial to TAH2 In terms of increasing the borrowing capacity because if borrowing from a financial institution requires additional collateral. However, as the Board of Directors has commented that when TAH2 has sufficient

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			In this regard, TAH2 has a policy to gradually repay loans and accrued interest. It is expected to pay back all of the amounts after receiving the capital from the issue of share and right offering to the existing shareholders which are expected to be repaid during June – July 2019.	liquidity, the management should consider the repayment of such loans and accrued interest. In the first quarter of 2019, the management has gradually repaid the loan. And after receiving the capital increase, the company should repay the loan and all accrued interest according to schedule. According to general trading conditions with the transaction value is not significant.
3. Administrative expenses				
<u>Administrative expenses</u> TAH provided administrative services that the contract term is 1 year	15.6	15.6	The transaction has expired on December 31, 2019	The Board of Directors has commented that the transaction was occurred before business transfer, transaction was recorded in accordance with accounting standard, and the contract expired on December 31, 2019. Therefore, the transaction completely finished.
<u>Accounts payable</u>	5.56	1.39		

12.2.2 MM Logistics Co., Ltd. ("MM")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Revenue from sales				
<u>Revenue from sales</u> PDITL sells cable wires and building wires to MM	0.00	8.81	The transaction of sales of wires and cables are normal business of PDITL calculating the price by method of adding cost and a reasonable profit margin with general trade conditions.	According to general trading conditions with the transaction value is not significant.
<u>Accounts receivable</u>	-	7.50		
2. Transportation services				
<u>Purchase fee</u> MM provides transportation services to PDITL in order to transport main materials for producing goods. The transportation costs, labor costs including expenses in relation to import of goods were reimbursed PDITL. The related expenses such as value added tax, custom fees, shipping cost and port fees	126.84	40.15	The transaction is normal business of PDITL, Transportation costs, labor and equipment rentals have a service charge at a comparable rate with other MM's customer service The costs that associated with importing MM products will be based on actual costs.	Such transaction is appropriated because it is a transaction that has the same commercial terms as the third party. MM is a major transportation service provider. PDITL regularly compares and evaluates service rates and quality compared with other service providers.
<u>Other current payable</u>	19.01	8.81		
<u>Transportation fee</u> MM provides transportation service, labor and equipment rentals in order to transport goods to costumers	96.21	107.21		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
3. Providing transportation services – ADS				
<u>Service fees</u> MM provides car rental service to ADS since there is an emergency situation.	0.83	1.29	The transaction is a temporary service since there are no enough shuttle cars.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party in which PDITL has compared and evaluated the service rate and quality compared with other service providers.
<u>Accounts payable</u>	0.37	0.33		
4. Providing warehouse space rental				
<u>Other revenue</u> PDITL provides 540 sq.m. warehouse space rental service at Bangplee, Samut Prakan to MM	1.20	1.20	MM rented the area from PDITL with the rental fee at 100,000 baht per month. The rental rate is approximately 185 baht per square meter with the method of determining rental fees based on the nearby area. In the case of accrued rent, PDITL called repayment in order to comply with the credit terms given to MM.	The renting of such space is appropriated. However, the management should call for repayment of accrued rental according to the period specified in the credit term.
<u>Other current receivables</u> The accrued rent for September – December 2018 and January – December 2019.	0.42	2.09		
5. Providing services – ADS				
<u>Revenue from rendering of services</u> PDITL provides personal shuttle car rental and parking space rental services	11.03	17.66	The transaction of property rental is normal business of ADS. The rental rate is appropriated compared with other service providers.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party in which PDITL has compared and evaluated the
<u>Accounts receivable</u>	3.34	3.14		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
				service rate and quality compared with other service providers.
6. Short term loan – PDITL				
<u>Interest revenues</u> PDITL issued 1 promissory note to MM with 18 million baht limit. MM has repaid full loan amount to PDITL. As of March 31, 2019, there is no outstanding balance.	-	0.12	Such transaction is a financial assistance to be used as a fund for business expansion and working capital. The interest rate is set at 5.30% per annum based on the borrowing cost of PDITL at the borrowing date plus an additional interest rate of approximately 1.00% per annum. Currently, MM has repaid full loan amount.	Receiving financial support from related company that the interest rates is similar to the rate that PDITL borrowed from financial institutions. Although MM has repaid full loan amount, the transaction is financial support to related party. TAH2 and subsidiaries must comply with connectd transactions of the Stock Exchange of Thailand and the management must consider connected transactions before entering into future financial supporting transactions.
7. Short term loan – PDL Trading				
<u>Short term loan to related company</u> PDL Trading issued 1 promissory note to MM with 27 million baht limit (call loan)	-	30.00	Such transaction is a financial assistance to be used as a temporary working capital to MM. The interest rate is set at 1.65% per annum based on the financial cost of PDL Trading. PDL Trading has no loan from financial institutions.	Providing financial support from related company that the interest rates is similar to the financial cost of PDL Trading that is the fixed interest rate. The transaction is financial support to related party. TAH2 and subsidiaries subsidiaries must comply with connectd transactions of the Stock Exchange
<u>Interest revenues</u>	-	0.04		
<u>Accured interest revenues</u>		0.04		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
				of Thailand and the management must consider connected transactions before entering into future financial supporting transactions.

12.2.3 MM Freight Forwarding Co., Ltd. ("MMF")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Transportation services				
<u>Transportation fee</u> MMF provides transportation services to PDITL in order to transport goods for domestic customers.	0.51	3.10	Such transaction is in accordance with the general business of PDITL. The rate of service charge can be comparable to other customer services of MMF.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party in which PDITL has compared and evaluated the service rate and quality compared with other service providers.
<u>Other current payables</u>	0.01	-		

12.2.4 MM Carrier Co., Ltd. ("MMC")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Providing Services				
<u>Revenue from rendering of services</u> MMC provides car maintenance service	0.011	0.86	Such transaction is in accordance with the general business of ADS. The rate of service charge can be comparable to other customer services of MMC.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party in which PDITL has compared and evaluated the service rate and quality compared with other service providers.
<u>Accounts receivable</u>	0.01	0.19		
1. Transportation Services				
<u>Transportation fee</u> MMC provides transportation services to PDITL in order to transport goods for domestic customers.	1.37	1.81	Such transaction is in accordance with the general business of ADS. The rate of service charge can be comparable to other customer services of MMC.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party in which PDITL has compared and evaluated the service rate and quality compared with other service providers.
<u>Accounts receivable</u>	0.09	0.08		

12.2.5 MM Catering Co., Ltd. ("MMCA")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Providing Services				
<u>Revenue from rendering of services</u> MMCA provides freezer maintenance service	0.01	0.06	Such transaction is in accordance with the general business of ADS. The rate of service charge can be comparable to other customer services of MMCA.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party.

12.2.6 Connection Lathe Services Co., Ltd. ("CLS")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Sales of Steel				
<u>Revenue from sales</u> PDITL sells steel to CLS so that CLS can produce steel cable drum.	9.53	-	PDITL buy steel and sell some part to CLS for the production of steel wheels to PDITL by determining a price that equal to cost of steel plus additional margins about 30%.	The transaction is a sale of raw materials in order for CLS to produce steel cable drum for PDITL which is beneficial to PDITL because its cost is lower than currently and has normal payment terms. However, The management should consider comparing the benefits and expenses in order to maximize PDITL benefits for any future transaction.
<u>Accounts receivable</u>	10.20	-		
2. Revenues from Rendering of Services – ADS				
<u>Revenues from rendering of services</u>	2.91	0.58		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
Providing equipment maintenance services to CLS			Such transaction is in accordance with the general business of ADS that there is a comparison with other customer services.	Such transaction is appropriated because it is a transaction that has the same price and commercial terms as the third party.
<u>Accounts receivable</u>	3.04	1.25		
3. Buying of steel wheels				
<u>Investment in assets (Buying steel wheels from CLS)</u> PDITL buys steel cable drum from CLS	11.20	-	Such transaction is an investment transaction in assets by buying steel wheels from CLS which is necessary for PDITL's business operation. Thus, investment project in the asset has considered and planned with CLS as part of lower PDITL's operating cost which has reduced the cost of PDITL to procure such assets when compared to buying from other steel wheel manufacturers and distributors.	Such transaction is appropriate and the management has studied and implemented for the benefit of PDITL. However, if there is another sale of steel to CLS, the management should consider comparing the benefits and expenses to benefit PDITL as much as possible.
<u>Account payables</u>	11.98	-		
4. Space Rental – ADS				
<u>Space rental</u> CLS provides space rental for office staff and business operations.	2.32	2.23	Such transaction is providing services of CLS in Singhanakorn, Songkhla province. The rate of service is compare to neighborhood.	Such transaction is appropriate and the management has studied and implemented for the benefit of ADS.
5. Sales of Electrical Wire Scrap and Other Materials				
<u>Other current receivables</u> There is outstanding debt in electrical wire scrap and other materials such as PVC copper that is scrap from PDITL which occurred in 2017.	21.81	-	Such transactions are sales of electrical wire scrap and other materials which occurred in 2017. PDITL has the policy to open an auction	The sale of scrap electrical wire is a normal business transaction of PDITL. The policy of opening the auction to sell scrap to general people is appropriate.

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			<p>for the sale of scrap to other people which starting from 2018.</p> <p>Such transaction is financial support to related company. PDITL will call repayment in the second quarter of 2019.</p>	<p>However, the outstanding payment of the purchase of scrap considered as a liquidity assistance to related companies which should adjust the payment terms to normal trade and requesting the management to expedite the repayment of the outstanding debt as scheduled within the second quarter of 2019.</p> <p>In the future, if PDITL has made such transaction with CLS again, it will proceed according to the criteria of connected transactions of the SET. By determining the normal price and trading conditions of the business.</p>
4. Withholding Tax				
<p><u>Withholding tax</u></p> <p>CLS had overpaid withholding tax. PDITL deducted tax for repayment.</p>	-	0.31	The transaction is a general business transaction.	According to general trading conditions.

12.2.7 Industrial Construction & Maintenance Services Public Co., Ltd. ("ICS")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Sales of Products				
<u>Revenue from sales</u> PDITL sells wires and cables to ICS in order to install solar rooftop which PDITL buys from ICS.	7.64	1.92	The transaction of sales of wires and cables which are normal business of PDITL and ICS brought for its own internal uses are calculated the price by method of adding cost and a reasonable profit margin with general trade conditions.	According to general trading conditions.
<u>Accounts receivable</u>	3.86	1.42		
2. Buying of the Solar Rooftop				
<u>Investment in assets (Solar rooftop)</u> PDITL buys solar panel from ICS for solar rooftop at PDITL's factory.	135.58	37.00	Such a transaction is an investment transaction in assets (Solar rooftop) which is used for PDITL's business operations. Thus, investment project in the asset as part of lower PDITL's operating cost which has reduced the cost of PDITL in production and operation. The price of solar panels is compared to buying from other suppliers. Other current receivables are the fee for borrowing money that PDITL borrowed from a financial institution (Front end fee). ICS agrees to bear some fees of 1.00 million baht.	Such transaction is appropriate and the management has studied and implemented for the benefit of PDITL. However, the management should call for payment of the outstanding fee shortly.
<u>Other current payables</u>	0.01	0.41		
<u>Other current receivables</u> There is outstanding fee for borrowing money that PDITL borrowed from a financial institution (Front end fee). ICS agrees to bear some fees of 1.00 million baht.	1.00	1.00		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			million baht. PDITL will expedite repayment call. ICS is a company that provides services regarding installation, maintenance and cleaning of industrial machinery and equipment to many large companies	
3. Providing Office Space Rental				
<u>Other revenues</u> PDITL provides 16,029 sq.m. (land and building 3,009 sq.m., land 13,020 sq.m.) space rental for factory and office buildings at Nikhom Phatthana, Rayong province which is PDITL's rayong plant.	2.64	2.65	Such transaction is the rental of assets by determining the rental fee of 220,000 baht per month based on the cost of building construction with the area that PDITL does not use to operate or store inventories.	Such transaction is appropriated and the management has allocated the remaining space and beneficial to PDITL. The management should consider the rental rate to be in accordance with the market price.
<u>Other current receivables</u> There are rent arrears and outstanding utility charges from ICS.	0.99	1.73		
4. Loan Term Loan to Related Party				
<u>Long term loan to related party</u> PDITL issued 1 promissory note to MM with 25 million baht limit (call loan).	25.00	-	This transaction is a financial assistance to be used as a fund for business expansion and working capital. The interest rate is set at MLR - 1.00% per year based on the borrowing cost of PDITL at the borrowing date plus an	Providing financial support to related company that has a fixed interest rate close to the financial cost of PDITL borrowed from financial institutions. Although PDITL will receive the loan repayment but In the future,

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinions of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			additional interest rate of approximately 1.00% per year. Therefore, PDITL has received repayment of all loans and accrued interest during March 2019	providing financial supporting transaction to related parties and its subsidiary must comply with the related regulations of the Stock Exchange of Thailand and the management must consider to comply with such regulations before entering into future financial supporting transactions.

12.2.8 T.C.K. Interplast Co., Ltd. ("TCKI")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Revenue from Sales				
<u>Revenue from sales</u> PDITL sells wires, cables and Black PVC Tape to TCKI.	0.01	0.06	The transaction of sales of wires cables and Black PVC Tape are normal business of PDITL. PDITL calculated the price by method of adding cost and a reasonable profit margin with general trade conditions.	According to general trading conditions with the transaction value is not significant.
<u>Accounts receivable</u>	-	0.02		

12.2.9 Superpack Plastic Co., Ltd. ("SPP")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Revenue from Sales				
<u>Revenue from sales</u> PDITL sells wires, cables and Black PVC Tape to SPP.	0.00	0.02	The transaction of sales of wires cables and Black PVC Tape are normal business of PDITL. PDITL calculated the price by method of adding cost and a reasonable profit margin with general trade conditions.	According to general trading conditions with the transaction value is not significant.
<u>Accounts receivable</u>	-	0.01		

12.2.10 Propet (Thailand) Co., Ltd. ("PRO")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Revenue from Sales				
<u>Revenue from sales</u> PDITL sells wire cases to PRO	0.00	-	The transaction of sales of wire cases are normal business of PDITL. PDITL calculated the price by method of adding cost and a reasonable profit margin with general trade conditions.	According to general trading conditions with the transaction value is not significant. However, the management should call for repayment of accrued rental according to the period specified in the credit term.
<u>Accounts receivable</u>	0.00	0.09		
2. Administrative Fee				
<u>Administrative fee</u> PDITL provides administrative service that the contract term is 1 year	-	1.50	The contract is reviewed annually	Such transaction is appropriated.
<u>Accounts receivable</u>	-	1.62		
3. Purchase Fee				
<u>Purchase fee</u> PDITL buys pallet from PRO	-	0.13	The transaction is appropriated. The purchase fee is compared to other service provider.	According to general trading conditions with the transaction value is not significant.

12.2.11 Thai Cable Intertec Co., Ltd. ("TCI") (Currently, it is not a related company)

In 2016, PDITL had assigned its director to be an authorized person who can sign cheques of TCI, such director resigned from the director on August 24, 2018. Currently, TCI is not a related company of STARK. In 2018, TAH2 and subsidiaries entered into the transaction with TCI as follows:

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Revenue from Sales				
<u>Revenue from sales</u> PDITL sells copper and pure aluminium to TCI in order to be materials for original equipment manufacturer (OEM) cable.	1,053.78	38.10	PDITL buys OEM cable for building from TCI since PDITL has no enough operating capacity. PDITL sells copper and pure aluminium to TCI so that PDITL can control cable quality according to PDITL's standard.	Providing support to PDITL so that PDITL can control goods quality according to the standard. The selling price and conditions are reasonably considered.
<u>Accounts receivable</u>	1,166.43	-	The price is considered from the average cost of copper and aluminium of PDITL (moving average) and plus an additional interest rate, approximately 2.00%.	The directors consider and agree that the repayment from TCI and the change of trade conditions for future sales are beneficial for PDITL. It may reduce the risk of sales.
<u>Other current receivables</u> PDITL has adjusted the price of copper and pure aluminium since January – June 2018 because of such materials' price fluctuations.	19.71	-	PDITL provides 270 days credit terms that are equivalent to the payment terms received from suppliers.	

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			<p>In this regard, the price adjustment of copper and aluminium are included in revenue from sales of PDITL.</p> <p>However, TCI gradually repaid outstanding debt to PDITL during April – May 2019. As at April 30, 2019, the outstanding debt is 1,272.89 million baht. TCI gradually repaid 1,162.62 million baht to PDITL and deducted 110.26 million baht that is the outstanding debt which PDITL owed TCI. As at May 28, 2019, PDITL had no outstanding debt.</p> <p>For future sales, PDITL will provide 90 days credit terms after receiving goods with no more than 250 million baht credit limit, and TCI will provide bank guarantee that a limit is equivalent to purchase price from PDITL.</p>	
2. Purchase for OEM Cable				
<u>Cost of sales</u> PDITL buys and resells OEM cable for building use from TCI	600.72	116.31	PDITL buys cables from TCI since PDITL has no enough operating capacity for building	Such transaction reduces investment burden.

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
			wires. The purchase price is considered from the cost of sales and plus an additional interest rate, approximately 3.00%	Currently, sales volume is not worth investment. The management should be aware of worth investment for own production
<u>Accounts payable</u>	31.45	-	PDITL receives 30 days credit terms according to normal business conditions	
3. Sales of Electrical Wire Scrap and Other Materials				
<u>Other income</u> PDITL sells electrical scrap and other materials such as PVC, second-hand pallet for to TCI	6.80	0.59	The transaction of sales of electrical wire scrap and other materials are normal business of PDITL. TCI buys electrical wire scrap in order to reproduce the cables, buys wood pallet in order to storage the cables.	The transaction of sales of electrical wire scrap and other materials are normal business of PDITL. The price is quoted from a scrap auction that is appropriated.
<u>Other current receivables</u>	-	-	The price is quoted from a scrap auction.	
4. Loan				
<u>Interest payable</u> TCI issued 2 promissory notes with 100.00 million baht credit limit to PDITL in 2018. PDITL repaid a full loan amount in September 2018. As at December 31, 2018, PDITL has no an outstanding debt.	3.62	-	TCI provided collateral with interest rate of 5.00% per annum to PDITL.	Such transaction is appropriated since it reduces risk for the sales of materials to TCI. The interest rate of 5.00% per annum is similar to the interest rate that PDITL received from financial institutions.

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
5. Other				
<u>Other current receivables</u> There is outstanding fee for borrowing money that TCI borrowed from a financial institution (Front end fee)	1.00	-	Such a transaction is an investment transaction in assets (Solar rooftop) which is used for PDITL's business operations. Thus, investment project in the asset as part of lower PDITL's operating cost which has reduced the cost of PDITL in production and operation. The price of solar panels is compared to buying from other suppliers. Other current receivables are the fee for borrowing money that PDITL borrowed from a financial institution (Front end fee) to invest in the solar panel. TCI agrees to bear some fees of 1.00 million baht. PDITL will expedite repayment call in March 2019.	Such transaction is appropriated and beneficial for PDITL. PDITL should charge outstanding fee according to payment term.

12.2.12 TOA Paint (Thailand) Public Co., Ltd. ("TOA")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Space Rental Fee and Network Services Fee				
<u>Space rental fee and network services fee</u> PDITL leases server storage and receives network and data center services as well as receives consulting services from TOA	0.48	0.48	Such transactions are necessary and reasonable. It is a transaction supporting the business of PDITL, where the rental of space and receiving such services The price is equal to 40,000 baht per month which is comparable to the service rate according to the general market price	Such transaction is appropriated because the term and conditions are same as the term provided to the third party.
<u>Other current payables</u>	-	0.06		
2. Buying of Exterior Painting				
<u>Buying of exterior painting</u> PDITL buys exterior painting from TOA	-	0.57	Such transaction is a product sales which is a normal business of PDITL. Price calculation by cost method plus appropriate profit margin and general trade conditions.	According to general trading conditions with the transaction value is not significant.

12.2.13 M.M. Asia Co., Ltd. ("MMA")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Reserve for TAH2's Expenses				

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
<u>Other current payables</u> MMA reserves payment on behalf of TAH2 for overseas creditor.	0.10	-	The transaction is based on normal business. MMA will charge the expenses from TAH2 according to actual expenses. TAH2 has already paid the full amount during the first quarter of 2019 and has no outstanding balance as of March 31, 2019	According to general trading conditions.
2. Cost of Manpower Services – ADS				
<u>Service fee</u> MMA is a representative who recruits overseas staff working for ADS	33.17	24.66	The transaction is bases on normal business. MMA charges to ADS accordind to actual cost.	According to general trading conditions.
<u>Accounts payable</u>	41.32	61.94		

12.2.14 Asia Pacific Drilling Engineering (“APDE”)

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Providing Space Rental				
<u>Service fees</u> APDE provides space rental.	1.44	1.46	The transaction is providing space rental. The rental is 120,000 baht per month.	The transaction is appropriated. The Manangement utilized the remaining space and earned profit to ADS. The Management should consider rental rate according to the market price.
<u>Accounts receivable</u>	-	0.25		
3. Receiving Services				

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
<u>Service fees</u> APDE had an extra employment for the customer.	3.65	-	The transaction is based on normal business. APDE employed staff according to a quotation. Such transaction is comparable appropriately. In this regard, the project finished on December 31, 2018.	According to general trading conditions.

12.2.15 Right Tunnelling Co., Ltd. ("RIGHT")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Sales of Cable Wire				
<u>Revenue from sales of cable wire</u> MMA reserves payment on behalf of TAH2 for overseas creditor.	-	1.19	The transaction is based on normal business of PDITL. The purchase price is considered from the cost of sales and plus an additional interest rate which are appropriated and normal trade conditions.	According to general trading conditions with the transaction value is not significant.

12.2.16 Bee Wave Co., Ltd. ("BWAVE")

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Long-term Loan				

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
<u>Long-term loan</u> Long-term loan for construction fee to ADS	5.69	5.69	Long-term loan without interest. The management is in the process of repayment.	Such transaction is appropriated. The management utilizes the remaining space that is beneficial for ADS.

12.2.17 Mr. Vonnarat Tangkaravakoon

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
1. Short-term loan from related party				
<u>Short-term loan</u> Mr. Vonnarat Tangkaravakoon issued 3 promissory notes with 145.00 million baht credit limit to PDITL dividing into <ul style="list-style-type: none"> - 25.00 million baht promissory note which a due date is January – February 2019 - 120.00 million baht promissory notes which a due date is April – May 2019 	145.00	-	Such transaction is financial assistance (short-term loan) to be used as working capital and determine the interest rate of 4.00% which is based on the financial cost of the lender. PDITL repaid full amount loan and accrued interest, namely 25.00 million baht promissory note repaid in the first quarter of 2019 and the remaining promissory notes repaid in April 2019.	Receiving financial support from related persons which is beneficial to PDITL, with a lower interest rate than PDITL borrowed from financial institutions. PDITL does not provide collateral to the lender.
<u>Interest expenses</u>	4.64	1.65		
<u>Accrued interest expenses</u>	3.78	-		

Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of the directors of PDITL (with independent directors attending the meeting)
	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019		
<u>Other current payable</u> Mr. Vonnarat over-remitted to PDITL, and PDITL hasn't repaid.	1.48	-	Related transaction of loan, Mr.Vonnarat Tangkaravakoon transfers money to PDITL and PDITL which is an exceeding amount. PDITL did not manage to refund the excess money to Mr.Vonnarat Tangkaravakoon. Therefore, PDITL will return such excess money by the third quarter of 2019.	The management should proceed to return the outstanding amount as scheduled.

12.3 Collateral

The Company and its subsidiaries entered into collateral transactions with the persons who may have a conflict of interest as at December 31, 2018 and December 31, 2019 as follows:

Credit Limit	Borrower	Guarantor	Outstanding Balance as at December 31, 2018 (Million Baht)	Outstand Balance as at December 31, 2019 (Million Baht)	Necessity and Reasonableness of the Transaction	Opinion of the Directors of PDITL (with independent directors attending the meeting)
Loan from financial institutions with 300.00 million baht credit limit.	ADS	Mr. Vonnarat Tangkaravakoon (Currently, TOA Paint (Thailand) Public Co., Ltd. released the guarantee obligations.	387.45	207.37	Such transaction is a financial assistance to be used as a working capital of ADS.	ADS received the financial assistance from the major shareholder without guarantee fee charged that is beneficial for ADS.

12.4 Necessity and Reasonableness of the Transaction

The significant related transactions between TAH2 & its subsidiaries and juristic persons & persons who may have a conflict of interest are revenue from sales, material, providing space rental, interest, cost of buying materials, cost and expenses of transportation and expenses of interest from loan. The Audit Committee had reviewed such transactions and agreed that the related transactions are fair and in the best interests of TAH2 and its subsidiaries as well as have a reasonable pricing and condition policy.

12.5 Procedures for approving related transactions

In order to protect investors in the case of related transaction with persons who may have conflicts in the future, STARK is arranging the procedure to consider and clarify the price and conditions of each party so that the auditor can review and disclose such transactions in the notes to the financial statements. In the event that there is a related transaction which is a normal business transaction and had happened before and related to STARK's core business and/or items that may cause conflicts of interest, the Audit Committee will consider necessity and reasonableness of the transaction and the report of the Audit Committee's comments to the STARK's Board of Directors.

In the event that there is an item that is not a normal business transaction or other items that is not related to STARK's core business and may be cause conflicts of interest, STARK will proceed to allow the Audit Committee to have a preliminary hearing prior to enter the transaction. STARK will arrange for consideration by passing the meeting of the Board of Directors with the Audit Committee to attend the meeting to ensure that the transaction is fair and have a reasonable pricing and condition policy. The directors who have conflicts of interest do not have the right to vote in such transactions and if the Audit Committee has no expertise in considering any related transactions, STARK will provide independent experts or the auditor of STARK, who gives an opinion on such related transactions in order to report to the Board of Directors of STARK or shareholders as appropriated.

12.6 Future trends or policies for related party transactions

STARK expects that in the future, STARK may continue to conduct related transactions with juristic persons and/or persons who may have conflicts of interest. Since these related transactions are necessary and beneficial to STARK, the future trend of related party transactions can be summarized as follows:

1. Normal business transactions, including revenue from sales of electrical wires and important raw materials for the production and storage of electrical wires. These transactions are in accordance with the normal business of the Company and its subsidiaries and the price and trading conditions are in accordance with the market price and trading conditions which these items are expected to continue.

2. Supported normal business transactions, including costs and expenses for transportation of raw materials and products. These transactions are in accordance to support the normal business of STARK and the price and trading conditions are in accordance with the price and trading conditions. STARK market expects that these transactions will continue to occur continuously.
3. Rent or lease of property not over 3 years, ie renting space Rental of buildings, etc. It is expected that this type of item may occur in the future as necessary.
4. Transaction related to assets or services, including acquisition or disposal assets. It is expected that this type of item may occur in the future as necessary.
5. Providing or receiving financial assistance
 - Providing Financial Assistance: STARK and its subsidiaries will not provide financial assistance to major shareholders or directors or related companies but in the case of subsidiaries or associates (if any), STARK will provide assistance in proportion to the shareholding by considering the interest rate during that period and charge interest on loans according to the risk of the borrower at a reasonable rate.
 - Receiving Financial Assistance: STARK and its subsidiaries may receive financial assistance from major shareholders or directors or related companies to use as working capital or funding for its future business expansion by considering the necessity and reasonableness of the loan amount and the appropriate interest rate.

In addition, in the related transaction, STARK will comply with the Securities and Exchange Act, regulations, notifications, orders or requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand which is related to the related transaction. STARK will strictly comply with the measures or procedures for approving related transactions as mentioned above.

Financial Status and Performance

13 Key Financial Information

13.1 Company's Audit Summary

Financial information of Stark Corporation Public Company Limited (the Company) over the last 3 years refers to the financial statements of which the details are as follows:

1. Financial statements of Team A Holding 2 Company Limited ("TAH2") and its subsidiaries, namely Phelps Dodge International (Thailand) Limited and PDTL Trading Company Limited, for the fiscal year ended December 31, 2017 and as of December 31, 2018.

2. Financial statements of Adisorn Songkhla Company Limited ("ADS") and its subsidiaries, namely ADS Logistics, LLC, Adisorn Songkhla International Company Limited, Adisorn Songkhla Marine Company Limited and Adisorn Songkhla Professional Company Limited, for the fiscal year ended December 31, 2018 and as of December 31, 2019.

3. Financial statements of Stark Corporation Public Company Limited for the fiscal year ended December 31, 2019 which can be concluded as follows:

Financial Statements	Certified Public Accountant
Separate financial statements of TAH2 and financial statements of its subsidiaries for the fiscal year ended December 31, 2017	<p>Mr. Nantawat Samruanhan</p> <p>Certified Public Accountant, Registration No. 7731</p> <p>Deloitte Touche Tohmatsu Jaiyos Audit Company Limited</p>
Consolidated and separate financial statements of TAH2 and financial statements of its subsidiaries for the fiscal year ended December 31, 2018	
Consolidated and separate financial statements of STARK and financial statements of its subsidiaries for the fiscal year ended December 31, 2019	

13.2 Financial Statements

Statement of Financial Position

The Company's statement of financial position refers to the data from the financial statements as follows:

1. Data regarding the financial status for the year ended December 31, 2017 refers to the data from the consolidated financial statements in the audit version of Team A Holding 2 Company Limited ("TAH2") which are prepared according to the Financial Reporting Standards for Publicly Accountable Entities.
2. Data regarding the financial status for the year ended December 31, 2018 and the fiscal year ended December 31, 2019 refers to the data from the financial statements of reverse takeover as Siam Inter Multimedia Public Company Limited issues the shares to exchange with the assets and liabilities of TAH2 in order to be able to understand the Company's financial status after entering into this transaction.
3. Data regarding the financial status for the year ended December 31, 2017 as of December 31, 2018 and the fiscal year ended December 31, 2019 includes Adisorn and its subsidiaries ("Adisorn Group") as if they are the Company's subsidiaries at all times. In this regard, the consolidated financial information of Adisorn Group for the year ended December 31, 2018 is prepared by the Company's executive.

Financial Statements	As at					
	December 31, 2017 ¹ (Restated)		December 31, 2018 ¹ (Restated)		December 31, 2019 ¹ (Restated)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Assets						
Current Assets						
Cash and cash equivalents	600.24	5.08	655.11	4.75	1,431.14	11.31
Trade and other current receivables	3,932.81	33.30	4,917.54	35.68	3,464.59	27.38
Deferred cost of services	13.38	0.11	10.61	0.08	7.23	0.06
Short-term loans to a related company	115.95	0.98	-	-	30.00	0.24
Receivable – foreign exchange forward contracts	-	-	1.56	0.01	0.00	0.00
Inventories	2,712.86	22.97	3,358.72	24.37	3,671.42	29.01
Current tax assets	0.15	0.00	17.10	0.12	1.92	0.02
Other current assets	43.83	0.37	68.40	0.50	100.77	0.80
Total Current Assets	7,419.23	62.81	9,029.04	65.52	8,707.07	68.81
NON-CURRENT ASSETS						
Cash at bank pledged as collateral	39.05	0.33	39.06	0.28	39.07	0.31

¹ As the group of Stark Corporation Public Company Limited has re-categorized and re-adjusted the transactions in 2019, for which the accounting standards determine that the entities shall represent the statement of financial position at the beginning of the previous period, the group of Stark Corporation Public Company Limited has therefore represented the data regarding the retrospective restatement in the period of 2017 only in the part of the statement of financial position.

Financial Statements	As at					
	December 31, 2017 ¹ (Restated)		December 31, 2018 ¹ (Restated)		December 31, 2019 ¹ (Restated)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Invesment in an associate	62.63	0.53	65.20	0.47	64.70	0.51
Long-term loans to related companies	972.02	8.23	1,133.42	8.22	63.37	0.50
Advance payments for purchases of fixed assets	27.83	0.24	23.95	0.17	83.27	0.66
Investment properties	186.99	1.58	179.74	1.30	172.43	1.36
Property,plants and equipment	2,171.05	18.38	2,384.63	17.30	2,603.58	20.57
Goodwill	893.47	7.56	893.47	6.48	893.47	7.06
Intangible asset	27.19	0.23	20.27	0.15	13.66	0.11
Other non-current assets	12.44	0.11	11.85	0.09	14.08	0.11
Total Non-current assets	4,392.67	37.19	4,751.58	34.48	3,947.62	31.19
TOTAL ASSETS	11,811.90	100.00	13,780.62	100.00	12,654.69	100.00
LIABILITIES						
CURRENT LIABILITIES						
Bank overdraft and short-term borrowings from financial insitutions	1,106.44	9.37	471.30	3.42	1,706.30	13.48
Trade and other current payables	5,007.40	42.39	6,474.82	46.98	4,787.54	37.83
Current portion of long-term borrowings from financial institutions	475.09	4.02	2,616.86	18.99	481.27	3.80
Current portion of liability under finance lease agreement	16.26	0.14	17.00	0.12	17.77	0.14
Short-term borrowings from related companies	399.33	3.38	299.33	2.17	-	-

Financial Statements	As at					
	December 31, 2017 ¹ (Restated)		December 31, 2018 ¹ (Restated)		December 31, 2019 ¹ (Restated)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Short-term borrowings from related person	-	-	145.00	1.05	-	-
Other short-term borrowings	784.50	6.64	675.00	4.90	822.00	6.50
Current portion of other long-term borrowings	-	-	30.00	0.22	185.00	1.46
Payable – interest rates swap agreement for hedging purpose	6.28	0.05	2.04	0.01	-	-
Payable – foreign exchange forward contacts for hedging purpose	9.52	0.08	38.54	0.28	53.27	0.42
Payable – foreign exchange forward contacts for other purposes	61.50	0.52	14.27	0.10	-	-
Corporate income tax payable	28.78	0.24	48.94	0.36	65.80	0.52
Other current liabilities	10.62	0.09	31.30	0.23	18.56	0.15
Total Current Liabilities	7,905.73	66.93	10,864.41	78.84	8,137.51	64.30
NON-CURRENT LIABILITIES						
Long-term borrowings from financial institutions	1,734.98	14.69	475.33	3.45	1,588.46	12.55
Long-term borrowings from related companies	5.70	0.05	5.70	0.04	5.70	0.05
Liability under finance lease agreement	73.91	0.63	56.91	0.41	39.13	0.31
Other long-term borrowings	30.00	0.25	185.00	1.34	160.00	1.26
Deferred tax liabilities	227.12	1.92	237.93	1.73	237.12	1.87
Provisions for employee benefits	90.79	0.77	113.70	0.83	151.44	1.20
Other non-current liabilities	26.18	0.22	24.00	0.17	21.96	0.17

Financial Statements	As at					
	December 31, 2017 ¹ (Restated)		December 31, 2018 ¹ (Restated)		December 31, 2019 ¹ (Restated)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Total Non-Current Liabilities	2,188.68	18.53	1,098.57	7.97	2,203.82	17.42
TOTAL LIABILITIES	10,094.41	85.46	11,962.98	86.81	10,341.33	81.72
SHAREHOLDERS'						
SHAREHOLDERS' EQUITY						
Ordinary shares	403.97	3.42	403.97	2.93	14,332.76	113.26
Issued and paid-up share capital	323.17	2.74	323.21	2.35	14,049.56	111.02
Premium on ordinary shares	33.83	0.29	33.85	0.25	-	-
Discount on ordinary shares	-	-	-	-	(1,711.14)	(13.52)
Adjustment of equity interests under reverse	(356.01)	(3.01)	(356.06)	(2.58)	(10,542.18)	(83.31)
OTHER SURPLUSES						
Discount from business combination under common control	-	-	-	-	(640.28)	(5.06)
Surplus arising from change in ownership interest in a subsidiary	174.24	1.48	147.08	1.07	147.08	1.16
RETAINED EARNINGS (DEFICIT)						
Appropriated – legal reserve						
Unappropriated	482.51	4.08	837.22	6.08	964.68	7.62
Total shareholders' equity attributable to owners of the Company	657.74	5.57	985.30	7.15	2,267.72	17.92
Non-controlling interests	1,059.75	8.97	832.34	6.04	45.64	0.36
Total Shareholders' Equity	1,717.49	14.54	1,817.64	13.19	2,313.37	18.28

Statement of profit or loss comprehensive

The Company's statement of profit or loss comprehensive refers to the data from the financial statements as follows:

1. Data regarding the financial status for the year ended December 31, 2017 refers to the data from the consolidated financial statements in the audit version of Team A Holding 2 Company Limited ("TAH2") which are prepared according to the Financial Reporting Standards for Publicly Accountable Entities.
2. Data regarding the financial status for the year ended December 31, 2018 and the fiscal year ended December 31, 2019 refers to the data from the financial statements of reverse takeover as Siam Inter Multimedia Public Company Limited issues the shares to exchange with the assets and liabilities of TAH2 in order to be able to understand the Company's financial status after entering into this transaction.
3. Data regarding the financial status for the year ended December 31, 2018 as of December 31, 2019 includes Adisorn and its subsidiaries ("Adisorn Group") as if they are the Company's subsidiaries at all times. In this regard, the consolidated financial information of Adisorn Group for the year ended December 31, 2018 is prepared by the Company's executive.

STATEMENT OF PROFIT OR LOSS COMPREHENSIVE	As at					
	December 31, 2017 ¹ (Audited)		December 31, 2018 ² (Audited)		December 31, 2019 ² (Audited)	
	UNIT: MB	Percentage	UNIT: MB	Percentage	UNIT: MB	Percentage
REVENUES						
Revenue from sale	7,792.75	98.50	10,420.00	86.78	10,149.58	86.31
Revenue from rendering services	1.23	0.02	1,382.66	11.51	1,330.57	11.31
Rental income	-	-	51.81	0.43	48.70	0.41
Interest income	17.92	0.23	71.14	0.59	68.67	0.58
Gain on foreign exchange rate-net	91.73	1.16	72.11	0.60	151.97	1.29
Other income	7.72	0.10	9.77	0.08	10.19	0.09
Total Revenues	7,911.34	100.00	12,007.50	100.00	11,759.68	100.00
Costs of sales	(6,859.44)	(86.70)	(9,142.20)	(76.14)	(8,905.14)	(75.73)
Costs of rendering services	(0.07)	(0.00)	(1,190.54)	(9.91)	(1,163.12)	(9.89)
Costs of rental			(32.40)	(0.27)	(34.40)	(0.29)

¹ As the group of Stark Corporation Public Company Limited has re-categorized and re-adjusted the transactions in 2019, for which the accounting standards determine that the entities shall represent the statement of financial position at the beginning of the previous period, the group of Stark Corporation Public Company Limited has therefore represented the data regarding the retrospective restatement in the period of 2017 only in the part of the statement of financial position.

² Data regarding the Company's performance for the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2019 includes Adisorn and its subsidiaries ("Adisorn Group") as if they are the Company's subsidiaries at all times. In this regard, the consolidated financial information of Adisorn Group for the year ended December 31, 2018 is prepared by the Company's executive of which reliability has been granted by the Certified Public Accountant.

STATEMENT OF PROFIT OR LOSS COMPREHENSIVE	As at					
	December 31, 2017 ¹ (Audited)		December 31, 2018 ² (Audited)		December 31, 2019 ² (Audited)	
	UNIT: MB	Percentage	UNIT: MB	Percentage	UNIT: MB	Percentage
Distribution costs	(199.13)	(2.52)	(224.98)	(1.87)	(258.80)	(2.20)
Administrative expenses	(238.02)	(3.01)	(291.42)	(2.43)	(348.64)	(2.96)
Listing license fee	-	-	-	-	(162.45)	(1.38)
Finance cost	(281.01)	(3.55)	(423.53)	(3.53)	(487.41)	(4.14)
Total Expenses	(7,577.68)	(95.78)	(11,305.07)	(94.15)	(11,359.95)	(96.60)
Share of profit from investment in an associate	1.92	0.02	5.07	0.04	3.25	0.03
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE	335.59	4.24	707.51	5.89	402.97	3.43
Income tax expense	(57.55)	(0.73)	(182.34)	(1.52)	(145.37)	(1.24)
Profit (loss) for the years form continued operations	-	-	525.17	4.37	257.60	2.19
Loss for the years from discontinued operations	-	-	-	-	(15.78)	(0.13)
NET PROFIT (LOSS) FOR THE YEARS	278.04	3.51	525.17	4.37	241.82	2.06

1. **Statement of cash flows**

2. The Company's statement of cash flows refers to the data from the financial statements as follows:

3. 1. Data regarding the financial status for the year ended December 31, 2017 as of December 31, 2018 refers to the data from the consolidated financial statements in the audit version of Team A Holding 2 Company Limited ("TAH2") which are prepared according to the Financial Reporting Standards for Publicly Accountable Entities.
2. Data regarding the financial status for the year ended December 31, 2019 refers to the data from the company's consolidated financial statements audited.
3. Data regarding the financial status for the year ended December 31, 2018 as of December 31, 2019 includes Adisorn and its subsidiaries ("Adisorn Group") as if they are the Company's subsidiaries at all times. In this regard, the consolidated financial information of Adisorn Group for the year ended December 31, 2018 is prepared by the Company's executive.

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
CASH FLOWS FROM OPERATION ACTIVITIES			
Profit (loss) before income tax expense	335.59	707.51	387.19
Adjustment for:			

¹ As the group of Stark Corporation Public Company Limited has re-categorized and re-adjusted the transactions in 2019, for which the accounting standards determine that the entities shall represent the statement of financial position at the beginning of the previous period, the group of Stark Corporation Public Company Limited has therefore represented the data regarding the retrospective restatement in the period of 2017 only in the part of the statement of financial position.

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
Depreciation	150.82	171.46	185.76
Amortization of intangible assets	7.00	6.96	7.01
Loss (gain) on sales of property, plant and equipment	(1.54)	(1.45)	2.11
Loss from written-off equipment	-	1.89	4.05
Listing license fee		-	162.45
Share of profit from investment in an associate	(1.92)	(5.07)	(3.25)
Allowance for doubtful accounts (reversal)	(20.42)	17.40	(12.63)
Loss on slow-moving inventories (reversal)	3.10	(4.78)	(5.48)
Unrealized gain from foreign exchange rate	179.46	(7.28)	(35.54)
Unrealized gain from interest rate swap agreement for hedging purpose	-	(4.24)	(2.04)
Share of profit from investments in an associate	-	-	-
Employee benefit expenses	29.52	35.33	56.51
Interest income	(17.92)	(71.14)	(68.67)
Interest expense	281.01	423.53	489.91
Profit from operation before changing assets and operating liabilities	944.69	1,270.10	1,167.37
(Increase) decrease in operating assets			
Trade and other current payables	(1,155.77)	(994.62)	1,463.40

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
Deferred cost of services	-	2.78	3.38
Inventories	(1,081.24)	(641.09)	(307.21)
Current tax assets	-	(16.94)	17.10
Other current assets	(9.62)	(24.57)	(32.21)
Other non-current assets	(5.46)	0.60	(2.03)
Increase (decrease) in operating liabilities	-		
Trade and other current payables	1,369.90	1,434.21	(1,480.31)
Other current liabilities	(2.51)	20.67	(13.12)
Other non-current assets	12.33	(2.18)	(2.04)
Cash generated from (paid in) from operations	72.31	1,048.96	814.32
Cash paid for employee benefit obligations	(20.64)	(12.41)	(18.77)
Cash received from interest income	6.61	20.04	12.03
Cash received from interest expenses	(236.17)	-	-
Cash paid for income tax	(71.25)	(149.53)	(131.48)
Net cash provided by (used in) operating activities	(249.13)	907.05	676.10
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from sale of investment in a subsidiary	-	-	350.00
Decrease (increase) in deposit at bank used as collateral	-	(0.01)	11.99

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
Cash received from short-term loans to a related company	90.00	115.95	-
Cash received from long-term loans to a related companies	10.00	50.00	1,103.05
Dividend received from an associate	7.50	2.50	3.75
Cash paid for business combination under common control	-	-	(1,550.00)
Cash paid for short-term loans to related companies	(70.00)	-	(30.00)
Cash paid for long-term loans to related companies	(79.82)	(211.40)	(33.00)
Cash paid for long-term loans to other company	-	-	-
Cash paid for purchase of investment in subsidiaries	(110.19)	(399.47)	-
Cash received from sale of land, building and equipment	1.86	1.57	2.20
Cash paid for investment properties	-	(0.01)	-
Cash paid for purchase of property, plant and equipment	(116.51)	(352.09)	(390.58)
Cash paid for intangible assets	(0.05)	(0.05)	(0.40)
Cash paid in advance for purchases of fixed assets	(27.83)	(23.95)	(87.14)
Net cash provided by (used in) investing activities	(295.04)	(816.94)	(620.13)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from business combination under reverse acquisition		-	400.01
Cash received from increase in share capital		-	1,322.93

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
Cash received (repaid) from bank overdraft and short-term borrowing from financial institutions - net		-	1,083.49
Cash received from short-term borrowing from a financial institution	303.79	414.86	-
Cash received from short-term borrowing of a subsidiary	-	-	
Cash received from short-term borrowings from a related person	130.00	145.00	-
Cash received from other short-term borrowings	440.00	-	124.60
Cash received from long-term borrowing from financial institutions	96.09	318.51	68.00
Cash received from other long-term borrowing	30.00	185.00	160.00
Cash received from increase in share capital of a subsidiary	-	2.55	0.00
Cash paid for short-term loans from a financial institution	-	-	-
Cash repaid for short-term borrowing from a related person	-	-	(145.00)
Cash repaid for short-term borrowings from related companies	(30.00)	(100.00)	(299.33)
Cash repaid for other short-term borrowings	(290.00)	(109.50)	-
Cash repaid for long-term borrowing from financial institutions	(342.91)	(492.22)	(1,375.34)
Cash repaid for liability under finance lease agreement	(0.73)	(16.26)	(17.00)

STATEMENT OF CASH FLOWS (UNIT: MB)	As at		
	December 31, 2017 ¹ (Audited)	December 31, 2018 ² (Audited)	December 31, 2019 ² (Audited)
Cash repaid for other long-term borrowing		-	(30.00)
Cash received from paid ordinary shares	-	-	-
Dividends paid to non-controlling interests	-	(20.76)	-
Cash repaid for interest expense		(362.42)	(572.29)
Net cash provided by (used in) financing activities	336.24	(35.25)	720.07
Net increase in cash and cash equivalents	(207.94)	54.86	776.04
Cash and cash equivalents as at January 1,	724.89	600.24	655.11
Cash and cash equivalents as at December 31,	516.95	655.11	1,431.14

13.3 Significant Financial Ratio

Significant financial ratio is analyzed based on the data regarding the Company's financial status and turnover according to the aforementioned financial information of which the details are as follows:

	Unit	For the Fiscal Year Ended		
		December 31, ¹ 2017	December 31, 2018	December 31, 2019
Liquidity Ratio				
Liquidity Ratio	Time	0.95	0.83	1.07
Quick Liquidity Ratio	Time	0.55	0.51	0.60
Cash Flow Liquidity Ratio	Time	0.01	0.08	0.08
Account Receivables Turnover Ratio	Time	2.46	2.41	3.33
Average Collection Period	Day	146.32	149.34	108.19
Account Payables Turnover Ratio	Time	1.66	1.60	2.11
Debt Repayment Period	Day	216.76	224.88	170.60
Inventory Turnover Ratio	Time	3.16	3.01	2.53
Product Sale Period	Day	114.09	119.54	142.10
Cash Cycle	Day	43.65	44.00	79.69
Profitability Ratio				
Gross Profit Margin	%	11.99	12.56	12.37
Operating Profit Margin	%	6.38	8.21	7.10
Other Profit Margin	%	1.26	1.27	1.96
Cash to Profitability Ratio	%	14.54	93.23	82.58
Net Profit Margin	%	3.51	4.37	2.06
Return on Equity Ratio	%	29.10	29.71	11.71
Efficiency Ratio				
Return on Assets	%	3.12	4.10	1.83

	Unit	For the Fiscal Year Ended		
		December 31, ¹ 2017	December 31, 2018	December 31, 2019
Return on Fixed Assets	%	21.16	27.17	15.40
Fixed Assets Turnover	Time	0.89	0.94	0.89
Financial Policy Ratio				
Debt to Equity Ratio	Time	5.88	6.58	4.47
Interest Coverage Ratio ²	Time	1.35	2.12	1.40
Debt Service Coverage Ratio ²	Time	0.08	0.50	0.18
Interest Bearing Debt to Equity Ratio ¹	Time	1.08	5.27	6.56
Debt Service Coverage Ratio ¹	Time	1.66	2.05	1.44
Dividend Payout Ratio	%	-	-	-

¹As the group of Stark Corporation Public Company Limited has re-categorized and re-adjusted the transactions in 2019, for which the accounting standards determine that the entities shall represent the statement of financial position at the beginning of the previous period, the group of Stark Corporation Public Company Limited has therefore represented the data regarding the retrospective restatement in the period of 2017 only in the part of the statement of financial position.

²It is in the case that the calculation is based on the calculation formula of the Office of the SEC.

14. Management discussion and analysis of operating results**14.1 Past Performance Overview of STARK and its Affiliates**

Stark Corporation Public Company Limited ("STARK") is the holding company which mainly holds the shares in (1) Phelps Dodge International (Thailand) Limited which operates the main business of the production and distribution of electric wire and cable with 2 types of metal conductor, including copper and aluminum; (2) Adisorn Songkhla Company Limited which operates the main business in provision of human resource service, repair and maintenance service, and warehouse leasing service. In addition, Stark's main revenue is the sales which are calculated as 98.75 percent and 98.04 percent of the total revenue in 2018 to 2019, respectively.

Stark's total revenue for the fiscal year ended December 31, 2019 was equivalent to 11,759.68 million baht, which was reduced by 247.83 million baht from the same period of 2018 which was equivalent to 12,007.50 million baht or calculated as 2.06 percent, principally due to the reduction of repair and maintenance service of Adisorn Songkhla Company Limited.

4.

5. Stark's net profit for the fiscal year ended December 31, 2019 was equivalent to 241.82 million baht, which was reduced by 283.35 million baht from the same period of 2018 or calculated as 53.95 percent, principally due to the cost of reverse takeover which is a single expense as of the date of business combination in the amount of 162.45 million baht. If the net profit from Stark's operation is considered excluding the cost of such reverse takeover, it is found that STARK has the net profit equivalent to 420.05 million baht in 2019, which was reduced by 105.12 million baht or calculated as 20.02 percent in 2018, principally due to the improvement of expenses from the restructuring, such as financial consultant's fee, legal consultant's fee, and etc., in the amount of 62.50 million baht. Such expenses are a single expense from this restructuring only. Moreover, on August 15, 2019 the Company sold the media and multimedia business, and acknowledged the loss from the operation of such business in 2019, including concerning expenses in the restructuring, in an approximate total amount of 204.35 million baht.

¹ It is in the case that the calculation is based on the calculation formula according to the loan agreement with financial institutions by using the financial information from the financial statements of Phelps Dodge International (Thailand) Limited, as it is the company requiring to maintain the financial ratio as determined by the loan agreement.

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Revenue for sales and rendering services	11,854.48	100.00	11,528.85	100.00	(325.63)	(2.75)
Costs of sales and rendering services	(10,365.14)	(87.44)	(10,102.65)	(87.63)	262.49	(2.53)
Gross profit	1,489.34	12.56	1,426.20	12.37	(63.14)	(4.24)
Loss before finance cost and income tax	1,131.04	9.54	1,052.83	9.13	(78.21)	(6.91)
Net profit combined financial statement	525.17	4.43	420.05	3.64	(105.12)	(20.02)
Reverse cost of business combination	-	-	(162.45)	(1.41)	(162.45)	100.00
Loss for the year from the discontinued operations	-	-	(15.78)	(0.41)	(15.78)	100.00
Profit for the year	525.17	4.43	241.82	2.10	(283.35)	(53.95)

14.2 Performance Analysis

Explanation of performance is to explain significant changes in Stark's financial statements by referring to the data regarding consolidated financial statements for the fiscal year ended December 31, 2018 and December 31, 2019 of which reliability has been granted by the Certified Public Accountant by having the following details.

Currently, Stark's revenue can be categorized into 4 main groups as follows:

6. Sales revenue is calculated as the approximate proportion of 86.78 to 86.31 percent of the total sale revenue in the operational period from 2018 to 2019
7. Service revenue occurred from the service of human resource service and High Voltage Mobile Testing Unit, where the service revenue is calculated as the approximate proportion of 11.51 to 11.31 percent of the total sales revenue in the operational period from 2018 to 2019.
8. Lease revenue occurred from Adisorn Songkhla Company Limited's business of warehouse leasing service, which is calculated as the proportion of 0.43 to 0.41 percent of the total sales revenue in the operational period from 2018 to 2019.
9. Other revenues include the profit from foreign currency exchange rate, interest received and other revenues that did not occur from the main business operation of the Company, which is calculated as the approximate proportion of 1.27 to 1.96 percent of the total sales revenue in the operational period from 2018 to 2019.

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Revenue for sales	10,420.00	86.78	10,149.58	86.31	(270.42)	(2.60)
Revenue from rendering services	1,382.66	11.51	1,330.57	11.31	(52.09)	(3.77)
Rental income	51.81	0.43	48.70	0.41	(3.11)	(6.01)
Interest income	153.02	1.27	230.82	1.96	77.80	50.84
Total Revenues	12,007.50	100.00	11,759.68	100.00	(247.83)	(2.06)

14.2.1 Sales revenue

10. STARK's sales revenue occurred from the sale of 2 main groups of products, namely electric wire for transmission and distribution and general electric wire, of which the details are as follows:

11. 1. Electric wire for transmission and distribution consists of bare wire, high and extra high voltage electric wire, and medium voltage electric wire. The main customer groups of this type of electric wire are state enterprise, group of Electricity Authority, customers in the electricity and infrastructure industry, customers in the type of industrial plant, and etc.

12. 2. General electric wire consists of building wire, electric wire for household, telephone wire and cable, other electric wires, and etc. The main customer groups of this type of electric wire are private customer and minor customer who use the electric wire for general use.

STARK's sales revenue in the period from 2017 to 2019 was equivalent to 7,792.75 million baht, 10,420.00 million baht and 10,149.58 million baht, respectively. In this regard, it can be categorized by the product groups as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Electrical wire for Transmission and Distribution	4,025.67	51.66	4,974.19	47.74	5,024.49	49.50
Others electrical wire	3,767.07	48.34	5,445.81	52.26	5,125.09	50.50
Total Revenues for sales	7,792.75	100.00	10,420.00	100.00	10,149.58	100.00

Sales revenue in the period of 2019 was reduced by 270.42 million baht or calculated as 2.60 percent from the period of 2018. However, upon consideration of the sales revenue according to groups of the electric wire, it is found that STARK obtained revenue from the sale of electric wire for transmission and distribution as a product of the main groups of this type of electric wire, including state enterprise, group of Electricity Authority, customers in the electricity and infrastructure industry, customers in the type of industrial plant, and etc., which is calculated as 51.66, 47.74 and 49.50 of the total sales revenue in the operational period from 2017 to 2019, respectively.

14.2.2 Cost of Sales

Cost of sales in the period from 2017 to 2019 was equivalent to 6,859.44 million Baht, 9,142.20 million baht and 8,905.14 million baht, respectively.

In addition, STARK's cost of sales consists of the cost of metal, such as copper and aluminum which are the main raw materials in the electric wire production, cost of insulator and other raw materials, cost relating to the production workers, and other costs relating to the production. Each type of cost has the proportions as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Cost of metal	4,738.89	69.09	7,094.57	77.60	6,814.82	76.53
cost of insulating and other material	1,216.17	17.73	1,512.83	16.55	1,264.81	14.20
Cost of Labor	114.87	1.67	133.21	1.46	112.49	1.26
Others coat of manufacturing	789.51	11.51	401.60	4.39	713.02	8.01
Total cost of sales	6,859.44	100.00	9,142.20	100.00	8,905.14	100.00

In 2019, STARK's cost of sales was reduced by 237.06 million baht or calculated as 2.59 percent from the period of 2018, which is a reduction according to the decrease of the cost of domestic sales. However, upon consideration of the proportion of the total cost of sales to the sales revenue, it is found that such proportion did not change from 87.74 percent in 2018 to 87.74 percent. In 2019, the Company had a policy of production with an aim for STARK's lean management by improving the procedures in the supply chain from the supply of raw material and building of bargaining power based on the collection of order amounts for each type of raw material to the reduction of set-up time in the change of product in the production line in each cycle and decrease of production waste in terms of time and raw material.

14.2.3 Service Revenue

The total service revenue for the year ended December 31, 2019 was equivalent to 1,330.57 million baht which consists of service revenue relating to human resource in the amount of 1,238.55 million baht or 93.08 percent of the total service revenue in 2019, other service revenues relating to petroleum business in the amount of 83.45 million baht or 6.27 percent of the total service revenue in 2019, and revenue from the High Voltage Mobile Testing Unit in the amount of 8.56 million baht or 0.64 percent of the total service revenue in 2019. Accordingly, the Company's main revenue is mostly obtained from the service revenue relating to human resource.

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	MB	Percentage	MB	Percentage	MB	Percentage
Revenue of manpower services	1,282.73	92.77	1,238.55	93.08	(44.17)	(3.44)
Revenue for other service related to petroleum business	94.44	6.83	83.45	6.27	(10.98)	(11.63)
Revenue for High Voltage Mobile Testing Unit	5.50	0.40	8.56	0.64	3.06	55.65
Total Revenue	1,382.66	100.00	1,330.57	100.00	(52.09)	(3.77)

14.2.4 Lease Revenue

The total lease revenue for the year ended December 31, 2019 was equivalent to 48.70 million baht which consists of revenue from the rent of real estate for investment in the amount of 16.88 million Baht or 34.67 percent of the lease revenue in 2019, revenue from the rent of real estate in the amount of 24.82 million baht or 50.97 percent of the lease revenue in 2019, and revenue from the rent of equipment in the amount of 7.00 baht or 14.36 percent of the lease revenue in 2019. Accordingly, the Company's main revenue is mostly obtained revenue from the rent of real estate, and it decreased since the customers requested for reduction of service fee and cancellation of lease space, and invested in sub-lease space instead.

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	MB	Percentage	MB	Percentage	MB	Percentage
Revenue rental property investment	16.66	32.15	16.88	34.67	0.22	1.34
Revenue rental property	28.37	54.74	24.82	50.97	(3.54)	(12.49)
Revenue rental equipment	6.79	13.10v	7.00	14.36	0.21	3.03
Total Revenue	51.81	100.00	48.70	100.00	(3.11)	(6.01)

14.2.5 Profit from Foreign Currency Exchange Rate

Since STARK uses metal in the type of copper and aluminum as the main raw material in the electric wire production which has a high price and must be imported, STARK has the risk from exchange rate fluctuations due to the import of such type of raw material.

Notwithstanding, STARK has determined the product sale price to be in line with the cost of its metal. Additionally, STARK also obtains revenue from the sale of product in foreign currency which helps reduce the risk from exchange rate fluctuation (Natural Hedge) in another way. However, since the overseas sales still have less proportion when compared with domestic sales, STARK therefore has the prevention and reduction of the risk from additional profit from exchange rate fluctuations by using the financial instrument in the type of forward contract. In the period from 2017 to 2019, STARK gained profit from the foreign currency exchange rate as a result of such risk management which was equivalent to 91.73 million baht, 72.11 million baht and 151.97 million baht, respectively.

14.2.6 Interest Received

Interest received in the period from 2017 to 2019 was equivalent to 17.92 million Baht, 71.14 million baht and 68.87 million baht, respectively, which was mostly obtained from short and long-term loans to the connected companies, which is deemed to provide financial assistance as capital for business expansion and working capital. In addition, the interest rate is determined by referring to the lending rate of the financial institution. (Please consider the conditions and details of the additional loan agreement in Part 2.3.6 Connected Transaction.) In this regard, STARK completely demanded repayment of all of the related loans and interest received in March 2019 which caused the interest received to decrease in the future.

14.2.7 Other Revenues

STARK's other revenues are the revenue that is not obtained from its main business operation, which is calculated as the proportion of 0.08 to 0.09 percent for the operational period from 2017 to 2019, and has a value equivalent to 7.72 million baht, 9.77 million baht and 10.19 million baht, respectively.

13. 14.2.8 Gross Profit

Gross profit in the period from 2018 to 2018 was equivalent to 1,489.34 million baht and 1,426.20 million baht, respectively, and calculated as the gross profit rate equivalent to 12.56 percent and 12.37 percent, respectively.

In the period of 2019, STARK had gross profit which was reduced by 63.14 million baht or calculated as 4.24 percent from the period of 2018, principally due to the decrease of service revenue relating to human resource. Moreover, the revenue from the rent for 2019 also decreased, since the customers requested for reduction of service fee and cancellation of lease space, and invested in sub-lease space instead.

14.2.9 Cost for Distribution and Administrative Expense

Cost for distribution and administrative expense in the period from 2017 to 2019 was equivalent to 437.15 million baht, 516.40 million baht and 607.44 million baht, respectively. The details of the administrative expense can be concluded as follows:

Statement of financial position	As at					
	December 31, 2560 ⁽²⁾		December 31, 2561		December 31, 2562	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Cost of support sale ⁽¹⁾	114.44	26.18	129.45	25.07	143.41	23.61
Cost of employee	143.45	32.82	148.12	28.68	157.76	25.97
Cost of logisitcs	84.69	19.37	95.53	18.50	115.39	19.00
Professional fee account	76.16	17.42	61.35	11.88	90.67	14.93
Maintenenace	24.55	5.61	25.86	5.01	25.35	4.17
Allowance for doubtful accounts	(20.42)	(4.67)	17.40	3.37	(12.63)	(2.08)
Rental	7.32	1.68	10.13	1.96	9.96	1.64
Public utilities	3.02	0.69	3.47	0.67	4.44	0.73
Others	3.94	0.90	25.09	4.86	73.09	12.03
Total Expense	437.5	100.00	516.40	100.00	607.44	100.00

- Remark:
1. Sales promotion expense includes salesperson expense, bank fee, travel expense and others, such as advertising expense, consultant's fee, telephone charge, insurance cost, entertainment expense, and etc.
 2. As the group of Stark Corporation Public Company Limited has re-categorized and re-adjusted the transactions in 2019, for which the accounting standards determine that the entities shall represent the statement of financial position at the beginning of the previous period, the group of Stark Corporation Public Company Limited has therefore represented the data regarding the retrospective restatement in the period of 2017 only in the part of the statement of financial position.

STARK's main cost for distribution and administrative expense consists of sales promotion expense, officer's expense, transportation fee and professional fee, which is calculated as the proportion of 83.50 to 95.79 percent of the total cost for distribution and administrative expense in the operational period from 2017 to 2019.

In 2019, the cost for distribution and administrative expense increased by 91.04 million baht or calculated as 17.63 percent from the same period of 2018, principally due to the improvement by using expenses from the restructuring, such as financial consultant's fee, legal consultant's fee, and etc., in an approximate amount of 62.50 million baht. Such expenses were a single expense from this restructuring only.

14.2.10 Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

STARK's Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the period from 2017 to 2019 was equivalent to 1,302.50 million baht and 1,238.59 million baht, which are calculated as 10.85 percent and 10.53 percent of the total revenue.

For 2019, STARK's EBITDA reduced from 2018 due to the cost of reverse takeover between TAH2 and SMM. Upon consideration of the EBITDA of 2019 according to TAH2's consolidated financial statements regardless of the impact of the cost of reverse takeover, it was found that STARK had EBITDA in 2019 equivalent to 1,401.03 million B=baht or calculated as 11.91 percent of the total revenue according to the consolidated financial statements in 2019, which increased from 2018 and equivalent to 7.57 percent of the total revenue, as a result of the reduction of proportion of the cost for distribution and administrative expense of the total revenue of STARK as mentioned earlier.

14.2.11 Financial Cost

STARK's financial cost includes the financial cost from short and long-term loan, the financial cost under financial lease, and the financial cost arising from the purchase of raw materials in the type of metals under the purchase agreement with partners, of which the term of debt repayment is determined at 270 days. In addition, the interest is calculated at the agreed rate which is normal trade terms with the partners in the industry, where in the period from 2018 to 2019, such interest was equivalent to 423.53 million baht and 487.41 million baht and calculated as 3.53 percent and 4.14 percent of STARK's total revenue, respectively.

In 2019, the financial cost increased by 63.38 million baht or calculated as 14.96 percent from the same period of 2018, principally due to the increase of sales which caused an increase of the order amount of raw materials in the type of metals from the partners to increase from the previous year, and the financial cost arising from the purchase of raw materials in the type of metals.

14.2.12 Income Tax Expense

Income tax expense in the period from 2018 to 2019 was equivalent to 182.34 million baht and 145.37 million baht, respectively, which decreased by 36.97 million baht or calculated as 20.28 percent from the same period of 2018. In this regard, it was calculated as the actual tax payment rate at 25.77 percent and 36.07 percent of the profit before income tax expenses, respectively, due to the expense list relating to the added-back tax and deferred added-back income tax.

14.2.13 Cost of Reverse Takeover

Upon the completion of business combination between TAH2 and Siam Inter Multimedia Public Company Limited (“SMM”) and operation according to the restructuring plan, TAH2 will be the major shareholder which holds SMM’s shares in the proportion of 94.20 percent of the issued and paid-up capital and has control power over SMM. Therefore, this business combination is considered as a reverse takeover.

However, after the business combination, STARK will have the cost of reverse takeover which is a single expense on the date of business combination in the amount of 162.45 million b

baht in 2019. According to the Financial Reporting Standards No. 3, the consideration of this business combination has the objectives to purchase the listing status. Hence, the difference between the fair value of the transferred return and the net assets of SMM is regarded as an expense from STARK’s purchase of listing status, which can be calculated as follows:

Statement of financial position	UNIT: MB
The fair value of the transferred return ⁽¹⁾	472.31
Assets (SMM)	
Cash and cash equivalents	400.01
Trade and other current receivables	7.01
Currents Tax	1.92
Other current assets	0.15
Cash at bank pledged as collateral	12.00
Other non-current assets	0.19
กลุ่มสินทรัพย์ที่ถือไว้เพื่อขาย – สุทธิ	350.00
Bank overdraft and short-term borrowings from financial institutions	(167.77)
Trade and other current payables	(7.78)
Other short-term borrowings	(22.40)
Current portion of long-term borrowings from financial institutions	(39.70)
Other current liabilities	(0.37)
Long-term borrowings	(223.40)
Expenses for acquire Listed company	162.45

Remark: (1) The calculation is based on the number of TAH2’s shares to be issued in the case that it shall be issued to make SMM’s shareholders have an interest in the business arising from the combination in the same proportion as the interest as a result of reverse takeover. In this regard, the fair value of TAH2 is determined to be equivalent to 10,258.42 million baht as referred to the fair value estimation from the report of independent financial consultant which is prepared by Advance Capital Services Company Limited. According to such report, it provides the opinion towards the shareholders regarding the transactions pursuant to SMM’s restructuring plan on March 25, 2019.

(2) The calculation is based on the net assets value of SMM after selling the investment in the subsidiary for accepting the transfer of the existing business and the issuance of capital increase shares pursuant to SMM’s restructuring plan.

14.2.14 Net Profit from Consolidated Financial Statements

Net profit from consolidated financial statements in the period from 2018 to 2019 was equivalent to 525.17 million baht and 241.82 million baht, for which the net profit rate was calculated as 4.37 percent and 2.06 percent of the total revenue, respectively.

According to the case of its business combination, STARK therefore had the cost of reverse takeover which is a single expense on the date of business combination in the amount of 162.45 million baht. In this regard, it is recorded as a cost in the profit and loss statement in 2019 and loss for the year as a result of cancelled operation in the amount of 15.78 million baht. Thus, STARK's net profit for 2019 was reduced from 178.23 million baht.

This reverse takeover transaction of STARK also leads to a single expense which is not related to its normal operation in the amount of 62.50 million baht. Such expense was fully paid in 2019, including the expense of financial consultant's fee, internal control system examination fee, and other expenses relating to such transaction. However, if normalized net profit is considered by adding back the single expense as mentioned above, STARK will have the net profit for the year ended December 31, 2019 in the amount of 482.55 million baht, for which the net profit rate is calculated as 4.10 percent.

14.3 Financial Status

14. Explanation of the financial status is to explain the significant changes by referring to the data from STARK's consolidated financial statements in the audit version as of December 31, 2019 for the data regarding the financial status as of December 31, 2017 and December 31, 2018 by having the following details.

14.3.1 Assets

Total assets at the end of period from 2017 to 2019 was equivalent to 11,811.90 million baht and 13,780.62 million baht, respectively. In this regard, the main assets consist of trade receivables and other current receivables, inventory, land, building, equipment and goodwill, which is calculated as 83.79 to 85.39 percent of the total assets at the end of period from 2017 to 2019 in the amount of 10,805.48 million baht.

Total assets as of December 31, 2018 increased by 1,968.73 million baht or calculated as 16.67 percent from the date as of December 31, 2017 principally due to an increase of the trade receivables and other current receivables in the amount of 984.73 million baht which is calculated as 25.04 percent, and the inventory in the amount of 645.87 million baht which is calculated as 23.81 percent. In this regard, such increase arose from the normal operation which is in conformity with STARK's revenue growth. Moreover, STARK has additionally invested in machine and fixed assets to encourage the operation and support the business growth in the future. As a result, STARK's land, building and equipment – net at the end of 2018 increased in the amount of 213.57 million baht or calculated as 9.84 percent of the value of STARK's land, building and equipment – net at the end of 2017.

Total assets as of December 31, 2019 reduced by 1,125.93 million baht or calculated as 8.17 percent from the date as of December 31, 2018 principally due to the reduction of long-term loans to the connected companies in the amount of 1,070.05 million baht or calculated as 94.41 percent from the date as of December 31, 2018.

14.3.2 Current Assets

Cash and Cash Equivalents

Cash and cash equivalents at the end of period from 2018 to 2019 was equivalent to 655.11 million Baht and 1,431.14 million baht, respectively.

Cash and cash equivalents as of December 31, 2019 increased by 776.04 million Baht or calculated as 118.46 percent from the date as of December 31, 2018, principally due to the receipt of long-term loans to the connected companies in the amount of 1,053.05 million baht and another part from STARK's cash balance. Therefore, the cash and cash equivalents as of December 31, 2019 increased from the date as of December 31, 2018.

Trade Receivables and Other Current Receivables

Trade receivables and other current receivables at the end of period from 2018 to 2019 was equivalent to 3,932.81 million baht, 4,917.54 million baht and 3,464.59 million baht, respectively, consisting of trade receivables, other current receivables, accrued interest, prepaid expense, and etc., which can be concluded as follows:

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Trade receivables						
Trade receivables – related companies	1,187.10	24.14	13.99	0.40	(1,173.11)	(98.82)
Trade receivables –other companies	3,566.74	72.53	3,134.07	90.46	(432.67)	(12.13)
Less Allowance for returned books	(391.50)	(7.96)	(378.86)	(10.94)	12.63	(3.23)
Total Trade receivables	4,362.34	88.71	2,769.20	79.93	(1,593.14)	(36.52)
Other current receivables – other companies						
Other current receivables	84.52	1.72	95.18	2.75	10.67	12.62
Interest current receivables	193.85	3.94	250.49	7.23	56.64	29.22
Prepaid expenses	39.60	0.81	72.81	2.10	33.21	83.87
Total other current receivables – other companies	317.96	6.47	418.48	12.08	100.52	31.61
Other current receivables – related companies	46.81	0.95	11.07	0.32	(35.74)	(76.35)
Accrued income	190.43	3.87	265.84	7.67	75.41	39.60

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Total Trade receivables and other current receivables	4,917.54	100.00	3,464.59	100.00	(1,452.95)	(29.55)

Net trade receivables as of December 31, 2019 decreased by 1,452.95 million baht or calculated as 29.55 percent from the date as of December 31, 2018 principally due to the receipt of debt repayment from the accrued receivables according to the due date. However, the decrease of trade receivables of the connected companies in the amount of 1,173.11 million baht was caused by the shares sold by the group of existing shareholders of Thai Cable Intertec Company Limited ("TCI") to the group of new shareholders which are not connected with STARK. Therefore, TCI is not categorized as a connected company. In addition, the accrued trade receivables as of December 31, 2019 will be categorized as the trade receivables of all other companies. (Please see the part of connected transaction for more details.)

STARK has set up the allowance for doubtful accounts at the end of period from 2018 to 2019 which was equivalent to 391.50 million baht and 378.86 million baht, respectively. In this regard, such set up of the allowance for doubtful accounts will be estimated by considering the status of each receivable who is expected to be unable to demand for payment from based on the experience in the demand of debt repayment of STARK.

Notwithstanding, the net trade receivables can be categorized by the overdue period as of December 31, 2018 and December 31, 2019 as follows:

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Current	3,002.31	63.16	2,289.26	72.72	(713.05)	(23.75)
Less than or equal to 3 months	775.91	16.32	376.47	11.96	(399.44)	(51.48)
Over 3 months up to 6 months	242.08	5.09	102.14	3.24	(139.94)	(57.81)
Over 6 months up to 12 months	367.46	7.73	7.11	0.23	(360.35)	(98.06)
Over 12 months	366.08	7.70	373.09	11.85	7.01	1.91
Total	4,753.84	100.00	3,148.07	100.00	(1,605.77)	(33.78)
Less Allowance for doubtful accounts	(391.50)	(8.24)	(378.86)	(12.03)	(12.63)	(3.23)
Trade receivables	4,362.34	91.76	2,769.20	87.97	(1,593.14)	(36.52)

STARK's other current receivables consist of the other current receivables, accrued interest and prepaid expense of other companies and connected companies. As of December 31, 2018 other current receivables – other companies were equivalent to 105.14 million baht which increased by 35.96 million baht or calculated as 51.99 percent from the date as of December 31, 2017 which was equivalent to 69.18 million baht. It was principally due to an increase of other current receivables and prepaid expense as a result of the increase of sales revenue and performance of STARK for 2018.

As of December 31, 2019, other current receivables – other companies increased by 10.67 million baht or calculated as 12.62 percent from the date as of December 31, 2018 principally due to an increase of the pending sales tax refund from the sale of raw material in order to produce the product to support STARK's growth of sales.

In addition, the transaction of trade receivables and other current receivables – connected companies include the trade receivables from the sale of metal, other current receivables from the sale of electric wire scrap and other materials, and accrued rent transaction. Please see the part of connected transaction for more details.

Inventory

STARK's inventory at the end of period from 2018 to 2019 was equivalent to 3,358.72 million baht and 3,671.42 million baht, respectively. Each type of the inventory can be concluded as follows:

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Raw material		24.75	1,152.87	31.40	321.66	38.70
Work in process	821.12	24.45	842.20	22.94	21.07	2.57
Finished goods	1,303.62	38.81	1,496.46	40.76	192.84	14.79
Spare parts and factory supplies	94.63	2.82	92.97	2.53	(1.66)	(1.75)
Finished goods in transit	15.24	0.45	18.13	0.49	2.90	19.01
Material and spare parts in transit	322.20	9.59	92.61	2.52	(229.59)	(71.26)
Total	3,388.03	100.87	3,695.24	100.65	307.21	9.07
Less Allowance for losses on slow-moving inventories	(29.30)	(0.87)	(23.82)	(0.65)	(5.48)	(18.70)
Total Inventories	3,358.72	100.00	3,671.42	100.00	312.69	9.31

15.

16. The inventory as of December 31, 2019 increased by 307.21 million baht or calculated as 9.07 percent from the date as of December 31, 2018, principally due to an increase of the raw materials and spare parts

along the way that STARK had ordered to support the production pursuant to its sales plan and production to occur in the future.

STARK has set up the allowance for loss from the inventory for old, out-of-date, lagged and deteriorated product. At the end of period from 2018 to 2019, such allowance for loss from the inventory was equivalent to 29.30 million baht and 23.82 million baht, respectively.

Other Current Assets

Other current assets consist of pending value-added tax refund, value-added tax not yet due, and prepaid withholding tax at the end of period from 2017 to 2019 which was equivalent to 43.83 million Baht, 68.40 million baht and 100.77 million baht, respectively.

Other current assets as of December 31, 2018 increased by 24.57 million baht or calculated as 56.07 percent from the date as of December 31, 2017 principally due to an increase of the sales tax not yet due which is in line with the increase of cost of sales and expense in the distribution and administration according to the growth of sales in 2018.

Other current assets as of December 31, 2019 increased by 32.37 million baht or calculated as 47.32 percent from the date as of December 31, 2018, principally due to an increase of the sales tax not yet due which is in line with the increase of cost of sales and expense in the distribution and administration according to the growth of sales.

Loan to Connected Companies

STARK has short and long-term loans to the connected companies which is deemed to provide financial assistance as capital for business expansion and working capital for the connected companies. In addition, the loan balance at the end of period from 2017 to 2019 was equivalent to 1,097.97 million baht, 1,133.42 million baht and 93.37 million baht, respectively. Such loans to the connected companies are in the form of promissory notes which is due upon demand. Moreover, the lending rate is determined by referring to the loan cost of the Company on the date of loan. (Please see the part of connected transaction for more details.) As of December 31, 2019 STARK completely demanded repayment of such long-term loans from the connected companies.

14.3.3 Non-current Assets

Deposit in Financial Institutions with Guaranteed Liability

As of December 31, 2019 and December 31, 2018 STARK has a deposit in financial institution with guaranteed liability in the amount of 39.07 million baht, which is a savings bank deposit as security for the bank to issue

STARK's Letter of Credit (L/C) in the amount of 37.00 million baht. (Please consider more details regarding the obligation and suretyship hereof.)

Investment in Joint-stock Company

STARK's subsidiary has invested in Thai Copper Rod Company Limited ("TCR") in the total proportion of 25.00 percent (invested through PDITL in the proportion of 20.00 percent and PDL Trading in the proportion of 5.00 percent). In this regard, TCR conducts copper casting business and had investments at the end of period from 2017 to 2019 according to the equity method in such subsidiary which was equivalent to 62.63 million baht, 65.20 million baht and 64.70 million baht, respectively. During 2017 to 2019, STARK received dividends from such subsidiary in the amount of 7.50 million baht, 2.50 million baht and 3.75 million baht, respectively.

As of December 31, 2019 STARK had investments in such subsidiary equivalent to 64.70 million baht, which was reduced by 0.50 million baht from the date as of December 31, 2018 due to the profit sharing received by STARK from the investment.

Share Pledge in Subsidiary

As of December 31, 2019 TAH2 pledged the shares of TAH2 and 2 subsidiaries, namely Phelps Dodge International (Thailand) Limited ("PDITL") and PDL Trading Company Limited, ("PDL Trading"), as a security according to the long-term loan agreement from financial institution with an amount of 2,400 million baht. (Please consider the details regarding additional loan agreement in the part of loans from financial institutions.)

Advance Payment for Purchase of Fixed Assets

STARK's advance payment for purchase of fixed assets is in accordance with the fixed assets investment, including machines for enhancement of production capacity to support the business growth in the future and other fixed assets for enhancement of performance efficiency and cost reduction of STARK in the future. At the end of period from 2017 to 2019, STARK had an advance payment for purchase of fixed assets equivalent to 27.83 million baht, 23.97 million baht and 83.27 million baht, respectively.

As of December 31, 2019 STARK had an advance payment for purchase of fixed asset equivalent to 83.27 million baht, which increased by 59.32 million baht from the date as of December 31, 2018 due to machine installation for enhancement of production capacity.

Land Building and Equipment

Land Building and Equipment as of December 31, 2018 by 2,171.05 million baht, 2,384.63 million baht and 2,603.58 million baht as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Land	549.25	25.30	549.25	23.03	627.04	24.08
Land improvement	20.61	0.95	25.92	1.09	25.49	0.98
Building improvement	249.88	11.51	244.90	10.27	307.22	11.80
Warehouse	46.06	2.12	42.91	1.80	39.39	1.51
Construction in progress	1,140.23	52.52	1,147.50	48.12	1,040.02	39.95
Vehicles	7.31	0.34	15.95	0.67	12.45	0.48
Furniture, fixtures and office equipment	15.52	0.71	9.25	0.39	11.63	0.45
Construction in progress	142.20	6.55	348.94	14.63	540.34	20.75
Total	2,171.05	100.00	2,384.63	100.00	2,603.58	100.00

Land, building and equipment as of December 31, 2018 and December 31, 2019 increased by 213.57 million baht and 218.95 million baht or calculated as 9.84 percent and 9.18 percent, respectively, principally due to investment in machines to encourage the operation and support the business growth in the future, as well as the installation of solar cell panel to save energy and reduce expense of STARK in the long term.

Goodwill

STARK has goodwill which arose from the purchase of PDITL's shares from the existing shareholders on August 20, 2015 resulting in an increase of goodwill in the amount of 893.47 million baht which is calculated as 7.56 percent, 6.48 percent and 7.06 percent of the assets, respectively. However, STARK has the policy of annual goodwill impairment assessment. In 2017 to 2019, no indicator of such goodwill impairment was found, since STARK continuously has operating profit in every year.

Other Intangible Assets

STARK's intangible assets include computer software which is installed by STARK during 2015 at the cost of 71.32 million baht. In addition, during 2017 to 2019, the distribution of intangible assets has been amortized in every year by means of straight-line method for a period of 3 – 5 years. Therefore, the net value of intangible assets at the end of period from 2017 to 2019 and as of December 31, 2019 was equivalent to 27.19 million baht, 20.27 million baht and 13.66 million baht, respectively.

Other Non-current Assets

Other non-current assets consist of fixed deposit for the equipment used in STARK's production process, such as nitrogen tank and etc., and input tax for the assets under financial lease, which are equivalent to 12.44 million baht, 11.85 million baht and 14.08 million baht, respectively, at the end of period from 2017 to 2019.

Other non-current assets as of December 31, 2018 reduced by 0.60 million baht or calculated as 4.79 percent from the date as of December 31, 2017 due to the payment of input tax for the assets under normal financial lease of the Company.

Other non-current assets as of December 31, 2019 slightly increased by 2.23 million baht or calculated as 18.84 percent from the date as of December 31, 2018 due to an increase of security money for operation by 2.80 million baht, resulting in an increase of other non-current assets.

14.4 Source of Capital

14.4.1 Debt

Total debt at the end of period from 2017 to 2019 was equivalent to 10,094.41 million baht, 11,962.98 million baht and 10,341.33 million baht, respectively. Most of the total debt included trade payables and other current payables, loans from financial institutions and connected companies and individuals, and etc.

Short-term Loan from Financial Institutions

Short-term loans from financial institutions at the end of period from 2017 to 2019 was equivalent to 1,106.44 million baht, 471.30 million baht and 1,706.30 million baht, respectively. Such short-term loans from financial institutions were in the form of promissory note with lending rate, due date and various securities under conditions determined by the bank, of which the details can be indicated as follows:

Promissory note as of December 31, 2017 as follows:

	Short-term borrowing (Unit: MB)	Due for repayment	Interest rate % per annum	Guaranteed/Collateral	Conditions of financial ratio
1.	188.18	February 6, 2018	MLR – 1.00	- Share certificate of subsidiary Guaranteed by a related company and TAH2 director	No
2.	56.26	February 26, 2018	MLR – 1.00	- Share certificate of subsidiary - Guaranteed by TAH2 director	No
3.	47.53	March 26, 2018	MLR – 1.00	- Share certificate of subsidiary - Guaranteed by a related company and TAH2 director	No
4.	160.00	February 20, 2018	MLR – 1.25	- Guaranteed by TAH2 director	IBD-to-Equity not exceed 1.50

	Short-term borrowing (Unit: MB)	Due for repayment	Interest rate % per annum	Guaranteed/Collateral	Conditions of financial ratio
					DSCR not less 1.10
5.	40.00	March 2, 2018	MLR – 1.25	- Guranteed by TAH2 director	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
6.	400.00	March 8, 2018	MLR – 1.25	- The mortgage of a subsidiary's land, structure and machinery - Share certificate of 2 subsidiaries - Guranteed by a related company and TAH2 director	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
7.	210.00	January 24, 2018	4.25 – 5.25	- A subsidiary's title deed - Guranteed by a subsidiary's major shareholder	DSCR not less 1.10

Promissory note as of December 31, 2018 as follows:

	Short-term borrowing (Unit: MB)	Due for repayment	Interest rate % per annum	Guaranteed/Collateral	Conditions of financial ratio
1.	200.00	March 21, 2019	MLR – 1.25	- The mortgage of a subsidiary's land, structure and machinery - Guranteed by TAH2 and a related company which subsidiary's major shareholder - Guranteed by a related company and TAH2 director	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
2.	268.00	February 25, 2019	4.25 - 5.25	- A subsidiary's title deed - Guranteed by a subsidiary's major shareholder	DSCR not less 1.10

Promissory note as of December 31, 2019 as follows:

	Short-term borrowing (Unit: MB)	Due for repayment	Interest rate % per annum	Guaranteed/Collateral	Conditions of financial ratio
1.	200.00	May 22, 2020	MLR -1.25	<ul style="list-style-type: none"> - The mortgage of a subsidiary's land, structures and machinery - Share certificate of 2 subsidiaries 	IBD-to-Equity not exceed 1.50 เท่า DSCR not less 1.10
2.	200.00	April 30, 2020	4.5	- None	No
3.	160.00	March 18, 2020	MLR -1.25	<ul style="list-style-type: none"> - The mortgage of a subsidiary's land, structures and machinery - Share certificate of 2 subsidiaries 	IBD-to-Equity not exceed 1.50 เท่า DSCR not less 1.10
4.	40.00	April 21, 2020	MLR -1.25	<ul style="list-style-type: none"> - The mortgage of a subsidiary's land, structures and machinery - Share certificate of 2 subsidiaries 	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
5.	124.53	March 25, 2020	MLR -1.25	- None	No
6.	37.61	May 20, 2020	MLR -1.25	- None	No
7.	122.30	April 17, 2020	MLR -1.25	<ul style="list-style-type: none"> - The mortgage of a subsidiary's land, structures and machinery - Share certificate of 2 subsidiaries 	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
8.	258.92	April 20, 2020	MLR -1.25	<ul style="list-style-type: none"> - The mortgage of a subsidiary's land, structures and machinery - Share certificate of a subsidiary 	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
9.	40.41	April 27, 2020	MLR -1.25	- The mortgage of a subsidiary's land, structures and machinery	IBD-to-Equity not exceed 1.50

	Short-term borrowing (Unit: MB)	Due for repayment	Interest rate % per annum	Guaranteed/Collateral	Conditions of financial ratio
				- Share certificate of a subsidiary	DSCR not less 1.10
10.	20.57	April 30, 2020	MLR -1.25	- The mortgage of a subsidiary's land, structures and machinery - Share certificate of a subsidiary	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
11.	40.86	April 30, 2020	MLR – 1.25	- The mortgage of a subsidiary's land, structures and machinery - Share certificate of a subsidiary	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
12.	16.94	May 7, 2563	MLR – 1.25	- The mortgage of a subsidiary's land, structures and machinery - Share certificate of a subsidiary	IBD-to-Equity not exceed 1.50 DSCR not less 1.10
13.	400.40	March 24, 2563	3.50 - 4.25	- A subsidiary's title deed - Guarantee by a subsidiary's major shareholder	DSCR not exceed 1.10

Trade payables and other current payables

Trade payables and other current payables at the end of period from 2017 to 2019 was equivalent to 5,007.40 million baht, 6474.82 million baht and 4,787.54million baht, of which the details can be indicated as follows:

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Other companies						
Trade payables	5,812.26	89.77	4,322.70	90.29	(1,489.56)	(25.63)
Other current payables	132.53	2.05	56.02	1.17	(76.51)	(57.73)
Other current payables – the Revenue Department	6.68	0.10	5.31	0.11	(1.37)	(20.47)

Statement of financial position	As at					
	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Interest payables	86.73	1.34	62.80	1.31	(23.93)	(27.60)
Accrued expenses	195.39	3.02	181.11	3.78	(14.28)	(7.31)
Unearned revenue	47.73	0.74	68.84	1.44	21.11	44.23
Other current payables – other companies	6,281.31	97.01	4,696.77	98.10	(1,584.54)	(25.23)
Companies and related person						
Trade payables	104.71	1.62	78.13	1.63	(26.58)	(25.38)
Other current payables	20.60	0.32	10.28	0.21	(10.32)	(50.08)
Interest payables	65.51	1.01	-	-	(65.51)	(100.00)
Others	2.70	0.04	2.35	0.05	(0.35)	(12.99)
Total Current payables - Companies and related person	193.51	2.99	90.76	1.90	(102.75)	(53.10)
Total Trade payables and Other current payables	6,474.82	100.00	4,787.54	100.00	(1,687.29)	(26.06)

Other Companies

Trade payables include trade payables for purchase of raw materials in the type of metal, trade payables for purchase of plastic, and trade payables for purchase of other materials for electric wire production, as of December 31, 2018 which was equivalent to 5,812.26 million baht or calculated as 89.77 percent of the total trade payables and other current payables, and as of December 31, 2019 which was equivalent to 4,322.70 million baht or calculated as 90.29 percent of the total trade payables and other current payables. Notwithstanding, the cause of trade payables reduction was a result of the payment cycle of raw material orders in the type of metal in 2018, since STARK received the trade term from partners for 270 days which is longer than the trade term received by STARK for purchase of raw materials in other types.

Current payables other than the trade payables include other trade payables which are the purchase of raw materials in other types with the partners in addition to the raw materials in the type of metal, the purchase of spare parts, accrued interest, accrued expense, advance income, and etc. As of December 31, 2019 and December 31, 2018 the value was equivalent to 462.37 million baht and 368.76 million baht, respectively.

Connected Companies and Individuals

STARK has a list of trade payables and other current payables with the connected companies and individuals which is a list of accrued interest for short-term loans from Team A Holding 2 Company Limited (“TAH2”), the purchase list of steel wheel from Connection Lathe Services Company Limited (“CLS”), the use of transportation service of MM Logistics Company Limited (“MM”), and the purchase of rooftop solar cell panel from Industrial Construction & Maintenance Services Public Company Limited (“ICS”). In this regard, the list of trade payables and other current payables with the connected companies and individuals as of December 31, 2019 reduced by 26.58 million baht or calculated as 25.38 percent from the date as of December 31, 2018 principally due to the repayment of trade payables of the connected companies. Please see the part of connected transactions for more details.

Short-term Loan

Short-term loans from the connected companies and individuals is to receive financial assistance as capital for business expansion and working capital for the connected companies. In addition, the interest rate is determined at 4.00 percent and 6.25 percent per annum by referring to the MLR as of the date of execution of loan agreement, which is the rate referred to the loan capital of the lender. (Please consider the conditions and details of the additional loan agreement in Part 2.3.6 Connected Transaction.) In this regard, the balance of short-term loans at the end of period from 2017 to 2019 was equivalent to 399.33 million baht, 444.33 million baht and 0.00 million baht, respectively.

Short-term loans from other entities at the end of period from 2017 to 2019 was equivalent to 784.50 million baht, 675.00 million baht and 822.00 million baht, respectively, of which the details are as follows:

Types of Borrowing	December 31, 2017			December 31, 2018			December 31, 2019		
	Interest rate % per annum	Collateral	Unit: Baht	Interest rate % per annum	Collateral	Unit: Baht	Interest rate % per annum	Collateral	Unit: Baht
Bills of exchange	4.6 – 6.25	None	574.50	4.6 – 5.0	None	420.00	4.6 – 5.0	None	570.00
Unsubordinated bond		None	210.00	6.0	None	255.00	6.0 – 6.50	None	252.00

Types of Borrowing	December 31, 2017			December 31, 2018			December 31, 2019		
	Interest rate % per annum	Collateral	Unit: Baht	Interest rate % per annum	Collateral	Unit: Baht	Interest rate % per annum	Collateral	Unit: Baht
	5.0 – 6.25								
	Total		<u>784.50</u>	Total		<u>675.00</u>	Total		<u>822.00</u>

Short-term loans from other entities as of December 31, 2018 reduced by 109.50 million baht or calculated as 13.96 percent from the date as of December 31, 2017 as a result of the repayment of promissory notes and senior bonds according to the specified period. In addition, other current payables as of 31 December 2019 increased by 147.00 million baht or calculated as 21.78 percent from the date as of December 31, 2018 as a result of investment in machines to encourage the operation and support the business growth of STARK in the future in the long term.

Accrued Corporate Income Tax

Accrued corporate income tax at the end of period from 2017 to 2018 was equivalent to 28.78 million baht, 48.94 million baht and 65.80 million baht, respectively. In this regard, the accrued corporate income tax was caused by the list of corporate income tax for each operational installation accrued by STARK to the Revenue Department as of the end date of accounting period. However, the accrued corporate income tax at the end of 2018 increased from the end of 2017, and the accrued corporate income tax at the end of 2019 increased from the end of 2018 as a result of an increase of STARK's sales, resulting in an increase of liability for corporate income tax.

Other Current Liabilities

Other current liabilities include suspended withholding tax and etc. At the end of period from 2017 to 2019, STARK had other current liabilities equivalent to 7.31 million baht, 28.59 million baht and 9.78 million baht, respectively. In this regard, the increase of other current liabilities as of December 31, 2018 in the amount of 21.28 million baht or calculated as 291.11 percent from the date as of December 31, 2017 was principally due to the increase of STARK's sales and payment of management fee between PDITL and TAH2, resulting in the suspended withholding tax of PDITL from such list which was a single transaction and PDITL's other current liabilities as of December 31, 2018 to be different from the end of 2017.

Other current liabilities as of December 31, 2019 were equivalent to 9.78 million Baht which reduced by 18.81 million baht or calculated as 65.79 percent from the date as of December 31, 2018 which consists of suspended withholding tax according to the normal business operation of STARK.

Other Non-current Liabilities

Other non-current liabilities at the end of period from 2017 to 2019 were equivalent to 26.18 million baht, 24.00 million baht and 21.96 million baht, respectively, which was in accordance with the normal business operation of STARK.

Other non-current liabilities as of December 31, 2018 reduced by 2.18 million baht or calculated as 8.33 percent from the date as of December 31, 2017. In addition, other non-current liabilities as of December 31, 2019 reduced by 2.04 baht or calculated as 8.51 percent which were deemed not to have a significant change.

Loan from Financial Institutions

Long-term loans from financial institutions at the end of period from 2017 to 2019 were equivalent to 2,210.08 million baht, 3,092.20 million baht and 2,069.74 million baht, respectively, of which the details regarding long-term loans from financial institutions can be concluded as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Long-term loans						
Current Portion due with 1 year	475.09	21.50	2,616.86	84.63	481.27	23.25
Non-current portion	1,734.99	78.50	475.33	15.37	1,588.46	76.75
Total borrowings from financial institutions	2,210.08	100.00	3,092.20	100.00	2,069.74	100.00

Long-term loans of December 31, 2018 increased by 882.12 million baht or calculated as 39.91 percent from the date as of December 31, 2017 principally due to the additional loan in the amount of 1,184.60 million baht with an aim to refinance from short-term loan to be long-term loan for STARK's debt repayment payables to the subsidiary and investment in the purchase of solar cell panel for installation pursuant to the long-term cost reduction plan.

However, the balance of long-term loans in the part due within 1 year as of December 31, 2018 was equivalent to 2,616.86 million baht which increased by 2,141.77 million baht from the date as of December 31, 2017. In this regard, it was principally due to the subsidiary which was unable to comply with the conditions of maintenance of financial ratio as determined in the loan agreement, resulting in the categorization of all types of long-term loans to be current liabilities in the part due within 1 year. Notwithstanding, as of December 31, 2018, PDITL received the letter of exemption for compliance with conditions of maintenance of financial ratio for loans under the loan amount of 2,400.00 million baht and 1,050.00 million baht. In addition, such long-term loans will be categorized normally in the preparation of the financial statement for the next financial period. However, the bank will consider exempting the compliance with conditions of maintenance of financial ratio for the loans on a quarterly basis.

Long-term loans of December 31, 2019 reduced by 1,022.46 million baht or calculated as 33.07 percent from the date as of December 31, 2018 principally due to the repayment of long-term loans according to the specified period under the agreement. However, STARK does not have additional long-term loans from financial institutions in 2019.

Liability under finance lease agreement

Liability under finance lease agreement at the end of period from 2017 to 2019 were equivalent to 90.17 million baht, 73.91 million baht and 56.91 million baht, respectively, of which the details regarding from financial institutions can be concluded as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Liability under finance lease agreement						
Current Portion due with 1 year	16.26	18.03	17.00	23.00	17.77	31.23
Non-current portion	73.91	81.97	56.91	77.00	39.13	68.77
Total	90.17	100.00	73.91	100.00	56.91	100.00

Liability under finance lease agreement at the end as of December 31, 2018 decrease of 16.26 million baht or 18.03 percentage from at the end as of December 31, 2017 as of December 31, 2019 decrease of 17.00 million baht or 23.00 percentage from at the end as of December 31, 2018 mainly due to the repayment of the liabilities under the financial lease according to the schedule.

Other long-term borrowings

Other long-term borrowings at the end of period from 2017 to 2019 were equivalent to 30.00 million baht, 215.00 million baht and 345.00 million baht, respectively, of which the details regarding long-term loans from financial institutions can be concluded as follows:

Statement of financial position	As at					
	December 31, 2017		December 31, 2018		December 31, 2019	
	Unit: MB	Percentage	Unit: MB	Percentage	Unit: MB	Percentage
Bills of Exchanges						
Current Portion due with 1 year	-	-	30.00	13.95	185.00	53.62
Non-current portion	30.00	100.00	185.00	86.05	160.00	46.38
Total	30.00	100.00	215.00	100.00	345.00	100.00

Other long-term borrowings as of December 31, 2018 and December 31, 2019 will due to pay by December 2020 , and October 2021, respectively.

Contingent Liabilities

At the end of period from 2017 to 2019, of which the details regarding can be concluded as follows

The employee benefits reserve

The employee benefits reserve at the end of period from 2017 to 2019 were equivalent to 90.70 million baht, 113.70 million baht and 151.44, respectively.

The commitment and financial guarantee

1. Financial Commitments

STARK 2 types, operating lease commitments by STARK entered into an agreement to lease office building space photocopiers and cars and raw material purchase commitments and machinery, of which the details regarding can be concluded as follows:

Statement of financial position	December 31, 2017 (Unit: MB)	December 31, 2018 (Unit: MB)	December 31, 2019 (Unit: MB)
1. Operating lease			
Within 1 year	13.25	11.68	15.59
More than 1 year – 5 years	16.37	7.48	9.67
Total	29.62	19.16	25.26
2. Sale of Material and machinery			
Material ⁽¹⁾	4,868.22	2,350.65	1,852.98
Machinery	128.86	152.93	450.08
Total	4,997.07	2,503.58	2,303.06
Total Obligations	5,026.70	2,522.74	2,328.32

Statement of financial position	December 31, 2017 (Unit: MB)	December 31, 2018 (Unit: MB)	December 31, 2019 (Unit: MB)
3. Operating lease			
Within 1 year	13.25	11.68	15.59
More than 1 yeae – 5 years	16.37	7.48	9.67
Total	29.62	19.16	25.26
4. Sale of Material and machinery			
Meterial ⁽¹⁾	4,868.22	2,350.65	1,852.98
Machinery	128.86	152.93	450.08
Total	4,997.07	2,503.58	2,303.06
Total Obligations	5,026.70	2,522.74	2,328.32

Remark: 1. The purchase list of raw materials which is categorized as an obligation is the purchase list of metal raw material in the type of copper from the partners, where the purchase orders and Letter of Credit (L/C) are issued by PDITL but the products have not been received yet.

2. Financial guarantee

As of December 31, 2017 to December 31, 2019 STARK has a bank guarantee issued by f subsidiary company Which are related to normal business practices and electricity usage of subsidiaries and others, of which the details regarding can be concluded as follows:

Statement of financial position	As at December 31, 2017				
	Baht	US Dollar	India Rupee	Hong Kong Dollar	Srilanka Rupee
Letters of guarantee for contractual performance without collateral	572.40	2.16	3.47	-	-
Letters of guarantee for contractual performance with collateral	-	-	63.21	-	-
Letters of guarantee for electricity usage	231.35	0.23	-	7.00	-
Letters of guarantee for rendering services with collateral	1.36	0.03	-	-	-

Statement of financial position	As at December 31, 2018				
	Baht	US Dollar	India Rupee	Hong Kong Dollar	Srilanka Rupee
Letters of guarantee for contractual performance without collateral	1,272.48	1.72	3.47	-	-
Letters of guarantee for contractual performance with collateral	-	-	63.21	-	-
Letters of guarantee for electricity usage	253.06	1.11	-	7.00	5.00
Letters of guarantee for rendering services with collateral	0.61	0.03	-	-	-

Statement of financial position	As at December 31, 2019				
	Baht	US Dollar	India Rupee	Hong Kong Dollar	Srilanka Rupee
Letters of guarantee for contractual performance without collateral	621.26	1.97	3.47	-	-
Letters of guarantee for contractual performance with collateral	-	-	63.21	-	-
Letters of guarantee for electricity usage	459.17	0.05	-	7.00	1.30
Letters of guarantee for rendering services with collateral	7.40	0.03			

3. Limit for Letter of Credit, Trustee Sheet and Money Transfer

As of December 31, 2017 the subsidiary had the limit for Letter of Credit, trustee sheet and money transfer that has not been used in the amount of 4.70 million USD and 1,151.1 million baht. The security of such limit includes land, structure and machine of the subsidiary, shares of 2 subsidiaries, and suretyship made by the connected companies.

As of December 31, 2018 the subsidiary had such limit in the amount of 16.10 million USD and 306.48 million baht with the same collateral as the limit that has not been used as of December 31, 2017.

As of December 31, 2019 the subsidiary had such limit in the amount of 43.63 million USD and 3,126.03 million baht with the same collateral as the limit that has not been used as of December 31, 2018.

4. Credit Limit and Suretyship

As of December 31, 2018 the Company had the limit of oil credit card in the amount of 1 million baht and spent 0.11 million baht, where the Company registered the mortgage of real estate for investment and land with structure. In addition, the Company's ordinary shares held by 2 directors were used for placing a security of credit limit from financial institutions and guaranteed by the Company's directors. During the year ended December 31, 2019 the Company cancelled the limit of oil credit card and released the mortgage of security and suretyship.

14.4.2 Shareholders' Equity

STARK's shareholders' equity at the end of period from 2017 to 2019 was equivalent to 1,717.49 million baht, 1,817.64 million Baht and 2,313.37 million baht, respectively.

Shareholders' equity as of December 31, 2018 increased by 100.15 million Baht or calculated as 5.83 percent from the date as of December 31, 2017 principally due to the net profit according to the normal operation.

Shareholders' equity as of December 31, 2019 increased by 495.73 million baht or calculated as 27.27 percent from the date as of December 31, 2018 principally due to the net profit according to STARK's normal operation and result of business combination. Accordingly, STARK will have registered capital in the amount of 14,049.56 million baht as well as the minimum equity of the ordinary shares and capital adjustment equity from the reverse takeover in the amount of 12,253.32 million baht, of which the increase of the net shareholders' equity is calculated as 1,796.24 million baht.

14.5 Liquidity

STARK had a liquidity ratio equivalent to 0.95 times, 0.83 times and 1.07 times at the end of period from 2017 to 2019, respectively.

14.5.1 Cash Flow from Operational Activities

Net cash flow obtained from the operational activities in the period from 2017 to 2019 was equivalent to 72.31 million baht, 907.05 million baht and 676.10 million baht, respectively.

STARK has net cash flow obtained from the operational activities in the period of 2018 equivalent to 907.05 million baht which increased from 2017, principally due to STARK's performance with profit and added back non-cash transaction, such as depreciation and write-off, as well as the change of assets and liabilities in the operation. While the demand of working capital was similar to that in 2017, STARK therefore has net cash flow obtained from operational activities which increased from the previous year.

STARK had net cash flow obtained from the operational activities in the period of 2019 equivalent to 676.10 million baht which reduced from the same period in 2018, principally due to the Company's expense from status purchase of registered company, resulting in more decrease of STARK's cash flow.

14.5.2 Cash Flow from Investment Activities

Net cash flow spent in investment activities in the period from 2017 to 2019 was equivalent to 295.04 million baht, 816.94 million baht and 620.13 million baht, respectively.

STARK had net cash flow spent in investment activities equivalent to 295.04 million baht in the period of 2017, principally due to the purchase of fixed assets and investment in PDITL, resulting in the increase of STARK's shareholding from 84.29 percent in 2016 to 89.00 percent in 2017 and the loans for the connected companies. (Please consider the conditions and details of the additional loan agreement in Part 2.3.6 Connected Transaction.)

STARK had net cash flow spent in investment activities equivalent to 816.94 million baht in the period of 2018, principally due to investment in machines to encourage the operation and support the business growth in the future, as well as the installation of solar cell panel to save energy and reduce expense of STARK in the long term.

STARK has net cash flow spent in investment activities equivalent to 620.13 million baht in the period of 2019, principally due to the purchase of additional fixed assets which was investment in new machines according to the production line improvement plan and categorized as PDITL's assets pending for installation.

14.5.3 Cash Flow from Funding Activities

Net cash flow from funding activities in the period from 2017 to 2019 was equivalent to 336.24 million baht, (35.25) million baht and 720.07 million baht, respectively. It was caused by an increase of the cash receipt from loans by STARK from financial institutions, connected companies and individuals, and other sources, such as senior bonds, to support the money spending pursuant to the investment plan, including investment for purchase of fixed assets in the type of machine to improve and enhance the production capacity, installation of solar cell panel with an aim to save energy and reduce expense, investment for purchase of High Voltage Mobile Testing Unit, and support the repayment of loans pursuant to the payment plan in each accounting period.

In 2018, STARK had net cash flow from funding activities equivalent to 35.25 million baht which was caused by the payment of short-term loans of the connected companies and individuals, and the long-term loans from financial institutions according to the installment schedule as indicated in the agreement.

In 2019, STARK had net cash flow from funding activities equivalent to 720.07 million baht which was caused by an increase of capital.

14.6 Analysis of Significant Financial Ratio

14.6.1 Liquidity Ratio

STARK had a liquidity ratio equivalent to 0.95 times, 0.83 times and 1.07 times at the end of period from 2017 to 2019, respectively.

The liquidity ratio as of December 31, 2018 reduced from the date as of December 31, 2017. Principally, it was caused by partial long-term loans of STARK under the loan amount of 2,400.00 million baht and 1,050.00 million baht which was categorized as current liabilities, since the subsidiary was unable to comply with the conditions of maintenance of financial ratio as determined in the loan agreement. However, as of December 31, 2018 STARK received the letter of exemption for compliance with conditions of maintenance of financial ratio for such loan and will be categorized normally in the preparation of the financial statement for the next financial period.

Upon consideration of the liquidity ratio as of December 31, 2018 by adjusting the list of the current liabilities under the limit of 2,400.00 million baht and 1,050.00 million baht to normal non-current liabilities, STARK will have a liquidity ratio in 2018 equivalent to 1.09 times which is better than that in 2017 due to the growth of STARK's performance in 2018.

The liquidity ratio as of December 31, 2019 was similar to the liquidity ratio as of 31 December 2018 in the case where the list of the current liabilities under the limit of 2,400.00 million baht and 1,050.00 million baht was adjusted to normal non-current liabilities, which was in accordance with the normal operation of STARK.

STARK had an average period of debt collection equivalent to 146.32 days, 149.34 days and 108.19 days in the period from 2017 to 2019, respectively. Generally, STARK had a credit term with the customer for an approximate period of 90 days. However, during such period, STARK conducted sales to the connected companies (please consider the conditions and details of the additional loan agreement in Part 2.3.6 Connected Transaction), by having the debt repayment period equivalent to 270 days. As a result, an average period of STARK's debt collection increased from the normal period of debt collection.

The average period of STARK's debt collection for the fiscal year ended December 31, 2018 slightly increased from the same period in 2017, principally due to an increase of minor customers as a result of the concentration on expanding the group of customers and distribution channels of STARK which was in line with an increase of sales in this type of product in 2018.

The average period of STARK's debt collection for the fiscal year ended December 31, 2019 reduced from that in 2018, since STARK changed the credit term of the previous year for better liquidity of the Company. The average period of product sales in the period from 2017 to 2019 was equivalent to 114.09 days, 119.45 days and 142.10 days, respectively. In this regard, the average period of product sales in the period from 2017 to 2019 gradually increased, since STARK changed the production policy by adding the amount of production made to stock to support the demand of the group of minor customers in the mass market. Furthermore, the increase of the average period of product sales was caused by the increase of inventory due to the increase of production to support the growth of STARK's sales revenue.

The average period of debt repayment in the period from 2017 to 2019 was equivalent to 216.76 days, 224.88 days and 170.60 days, respectively. In this regard, the average period of debt repayment in such period gradually increased as a result of the rapid growth and increase of sales revenue. Accordingly, STARK therefore purchased more raw materials in the type of copper in a high proportion. In addition, such raw materials have a debt repayment period (credit term) equivalent to 270 days, which is longer than the debt repayment period received by STARK from other suppliers in 2019. As it was due for payment in 2018, the debt repayment period reduced to be equivalent to 170.60 days.

14.6.2 Profitability Ratio

STARK had net profit in the period from 2017 to 2019 equivalent to 3.51 percent, 4.37 percent and 2.06 percent, respectively.

STARK's net profit rate for the fiscal year ended December 31, 2018 increased from the same period in 2017, principally due to an increase of STARK's profitability. STARK's net profit rate for the year ended December 31, 2019 reduced from the same period in 2018, principally due to the cost of reverse takeover in the amount of 162.45 million baht. If the net profit from STARK's operation is considered by excluding such cost of reverse

takeover, it is found that STARK had a net profit in 2019 equivalent to 420.05 million baht, which reduced from 2018 in the amount of 105.12 million baht or calculated as 20.02 percent. It was principally due to the improvement of several costs from the restructuring, such as financial consultant's fee, legal consultant's fee, and etc., in an approximate amount of 62.50 million baht, and was a single expense from this restructuring only. On August 15, 2019, the Company sold the media and multimedia business, and acknowledged the loss from the operation of such business in 2019, including concerning expenses in the restructuring, in an approximate total amount of 204.35 million baht.

STARK's return on equity rate in the period from 2017 to 2019 was equivalent to 29.10 percent, 29.71 percent and 11.71 percent, respectively.

STARK's return on equity rate for the fiscal year ended December 31, 2018 increased from the same period in 2017, principally due to an increase of STARK's profitability.

STARK's return on equity rate for the fiscal year ended December 31, 2019 reduced from the same period in 2018, principally due to the cost of reverse takeover in the amount of 162.45 million baht.

14.6.3 Operational Efficiency Ratio

STARK's return on assets at the end of period from 2017 to 2019 was equivalent to 3.12 percent, 4.10 percent and 1.83 percent, respectively.

STARK's return on assets as of December 31, 2018 increased from the date as of December 31, 2017, principally due to an increase of STARK's profitability.

STARK's return on assets as of December 31, 2019 reduced from the date as of December 31, 2018, principally due to the cost of reverse takeover in the amount of 162.45 million baht.

STARK's return on fixed assets at the end of period from 2017 to 2019 was equivalent to 21.16 percent, 27.17 percent and 5.40 percent, respectively.

STARK's return on fixed assets as of December 31, 2018 increased from the date as of December 31, 2017, principally due to an increase of STARK's profitability.

STARK's return on fixed assets as of December 31, 2019 reduced from the date as of December 31, 2018 principally due to the cost of reverse takeover in the amount of 162.45 million baht.

14.6.4 Financial Policy Analysis Ratio

STARK had a total debt to equity ratio (D/E Ratio) at the end of period from 2017 to 2019 equivalent to 5.88 times, 6.58 times and 4.47 times, respectively.

The total debt to equity ratio as of December 31, 2018 increased from the date as of December 31, 2017 principally due to an increase of debt repayment period of the trade payables, an increase of loans from financial institutions, connected individuals or entities, and etc., which was similar to that in 2018. The total debt to equity ratio as of December 31, 2019 reduced from the date as of December 31, 2018, principally due to an increase of shareholders' equity as a result of the business combination between STARK and SMM, and the repayment of short-term loans from the connected companies and individuals as well as the long-term loans from financial institutions according to the installment schedule as indicated in the agreement. Therefore, the total debt of STARK reduced.

Details related to directors in subsidiary

List of Company's Executives and Controlling Persons in Subsidiary Company and Associated Company as at December 31, 2019

Name	Company	Subsidiary Company							Associated Company
		Phelps Dodge International (Thailand) Limited	PDTL Trading Co., Ltd.	Adisorn Songkhla Co., Ltd.	ADS Logistics Co., Ltd.	Adisorn Songkhla International Co., Ltd.	Adisorn Songkhla Marine Co., Ltd.	Adisorn Songkhla Professional Co., Ltd.	Thai Copper Rod Co., Ltd.
Mr. Chanin Yensudchai	C	C	C						C
Mr. Vonnarat Tangkaravakoon	D	D	D		D				
Mr. Chinawat Assavapokee	D	D							
Mr. Sathar Chantrasettalead	D, E	D, E	D	D		D	D	D	E
Dr. Songpope Polachan	AC	AC							
M.L. Peputtchai Benyabadhana	AC	AC							
Mr. Kusol Sangkananta	AC	AC							
Mr. Nirouth Jeakvathanyoo	D, CE	D, CE	D						D
Mr. Kittisak Jitprasertngam	E	E							
Mr. Phichet Lochanachit	E	E	D						

Remark: C = Chairman ID = Independent Director AC = Audit Committee
D = Director CE = Chief Executive Officer E = Executive

Details of assets Appraisal

Information of Asset Appraisal for Company and Subsidiary Company as of 2019

Phelps Dodge International (Thailand) Limited

- None -

Adisorn Songkhla Company Limited

For the year 2019, Adisorn Songkhla Company Limited has appraised the value of assets as detail follows:

1.

Types of Asset	:	Land with Structure
Asset Location	:	No. 120/8, 10,13,14 Moo. 1 Songkhla – Ranod Road., (Highway 408) Ching Kho, Singhanakhon, Songkhla
Title Deed	:	No. 43387, 46281, 53532 and Nor Sor 3 Kor No. 1451 Total land area 45-1-56. rai or 18,156.9 Square Wa
A titleholder		Adisorn Songkhla Co.,Ltd
GPS Lands	:	Lat: 7.245678 Lon: 100.541257
Assessor	:	Sasipakdi Company Limited
Appraisal Objectives	:	Valuations for public purposes
Appraisal Method	:	Cost Approach
Market Value	:	256,200,000.- Baht
Appraisal date	:	17 October 2019

2.

Types of Asset	:	Land with Structure (Land appraisal only)
Asset Location	:	Yaek Songkhla - Nathavee soi 17 Songkhla - Nathavee Road., (Highway4309) Khao Rup Chang, Songkhla
Title Deed	:	<i>Total land area</i> 42-3-45.6 rai or 17,145.6 Square Wa <i>Excluding by way</i> 0-0-29.1 rai or 29.1 Square Wa <i>Remain total appraisal</i> 42-3-16.5 rai or 17,116.5 Square Wa
A titleholder	:	Adisorn Songkhla Co.,Ltd
GPS Lands	:	Lat: 7.136219 Lon: 100.619427
Assessor	:	Sasipakdi Company Limited
Appraisal Objectives	:	Valuations for public purposes
Appraisal Method	:	Market Approach
Market Value	:	39,700,000.- Baht
Appraisal date	:	17 October 2019

3.

Types of Asset	:	Wasteland
Asset Location	:	Connected to public land (No way of land) Songkhla – Ranod Road., (Highway 408) Ching Kho, Singhanakhon, Songkhla
Title Deed	:	No. 48194 และ 48399 (Not connected) No. 48194 Total 0-0-49.6 rai or 49.6 Square Wa No. 48399 Total 0-0-49.7 rai or 49.7 Square Wa Total 0-0-99.3 rai or 99.3 Square Wa
A titleholder	:	Adisorn Songkhla Co.,Ltd
GPS Lands	:	Lat: 7.136219 Lon: 100.619427 (Title Deed No. 48194) Lat: 7.136219 Lon: 100.619427 (Title Deed No. 48399)
Assessor	:	Sasipakdi Company Limited
Appraisal Objectives	:	Valuations for Public Purposes
Appraisal Method	:	Market Approach
Market Value	:	347,000.- Baht
Appraisal date	:	17 October 2019

4.

Types of Asset	:	Wasteland
Asset Location	:	Side of the road Haad Kaew Resort Songkhla – Ranod Road., (Highway 408) Ching Kho, Singhanakhon, Songkhla
Title Deed	:	No. 479,480,45911 and 46855 (4 Title Deed) Total 8-2-66.7 rai or 3,466.7 Square Wa
A titleholder	:	Adisorn Songkhla Co.,Ltd
GPS Lands	:	Lat: 7.249971 Lon: 100.548003
Assessor	:	Sasipakdi Company Limited
Appraisal Objectives	:	Valuations for Public Purposes
Appraisal Method	:	Market Approach
Market Value	:	22,500,000.- Baht
Appraisal date	:	17 October 2019