

We Build Foundation!!

- Bored Pile
- Barrette Pile
- Diaphragm Wall
- Jet Grouting

Annual Report
summary

2020

Performance Highlights

D/E
Ratio
0.27

Current
Ratio
3.78

Revenue
฿1,427m

9.5% ↓

Net Income
฿182.5m

34.3% ↓

Net Profit Margin
12.80%

4.8% ↓

รางวัลแห่งความภาคภูมิใจ (Proud Award)

Forbes Best Under A Billion



The Company was recognized as one of the 200 companies in the “Asia’s Best Under A Billion” list of 2020.

Its first recognition was in 2014, the second was in 2019, and the third was in 2020.

The Company was one of the 19 Thai companies joining the list of 200 high-performing Asian public limited companies with revenue under USD one billion

2019



Outstanding CEO Awards Business Excellence CEO of Company Listed on SET



Outstanding Company Performance Awards Business Excellence
SET market capitalization of THB 3bln-THB 10bln.

2018



The Company has been officially certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) Since November 5, 2018

C

วิสัยทัศน์

(Vision)

“มุ่งมั่นจะเป็นผู้นำงานก่อสร้างฐานราก
ทั้งด้านคุณภาพ และประสิทธิภาพ”

“TO BE THE LEADING FOUNDATION
CONTRACTOR IN QUALITY AND EFFICIENCY”

เป้าหมาย

(Goal)

“ขยายฐานการให้บริการไปยังประเทศเพื่อนบ้านในภูมิภาคอาเซียนในธุรกิจที่
เกี่ยวข้องกับงานก่อสร้าง โดยเน้นการก่อสร้างฐานรากเป็นหลัก เพื่อรองรับการเติบโต
ของประชาคมเศรษฐกิจอาเซียน”

“In order to serve the fast- growing ASEAN Economic Community, the
Company plans to expand the construction service to neighboring
countries in the ASEAN region primarily focusing on the foundation work”

ข้อมูลสรุปทางการเงิน (Financial Summary)

ข้อมูลทางการเงิน (พันบาท)	งบการเงินรวม			งบการเงินเฉพาะของบริษัท		
	Consolidated Financial Statement			Separate Financial Statement		
	2561 (2018)	2562 (2019)	2563 (2020)	2561 (2018)	2562 (2019)	2563 (2020)
สินทรัพย์รวม Total Assets	1,244,034	1,689,436	1,320,792	1,230,126	1,671,914	1,302,300
หนี้สินรวม Total Liabilities	377,459	622,342	274,265	375,076	621,860	272,992
ส่วนของผู้ถือหุ้นของบริษัท Equity of the Company's Shareholders	866,575	1,067,094	1,046,527	855,050	1,050,054	1,029,309
รายได้จากการให้บริการ Revenue from Services	1,436,910	1,554,232	1,415,997	1,396,422	1,554,232	1,415,997
กำไรสุทธิสำหรับปี(ส่วนที่เป็นของผู้ถือหุ้นบริษัท) Net Profit for the year (Portion of the Company's shareholders)	217,792	277,614	182,539	245,482	272,098	182,361



อัตราส่วนทางการเงิน Financial Ratio	งบการเงินรวม Consolidated Financial Statement			งบการเงินเฉพาะของบริษัท Separate Financial Statement		
	2561	2562	2563	2561	2562	2563
	(2018)	(2019)	(2020)	(2018)	(2019)	(2020)
อัตรากำไรสุทธิสำหรับปี(ส่วนที่เป็นของผู้ถือหุ้นของบริษัท) (%) Net Profit Margin for the year (Portion of the Company's shareholders) (%)	15.07%	17.61%	12.80%	16.92%	17.27%	12.79%
อัตราผลตอบแทนผู้ถือหุ้น (%) Return on Equity (%)	26.82%	28.71%	17.27%	31.21%	28.57%	17.54%
อัตราผลตอบแทนจากสินทรัพย์ (%) Return on Assets (%)	24.69%	22.59%	14.58%	27.93%	22.86%	14.74%
กำไรต่อหุ้น (บาท) Profit per share (Baht)	0.29	0.37	0.24	0.33	0.36	0.24
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt to Equity (Time)	0.44	0.58	0.26	0.44	0.59	0.27
อัตราการเติบโตของรายได้จากการให้บริการ (%) Revenue from services Growth (%)	100.75%	8.16%	- 8.89%	143.37%	11.30%	- 8.89%
อัตราการเติบโตของกำไรสุทธิ (ส่วนที่เป็นของผู้ถือหุ้นบริษัท) (%) Net Profit Growth (Portion of the Company's shareholders) (%)	115.09%	27.47%	- 34.25%	293.26%	10.84%	- 32.98%



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Chairman's Message to Shareholders of Pylon Public Company Limited

To: Shareholders of

Pylon Public Company Limited

The global and Thai economies in 2020 were hit hard by the COVID-19 outbreak since the end of 2019. Apart from the impact on the export and tourism sectors following the global economic contraction, the announcement of a number of measures to contain local transmissions was another headwind for the Thai economy in 2020. The overall Thai economy in 2020 thus declined by 6.1% compared to the previous year.

The construction and bored piling industries also declined in 2020, especially from the second quarter of the year. Private investments slowed down as a result of the pandemic control measures. Government new investments in construction projects also decelerated while the government focused on implementing measures to control the spread of the disease and to relieve those who were affected. Despite slight improvement in government and private investments by the end of the third quarter resulting from various government economic stimulus measures and bounce-back in the private sector's confidence, the overall construction industry decreased sharply in 2020.

However, the Company had implemented a number of measures to mitigate the impact on various aspects, including control of internal costs, maintenance of liquidity at appropriate levels, continued development of internal work processes, the promotion of employees' health, and organization-wide disease preventive controls. Thus, the Company's operation were insignificantly affected by the crisis.

For 2021, the success of the COVID-19 vaccine development together with the commencement of vaccine rollout to various countries from the beginning of the year, and the economic stimulus packages launched by governments, could be a key factor driving the recovery of the global and Thai economies.

As regards to the construction and bored piling industries' outlook in 2021, the government mega development projects will be a key driver of the country's economy and cultivate sustained confidence to the private sector. In 2021, the Company's management expects that

the government will focus on driving mega development projects, such as the High-Speed Rail Linked 3 Airports Project, the Thai-Chinese High-Speed Rail (Bangkok-Nakhon Ratchasima), and various mass transit routes in Bangkok to reach the construction stage which should then encourage private investments.

Nevertheless, there are potential risks from economic and political problems which might affect the continuity of government and private investments, and the overall construction industry might not recover as expected.

Since the company's primary goal is to achieve long-term growth and sustainability, the company shall continue to adhere to its policy on customer base expansion and give more priority to customer screening processes, effective cost control, liquidity management, and continued human resources development.

On behalf of the Board of Directors, I would like to take this opportunity to thank all shareholders for your trust in the company's management and operations. Special thanks go to those who have provided to the company their endless support. I also would like to thank the company's management team and all of its employees for their joint efforts in carrying out their duties with accountability and diligence. All these factors play an important part in laying solid grounds for Pylon PLC's future development and ensuring its growth as well as ultimately achieving both its short and long-term goals.



(Mr. Seri Chintanaseri)

Chairman of the Board of Directors

Company's Board of Directors



1. Mr. Seri Chintanaseri
Chairman
Independent Director



2. Mr. Vongchai Sangarayakul
Founder Chairman
Director
Member of the Nomination and Remuneration
Committee



3. Dr. Panja Senadisai
Independent Director
Chairman of the Audit and CG Committee



4. Professor Emeritus Dr. Vinit Chovichien
Independent Director
Chairman of the Nomination and Remuneration
Committee
Member of the Audit and CG Committee



5. Dr. Chanet Sangarayakul
Director
Chairman of the Executive and Risk Management
Committee



6. Dr. Chaipat Sahasakul
Independent Director
Member of the Audit and CG Committee
Member of the Nomination and Remuneration
Committee



7. Mr. Suchat Boonbanjersri
Director



8. Mr. Bordin Sangarayakul

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Finance & Management



9. Mr. Somsak Viriyapipat

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Equipment & Facilities

Acting Vice President-Equipment & Facilities



10. Mr. Pisun Sirisuksakulchai

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Engineering & Marketing

The Positions of Company's Directors and Executives

Mr. Seri Chintanaseri

79 Years

Chairman

Independent Director

Date of appointment (First) : 20 July 2005
Date of appointment (Latest) : 24 April 2019
No. of years to be Director : 16 Years

Education :

- Barrister-at-Law, The Honourable Society of Lincoln's Inn, England
- Barrister-at-Law, Institute of Legal Education, Thailand
- Bachelor of law, Thammasart University

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (65/2005)

Current Position in PYLON :

2005 – Present Chairman/ Independent Director, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company 2 being
 - 2014 – Present Director/ Executive Director, Double A (1991) PLC.
 - 1997 – Present Chairman, Seri Manop & Doyle Ltd.

Work Experience :

2003 – 2014 Director/ Member of the Audit Committee, Double A (1991) PLC.
2010 - 2014 Legal Subcommittee, The Stock Exchange of Thailand
2007 - 2009 Director/ Member of the Audit Committee, Sammitr Motors Manufacturing PLC.

Percentage of Shareholding (as of 21 December 2020) : 0.498



Mr. Vongchai Sangarayakul

74 Years

Founder Chairman

Director

Member of the Nomination and Remuneration Committee

Date of appointment (First) : 20 July 2005
Date of appointment (Latest) : 24 April 2019
No. of years to be Director : 16 Years

Education :

- High School

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2005 – Present Director/ Member of the Nomination and Remuneration Committee, Pylon PLC.

Current position in Other :

- Position in other listed company None
- Position in other non listed company 1 being
1967 – Present Owner, Siam Pharmacy

Work Experience :

2004 - 2005 Director, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : 6.668



Dr. Panja Senadisai

73 Years

Independent Director

Chairman of the Audit and CG Committee

Date of appointment (First) : 20 July 2005
Date of appointment (Latest) : 24 April 2019
No. of years to be Director : 16 Years

Education :

- Ph.D.Industrial Business Administration, Administration&Management College,King Mongkut's University of Technology, Ladkrabang
- Master of Business Administration (MBA), Suffolk University (USA)

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (20/2002)
- Audit Committee Program, Thai Institute of Directors Association (2004)
- Certificate of Attendance Role of Compensation Committee Program (2/2007)
- Corporate Governance for Capital Market Intermediaries

Current Position in PYLON :

2005 – Present Chairman of the Audit and CG Committee/ Independent Director, Pylon PLC.

Current Position in Other :

- **Position in other listed company 3 being**
 - 2000 – Present Director, Somboon Advance Technology PLC.
 - 2006 - Present Chairman of the Audit Committee/ Member of the Remuneration Committee, Somboon Advance Technology PLC.
 - 2002 – Present Director/ Member of the Audit Committee/ Chairman of the Compensation Committee, Trinity Wattana PLC.
 - 1983 – Present Director, KCE Electronics PLC.
- **Position in other non listed company 1 being**
 - 2016 - Present Audit Committee, Royal Bangkok Sports Club

**Work Experience :**

2005 - 2016	Board of Governors, Rajpruek Club
2003 - 2014	Director & Audit Committee, Rasa Property Development PCL.
2004 - 2011	Chairman of the Board, Deva Development PCL.
2008 - 2009	Executive Director, Government Savings Bank
2006 - 2009	Director & Executive Director & Remuneration Committee, Government Savings Bank
2003 - 2008	Advisor, Technicolor (Thailand) Ltd.
1993 - 2007	Director & Remuneration Committee, SMC Motors PCL.
1999 - 2006	Director & Advisor & Remuneration Committee, CVD Entertainment PCL.
1994 - 1997	President, Raimon Co., Ltd.
1991 - 1994	Managing Director, H & Q (Thailand) Ltd.
1976 - 1991	Vice President, Bangkok Bank PCL.
1974 - 1976	Treasury Manager, Commercial Credit Corp. (Thailand)
1972 - 1974	Senior Sales Planning Analyst, Ford Motor Company (Thailand) Ltd.
1971 - 1972	Administrative Officer, Ministry of Commerce

Percentage of Shareholding (as of 21 December 2020) : 0.137



Professor Emeritus Dr. Vinit Chovichien

75 Years

Independent Director

Chairman of the Nomination & Remuneration Committee

Member of the Audit and CG Committee

Date of appointment (First) : 20 July 2005
Date of appointment (Latest) : 28 September 2020
No. of years to be Director : 16 Years

Education:

- Doctor of Philosophy, Purdue University, Indiana (USA)
- Master of Science in Civil Engineering , Purdue (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2013 – Present Independent Director/ Member of the Audit and CG Committee/
Chairman of the Nomination and Remuneration Committee, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company 1 being
2007 – Present Special Instructor, Faculty of Engineering, Chulalongkorn University

Work Experience :

2015 – 2018 Board Member – Council of Engineers (Term6)
2005 – 2013 Independent Director/ Member of the Audit and CG Committee/
Member of the Nomination & Remuneration Committee, Pylon PLC.
2012 – 2015 Board Member – Council of Engineers (Term5)
1972 – 2007 Lecturer, Faculty of Engineering, Chulalongkorn University
2000 – 2006 Board Member – Council of Engineers (Term1 and Term2)

Percentage of Shareholding (as of 21 December 2020) : -



Dr. Chanet Sangaranyakul

47 Years

Director

Chairman of the Executive and Risk Management Committee

President

Date of appointment (First) : 20 July 2005
Date of appointment (Latest) : 28 September 2020
No. of years to be Director : 16 Years

Education :

- Doctor of Engineering, Asian Institute of Technology
- Master of Science in structure, Asian Institute of Technology
- Bachelor of Civil Engineering, Chulalongkorn University

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2016 – Present Director/ Chairman of the Executive and Risk Management Committee/
President, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company 1 being
2008 – Present Chairman, Excelon Co., Ltd.

Work Experience :

2005 – 2016 Director/ Chairman of the Executive Committee/ President, Pylon PLC.
2011 – 2015 Director, Thai Listed Companies Association
2011 – 2015 Director, mai Listed Companies Association
2002 – 2005 Chairman/ President, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : 35.005

Dr. Chaipat Sahasakul

66 Years

Independent Director

Member of the Audit and CG Committee

Member of the Nomination and Remuneration Committee

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 26 April 2018

No. of years to be Director : 16 Years

Education :

- Ph.D. in Economics, University of Rochester, USA
- Master of Arts in Economics, Thammasat University
- Bachelor of Economics, Thammasat University

Directorship training program :

- Directors Certification Program, Thai Institute of Directors Association (21/2002)
- Audit Committee Program, Thai Institute of Directors Association (33/2010)
- Accounting for Non-Accounting Audit Committee, The Stock Exchange of Thailand
- Managing Conflicts in the Boardroom, Thai Institute of Directors Association
- Corporate Disclosures : What are investors looking for beyond financial measures?, Thai Institute of Directors Association
- Audit Committee and Continuing Development Program ,Thai Institute of Director Association
- Monitoring Fraud Risk Management , Thai Institute of Director Association
- Monitoring the System of Internal Control and Risk Management, Thai Institute of Director Association
- Monitoring the Quality of Financial Reporting ,Thai Institute of Director Association
- Monitoring the Internal Audit Function ,Thai Institute of Director Association
- The Board's Role in Fraud Prevention ,Thai Institute of Director Association
- "Steering Governance in a Changing World" IOD International Director Conference 2017 Thai Institute of Director Association
- "Corporate Disclosure : What are investors looking for beyond financial measures ?" IOD Breakfast Talk 3/2017, Thai Institute of Director Association
- Rising above disruption : A Call for Action, National Director Conference 2018 , Thai Institute of Director Association
- "Anti-Corruption : The Practical Guide", Thai CAC
- EVERST – Entire Business Innovation Transformation (EBIT),Case study IRPC , Thai Institute of Director Association

Current Position in PYLON :

2013 – Present Member of the Nomination and Remuneration Committee, Pylon PLC.

2005 – Present Independent Director/ Member of the Audit and CG Committee, Pylon PLC.

Current Position in Other :

■ Position in other listed company 1 being

2010– Present Independent Director/Member of the Audit Committee/ Member of Environmental, Social, Risk Management and Compliance Policy Committee, Thai Vegetable Oil PLC.

■ Position in other non listed company None

Work Experience :

2010 – Present Member of Sub-committee on Performance Evaluation of and Agreement with State Enterprises (Financial institution Sector, Agriculture and Natural Resources Sector), Office of State Enterprise Policy Committee, Ministry of Finance

2018 – 2019 Director, National Housing Authority

2017 – 2019 Member of Screening Sub-committee on State Enterprises Problem Solving Plans

2014 – 2019 Member of Sub-committee on Monetary, Public Finance and Government Budget Policies and Monitoring Macroeconomic Situation, National Legislative Assembly

2015 - 2017 Chairman, Sub-committee on Project Evaluation under the Energy Conservation Promotion Fund

2016 – 2018 Director, Eastern Water Resources Development and Management PLC.

2014 – 2016 Chairman, Agriculture Futures Exchange of Thailand

2013 – 2016 Director, Faculty of Economics, Thammasat University

2012 - 2016 Director, National Research Council of Thailand

2010 – 2012 Honorary Director, The Stock Exchange of Thailand

2002 – 2012 Independent Director/ Chairman of the Audit Committee, the Electricity Generating PLC.

2001 – 2009 Secretary - General, Agriculture Futures Trading Commission

2005 – 2008 Member of Financial Institutions Policy Committee, Bank of Thailand

2005 – 2006 Director, Member of the Audit Committee/ Chairman of Risk Management Committee, the Government Housing Bank

Percentage of Shareholding (as of 21 December 2020) : 0.333 held by his spouse



Mr. Suchat Boonbanjersri

62 Years

Director

Date of appointment (First) : 22 April 2016

Date of appointment (Latest) : 24 April 2019

No. of years to be Director : 5 Years

Education :

- MBA Finance and Marketing Wharton School (Class of 1985), University of Pennsylvania, USA
- BA , Quantitative Economics, Chulalongkorn University

Directorship training program :

- Director Certification Program (DCP), Thai Institute of Directors Association
- Audit Committee Program (ACP), Thai Institute of Directors Association

Current Position in PYLON :

2016 – Present Director, Pylon PLC.

Current Position in Other :

■ Position in other listed company 3 being

2011 - Present Independent Director/ Chairman of the Corporate Governance Committee/
Member of the Audit Committee, Srithai Superware PLC.

2014 - Present Independent Director/ Chairman of the Audit Committee, Salee Printing PLC.

2014 - Present Independent Director/ Chairman of the Audit Committee, SNC Former PLC.

■ Position in other non listed company 3 being

2001 - Present President, Practicum Engineering Co., Ltd.

2001 - Present Chairman of the Executive Management Committee, Knight Club Capital AMC

2011 - Present President, EDP Foundation

Work Experience :

2014 – 2019 Independent Director/ Chairman of the Audit Committee, General Engineering PLC.

2011 – 2011 Chairman of the Board, T.O.T PLC.

2011 - 2011 Director, Thailand Post Loan Co., Ltd.

2010 - 2011 Vice Chairman of the Board of Directors, Thailand Post Co., Ltd.

2000 - 2001 Director, Aeronautical Radio of Thailand Company Limited

Percentage of Shareholding (as of 21 December 2020) : 2.038

**Mr. Bordin Sangarayakul****46 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President-Finance & Management

Date of appointment : 25 April 2017
Date of appointment (Latest) : 28 September 2020
No. of years to be Director : 4 Years

Education:

- Master of Science (Construction Engineering and Management), Virginia Tech (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2017 - Present Director/ Member of the Executive and Risk Management Committee/
Senior Executive Vice President-Finance & Management, Pylon PLC.

Current Position in Other :

- Position in other listed company None
- Position in other non listed company 2 being
 - 2017 – Present Director, Innovy Co., Ltd.
 - 2008 – Present Director, Excelon Co., Ltd.

Work Experience:

2016 – 2017 Senior Executive Vice President – Finance & Management, Pylon PLC.
2005 – 2016 Director/ Member of the Executive Committee/
Senior Executive Vice President-Finance & Management, Pylon PLC.
2010 – 2012 Director, Aun Jung Co., Ltd.
2004 – 2005 Director/ Deputy Managing Director – Finance & Administration, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : 8.001

**Mr. Somsak Viriyapipat****62 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Equipment & Facilities

Acting Vice President-Equipment & Facilities

Date of appointment (First) : 20 July 2005

Date of appointment (Latest) : 26 April 2018

No. of years to be Director : 16 Years

Education :

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

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (44/2005)

Current Position in PYLON :

2016 – Present Director / Member of the Executive and Risk Management Committee/ Senior Executive Vice President – Equipment & Facilities, Acting Vice President – Equipment, Pylon PLC.

Current Position in Other :

- | | |
|--|------|
| ■ Position in other listed company | None |
| ■ Position in other non listed company | None |

Work Experience :

2005 – 2016 Director / Member of the Executive Committee/ Senior Executive Vice President – Equipment & Facilities, Acting Vice President – Equipment, Pylon PLC.

2002 – 2005 Director/ Deputy Managing Director– Equipment & Facilities, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : 1.160

**Mr. Pisun Sirisulsakulchai****47 Years**

Director

Member of the Executive and Risk Management Committee

Senior Executive Vice President – Engineering & Marketing

Date of appointment (First) : 17 April 2009**Date of appointment (Latest) :** 26 April 2018**No. of years to be Director :** 12 Years**Education :**

- Master of Art in Business Law, Chulalongkorn University
- Master of Business Administration(MBA), Rockhurst University (USA)
- Master of Science-Construction Management, University of Wisconsin-Madison (USA)
- Bachelor of Civil Engineering, Chulalongkorn University

Directorship training program :

- Directors Accreditation Program, Thai Institute of Directors Association (79/2009)

Current Position in PYLON :

2016 – Present Director / Member of the Executive and Risk Management Committee/
Senior Executive Vice President – Engineer & Marketing, Pylon PLC.

Current Position in Other :

- | | |
|--|---------|
| ▪ Position in other listed company | None |
| ▪ Position in other non listed company | 1 being |
- 2008 – Present Director / Excelon Co.,Ltd.

Work Experience :

2009 – 2016 Director/ Member of the Executive Committee/ Senior Executive Vice President-Engineering and Marketing, Pylon PLC.

2008 – 2009 Executive Vice President – Engineering, Pylon PLC.

2008 – 2011 Director, Thaicar dot com Co., Ltd.

2006 – 2007 Project Manager, Pylon PLC.

Percentage of Shareholding (as of 21 December 2020) : 1.968

**Mr. Chaiphaphol Sutthamanuswong****48 Years**

Executive Vice President – Accounting and Finance

Education:

- Master of Business Administration (MBA), Kasetsart University
- Bachelor of Civil Engineering, Chulalongkorn University

Work Experience:

- 2015 – Present Executive Vice President – Accounting and Finance, Pylon PLC.
- 2013 – 2014 Executive Vice President – Finance, Pylon PLC.
- 1996 – 2013 VP Relationship Manager Bangkok Bank PLC.

Percentage of Shareholding (as of 21 December 2020) : -**Mr. Veeratas Chiradechvirot****41 Years**

Executive Vice President – Management

Education:

- Master of Business Administration (MBA), Thammasart University
- Bachelor of Mechanical Engineering, King Mongkut's University of Technology North Bangkok

Work Experience:

- 2013 – Present Executive Vice President – Management, Pylon PLC.
- 2008 – 2012 Vice President – Purchasing, Pylon PLC.
- 2006 – 2007 Operating System Manager, Pylon PLC.

Percentage of Shareholding (as of 21 December 2020) : -**Miss Nipawan Rojjanabandit****49 Years**

Vice President Accounting and Finance

Education

- Master of Public and Private Management (MPPM), National Institute of Development Administration
- Bachelor of Accountancy, The University of the Thai Chamber Commerce
- Bachelor of Business Administration, Rajabhat Rajanagarindra University

Work Experience

- 2019 – Present Vice President Accounting and Finance, Pylon PLC.
- 2017 – 2018 Vice President Accounting and Finance, Siam Technic Concrete PLC.
- 2004 – 2017 Accounting and Finance Department Manager, SNC Former PLC. and Subsidiaries in SNC Group

Percentage of Shareholding (as of 21 December 2020) : -

**Mr. Korn Thongsri****48 Years**

Vice President – Human Resource

Education:

- Bachelor of Law, Ramkhamhaeng University

Work Experience:

- 2011 – Present Vice President - Human Resource, Pylon PLC.
- 2009 – 2011 Human Resource Manager, TPP Group Co., Ltd.
- 2002 – 2009 Human Resource Manager, JVK International Logistics and Moving Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : -**Mr. Ratthakorn Nakachai****50 Years**

Vice President - Construction

Education:

- Master of Infrastructure Engineering and Management, Kasetsart University
- Bachelor of Civil Engineering, Khonkan University

Work Experience:

- 2015 – Present Vice President – Construction, Pylon PLC.
- 2013 – 2015 Project Director, Pylon PLC.
- 2008 – 2013 Senior Project Manager, Pylon PLC.
- 2003 - 2008 Project Manager, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : -**Mr. Wirote Matoop****45 Years**

Vice President – Quality Control

Education:

- Master of Science in Technical Education Program in Business Industries
- Bachelor of Engineering – Textile Engineering

Work Experience :

- 2012 - Present Manager – Quality Control, Pylon PLC.



Miss Thitima Taiwprateep

42 Years

Company Secretary

Education:

- Bachelor of Accounting (Management), The University of Thai Chamber of Commerce

Work Experience :

- 2007 – Present Company Secretary, Pylon PLC.
- 2005 – 2007 Human Resource Officer, Pylon PLC.
- 2002 – 2005 Accounting Officer, Pylon Co., Ltd.

Percentage of Shareholding (as of 21 December 2020) : -



General Information

Pylon Public Company Limited (Pylon) is a specialty foundation construction company.

Headquarters : 252 SPE Tower, 14th Floor, Phaholyothin Rd., Sam Sen Nai Subdistrict,
Phayathai District, Bangkok 10400

The maintenance yard : 22/4 Moo 11, Koobangluang Subdistrict, Ladlumkaew District,
Patumthani 12140.

Company registration number : 0107548000536

Website : www.pylon.co.th

Phone number : 0-2615-1259

Facsimile number : 0-2615-1258

Registered capital : Baht 374,936,698

Paid up capital : Baht 374,936,698

Ordinary share : 749,873,396 shares

Par value : Baht 0.50

Details of Companies in which Pylon holds 10 % or more of shares

The Company Name	:	Excelon Company Limited
Registered Capital	:	Baht 20 million
Percentage of Shareholding	:	100
Type of Business	:	Design, construction, consulting works for buildings and structures
Address	:	252 SPE Tower, 14 th Floor, Phahon Yothin Rd., Sam Sen Nai Subdistrict, Phayathai District, Bangkok 10400

History and Significant Developments

- Year 2002
 - Registered the Company in the name of Pylon Company Limited on August 13, 2002 with the initial paid up capital of Baht 5 million to engage primarily in foundation construction business. The Company has employed experienced and skillful engineering staffs to handle foundation works at the recovery from economic crisis.
- Year 2003
 - Performed the first soil cement columns with high-pressured jet grouting in His Majesty the King Bhumipol's Pak Pa Nang Diversion Dam Project in Nakornsrithammarat Province as a subcontractor to Sino-Thai Engineering and Construction Plc (Sino-Thai). From the success in the Pakpanang project, the Company has developed a strong business relationship with Sino-Thai and, as a result, received bored piling works for several projects from Sino-Thai such as The 3rd Stage Expressway - Part S1 (Ajinrong-Bangna) Contract No. 2, the Bumrungrad Hospital Parking Building, etc. From those projects, the Company has become well-known in the construction industry for quality of work and exceptional service, and received many bored piling works from other customers.
- Year 2004
 - Increased registered capital to Baht 60 million in January and Baht 95 million in December.
 - Cooperated with Soletanche Bachy, an International Foundation Specialist Company from France, to construct diaphragm walls for the Samlae Water Treatment Plant in Patumthani Province.
- Year 2005
 - Increased registered capital to Baht 115 million in June.
 - In June, the Company increased its registered capital from Baht 115 million to Baht 150 million along with splitting par value per share from Baht 10 to Baht 1 to accommodate the initial public offering.
 - Registered as the public company on July 20, 2005.
 - Registered on the Market for Alternative Investment (mai) Stock Market in December. The first trading day of the Company's shares was December 23, 2005.

- | | |
|-----------|---|
| Year 2006 | <ul style="list-style-type: none"> ■ Relocated the Company's maintenance yard from Saphansoong District to Ladlumkaew, Patumthani Province in March. |
| Year 2008 | <ul style="list-style-type: none"> ■ Set up the subsidiary company under the name of Excelon Company Limited. in December to provide services for design, construction, consulting and architectural works for buildings/ structures. Its registered capital was Baht 30 million. Pylon held 51% of the total shares. |
| Year 2009 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 200 million in April to facilitate the stock dividends. |
| Year 2012 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 300 million in May to facilitate the issuance of PYLON-W1 to existing shareholders. ■ Excelon Company Limited. increased registered capital to Baht 80 million in December whereas Pylon still held 51% of the total shares. |
| Year 2013 | <ul style="list-style-type: none"> ■ Increased registered capital to Baht 374.99 million in May to facilitate both the stock dividends and the adjusted exercise ratio of PYLON-W1. |
| Year 2014 | <ul style="list-style-type: none"> ■ Pylon, the only firm from mai, received Asia's 200 best under a Billion Award from Forbes Asia in July. |
| Year 2015 | <ul style="list-style-type: none"> ■ SET moved PYLON from mai to SET main Board on August 6, 2015. |
| Year 2016 | <ul style="list-style-type: none"> ■ In January, the Company bought remaining shares of Excelon from other shareholders. The proportion by Pylon increased from 51% to 100% of total shares. |
| Year 2018 | <ul style="list-style-type: none"> ■ In July, Excelon Co., Ltd. decreased its registered capital from Baht 80 million to Baht 20 million. ■ In November, the Company was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). ■ In December, the Company's head office was relocated from Ocean Tower 1, Rajadapisek Road to SPE Tower, Phaholyothin Road. |
| Year 2019 | <ul style="list-style-type: none"> ■ In November, the Company received Asia's 200 Best under a Billion Award the second from Forbes Asia, and received Outstanding CEO Awards Business Excellence CEO of Company Limited on SET and Outstanding Company Performance Award Business Excellence capitalization of THB 3 bln- THB 10 bln from the Stock Exchange of Thailand. |
| Year 2020 | <ul style="list-style-type: none"> ■ In November, the Company received Asia's 200 Best under a Billion Award the third from Forbes Asia |



Revenue by Products

The group's revenue can be categorized by products as follows:

The Group's Revenues

(Unit : Thousand Baht)

Products	2018		2019		2020	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Bored Piles	1,264,431	87.50	1,222,731	77.57	1,071,511	75.11
Ground Improvement	-	-	-	-	2,639	0.18
Diaphragm Wall/ Barrette Pile	172,096	11.90	331,060	21.00	341,065	23.91
Total Revenue from Foundation	1,436,527	99.40	1,553,791	98.57	1,415,215	99.20
Revenues from Construction	-	-	-	-	-	-
Other Revenues ¹	8,599	0.60	22,530	1.43	11,349	0.80
Total Revenue	1,445,126	100.00	1,576,321	100.00	1,426,564	100.00

Remark : ¹Other Revenues from Other Services are the revenues from rental of machines, equipment and tools such as cranes, casing including damage claims received from Subcontractors and others such as interest received, profit from sale of assets, etc.

Type of Business

1. Circular Bored Pile



Circular Bored Piles are usually used as the foundation of large-scale structures especially those located in a limited area where driven piles are not applicable due to transportation and ground vibration problems. Moreover, compared to driven piles, bored piling technique causes no lateral movement of soil underneath that may affect nearby structures, less noise pollution and less ground vibration. The Company offers various sizes of pile ranging from 50 centimeters to 200 centimeters in diameter and deeper than 80 meters depending on the design load and local soil properties.



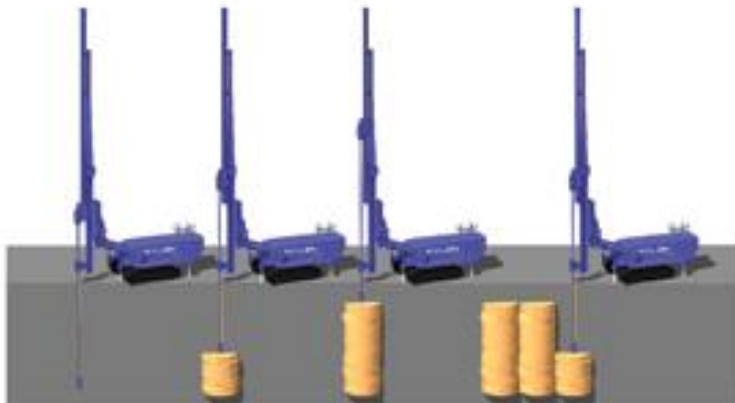
2. Ground Improvement by Jet Grouting



The objective of ground improvement is to strengthen the existing soil structure which can lead to the increase of soil bearing capacity and prevention of lateral soil movement. The Company provides this type of service by injecting cement grout at a high pressure between 200 to 400 bars. Type of work can be categorized as follows:

2.1 Soil Cement Column

This type of ground improvement is used to strengthen the soft soil properties throughout its whole layers. The process starts from jetting water downward at high pressure to stir the surrounding soil into the designated shape and size. Once reaching the level of pile tip, cement slurry is injected to mix with surrounding soil to create the solidified soil cement column that has ability to carry a vertical design load and reduce the settlement of structure above. The soil cement column produced by Jet Grouting has better properties and more homogeneous texture than those produced by other techniques such as low pressure mixing and rotary dry mixing. At present, soil cement column has been applied to various types of works such as road foundations, airport runways, dams, water gates as well as slope protection of canals or river banks.



2.2 Localized soil improvement

This type of work is used to improve strength and properties of soil or rock in a specific area; for example, grouting cracks in rock or soil for dam construction, grouting to improve stability of soil for excavation or drilling purpose in a specific area.

3. Diaphragm Wall/ Barrette Pile

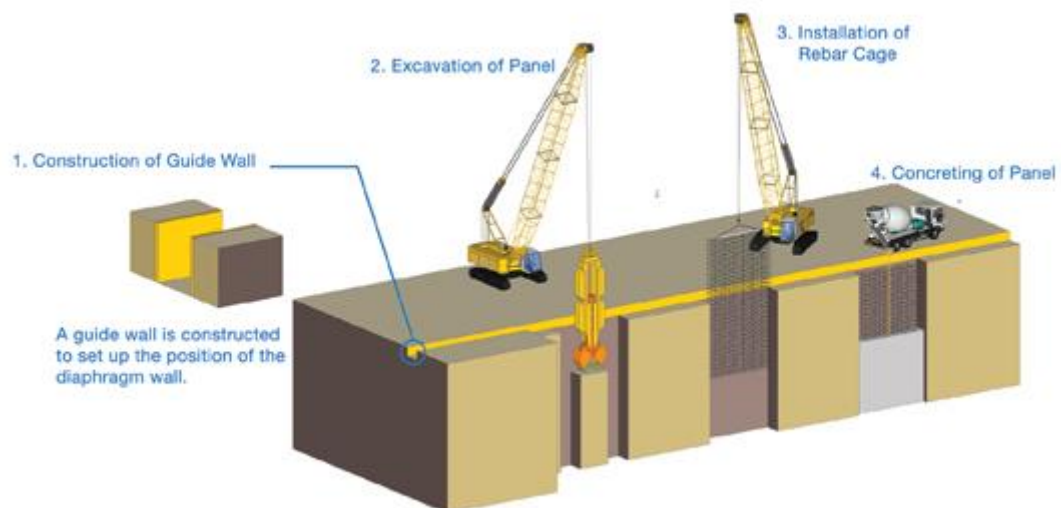
Diaphragm wall is an underground reinforced concrete wall constructed to be a load bearing and retaining structure to prevent lateral soil movement. Construction process of diaphragm wall is similar to that of wet-process bored pile. Diaphragm wall can be used not only instead of sheet pile but also as a permanent underground wall with water-resistant and load bearing capacity. Diaphragm wall is generally used as the structure of underground car park, subway station, underpass, etc.

In designing a retaining wall, its thickness can be determined from 50 cm to 1.5 m. The construction process starts with excavating the ground according to the size and the alignment of the wall to be built. Then, a borehole stabilizing slurry (bentonite and polymer) is filled to protect the excavated trench against soil collapse. After that, a steel cage is installed and a concrete is poured into the trench. After the concrete has set and reached the required strength, the underground excavation will be performed as well as the construction of underground structures.

A barrette pile is a cast-in-place reinforced concrete pile with a rectangular shape. It is a popular alternative when requiring a high bearing capacity of more than 2,000 tons per pile or for a limited construction area where a circular bored pile is not suitable. Its cross section size can be adjustable with a width ranging from 60 cm to 1.5 m, a length ranging from 2.5 m to 3.0 m, and a depth of more than 60 m. depending on the designed load bearing capacity and the soil layer composition of the construction area.



A barrette pile is constructed by excavating the soil in accordance with the required cross section size and depth. A stabilizing slurry (bentonite and polymer) is added to protect the borehole against soil collapse. After excavation, a steel cage is installed and a concrete is poured.



Industry Overview and Competition

The global and Thai economies in 2020 were hit hard by the COVID-19 outbreak since the end of 2019. Apart from the impact on the export and tourism sectors following the global economic contraction, the announcement of a number of measures to contain local transmissions was another headwind for the Thai economy in 2020. The overall Thai economy in 2020 thus declined by 6.1% compared to the previous year.

The construction and bored piling industries also declined in 2020, especially from the second quarter of the year. Private investments slowed down as a result of the pandemic control measures. Government new investments in construction projects also decelerated while the government focused on implementing measures to control the spread of the disease and to relieve those who were affected. Despite slight improvement in government and private investments by the end of the third quarter resulting from various government economic stimulus measures and bounce-back in the private sector's confidence, the overall construction industry decreased sharply and resulted in severe competition in 2020.

For 2021, the success of the COVID-19 vaccine development together with the commencement of vaccine rollout to various countries from the beginning of the year, and the economic stimulus packages launched by governments, could be a key factor driving the recovery of the global and Thai economies.

As regards to the construction and bored piling industries' outlook in 2021, the government mega development projects will be a key driver of the country's economy and cultivate sustained confidence to the private sector. In 2021, the Company's management expects that the government will focus on driving mega development projects, such as the High-Speed Rail Linked 3 Airports Project, the Thai-Chinese High-Speed Rail (Bangkok-Nakhon Ratchasima), and various mass transit routes in Bangkok to reach the construction stage which should then encourage private investments.

Major bored piling contractors are ItalThai Trevi Company Limited, Pylon Public Company Limited, Seafco Public Company Limited, The Crane Services Company Limited, Siam Tone Company Limited, Stand Pile Company Limited, and Thai Bauer Company Limited. The Company should be the second ranking in terms of revenue and production capacities (number of machines).

Capital Structure

Shareholders

The shareholders' list shown on Book of shareholders' registration as of the closing date of the register book on August 28, 2020 was as follows:

Item	Name of Shareholders	Number of shares	Percentage
1	Sangarayakul Family*	399,482,346	53.27
2	Thai NVDR Company Limited	25,259,732	3.37
3	Mr. Phadet Hongfah	19,994,000	2.67
4	Mr. Pisun Sirisuksakulchai	14,757,996	1.97
5	Mr. Suchat Boonbanjerd Sri	15,286,000	2.04
6	Mr. Somsak Viriyapiphat	8,695,746	1.16
7	Dr. Nathaphol Thamachot	6,440,900	0.86
8	Mrs. Phantira Chatjuthamas	6,160,000	0.82
9	THAI LIFE INSURANCE PUBLIC COMPANY LIMITED	6,033,100	0.80
10	Mrs. Phennee Srithong	4,722,400	0.63
	Other Shareholders	243,041,176	32.41
	Total	749,873,396	100.00

Remark:

* Sangarayakul family consists of Mr. Chanet, Mr. Bordin, Mr. Vongchai and Mr. Anon Sangarayakul which held the shares in proportion of 35.005, 8.001, 6.668 and 3.600 respectively.

DIVIDEND POLICY

The Company has a policy to pay a dividend at a rate of not less than 40% of net earnings after income tax. However, the Company may pay less than the specified rate if the Company has to use the earnings to expand the operation, to invest, or to other objectives according to the approval of the Company's Board of Directors and the re-approval in the shareholders' meeting.

Management

Management Structure

As of December 31, 2020 The Company's management structure is shown in the following organization chart



The structure of the Company consists of the Board of Directors and three committees which are the Audit and CG Committee, the Nomination and Remuneration Committee and the Executive and Risk Management Committee. Members of Board of Directors and each committee and the scope of their authorities are as follows:

The Board of Directors

As of December 31, 2020, The Company's Board of Directors comprises 10 members in which:

- 6 Non-Executive Directors, representing 60 percent of the Board of Directors consists of
 - 4 Independent Directors, representing 40 percent of the Board of Director who are independent of management and major shareholders.
 - 2 Non – Executive director, representing 20 percent of the Board of Directors
- 4 Executive Directors, representing 40 percent of the Board of Directors

As of December 31, 2020 The Board of Directors were as follows:

Name - Surname	Position
1. Mr. Seri Chintanaseri	Chairman/ Independent Director
2. Dr. Panja Senadisai ¹	Independent Director/ Chairman of the Audit and CG Committee
3. Professor Emeritus Dr. Vinit Chovichien	Independent Director/ Member of the Audit and CG Committee/ Chairman of the Nomination and Remuneration Committee
4. Dr. Chaipat Sahasakul ¹	Independent Director/ Member of the Audit and CG Committee/ Member of the Nomination and Remuneration Committee
5. Mr. Suchart Boonbanjerd Sri	Director
6. Mr. Vongchai Sangaranyakul	Director/ Member of the Nomination and Remuneration Committee
7. Dr. Chanet Sangaranyakul	Director/ Chairman of the Executive and Risk Management Committee
8. Mr. Somsak Viriyapipat	Director/ Member of the Executive and Risk Management Committee
9. Mr. Pisun Sirisuksakulchai	Director/ Member of the Executive and Risk Management Committee
10. Mr. Bordin Sangaranyakul	Director/ Member of the Executive and Risk Management Committee

Company Secretary was Ms.Thitima Tiawprateep

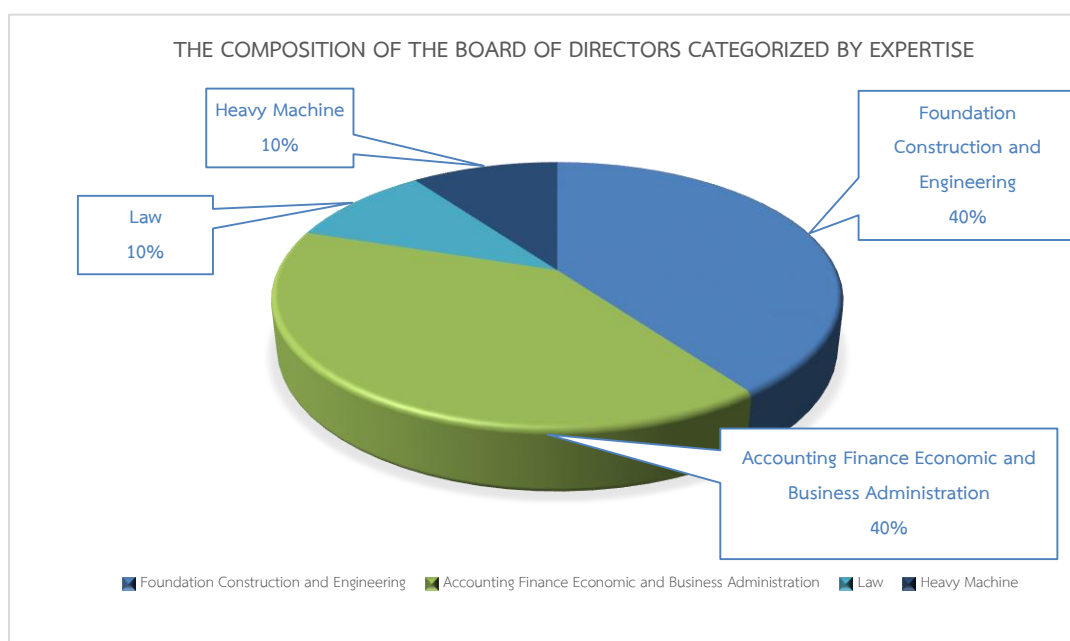
Remark

1. Having knowledge and experience in review of Financial Statements.

Prof. Emeritus Dr. Vinit Chovichien, non-executive director/ independent director, is an expert in structural engineering which is directly related to the Company's business.

The Board of Directors consists of members from various professional fields with extensive knowledge, capabilities and experience necessary and beneficial to the Company's business as follows:

Expertise	No.	Percentage
● Foundation Construction and Engineering	4	40
● Accounting Finance Economic and Business Administration	4	40
● Law	1	10
● Heavy Machine	1	10
Total	10	100



The Board of Directors have the duty to manage and supervise the Company's operations to ensure compliance with applicable laws, rules, and regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the Capital Market Supervisory Board, along with the



Company's objectives and articles of association. The Board of Directors shall perform duties with responsibility, integrity and prudence.

While the Board of Directors is appointed by shareholders, the Company secretary is appointed by the Board of Directors with the duties to give advice and assistance for the Board of Directors to function in compliance with the laws and regulations, and to work on the Board of Directors's Meetings and the Shareholders' Meetings, as well as to support the good corporate governance.

At the Board of Directors's meeting, the Chairman, the President and the Company secretary will consider and select the agendas together, making sure that every important issue has been incorporated. Each director has independency to propose meeting agendas.

The Company secretary will disseminate the meeting's agendas to the Board of Directors at least 5 days working day prior to the meeting. Those documents will provide adequate information for the directors consideration. However, if there is confidential information that cannot be revealed in writing, or if the disclosure of such information would negatively affect the Company, the Board of Directors can bring that issue up for discussion at the meeting.

During the meeting, the Chairman will allocate adequate time for the executives to present the agendas, and for the Board of Directors to discuss important issues thoroughly. The Chairman will also encourage the directors to use their discretion and to pay full attention to every issue brought up to the meeting, especially on corporate governance. Moreover, at the Board of Directors's meeting, high-level executives from each division will be invited to join and present information, problems and details of the issues for the Board of Directors's consideration, which helps create relationship between the directors and the executives. The Board of Directors can also get more information by inquiring from the executives or in the case of inadequacy, asking the Company secretary to provide more information.

Minutes of Board of Directors's meeting consist of key components such as date and time of the meeting (commencement and adjournment), name list of the directors present and absent, summary of the proposed agendas, summary of the discussions and observations, the meeting resolution and comments from those who disagreed. The Company compiles minutes of the meetings in hard copies for easy access but non-amendable. The directors attendance is recorded and revealed. The Board of Directors's meetings are scheduled to be held quarterly and at least 6 times per year, while the Executive and Risk Management Committee's meetings are held regularly. The results from the Executive and Risk Management Committee's meeting will be presented to the Board of Directors.



Authority to sign on behalf of the Company as of December 31, 2020

Mr. Chanet Sangarayakul and Mr. Bordin Sangarayakul are authorized to jointly sign their names together with the Company's seal affixed to enter into bond on the Company's behalf. Otherwise, one of the aforementioned directors may jointly sign his name with either Mr. Vongchai Sangarayakul or Mr. Somsak Viriyapipat or Mr. Pisun Sirisuksakulchai together with the Company's seal affixed to enter into bond on the Company's behalf.

Chairman

Roles and Responsibilities of Chairman

1. To chair the Board of Directors' and the shareholders' meetings to ensure successful conduct;
2. To guide the Board of Directors' meetings towards effective and productive results by encouraging every member to fully participate;
3. To cast the deciding vote in the case of a tie vote;
4. To hold responsibility as leader of the Board of Directors in monitoring, tracking and supervising the work of the Executive and Risk Management Committee and other committees in order to achieve the objectives as planned.

In 2020, the Board of Directors was of the view that the Chairman had done excellent job in leading the meetings and encouraging the members to give their opinions extensively.

In addition, each director must report the shareholding of him/herself and his/her spouse and minor child(ren) in Pylon Public Company Limited to the Board of Directors' meeting after he/she has been elected as the director. After that, if the director and his/her spouse and minor child(ren) have entered into any trading transactions of shares in Pylon Public Company Limited; they shall report such transactions to the Board of Directors at its next meeting. The shareholding details as at December 31, 2020 were as follows

Name		Number of shares				
		As of January 1, 2020		Increase/ Decrease (Jan1, 2020-Dec 31, 2020)	As of December 31, 2020	
		ownership	Spouse/ Minor Child		ownership	Spouse/ Minor Child
1	Mr.Seri Chintanaseri Chairman of the Board of Directors Independent Director	3,733,246	-	Not change	3,733,246	-
2	Dr.Panja Senadisai Independent Director	1,030,000	-	Not change	1,030,000	-
3	Professor Emeritus Dr. Vinit Chovichien Independent Director	-	-	Not change	-	-
4	Dr.Chaipat Sahasakul Independent Director	-	2,499,996	Not change	-	2,499,996
5	Mr.Suchart Boonbanjerd Sri Director	15,286,000	-	Not change	15,286,000	-
6	Mr.Vongchai Sangarayakul Director	50,000,000	-	Not change	50,000,000	-
7	Dr.Chanet Sangarayakul Director	262,490,132	-	Not change	262,490,132	-
8	Mr.Somsak Viriyapipat Director	8,695,746	-	Not change	8,695,746	-
9	Mr.Pisun Sirisuksakulchai Director	14,757,996	-	Not change	14,757,996	-
10	Mr. Bordin Sangarayakul Director	60,000,000	-	Not change	60,000,000	-
11	Mr.Chaiyaphol Sutthamanuswong Executive Vice President-Accounting and Finance	-	-	-	-	-
12	Mr.Veeratas Chiradechvirot Executive Vice President-Management	-	-	-	-	-
13	Miss Nipawan Rojjanabandit Vice President Accounting and Finance	-	-	-	-	-
14	Mr.Korn Thongsri Vice President-Human Resource	-	-	-	-	-
15	Mr.Rattakorn Nakachai Vice President-Construction	-	-	-	-	-
16	Mr.Wirote Matoop Vice President-Quality Control	-	-	-	-	-



Scope of Authorities of the Company's Board of Directors

The Board of Directors shall have authority to approve corporate matters according to its scope of duties and responsibilities to supervise and ensure that the Company complies with applicable laws, objectives, and articles of association as well as legal resolutions of shareholders' meetings. Also, the Board of Directors shall determine, review and approve visions, goals (in alignment with missions), strategies, and directions of operations each year. The Board of Directors shall monitor corporate performance to meet specified plans based on the principles of integrity and prioritizing corporate interests. There shall be a clear segregation of duties between the Board of Directors and the management team. The Board of Director's approval authority, duties and responsibilities shall be determined as follow;

1. To arrange the annual general shareholders' meeting within four months after the date ending the Company's fiscal year.
2. To arrange the Board of Directors' meeting at least once every quarter and at least 6 times per year.
3. To prepare the Company's balance sheet and income statement that would be audited by the external auditor and submitted to the shareholders' meeting for consideration and approval.
4. The Board of Directors may delegate authorities to one or more Directors or other persons to perform any duties on its behalf under its supervision. The Board of Directors may assign them with specific authorities and durations as deemed appropriate and reserve the right to change or revoke those authorities given.

The Board of Directors may delegate authorities to the Executive and Risk Management Committee to perform any tasks in accordance with the extent of its prescribed authorities. The assigned authorities, however, must not give the Executive and Risk Management Committee the opportunity to consider and approve any transactions that he/she or other persons may have interests or conflict of interests of any nature with the Company or Subsidiary except the transactions that comply with the policy and criteria that are already considered and approved by the Board of Directors.

5. To set goal, direction, policy, plan, and budget of the Company as well as monitor and supervise the administration and management of the Executive and Risk Management Committee so that it complies with the prescribed policy except for the matters required by law to be approved by the resolution of the shareholders' meeting. These matters are such as acquisition and disposition of the asset, issuance of the Company's debenture, sale or transfer of ownership of the Company or a significant part thereof to another individual, purchase or transfer of business from other companies, and amendment of Memorandum of Association or Article of Association, etc. The Board of Directors' duty is also to supervise the Company so that its business operation complies with the Securities and

Securities Exchange Act and the Stock Exchange of Thailand's regulations such as the matter of related party transactions and the sale and purchase of core assets in accordance with the regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business.

6. To consider the management structure as well as the appointments of the Executive and Risk Management Committee, President, and other committees as deemed appropriate.
7. To monitor the Company's operating performance to continually comply with the prescribed plan and budget.
8. The Director is prohibited from doing business, being partner of the ordinary partnership, being partner with unlimited liabilities of the limited partnership, or being director of the private company or other companies which conduct business of the same nature and directly compete with the Company. These matters are prohibited whether doing for his/her or other person interests unless the Director notifies the shareholders' meeting prior to the resolution for his/her appointment.
9. The Director must promptly inform the Company about his/her direct or indirect personal interest in contracts executed by the Company including debentures and shareholding status, whether increase or decrease, in the Company or its affiliates.

Audit and CG Committee

The Company shall appoint the Audit and CG Committee which consists of at least three independent directors. At least one director must have knowledge or experience in accounting or finance, and have consistent knowledge of events affecting the changes in the Company's financial report in order to increase the efficiency of the Audit and CG Committee. The Audit and CG Committee shall hold office on a three-year term.

When the term of service expires or there is any circumstance causing any member to be unable to hold office until expiration, thus making the number of committee members to be lower than three persons, the Board of Directors or the shareholders' meeting should appoint the new member to fill up the vacancy immediately or not later than three months from the date of vacancy to ensure the continual performance of the Audit and CG Committee.

As of December 31, 2020 the Audit and CG Committee were as follows:

Name - Surname	Position
1. Dr. Panja Senadisai	Chairman of the Audit and CG Committee / Independent Director
2. Dr. Chaipat Sahasakul	Member of the Audit and CG Committee / Independent Director
3. Professor Emeritus Dr. Vinit Chovichien	Member of the Audit and CG Committee / Independent Director

Remark : Secretary to the Audit and CG Committee was Ms. Thitima Tiawprateep

Dr. Panja Senadisai and Dr. Chaipat Sahasakul are members of the Company's Audit and CG Committee. They have more than 30 years and 20 years of experiences respectively in the revision of financial reports of the Company with accuracy and adequacy.

Scope of Authorities of the Audit and CG Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient as well as to determine an internal audit unit's independence;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To propose for an appointment, re-appointment, and termination of contract of external auditors, as well as offering their remuneration;
5. To approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
6. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations and are reasonable for the highest benefits of the Company.
7. To review the Charter of the Audit and CG Committee at least once a year and propose to the Board of Directors for consideration;
8. To carry out any other tasks as assigned by the Board of Directors and approved by the Audit and CG Committee;

9. To prepare and disclose in the Company's annual report, the Audit and CG committee's report which must be signed by the Chairman of the Audit and CG Committee and consist of the following information required by the Stock Exchange of Thailand;
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interest,
 - (f) the number of the Audit and CG Committee meetings and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the Audit and CG committee from its performance of duties in accordance with charter, and
 - (h) other transactions which, according to the Audit and CG committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
10. To monitor and control Company's compliance with good corporate governance principles.
11. To screen and review the anti-corruption policy and guidelines; provide recommendations useful for the preparation and revision of the Anti-Corruption policy and guidelines in a concrete manner; and supervise the implementation of the anti-corruption measures and review relevant measures and internal controls.
12. To report the results of the Audit and CG Committee's work to the Board of Directors regularly at least once every quarter.

The Nomination and Remuneration Committee

The Company shall appoint the Nomination and Remuneration Committee which consists of not less than 3 members. At least half of the members, including the Chairman of the Nomination and Remuneration Committee, must be the independent directors. The Nomination and Remuneration Committee shall hold office on a three-year term.

In case of vacancy because of completion of term, or for other reasons than completion of term, the Board of Directors shall appoint a qualified person as a replacement member within 90 days to ensure that the composition of the Nomination and Remuneration Committee complies with the requirement of the Board of Directors.

As of December 31, 2020 the Nomination and Remuneration Committee were as follows:

Name - Surname	Position
1. Professor Emeritus Dr. Vinit Chovichien	Chairman of the Nomination and Remuneration Committee / Independent Director
2. Dr. Chaipat Sahasakul	Member of the Nomination and Remuneration Committee / Independent Director
3. Mr. Vongchai Sangarayakul	Member of the Nomination and Remuneration Committee

Remark : Secretary to the Nomination and Remuneration Committee was Mr. Korn Thongsri.

Scope of Authorities of the Nomination and Remuneration Committee

1. To consider the structure and composition of the Board of Directors and qualifications, as well as the appropriateness of knowledge and experience of the directors and the President.
2. To select and submit the names of the knowledgeable and experienced candidates who are suitable for the Company to be appointed as the directors and the president in case of vacancy for consideration and approval of the Board of Directors or at the shareholders' meeting as the case may be.
3. To select the Company's representative for positions in subsidiary and/or associated companies.
4. To determine the suitable remuneration structure of the directors and the president such as monthly remuneration, gratuity, bonus, welfare, meeting allowance and other cash and non-cash fringe benefits.
5. To set up the criteria for the president's assessment and present to the Board of Directors for consideration and approval.
6. To consider the terms and conditions in case of new securities (or warrants) offered to directors and employees (ESOP) as well as to consider and endorse in case that securities are allotted to any director or any employee more than 5 % of the total securities to be allotted. The Nomination and Remuneration Committee will be eligible to have such endorsement upon the condition that none of the Nomination and Remuneration Committee's members is granted the security allotment of more than 5%.

7. To report its activities to the Board of Directors' meeting subsequent to its meeting and report its performance in the past year to shareholders in the Company's annual report and the annual general meeting of shareholders.
8. To perform any other tasks, as assigned by the Board of Directors, in relation to nomination and remuneration.

The Executive and Risk Management Committee

The Board of Directors shall appoint a number of suitable persons to be members of the Executive and Risk Management Committee.

As of December 31, 2020 the Executive and Risk Management Committee are as follows:

Name - Surname	Position
1. Dr. Chanet Sangarayakul	Chairman of the Executive and Risk Management Committee
2. Mr. Somsak Viriyapipat	Member of the Executive and Risk Management Committee
3. Mr. Pisun Sirisuksakulchai	Member of the Executive and Risk Management Committee
4. Mr. Bordin Sangarayakul	Member of the Executive and Risk Management Committee

Scope of Authorities of the Executive and Risk Management Committee

Duties and responsibilities of the Executive and Risk Management Committee are to administer the Company's usual business practice and management. Its duties and responsibilities are also to set and submit to the Board of Directors' meeting for consideration and approval and/or endorsement the policies, business plans, budget, management structure, risk management and power of management authorities, as well as the criteria in conducting the Company's business that complies with the economic environment. The Executive and Risk Management Committee shall investigate and monitor the Company's performance to ensure the compliance with the prescribed policies. Major duties and responsibilities of the Executive and Risk Management Committee are as follows:

Management

1. To set policy, direction, strategy, and core management structure regarding the Company's business conduct and submit to the Board of Directors for approval.

2. To set business plan, budget, and management authorities and submit to the Board of Directors for approval.
3. To consider the Company's investment project and submit to the Board of Directors for approval.
4. To approve important investment expenditures prescribed in the annual budget as assigned by the Board of Directors or investment expenditures that are already approved in principle by the Board of Directors.
5. To approve procurement or hiring contracts for the office management task as follow the Authority List.
6. To negotiate and sign contracts, agreements, and documents for any construction project including the procurement or hiring of those projects that are normal business practices of the Company in accordance with The Authority List.
7. To act as the management's advisory committee in the matter of financial, marketing, operation and other policies.
8. To approve the opening or closing of the bank deposit account, to specify the authorized person who shall withdraw money from the Company's account, as well as to handle the matters concerning the bank deposit account.
9. To have authority to approve requests for credit facilities, entering into credit facility contracts, and cancellation of all types of credit facilities; and to have authority to consider the suitability of putting the Company's securities such as land, buildings, deposits and bonds, as collateral for applying for credit facilities from all financial institutions
10. To conduct any necessary operations to support and protect the Company's benefits.
11. To perform other duties as assigned by the Board of Directors

Risk Management

12. The Executive and Risk Management Committee shall be responsible for assessing corruption risk and determining anti-corruption measures; preparing, reviewing and revising guidelines to comply with the anti-corruption policy to keep up with the current situation; and disseminating and communicating the anti-corruption policy to its employees comprehensively for their understanding.
13. To consider and provide opinions regarding the draft risk management policy and framework before submission thereof to the Audit and CG Committee for consideration and approval. The policy encompasses a number of important risks including strategic risk, operational risks, reporting risk, and compliance risk.

14. To consider and provide opinions on risk appetite and risk tolerance levels before submission thereof to the Audit and CG Committee for consideration and approval
15. To acknowledge, consider and provide opinions on the risk ratings, guidelines and measures to address the risks, and action plans to manage the residual risks to the Company, to ensure that the Company's risk management is adequate and appropriate
16. To supervise and supports the Company's risk management to achieve a successful result; recommend preventive measures and ways to mitigate risks to acceptable levels; follow up on action plans to reduce risks consistently and to keep up with business circumstances, to ensure that all risks are managed adequately and appropriately
17. To provide suggestions and supports on enterprise risk management for the executives and the risk management team; and to promote and encourage improvements and developments of the enterprise risk management system on a consistent and regular basis
18. To supervise and support the review and revision of the enterprise risk management policy and framework at least once per year to ensure that the said risk management policy and framework are aligned and commensurate with the overall business conditions
19. To report key enterprise risks, risk status and ways to address them; progress updates; and results of risk management to the Audit and CG Committee and the Board of Directors for acknowledgement on a quarterly basis
20. On the Company's expenses, the Executive and Risk Management Committee may hire external advisors to provide advice.

According to the regulations of the Securities and Securities Exchange Commission and the Stock Exchange of Thailand, the authorities of the Executive and Risk Management Committee shall not include the approval of transactions that member of the Executive and Risk Management Committee or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries (if any). These transactions must be submitted to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations and other related laws unless it is the approval of transactions that are the nature of the Company's normal business practices and the framework for consideration is clearly set by the Board of Directors.

Management Team

As of December 31, 2020 Management Team were as follows:

Name - Surname		Position
1.	Dr. Chanet Sangarayakul	President
2.	Mr. Pisun Sirisuksakulchai	Senior Executive Vice President – Engineering & Marketing
3.	Mr. Somsak Viriyapipat	Senior Executive Vice President - Equipment & Facilities Acting Vice President – Equipment & Facilities
4.	Mr. Bordin Sangarayakul ¹	Senior Executive Vice President - Finance & Management
5.	Mr. Veeratas Chiradechvirot	Executive Vice President – Management Acting Vice President - Procurement
6.	Mr. Chaiphaphol Sutthamanuswong	Executive Vice president - Accounting and Finance
7.	Miss Nipawan Rojjanabandit ²	Vice President Accounting and Finance
8.	Mr. Korn Thongsri	Vice President - Human Resource
9.	Mr. Ratthakorn Nakachai	Vice President - Construction
10.	Mr. Wirote Martoop	Vice President – Quality Control

Remark : 1. Serve as the Chief Financial Officer

2. Serve as the Chief Accountant

Scope of Authorities of the President

1. To take responsibilities on daily routine management as well as control and supervise staffs and employees of the Company.
2. To conduct or operate the Company's business in compliance with the policy, plan, and budget approved by the Board of Directors and/or the Executive and Risk Management Committee.
3. To manage, on behalf of the Company, the Company's business to fully comply with the prescribed objectives, regulations, policies, rules, orders as well as the resolutions of the shareholders' meeting and/or the resolutions of the Board of Directors' meeting and/or the resolutions of the Executive and Risk Management Committee's meeting.
4. To approve procurement or hiring contracts for the office management tasks in the amount of not exceeding Baht 5 million per transaction.

5. To negotiate and sign contracts, agreements and documents for any construction project including the procurement or hiring of those projects that are normal business practices of the Company in accordance with the authority list.
6. To hire and determine the remunerations of all the Company's employees as well as to appoint the employer's representative in the Provident Fund Committee.

However, according to the regulations of the Securities and Securities Exchange Commission and the Stock Exchange of Thailand, the authorities of the President shall not include the approval of transactions that he/she or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries. These transactions must be submitted to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations and other related laws unless it is the approval of transactions that are the nature of the Company's normal business practices and the framework for consideration is clearly set by the Board of Directors.

The Selection of Directors and Executives

Nomination of Independent Directors

Composition and Criteria for the Nomination of Independent Directors

The Company has determined the composition of the Board of Directors in compliance with the criteria set by the Securities and Exchange Commission of Thailand, that is to have Independent Directors at least one-third of the directors and not less than three. The criteria of the nomination are in line with the definition of independent directors, which is stricter than the requirements of the Securities and Exchange Commission. This also complies with the announcement of the Capital Market Supervisory Board regarding the request for permission and the permission to offer newly issued shares. The criteria for the nomination are as follows:

Definition of Independent Director

Independent Director is defined by the Company's Board of Directors as follows:

1. Holding shares not exceeding 1 percent of the total shares with voting rights of its parent company, its subsidiary, its associated company or potential conflicting juristic person (provided that any shares held by his or her related person as stipulated in section 258 of securities laws (No.4) 2008 must be taken into account).
2. Not being (at present) nor having been (2 years prior to appointment) an executive director (including the director who has the same responsibility as management and authorized director except for the signature in transactions approved by the Board of Directors and joint signing with other directors), employee, officer, monthly paid advisor or controlling person of

the Company, its parent company, its subsidiary, its associated company, its parallel subsidiary (subsidiary of the same holding company) or potential conflicting juristic person.

3. Not being a person related by blood or by registration under laws such as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person or such other persons who will be nominated to take up the position of executive or controlling person of the Company or its subsidiary.
4. Not having (at present) nor having had (2 years prior to appointment) a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person that might interfere his or her use of independent discretion, including not being (at present) nor having been (2 years prior to appointment) a major shareholder, a director who is not an independent director, or an executive of a company that has a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person with transaction value equal to or more than 3 percent of net tangible assets (NTA) of the Company; or equal to or more than Baht 20 million, whichever is lower. The calculation of such transaction value must include the transaction incurred during 1 year prior to the date entering into the business relationship with the same person. The aforementioned business relationship includes any trading transaction in the ordinary course of business, taking or granting a lease of real property, any transaction relating to assets or services, and granting or acceptance of financial assistance.
5. Not being (at present) nor having been (3 years prior to appointment) an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person as well as not being a major shareholder, a director who is not an independent director, an executive, or a managing partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person.
6. Not being (at present) nor having been (2 years prior to appointment) any professional service providers, including a legal advisor or a financial advisor, obtaining service fees of more than Baht two million per annum from the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person. If a professional service provider is a juristic person, this will include a major shareholder, a director who is not an independent director, an executive or a managing partner of such professional service provider.
7. Not being a director appointed to represent any director of the Company, a major shareholder or a shareholder who is a related person to the Company's major shareholder.

8. Not having any other characteristic which makes him or her incapable of expressing an independent opinion with regard to the Company's operation.

The selection process is the same as that of the Company's New Directors and the Top Executive explained in the next part.

Composition and Criteria for Selection of the Company's New Directors and the Top Executive.

Criteria for nomination, appointment and dismissal or termination of members of the Board of Directors.

In selecting and appointing a new director including the president, the Nomination and Remuneration Committee shall consider any person meeting the qualifications to be a director, regardless of whether such director is a shareholder's representative or an independent director. In searching for a new director, a professional search firm or director pool may be utilized to find a candidate before submitting the nominee to the Board of Directors for consideration, endorsement and submission to the shareholders' meeting for approval. The criteria for selecting a new director are as follows:

1. Business knowledge and skills, ability and experiences necessary for and agreeable to the Company strategies, in order to strengthen the Board of Directors in overseeing the Company;
2. Qualifications as required by law and announcements of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand, as well as the Company's regulations;
3. Transparent and ethical working history, with high morality, responsibility, maturity and professionalism;
4. No sexual bias

Composition and selection, appointment, dismissal or termination from the position of the Company's Director is prescribed in the Company's article of association which can be concluded as follows.

The Company's Board of Directors comprises at least 5 members and not less than half of the Directors must reside in Thailand. All Directors must meet the qualification required by law.

At every annual general meeting, one-third of the Directors, or if the number is not a multiple of three, then the number nearest to one-third shall retire from the office. The Directors retiring on the first and second year after the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire. Directors whose terms expire may be re-elected.

The annual meeting of shareholders shall elect members of the Board of Directors in accordance with the following criteria and procedures.

1. Each shareholder shall have one vote for each share he/she holds.

2. Each shareholder shall exercise all votes in electing one or more persons to be Directors, provided that a vote shall not be divisible.
3. Persons who receive the highest votes are, in descending order, elected to the Board of Directors until the required number is met. In the case that two or more candidates have an equality of votes but exceed the number of Directors which the meeting of shareholders is to appoint, the presiding Chairman will cast the deciding vote.

In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall choose any person who is qualified and not subject to prohibition by law as a replacement director at the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than two months.

The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. The resolution of the Board of Directors must be passed by votes of not less than three-fourth of the number of the remaining directors.

The meeting of shareholders may pass a resolution to dismiss the director before the expiration of his/her service term with the votes of at least three-fourth of the number of attendant shareholders entitled to vote and at least one half of shares held by the attendant shareholders entitled to vote.

Remuneration of Directors and Executives.

Remuneration of Directors

The Company has issued a clear policy and criteria for remuneration on the basis of transparency, accountability and at appropriate and satisfying level, in order to attract the high-calibre directors and keep them on continuing their good performances. The remuneration rates are compatible to the levels practiced in the business, in accordance with their experiences, positions, accountability and responsibilities, as well as the gains that the Company will retrieve from each director. The remuneration can be divided into three parts, as follow:

1. Monthly remuneration that reflects the responsibilities as the directors;
2. Meeting allowance that shows the importance and the time devoted to the Company's meetings;
3. Annual bonus which is a special remuneration given to the directors for their shareholder value added.

The Nomination and Remuneration Committee shall consider remuneration of directors and propose to the Board of Directors and then at the shareholders' meeting for approval.



Remuneration of Executives

The President shall consider appropriate rates of remuneration of executives and adjustments thereto each year. The executives shall receive remuneration in forms of salary and bonus linked to corporate and individual performance using the Key Performance Indicators (KPI) system.

Details of the remuneration of directors and executives are disclosed under the topic of “Remuneration of Directors and Executives” in Item 8 “Management”.

Remuneration of Directors

(1) Monetary Remuneration

The remuneration of the Company’s directors for Year 2020 was approved by the AGM on September 28, 2020 detailed as follows:

1. Monthly remuneration

	2019 (Baht per month)	2020 (Baht per month)
- Chairman of the Board of Directors	50,000	50,000
- Chairman of the Audit and CG Committee	35,000	35,000
- Audit and CG Committee each	31,000	31,000
- Director each	21,000	21,000

Remark: The directors who are executives of the Company shall not be entitled to receive this monthly remuneration.

2. Meeting allowance

	2019 (Baht per meeting)	2020 (Baht per meeting)
- Director each	5,000	5,000
- Audit and CG Committee each	5,000	5,000
- Nomination and Remuneration Committee each	5,000	5,000

3. Bonus: because of the COVID – 19 pandemic situation, the Board of Directors had the unanimous resolution to not propose the bonus payment to 2020 AGM



In conclusion, non-executive committee remuneration structure includes 1, 2, and 3. However, executive committee remuneration structure includes only 2 and 3. The said structure was commensurate with the scope of responsibilities and served as a key catalyst for the directors and executives to drive the organization towards its short- and long-term objectives. The structure was also comparable to the industry benchmark.

Directors' Remuneration in 2020

Name - Surname	Year 2020 Remuneration					
	Monthly Remuneration	Meeting Allowance			Bonus	Total
		Board of Director	Audit and CG Committee	Nomination and Remuneration Committee		
1. Mr. Seri Chintanaseri	600,000.00	35,000.00			-	635,000.00
2. Dr. Panja Senadisai	420,000.00	35,000.00	25,000.00		-	480,000.00
3. Dr. Chaipat Sahasakul	372,000.00	35,000.00	25,000.00	10,000.00	-	442,000.00
4. Professor Emeritus Dr. Vinit Chovichien	372,000.00	35,000.00	25,000.00	10,000.00	-	442,000.00
5. Mr. Vongchai Sangarayakul	252,000.00	30,000.00		5,000.00	-	287,000.00
6. Dr. Chanet Sangarayakul		30,000.00			-	30,000.00
7. Mr. Bordin Sangarayakul		35,000.00			-	35,000.00
8. Mr. Somsak Viriyapipat		35,000.00			-	35,000.00
9. Mr. Pisun Sirisuksakulchai		35,000.00			-	35,000.00
10. Mr. Suchart Boonbanjerd Sri	252,000.00	35,000.00			-	287,000.00
Total	2,268,000.00	340,000.00	75,000.00	25,000.00	-	2,708,000.00

Executives' Remuneration

Executives receive remuneration including salaries, bonuses and other benefits which are directly based on both corporate and personal KPI-based performance. In 2020 the total remuneration for executives was as follows :

Position	Year 2019			Year 2020		
	No. (Persons)	Total Amount (Million Baht)	Details of Remuneration	No. (Persons)	Total Amount (Million Baht)	Details of Remuneration
Executive Committee and Management	10	20.465	Salary, Bonus, Social Security Fund, Provident Fund Contributions and PYLON EJIP No.2 ¹ , PYLON EJIP No.3 ²	10	19.937	Salary, Bonus, Social Security Fund, Provident Fund Contributions and PYLON EJIP No.3 ²

Remark 1. The Board of Directors' Meeting No. 4/2018 held on 9 August 2018 unanimously resolved to approve the PYLON – Employee Joint Investment Program No. 2 (PYLON - EJIP No. 2)(1/10/2018-30/9/2019). The program principles were in accordance with the requirements in Item 7 of the Notification of the Office of the SEC No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator. To comply with the Office of the SEC's Notification No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator, the Company had submitted a letter of certification to Office of the SEC on Monday 27 August 2018 containing details of the program as shown in the SET's web <https://www.set.or.th/set/newsdetails.do?newsId=15356686276331&language=th&country=TH>

2 The Board of Directors' Meeting No. 4/2019 held on 14 August 2019 unanimously resolved to approve the PYLON – Employee Joint Investment Program No. 3 (PYLON - EJIP No. 3)(1/10/2019-30/9/2020). The program principles were in accordance with the requirements in Item 7 of the Notification of the Office of the SEC No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator. To comply with the Office of the SEC's Notification No. SorJor.38/2561 dated 16 July 2018 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive and Auditor, Plan Preparer and Plan Administrator, the Company had submitted a letter of certification to Office of the SEC on 15 August 2019 containing details of the program as shown in the SET's website <https://www.set.or.th/set/newsdetails.do?newsId=15658244159911&language=th&country=TH>

(2) Other Remuneration

None



Number of Meeting Attendance

Name - Surname	Position in The Company's Board of Directors	Year 2020		
		Board of Directors (7 Times)	Audit and CG Committee (5 Times)	Nomination and Remuneration Committee (2 Times)
1. Mr. Seri Chintanaseri	Chairman of the Board of Directors/ Independent Director	7/7		
2. Dr. Panja Senadisai	Independent Director/ Chairman of the Audit and CG Committee	7/7	5/5	
3. Professor Emeritus Dr. Vinit Chovichien	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit and CG Committee	7/7	5/5	2/2
4. Dr. Chaipat Sahasakul	Independent Director/ Member of the Audit and CG Committee/ Member of the Nomination and Remuneration Committee	7/7	5/5	2/2
5. Mr. Suchart Boonbunjersri	Director	7/7		
6. Mr. Vongchai Sangarayakul	Director/ Member of the Nomination and Remuneration Committee	6/7		1/2
7. Dr. Chanet Sangarayakul	Director/ Chairman of the Executive and Risk Management Committee	6/7		
8. Mr. Bordin Sangarayakul	Director/ Member of the Executive and Risk Management Committee	7/7		
9. Mr. Somsak Viriyapipat	Director/ Member of the Executive Risk and Management Committee	7/7		
10. Mr. Pisun Sirisuksakulchai	Director/ Member of the Executive Risk and Management Committee	7/7		

Corporate Governance

The Company manages its operations based on the good corporate governance principles, consistently taking into consideration the importance of and responsibility for the shareholders and stakeholders. The Company's Board of Directors places importance on the Corporate Governance Code for Listed Companies 2017 which contains eight principles as follows:

1. Establish Clear Leadership Role and Responsibilities of the Board
2. Define Objectives that Promote Sustainable Value Creation
3. Strengthen Board Effectiveness
4. Ensure Effective CEO and People Management
5. Nurture Innovation and Responsible Business
6. Strengthen Effective Risk Management and Internal Control
7. Ensure Disclosure and Financial Integrity
8. Ensure Engagement and Communication with Shareholders

To build up confidence among the shareholders, investors, and relevant parties, the Company requires that the corporate governance policy be reviewed and complied with every year. The corporate governance policy is also disclosed in the Company's website for external communication and disseminated to the employees for acknowledgement and compliance.

Thanks to its adoption of the 2017 CG Code for Listed Companies containing the eight practices in its management of operations, the Company's CG practices continued to receive very good ratings. In 2020, the Company's CG performance was recognized by supervisory bodies and other organizations and agencies as follows:

- The 2020 AGM received an "Very Good" rating from the Thai Investors Association.
- The CG assessment result of Thai listed companies for 2020 from Thai Institute of Directors (IOD) was "excellent."

In 2020, the Company complied with the Securities and Exchange Commission (SEC)'s CG Code for Listed Companies 2017 as shown in the SEC's link here.

<https://www.sec.or.th/cgthailand/TH/Pages/CGCode/CGCodeIndex.aspx>

Interested persons may also read more details through the existing five categories in the Company's website.

<https://www.pylon.co.th/th/%E0%B8%99%E0%B9%82%E0%B8%A2%E0%B8%9A%E0%B8%B2%E0%B8%A2%E0%B8%81%E0%B8%B2%E0%B8%A3%E0%B8%81%E0%B8%B3%E0%B8%81%E0%B8%B1%E0%B8%9A%E0%B8%81%E0%B8%B4%E0%B8%88%E0%B8%81%E0%B8%B2%E0%B8%A3>

Supervision of subsidiaries' and associates' operations

Pylon Public Company Limited ("the Company") has one subsidiary, i.e. Excelon Co., Ltd. The Company has the mechanism to supervise its subsidiary's operations to maintain its investment interests as follows:

1. Majority Control
 - 1.1 As the major shareholder, the Company originally held 51% of shares in the subsidiary and now its shareholding proportion is increased to 99.99%.
 - 1.2 Three out of the total five directors of the subsidiary are the Company's representatives..
2. The Company's representatives hold positions with the important role of determining policies to control and manage the subsidiary as part of the Executive Committee. That is, two representatives of the Company are Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the subsidiary.
3. Proxies to vote on behalf of the Company in AGMs or EGMs of the subsidiary must be appointed and vote according to resolutions approved by the Company's Board of Directors.
4. The subsidiary shall disclose its financial position and operating results, related party transactions undertaken between itself and its related parties, assets acquisition or disposal, or other important transactions, in a complete and correct manner. This shall be based on the criteria relating to information disclosure and the undertaking of similar transactions applied by the Company.
5. The subsidiary shall have the same internal control system in its operations as the Company.

The subsidiary has temporarily ceased its operations since 2019.

Supervision of Usage of Inside Information

The Company has a strict policy prohibiting its directors, executives, and employees who know the inside information from using that information for his/her own or other persons interests. The Company's guidelines on this policy are as follows.

1. The Company informs the directors and executives about usage of inside information and obligations to report their trading of Company's and its subsidiaries' stock including the trading executed by their spouses and minor child. They are also informed about the relevant penalties thereof according to the Securities and Exchange Act B.E.2535 and its amendment as well as the regulations of the Stock Exchange of Thailand.
2. It is an obligation of directors and executives to prepare the report of their ownerships of the company's shares, including those shares owned by their spouses or minor child, and submit to the Securities and Exchange Commission. The report should be as follows.
 - Report the changes in securities holding (Form 59) from buying, selling, or transferring of shares within 3 working days after buying, selling, or transferring of those shares to the Securities and Exchange Commission via electronic means.
3. Directors, executives, and employees who know the significant inside information which may affects the changes in share prices shall be acknowledged by the Company that they must stop buying or selling of the Company's shares one month prior to the disclosure of Company's operating results and twenty-four hours after disclosure of the Company's operating results (the Company will declare its operating results within 45 days after the end of quarter and within 60 days after the end of accounting year) or prior to the day those inside information were disclosed to general public.
4. The Company prepared the Code of Ethics and best practices in work handbook with details prohibiting directors, executives and staffs to use inside information for buying or selling the Company's shares or to give any inside information to other persons for buying or selling the Company's shares.

If the Company finds that any director, executive or employee who knows the significant inside information violates the Company's Code of Ethics and best practices in work relating to usage of inside information and causes damage to the Company or its image, the Company will undertake the proper actions including but not limited to cooperate with relevant supervisory agencies to undertake necessary legal actions.

Adoption of Corporate Governance (CG) Code for Listed Companies 2017

The Board of Directors ensures that the business operations are based on the compliance with the principles under the CG Code for Listed Companies 2017 and the regulations of the Securities and Exchange Commission (SEC) to enhance efficiency of the organization's management system and to be a basis for sustainable business growth. The Board of Directors at its Meeting No. 1/2564 held on 24 February 2021 considered and reviewed the majority of the principles under the CG Code for Listed Companies 2017 for use within its business context. (For the principles that cannot yet be or have not yet been applied, the reasons were recorded as part of the board's resolution.) An exception applies to the following matters:

1. The Board of Directors stipulated a remuneration structure that encourages personnel's performance of duties to meet corporate key objectives and goals only for the position of President. As for the lower position, the Board of Directors assigned the President to apply the President's remuneration structure for consideration.
2. The Board of director consists of directors with diverse qualifications, competency and experiences. Currently, the Board comprises four independent directors out of the total 10 directors, and a ratio is already considered for company's benefit and also its performance

Corporate Social Responsibility

Pylon Public Company Limited has the policy to conduct its business by living up to the concept of corporate social responsibility (CSR) and placing importance on the provision of support through a number of social and community activities as well as the commitment towards ongoing environmental care. The Company conducts its business based on the principles of transparency, accountability, integrity, respect for human rights, and preservation of interests of stakeholders including shareholders, employees, communities surrounding the Company's workplace, customers, suppliers, creditors, competitors, government agencies and society and the nation as a whole.

The Company focuses on the business development while implementing the concept of corporate social responsibility and complying with laws, regulations and other international practices with an aim of building a foundation for the Company's continuous and sustainable responsibility. The details of the Company's CSR policy are as follows:

1. Operating business with integrity and ethics

The Company is committed to operate its business with integrity and ethics by strictly complying with laws and respecting rules and regulations of society. The organization has a neutral political stance and aims to be a leader in the bored-pile foundation construction industry in terms of quality and efficiency in order to gain trustworthiness from customers, investors and other stakeholders as well as to add value and promote the organization's sustainable growth. The Company also attaches importance to the international management practices which are beneficial to Thai society. This is for the Company to strive for the achievement of established goals and to foster the integrity and ethics which is a core value of the leading organizations.

2. Fighting against corruption

The Company has announced its intention to fight against corruption and misconduct in the organization based on the perspective that corruption and frauds have occurred widely and continued to increase in Thai society in both the government and private sectors. Such improper behaviors also exist even in companies and organizations. Therefore, management and supervisors operating in the job site including engineers and foremen together with the executives jointly confirmed their commitment towards fighting against frauds and inappropriate behaviors within the organization on 11 February 2014 at the Head Office.

In addition, it was agreed by the Board of Directors that the Company signed a Declaration of Intention to join the Collective Action Coalition against Corruption (CAC) to fight against corruption in private sector with IOD on 4 March 2016. Also, the anti-corruption policy and the anti-corruption measure manual were developed for use as guidelines for the Company and its subsidiary. Details of them were disclosed on the Company's website. On 2 March 2018, the Company submitted the documents to apply for membership with The Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company has been certified to be a member of the Thailand's Private Sector Collective Action Coalition Against Corruption since 5 November 2018.

In 2020, the Company continued to communicate the anti-corruption policy and the anti-corruption measure manual to all groups of stakeholders through channels as stated in the manual, such as website Email. The Company always provided relevant trainings for employees, after construction completion.

3. Respect for human rights

The Company puts an emphasis on basic human rights to promote respect for rights and freedom. The Company supports non-favoritism, equitable treatment for both sexes and all social classes, and fights against child labour use. The Board of Directors has set up a policy to avoid human rights violation by providing guidelines on the respect of human rights for its directors, management and employees as follows:

- The Company treats all employees with respect for their honour and dignity;
- The Company provides the employees with communication channel to voice their suggestions and complaints about their work. Those suggestions and complaints will be seriously considered and solved for the benefits of all concerned parties and for the good relations in the organization;
- The Company encourages the employees to exercise their civil rights in accordance with the Constitution and laws;
- Any biography, biodata, work history, etc. of each employee will be kept confidential. Employees' personal data cannot be disclosed or transferred to the public without the employee's permission. Violation of this rule is regarded as a disciplinary offense, except when acting in compliance with laws or the Company's regulations;
- The Company is against any violation of human rights and corruption;

- All employees must not verbally or physically abuse other people on the basis of race, sex, religion, age and mental or physical disability.

4. Fair treatment of workers

The Company ensures that wages are determined at appropriate levels compared to the industry. Changes to the structure and organization arrangement are responsibly made within the framework of Thai laws.

The Company has a wide range of employee benefits and puts efforts in improving the quality of work life of employees to ensure that employees can perform duties with efficiency and happiness. The Company also provides group accident insurance and medical insurance as well as establishes the Provident Fund to create security for employees.

In addition, the Company's Board of Director approved the Employee Joint Investment Program of PYLON Public Company Limited – No.1-No.3 (PYLON – EJIP No.1-No.3) to motivate and retain the Company's executives and employees in the long run, foster the sense of ownership, and reinforce performance efficiency. The 4 executive directors waved their rights to join this program to maximize the employee's benefits.



Policies and practices of the Company also stress the importance of occupational health and safety by establishing the Occupational Health, Safety and Environment Committee for the maintenance yard and construction sites which shall be responsible for ensuring employees' health and safety. Measures to check the safety of workplaces on a regular basis were established. Fire extinguishers were installed and fire exits were established. Fire control demonstrations and fire drills were arranged every year for the maintenance yard and head office. The operating manual for

construction sites was formulated, focusing on occupational health, safety and environment in workplaces and creation of secure work atmosphere for employees, sub-contractors and visitors at the construction sites. The manual contains control measures to protect everyone from possible accidents and hazards.

5. Responsibility towards customers

The Company focuses on the production with quality and highest safety standards to attain the customers' maximum satisfaction. The Company demonstrates sincere and active efforts in handling customers' complaints and problems possibly arising from the production and/or services with a view to maintain sustainable relationships with customers.



6. Environmental care

The Company has the clear environmental policy and seriously implements the policy. The Company complies with environmental laws and standards and arranges internal systems to control and prevent against environmental problems. Also, the Company conducts a campaign to promote economical consumption of resources and energy such as electricity, water, and especially fuel. According to the survey report, the Company's fuel consumption has been used in more efficient rate.

7. Participation in the development of communities and society



In 2020, the Company paid attention to the communities/society surrounding its construction sites and yard. As such, the Company implemented a number of measures to prevent any possible impacts on the communities/society such as setting up fences to ensure safety and reduce dust and noise, clearing trash and cleaning floors to ensure cleanliness, and spraying water in areas around

the construction sites to reduce fine particulate matter. All truck wheels were cleaned before leaving the construction sites to prevent a spill of soil, mud, sand and gravel materials during transportation. In transporting, all trucks were covered with specific materials. Also, all trucks must be checked to prevent black smoke emissions. Special machines were utilized for the construction sites that were situated next to other buildings. The employees were trained to understand work safety and responsibility to local communities and society. Visits to the communities near the construction sites were conducted to inquire about any possible impacts and compensation for damage (if any) and to add any necessary measures (if any) etc.



The Company also developed the campaign to reduce paper usage with the main objective of managing the best use of paper as follows:



1. Application of Technology: The Company encouraged its employees and executives to increasingly apply information technology to their work duties, such as sending documents and disseminating information and other knowledge through electronic means.
2. Optimal Use of Paper: To make the most efficient use of paper resources, the Company conducted public relations activities, asking the employees and executives to sort and reuse one-side used paper sheets, or convert them into notepads or notebooks to replace post-it notes, for instance.

Donations were made to the Rajavithi Hospital to support the procurement of air purifier. Also, monetary donations were made to the clownfish conservation project and the Lam Maha Mek School charity run activity totaling Baht 57,000.

Because of the COVID-19 pandemic, the Company launched a project called “Pylon’s Family : Don’t Let Our Guard Down” The project covered the health screenings of the employees at the

Head Office, repairs and maintenance facilities, and construction sites, as well as the visitors according to the standards of the Ministry of Public Health. Alcohol, alcohol gel, and facial masks were distributed to the employees consistently to protect them from the COVID-19 pandemic.



Internal Control

The Company places importance on the adoption of appropriate and adequate internal controls in business management in order to preserve the benefits of shareholders, employees and all other concerned parties. Internal controls based on the principles of good corporate governance and consideration of risks associated with business and operations contribute to the effective and efficient business in both financial and operational aspects and the achievement of the goals specified by the organization.

1. The Board of Directors' opinion on internal control system
 - 1) The Board of Directors at its Meeting No. 6/2563 held on 13 November 2020 assessed the adequacy of the internal control system according to the management's report which was considered by the Audit and Corporate Governance Committee at its Meeting No. 5/2563 held on 13 November 2020. (The assessment was based on the SEC's revised and announced form in August 2013 according to the 2013 version of the COSO's internal control framework covering five elements of internal control, i.e. 1) control environment, 2) risk assessment, 3) control activities, 4) information & communication, and 5) monitoring activities. These five elements were further divided into 17 principles.) The assessment was also based on the management's answers to the questions. It was concluded that, based on the assessment of the Company's five elements of internal control, the Board of Directors and the Audit and Corporate Governance Committee shared the opinion that "The Company's internal control is adequate and appropriate. There are enough human resources to ensure that relevant goals, objectives, legal provisions, and regulations are met efficiently. Also, there are monitoring and supervision activities over the subsidiary's operations to ensure that the assets of the Company and the subsidiary are safeguarded from the misuse or unauthorized use by the directors or management."
 - 2) According to the assessment results of the internal control by the auditor (Proud In Pro Co., Ltd.) and the independent internal auditor (El Business Advisory Co., Ltd.); the Company did not have any material deficiency in its internal control system.
2. The Audit and Corporate Governance Committee did not have any different opinions from the Board of Directors.

3. Head of Internal Audit

- 1) The Company has hired EL Business Advisory Company Limited as its independent internal auditor since 2019. The said company is engaged in the provision of internal audit and accounting system installation services. Its main focus is on conducting internal audits, giving recommendations, and designing accounting systems, as well as assessing internal control systems.
- 2) Based on consideration of the qualifications of EL Business Advisory Company Limited in terms of academic degrees, professional experiences, and trainings of Mr. Suvit Chan-Amporn, the firm's top executive, the Audit and Corporate Governance Committee deemed that his qualities are appropriate and adequate for the performance of duties as he is independent and experienced in internal audit for the business, and is able to provide sufficient manpower to conduct internal audit operations efficiently. Furthermore, the Company has appointed Miss Thitima Tiewprateep to oversee and coordinate with the independent internal auditor.

The duties and responsibilities of EL Business Advisory Co., Ltd. (independent internal auditor) are as follows:

- To prepare annual audit plans
 - To conduct reviews and provide recommendations on appropriate internal controls to departments
 - To issue a report on the audit of operations against action plans for submission to the Audit and Corporate Governance Committee once a quarter
 - To review the compliance with requirements of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and relevant laws related to the Company
4. Appointing, removing, or transferring the Head of Internal Audit must be approved by the Audit and Corporate Governance Committee.

Risk Factors

The Company's risk factors are as follows.

Price Volatility and Supply Availability of Main Materials

The Company's main materials include concrete, steel bar, cement, diesel, and bentonite-polymer slurry. In 2020, the overall concrete prices saw a downward trend from the beginning of the year in line with the changing demand of the construction industry. The diesel and steel bar prices in 2020 also showed a decreasing direction with fluctuations according to changes in global prices and demand in different periods. The volatilities of the main material prices could lead to the Company's profit not meeting expectations.

However, the Company has always conducted a policy to reduce the risk of price volatility and supply availability by preorder, in whole, some of main materials such as steel bar to be used. In some cases such as concrete and bentonite-polymer slurry, the Company would enter into the short-term agreement to fix the price for a certain period. Since the Company's projects generally require only 2 – 6 months to complete, a chance that the Company would confront with the price volatility is rather limited. Moreover, the fluctuation of foreign exchange rate does not have significant impact because most of main materials could be purchased domestically.

Regarding the diesel for which the purchase price cannot be locked in advance, the Company has a policy to alleviate the risk of an increase of diesel price by campaigning for reduction of diesel usage at the job sites as well as increasing the production efficiency. In addition, the Company may adjust the competitive selling price to offset the rising costs.

Inability to Secure New Projects Upon the Completion of Existing Projects

Foundation construction period for each project took only around 2-6 months to complete and, in some cases, up to approximately 10-15 months. For large-scale projects, it is important for the Company to acquire new projects after the existing ones were finished in order to keep its income grow at a steady rate.

The construction and bored piling industries declined in 2020 following covid-19 pandemic and the announcement of a number of measures to contain local transmissions. Private and government investments slowed down from the second quarter of the year. Despite slight improvement in government and private investments by the end of the third quarter resulting from various government economic stimulus measures and bounce-back in the private sector's confidence, the overall construction industry decreased sharply and resulted in severe competition in 2020.

For 2021, the government mega development projects will be a key driver of the country's economy and cultivate sustained confidence to the private sector. In 2021, the Company's management expects that the government will focus on driving mega development projects, such as the High-Speed Rail Linked 3 Airports Project, the Thai-Chinese High-Speed Rail (Bangkok-Nakhon Ratchasima), and various mass transit routes in Bangkok to reach the construction stage which should then encourage private investments.

The Company has been focusing on expanding its customer base while retaining its existing customers to mitigate its business risk. In addition, the Company has been paying attention to improving operational efficiency and reducing unnecessary costs, allowing the Company to maintain its competitiveness in the market.

Losing Skilled and Experienced Personnel in Foundation Works

The Company's operation requires experienced personnel who have knowledge and skills in foundation works such as planning, construction techniques, client liaison, usage of machines and equipment, as well as machinery maintenance. Losing key personnel such as executives or proficient engineers might affect the Company's performance.

However, the Company has a policy to provide a reasonable welfare and remuneration to the employees as well as the regular training programs to improve their abilities and to keep them with the Company in long term. With a good personnel management system, the Company could rotate personnel for any vacant positions without affecting the operation.

Delay of Project Completion

The risk from typical project delays may be caused by delays from the project owner such as the late delivery of a construction site, the time-consuming process of consideration and approval for construction-related matters, or the conditions imposed by government agencies such as EIA measures and tightened work rules under congested traffic circumstances. In the case where the project owner hands over a construction site late or the Company is affected by the conditions imposed by government agencies, the

Company may receive a stand-by fee as a compensation or an extension of the construction period by the project owner where appropriate and as the case may be. Such delays may have impact on construction timelines and expenses. In addressing the risk from the delays, the Company conducted planning meetings with the project owner on a consistent basis and agreed to move the machines into the construction site only when the project owner already arranged the construction site to be ready for the operation. The Company also collaborated and coordinated with the project owner to ensure that the construction was completed within the specific period.

On the other hand, the delay may be caused by the Company such as shortage of main material supplies. If the Company is unable to deliver the project on the mutually agreed date, it may be subject to a penalty charge. In this case, the Company alleviates the risk by preordering, in whole, some necessary materials after signing the contract. Moreover, the Company may increase its manpower and machinery to expedite the construction if necessary.

Lawsuits or Claims due to Damages from Construction

Damages of the structures may occur from several reasons such as errors in a design or poor quality of construction. These may lead to damages or injuries. Such occurrences may result in lawsuits or claims against the Company.

Once the project is completed, the Company shall provide the quality assurance by placing a bank guarantee or a company guarantee letter for a period of mostly 1-2 years. In the past, the Company has never been subjected to any lawsuits related to work quality because the Company has a high standard of quality control system to minimize chances of having damages from construction process. In addition, the Company has a policy to have a contractor's all risk insurance during construction to reduce the risk and impact if there is any damage from operation.

Risk from Uncollectible Accounts

Some of the Company's customers may face liquidity problem and affect their debt servicing ability. In order to reduce the risk from uncollectible accounts, the Company shall examine financial status and reputation of its customers prior to accepting any engagement. In some cases, the Company may request for a payment guarantee prior to the beginning of construction such as advance payment, a letter of bank guarantee, a domestic letter of credit (DLC) or aval. The Company shall set up an allowance for doubtful accounts for expected uncollectible debts, follow up debt collection until the case is final and further pursue legal action as deemed necessary.

Investment Risk of Securities Holders

Throughout all these years, the Company has operated its business with prudence, focusing its efforts on managing liquidity to ensure its solid financial health and its ability to adapt itself to changing economic circumstances or external factors. As such, the Company's income and profit performance have continued growth. Nonetheless, the presence of the outbreak of the COVID-19, the impacts of political factors within the country, etc. could cause the Company's performance not meeting expectations and enhance the risk to the shareholders' investments.

Therefore, the Company has issued measures to address the risk as follows:

- To operate business with prudence and maintain solid financial health
- To determine and ensure dividend payouts as prescribed by the Company's dividend payment policy
- To have a process of selecting an auditor, to comply with accounting standards, and to disclose financial statement information in a transparent manner as required by regulators to ensure that the shareholders received adequate and timely information for making decisions.

Risk from the COVID-19 outbreak

As global and Thai economies including the construction industry were affected by the COVID-19 outbreak in 2020, the Company implemented a number of measures to mitigate the impact, for example:

- To implement the strict cost control policy and continue to improve internal work processes for enhanced work efficiency
- To adjust the structure for proposed quotations to increase the opportunity to acquire new projects and maintain competitiveness
- To maintain the Company's liquidity at appropriate levels and to slow down investment projects that were neither necessary nor urgent
- To adjust the organizational structure to be commensurate with workloads and to accommodate the recovery of the construction industry in the future
- To adjust the current work practice through, for example, the work from home policy, depending on the changing situation over a given period
- To strictly implement public health-related measures to protect the health of the employees, such as temperature screenings before entering the work facilities, mask wearing while at work, and hand washing with alcohol



With the above measures, the Company was able to mitigate the impact and the Company's operation were insignificantly affected by the crisis. In 2020, the Company did not experience any significant impact in other aspects, except for an impact on its operations from the overall construction industry contraction.

In addition, the success of the COVID-19 vaccine development by the end of 2020 and the economic stimulus measures in 2021 were expected to be key drivers of the recovery of the overall construction industry, leading to reduction in the impact from this risk.

Management's Discussion and Analysis

Overview of the Operations in 2020

The foundation construction business of the Company comprises bored piling, diaphragm wall, and soil quality improvement and is primarily dependent on the growth of the construction industry. The COVID-19 outbreak that took place since the end of 2019 led to a dramatic contraction in the global economy in 2020. As for Thailand, apart from the impact on the export and tourism sectors following the global economic contraction, the announcement of a number of measures to contain local transmission was another headwind for the Thai economy. According to the Office of the National Economic and Social Development Council, the Thai economy in 2020 declined by 6.1% compared to the previous year.

The construction and bored piling industries also declined in 2020, especially from the second quarter of the year. Private investments slowed down as a result of the pandemic control measures. Government new investments in construction projects also decelerated while the government focused on implementing measures to control the spread of the disease and to relieve those who were affected. Despite slight improvement in government and private investments by the end of the third quarter resulting from various government economic stimulus measures and bounce-back in the private sector's confidence, the overall construction industry decreased sharply and resulted in severe competition in 2020.

In 2020, the Company and its subsidiary posted the total revenues from service of Baht 1,416 million, of which 91.83% was from private projects and 8.17% was from government projects.

As regards the Company's costs, the Company continued to implement the policy on the purchase of main materials required for the foundation construction works upon entering into the construction contracts in order to mitigate risks from fluctuations of material prices. However, since foundation construction works do not require much time to finish, the impact of material price fluctuations would rather be limited. Also,

despite material price fluctuations, when acquiring new projects, the Company can always adjust prices to ensure alignment with changing costs applicable to such new projects.

The Company also has a non-financial key performance indicators such as market share, the level of customer satisfaction and the rate of capacity utilization of machinery etc.

The Company's market share was estimated based on the revenue information in the last three years' financial statements of the large 15 foundation contractors according to the Department of Business Development, Ministry of Commerce as follows:

	2017	2018	2019
Revenue (Baht Million)	8,413.45	11,019.56	9,803.19
The Company's market share (percent)	8.79	13.04	15.85

Remarks:

The Company's market share figures above were only estimates because of the following:

- The exclusion of the small-scale or local foundation contractors,
- The revenue may include non-foundation construction revenue, and
- The fact that each construction project may or may not include the procurement of main materials, i.e. concrete and steel bars, which affect the revenue and market share.

Operating Results

In 2020, the Company and its subsidiary had total service income of Baht 1,416 million, a decrease of Baht 138.23 million or 8.89 percent year-on-year. This was because a slowdown in the construction industry as mentioned above.

The key government projects implemented this year included the Rama 3 - Dao Khanong-Outer Ring Road, the MRT Pink line-PK26, the Block 33 Suanluang-Samyan development, the Office of the National Broadcasting and Telecommunications Commission (NBTC)'s new building, the Chakri Naruebodindra



Medical Institute (Ramathibodi Hospital)'s material storage building, and the Council of Engineers' office building.

The key private projects included the Queen Sirikit National Convention Center, the Silom Square, the AIA East Gateway, the Aspen Tree, the Bangkok Mall (Zone 4), the AP-group condominiums, and the Habitat-group condominiums and hotels, etc.

The costs of services comprised of wages, construction materials, depreciation, consumables and other expenses required in production process. The price of main construction materials for foundation works such as concrete, cement, steel, diesel and borehole stabilizing slurry (bentonite and polymer) was subject to change in accordance with the market and economic situation.

In 2020, the Company and its subsidiary had total cost of services of Baht 1,111.01 million, a decrease of Baht 34.09 million, or 2.98 percent, year-on-year. This was in line with the decreasing income. This year's cost of services to service income was 78.46 percent, up from last year's 73.68 percent.

The Company and its subsidiary had selling and administrative expenses, including employee-related expenses, office expenses, taxes and fees, and other expenses. In 2020, the Company and its subsidiary recorded selling and administrative expenses at Baht 96.11 million. Of this, Baht 96.04 million was the Company's and Baht 0.07 million was the subsidiary's.

In 2020, in terms of the operating results of the Company and its subsidiary, the profit attributable to the Company's shareholders was Baht 182.54 million, a decrease of Baht 95.07 million, or 34.25 percent year-on-year. That is, this year's net profit margin was 12.80 percent, down from last year's 17.61 percent. This was partly because of the slowdown in the construction industry. The basic earnings per share was Baht 0.24.



The Company and its subsidiary's ROE in 2020 was 17.27 percent, down from 28.71 percent in 2019.

Financial Position

As at 31 December 2020, the Company and its subsidiary's total assets were Baht 1,320.79 million. Of this, Baht 718.46 million were current assets, a decrease of approximately Baht 305.95 million from that as at 31 December 2019; and Baht 602.33 million were non-current assets, a decrease of approximately Baht 62.69 million from that as at 31 December 2019. The decrease in the assets was mainly due to the decrease in the accounts receivable of approximately Baht 172.78 million, the decrease in accrued income and other current receivables (including retention receivables) of approximately Baht 136.20 million, the decrease in property, plant, and equipment of approximately Baht 139.27 million, and the increase in the right of use of Baht 78.12 million. The return on assets (ROA) for 2020 was 14.58 percent, down from 22.59 percent for 2019.

The Company and its subsidiary recorded accounts receivable – net (excluding accrued income and retention receivables which were the funds deducted by the service hirers at 5-10 percent of the money collected each period.) As at 31 December 2020, the accounts receivable – net totaled Baht 173.33 million, down from Baht 346.11 million at the end of 2019. The Company and its subsidiary set aside a provision for credit losses for accounts receivable as at 31 December 2020 and 31 December 2019 at Baht 8.88 million and Baht 0.06 million, respectively.

The property, plant, and equipment – net of the Company and its subsidiary as at 31 December 2020 were Baht 505.48 million, down from Baht 644.75 million as at the end of 2019. This was partly due to the separation of the assets under lease of around Baht 66.14 million from the property, plant, and equipment, to be presented under the section of right-of-use assets according to TFRS16 which came into force in 2020. (This excluded right-of-use from office leases and dismantling estimates.) In 2020, the Company and its subsidiary did not have any significant investments in this category. Their investments were in small-size

machines, tools and equipment, and other assets as replacing or additional resources in normal business operations.

The Company and its subsidiaries had total liabilities as at 31 December 2020 of Baht 274.26 million. Current liabilities were Baht 190.08 million, a decrease of around Baht 344.56 million from the end of 2019. This was due to the decrease in the accounts payable and other payables of around Baht 271.91 million, the decrease in the advance receipts from the customers of around Baht 48.23 million, the decrease in the current portion of the estimated employee benefit obligations of around Baht 4.73 million, the decrease in the corporate income tax of Baht 12.30 million, and other items of around Baht 7.39 million. Non-current liabilities were Baht 84.18 million, a decrease of around Baht 3.52 million from the end of 2019. This was due to the decrease in the long-term loans from banks (less the current portion) of around Baht 16.80 million, the decrease in liabilities under lease (less the current portion) of around Baht 10.20 million, the increase in the estimated losses for the completed projects of around Baht 16.65 million, the increase in the estimated employee benefit obligations (less the current portion) of around Baht 5.17 million, and the increase in estimated liabilities from dismantling of Baht 1.64 million.

As at 31 December 2020, the shareholders' equity according to the consolidated financial statements was Baht 1,046.53 million, down from the end of last year of Baht 1,067.09 million. During the year, the Company paid a dividend of Baht 202.46 million. According to the consolidated financial statements, the Company's ROE was recorded at 17.27 percent.

In 2020, the Company and its subsidiary's net cash flow from operating activities, net cash flow used in investing activities, and net cash flow used in financing activities were Baht 278.41 million, Baht 106.42 million, and Baht 245.19 million, respectively. The net cash and cash equivalents decreased by Baht 73.19 million. As at 31 December 2020, the Company and its subsidiary had cash and cash equivalents as well as short-term investments totaling Baht 342.96 million, sufficient for their operations.

According to the consolidated financial statements as at 31 December 2020, the Company and its subsidiary had the current ratio of 3.78 times.

As at 31 December 2020, the Company and its subsidiary had the capital structure comprising the total liabilities of Baht 274.26 million and the shareholders' equity of Baht 1,046.53 million. Thus, the debt to equity ratio was 0.26 time.

Factors Which May affect to the Company's 2021 Operating Result

The Company's 2021 outlook :

For 2021, the success of the COVID-19 vaccine development together with the commencement of vaccine rollout to various countries from the beginning of the year, and the economic stimulus packages launched by governments, could be a key factor driving the recovery of the global and Thai economies.

As regards to the construction and bored piling industries' outlook in 2021, the government mega development projects will be a key driver of the country's economy and cultivate sustained confidence to the private sector. In 2021, the Company's management expects that the government will focus on driving mega development projects, such as the High-Speed Rail Linked 3 Airports Project, the Thai-Chinese High-Speed Rail (Bangkok-Nakhon Ratchasima), and various mass transit routes in Bangkok to reach the construction stage which should then encourage private investments.

Effects from machine leasing:

Machine leasing to temporarily enhance the production capacity is another option to ease the burden of the Company's overloaded production capacity. This helps make it possible for the Company not to invest in additional machines and equipment, which may pose short- and long-term financial burdens. However, the leasing option drives the Company's costs up during a particular leasing period (compared to depreciation costs in the case of buying machines.)

Effects from new machine investments:

Investments in machines to enhance the production capacity may have effects on the Company's cash flow and depreciation costs. In the case of the projects in the market falling short of expectations, hence the Company's inability to put its machines to good use, the Company may have to shoulder an additional depreciation cost. This may in turn affect the Company's profitability ratio as well as its financial position and liquidity. Investments in new machines may be possible only when there is careful consideration that the existing production capacity cannot meet the incoming workloads or in the case of replacing older or obsolete machines.

Rising service costs expected:

To mitigate the impact of the expected growth in material prices on the Company's service costs, it is the Company's policy to procure certain materials in batches or through entering into pricing contracts with sellers to fix the material costs at any given period once they have received Letter of Intent. Also, the Company considers adjusting its service fees up to cover the additional costs while maintaining its competitiveness.

Risk from the COVID-19 outbreak

As global and Thai economies including the construction industry were affected by the COVID-19 outbreak in 2020, the Company implemented a number of measures to mitigate the impact, for example:

- To implement the strict cost control policy and continue to improve internal work processes for enhanced work efficiency
- To adjust the structure for proposed quotations to increase the opportunity to acquire new projects and maintain competitiveness
- To maintain the Company's liquidity at appropriate levels and to slow down investment projects that were neither necessary nor urgent
- To adjust the organizational structure to be commensurate with workloads and to accommodate the recovery of the construction industry in the future
- To adjust the current work practice through, for example, the work from home policy, depending on the changing situation over a given period

- To strictly implement public health-related measures to protect the health of the employees, such as temperature screenings before entering the work facilities, mask wearing while at work, and hand washing with alcohol

With the above measures, the Company was able to mitigate the impact and the Company's operation were insignificantly affected by the crisis. In 2020, the Company did not experience any significant impact in other aspects, except for an impact on its operations from the overall construction industry contraction.

In addition, the success of the COVID-19 vaccine development by the end of 2020 and the economic stimulus measures in 2021 were expected to be key drivers of the recovery of the overall construction industry, leading to reduction in the impact from this risk.

Audit Fee

In 2020, the audit fee of Baht 880,000 was paid to Proud in Pro Limited, comprising the audit fee for the Company of Baht 835,000 and for the subsidiary of Baht 45,000. The fee is excluding out-of-pocket expenses such as transportation, housing, allowance at the rate of baht 200 per person per day etc.

There was no other non-audit fee paid to the auditor, the audit firm employing the auditor and any person or any entity related to the auditor and such audit firm.

Connected Transactions

In 2020, the Company and its Subsidiary had no connected transactions with persons and/or juristic persons who may cause conflict of interest.

Measures or Procedures on the Approval of the Connected Transactions

After the Company was listed on the Stock Exchange of Thailand (SET), the Board of Directors has supervised the Company to ensure compliance with the Securities and Securities Exchange Act, rules, notifications, orders, or regulations prescribed by the Stock Exchange of Thailand including the regulations regarding the disclosure of information on the connected transaction and the acquisition or disposition of the Company's asset.

If the Company enters into a connected transaction with person who may have conflict, interest, or may cause conflict of interest in the future, the Audit and CG Committee shall advise on the necessity of the transaction and suitability of its price. The advice would base on the terms and conditions of the normal business practice in the market and the price would be compared with the market price. In case that the Audit and CG Committee does not have skill to consider the particular connected transaction, the Company shall appoint the independent expert or the Company's external auditor to provide comments on that transaction to be used for the decision of the Board of Directors, and/or the Audit and CG Committee and/or the shareholders whatever the case may be. The Company shall disclose the connected transactions in the note accompanying the financial statements that are audited or reviewed by the Company's external auditor.

The Company has complied with the regulations of the Stock Exchange of Thailand and its amendments regarding the connected transaction and/or the acquisition and disposition of asset of the listed company as well as the disclosure of information to the Company's shareholders, general investors, and relevant agencies including the Stock Exchange of Thailand. The regulations also include the approval from the Board of Directors' Meeting and/or Shareholders' Meeting as prescribed by the Stock Exchange of Thailand. In addition, directors or shareholders who have conflicts of interest or participate in such transactions do not have the right to vote in the decision making process.



Policy or Trend on the Connected Transaction Including the Acquisition and Disposition of Asset in the Future

Any related party transactions in the future must be compliant with the measures specified above. Any related party transactions to be undertaken must be based on the ordinary course of business which covers the usual terms and conditions of a certain business as if they were applied to non-related persons or entities. That is, there must be no transfer of interests between the Company and related entities or persons with a possible conflict of interest.

Statement of the Board of Directors' Responsibilities

Under the Public Limited Companies Act B.E. 2535, the Accounting Act B.E. 2543, the Securities and Exchange Act B.E. 2535, and the Notifications of the Securities and Exchange Commission regarding the principles, conditions and methods for disclosure of financial statements and performance of companies issuing securities, it is a duty and responsibility of the Board of Directors of the Company to prepare appropriate and actual financial statements of the Company in order to show its financial position and performance for the past year.

The Company's management has prepared the financial statements in accordance with the Generally Accepted Accounting Principles, having chosen appropriate accounting policies and upheld them with consistency. Careful consideration and best estimation have also been used for such preparation and for the disclosure of material and adequate information in the notes accompanying the financial statements.

The Company's financial statements have been examined by an auditor from Proud In Pro Company Limited. Such auditor has been provided with information and documents to enable them to audit and express opinion in compliance with the auditing standards. The auditor's opinion is presented in the auditor's report which is a part of this annual report.

Being well aware of its duties and responsibilities to ensure the effective oversight of the financial statements, the Board of Directors has appointed the Audit and CG Committee consisting of qualified persons to oversee that the Company's financial statements be prepared correctly and completely and that appropriate accounting policies be adopted and consistently followed. Also, the Audit and CG Committee has to review the internal control system to significantly prevent or reduce risk of any fraud or abnormalities, as well as to ensure its adequacy and effectiveness to safeguard the Company's assets. The Audit and CG Committee's opinion is presented in the Statement of the Chairman of the Audit and CG Committee which is a part of this annual report.

From the practice and supervision as mentioned above, the Board of Directors is of the opinion that the financial statements of Pylon Public Company Limited, as of December 31, 2020, present the Company's financial position and operating results in a correct and reliable manner in compliance with the Generally Accepted Accounting Principles and all relevant governing laws and regulations.



(Mr. Seri Chintanaseri)
Chairman



(Dr. Chanet Sangarayakul)
President

Statement of the Audit and CG Committee

The Company's Audit and CG Committee consists of 3 independent directors possessing full qualifications in compliance with the Notification of the Securities and Exchange Commission (SEC). Dr. Panja Senadisai is The Chairman and Dr. Chaipat Sahasakul and Professor Emeritus Dr. Vinit Chovichien are the other members of the Audit and CG Committee. The term of office of the Audit and CG Committee is 3 years.

The Audit and CG Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Audit and CG Committee's Charter which is in compliance with those specified by The Stock Exchange of Thailand (SET): The Audit and CG Committee's Qualification and Scope of Duties and Responsibilities B.E. 2551. The Audit and CG Committee regularly reports the Committee's Minutes of Meeting to the Board of Directors

In 2020, a total of 5 Audit and CG Committee's meetings were held with all members present in every meeting. The meetings were conducted to consider and proceed with the following matters:-

1. Review of financial reporting

The Audit and CG Committee has reviewed the quarterly and annual financial statements for the year 2020 in collaboration with the auditor and the management. This is to give assurance that the Company's financial statements are in compliance with the Generally Accepted Accounting Principles

according to the Accounting Act B.E. 2543 and the relevant notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand, and that the disclosure of information is made in an adequate, complete, timely and reliable manner which is beneficial to and supports decisions made by shareholders and general investors as well as aligns with applicable laws and notifications. The Audit and CG Committee has also supported and monitored the compliance with the International Financial Reporting Standards (IFRS) in accordance with the guidelines specified by the Federation of Accounting Professions and the Office of Securities and Exchange Commission. In addition, in 2020 the Audit and CG Committee held one meeting with the auditor without the participation of the management to ensure that the auditor independently performed his/her duties.

2. Review of the adequacy and appropriateness of internal control system

The Audit and CG Committee has reviewed the adequacy and appropriateness of the internal control system by considering the reports of the Independent Internal Auditor and the external auditor. The auditor has mutually agreed that no significant operational faults were identified in 2020. In addition, the Audit and CG Committee has considered the result of the evaluation of the internal control system of the Company and its subsidiary as well as the questions used in the evaluation form prepared according to the guidelines specified by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Securities and Exchange Commission and the Stock Exchange of Thailand. According to the evaluation result for 2020, the internal audit function is independent and the internal control system of the Company is adequate, appropriate and effective.

3. Supervision of internal audit operations

The Audit and CG Committee has considered and selected EL Business Advisory Co., Ltd. to be an independent internal auditor for 2021 as well as approved the internal audit scope and plan for the year 2021 whereas the internal auditor shall report the result directly to the Audit and CG Committee.

4. Review of the Company's compliance with the laws regarding securities and stock exchange, requirements of the Stock Exchange of Thailand or laws relevant to the Company's business

The Audit and CG Committee has reviewed if the Company has in place the processes to ensure that the operations are in compliance with the laws regarding securities and stock exchange, requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission as well as laws relevant to the Company's business.

5. Connected transactions or transactions which may involve a conflict of interest

In 2020, the Company had no connected transaction or transaction which may involve a conflict of interest prescribed by the Stock Exchange of Thailand regulations regarding the connected transactions and/or the acquisition or disposition of the Company's asset.

The Audit and CG Committee has reviewed the Company's disclosure of information in the case of any connected transactions or transactions which may involve a conflict of interest to ensure that the information is correctly and completely disclosed in the notes to the annual

and quarterly financial statements and that the transactions incurred are reasonable, beneficial to the Company and are in compliance with the business conditions and requirements of the Securities and Exchange Commission.

6. Consideration, selection and nomination of an independent person for appointment as the auditor of the Company

The Audit and CG Committee has reviewed the operations of the auditor from Proud in Pro Company Limited and opined that the auditor performed professional duties in an independent, impartial and timely manner, thoroughly understood the Company's business and has duly been granted approval from the Securities and Exchange Commission. It is therefore deemed appropriate that Ms. Sansanee Poolsawat, CPA license No. 6977 or Ms. Pitinun Pattaraklitidej, CPA license No. 10467 of Proud in Pro Company Limited as the auditor of the Company for Year 2021. The above-mentioned auditors have full qualifications in compliance with the rules of the Stock Exchange of Thailand. The Auditors have had no relation and/or conflict with the Company, its subsidiaries, major shareholders or relevant persons. In case those auditors cannot do their job, Proud in Pro Company Limited shall provide the substituted auditors with approval from the Company's Board of Directors. However, in case Proud in Pro Company Limited still cannot provide the substituted auditors, the Board of Directors shall then consider and appoint other auditor in replacement. The AGM shall be requested to give the authority to the Board of Directors to consider and approve the appointment of new auditor in both cases.

7. Review of risk management

The Audit and CG Committee has reviewed risk management operations with the management and the independent internal auditor and opined that the management has in place appropriate and adequate risk management.

8. Annual review and amendment of the Audit and CG Committee Charter

The Audit and CG Committee shall review the Audit and CG Committee Charter to ensure that the past year's operations were undertaken completely as assigned and the duties and responsibilities were in alignment with the good practices by the Stock Exchange of Thailand.

9. The Audit and CG Committee reported its work performance to the Board of Directors for acknowledgement at least once a quarter.

Based on the Audit and CG Committee's performance of duties as mentioned above, the Audit and CG Committee was of the opinion that the Company adopted an adequate and appropriate internal control system, that the Company put in place the appropriate procedures to ensure that the Company's operations are in compliance with relevant laws, and that the preparation and disclosure of information in the financial reports of the Company were correct, complete, reliable, and in a timely manner as well as disclosed connected transactions or transactions which may involve a conflict of interest in a correct and complete manner.



(Dr. Panja Senadisai)

Chairman of the Audit and CG Committee

Statement of the Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee consists of 2 independent directors and 1 non-executive director possessing full qualifications in compliance with the Notification of the Securities and Exchange Commission (SEC). Professor Emeritus Dr. Vinit Chovichien is the Chairman and Mr. Vongchai Sangarayakul and Dr. Chaipat Sahasakul are the other members of the Nomination and Remuneration Committee. The term of office of the Nomination and Remuneration Committee is 3 years.

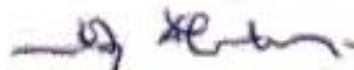
The Nomination and Remuneration Committee has performed work in accordance with the scope of responsibilities as assigned by the Board of Directors and as prescribed in the Nomination and Remuneration Committee's Charter. In 2020, a total of 2 Nomination and Remuneration Committee's meetings were held with most members present in every meeting. The meetings were conducted to consider and proceed with the following matters:

1. To consider the structure and composition of the Board of Directors and qualifications, as well as the appropriateness of knowledge and experience of the directors and the President.
2. To determine the Company's Board of Directors structure including additional committees commensurated with the nature and size of business and qualifications of each director in terms of knowledge, skill, experience, specific capabilities which are beneficial to the company's business.
3. Considered, selected, and nominated a person equipped with the qualifications, knowledge and capability suitable to the Company's business for the director position and proposed to the Board of Directors for consideration and endorsement and then at the shareholders' meeting for consideration on appointment.
4. Considered the allocation of directors' remuneration for the year 2019 operating results within the amount limit as approved by the shareholders and in compliance with the specified allocation criteria.
5. Evaluated the president's performance for the year 2019, allocated his remuneration in accordance with the specified criteria, and proposed the results to the Board of Directors for endorsement.
6. Considered the budget of directors' remuneration, consisting of monthly remuneration, bonus, and meeting fees for the year 2020 by taking into account the average remuneration of the same industry, the average remuneration of the companies with similar size with the Company, workloads and the

scope of responsibilities of the Board of Directors, to be proposed to the Board of Directors and then at the shareholders' meeting for approval.

7. Considered the criteria for assessing the president's performance and setting his remuneration for the year 2020 and proposed that to the Board of Directors for endorsement.
8. Reviewed and amended the Nomination and Remuneration Committee's Charter so as to enhance its coverage and clarity in correspondence with amendments to law.

Based on the Nomination and Remuneration Committee's performance of duties as mentioned above, the Nomination and Remuneration Committee was of the opinion that the Company selected and nominated the person having full qualifications in compliance with the Securities and Exchange Act and relevant business laws by taking into account his/her knowledge, capability, and experience suitable for such a director position. The Nomination and Remuneration Committee also considered that the Company had in place the proper structure and composition of the Board of Directors and that the Company appropriately set the directors' remuneration in compliance with the specified criteria and within the amount limit as approved by the shareholders' meeting. Additionally, the Nomination and Remuneration Committee reported its work performance to the Board of Directors for acknowledgement after every meeting.



(Professor Emeritus Dr. Vinit Chovichien)
Chairman of the Nomination and Remuneration Committee

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Pylon Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Pylon Public Company Limited and its subsidiary (“the Group”), which comprise the consolidated and separate statement of financial position as at 31 December 2020, the consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Pylon Public Company Limited and its subsidiary as at 31 December 2020, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key audit matters

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

Key audit matter	How the matter was addressed in the audit
<p>Revenue recognition for construction contracts</p> <p>The Group and the Company have revenues from construction services for the year ended 31 December 2020 of Baht 1,415 million.</p> <p>The Group's and Company's revenues are recognized based on the percentage of completion. Such revenues from construction services are material and have a significant impact to related accounting transactions including unbilled accrued income, contracted construction work in progress, and costs of construction. The percentage of completion requires management's judgement and continuous review of estimated revenues and cost budget throughout the construction periods and the estimate needs to be adjusted as necessary.</p> <p>The Group and the Company disclosed accounting policies for revenue recognition for construction in Notes 2.6 and 20 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> ■ Understanding and evaluating managements process for determining the percentage completion of contracts ■ Understanding of managements process to estimate the budgeted cost of construction by comparing the past estimations to actual costs, reviewing supporting evidence and recalculating the budgeted cost of construction of current period against actual costs after the end of period until the auditor's report date ■ Sample reviewing the reasonableness of the percentage of completion by performing physical survey of construction in progress, recalculating percentage of completion and reviewing events after the end of period until the auditor's report date ■ Sample reviewing the percentage of actual costs compared with the budgeted costs relative to the percentage of completion.

Other Matter

The consolidated financial statements of Pylon Public Company Limited and its subsidiary and the separate financial statements of Pylon Public Company Limited for the year ended 31 December 2019, presented as comparative information, were audited by another auditor who issued her audit report dated 26 February 2020 with an unmodified opinion.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

Miss Pitinun Pattaraklitdej

Certified Public Accountant

Registration No. 10467

Proud in Pro Co., Ltd.

Bangkok

24 February 2021



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Notes	CONSOLIDATED F/S		SEPARATE F/S	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6.1	192,964,037	266,157,925	170,151,599
Short-term investments	6.2	150,000,000	60,000,003	150,000,000
Trade accounts receivable	6.3	173,331,112	346,113,482	173,331,112
Contract assets - current	20	75,666,120	153,175,975	75,666,120
Other current accounts receivable	7	79,884,283	138,570,668	79,884,283
Inventories	8	44,307,942	59,373,873	44,307,942
Current tax assets		1,874,797	-	1,874,797
Other current assets		434,486	1,020,464	433,185
Total current assets		718,462,777	1,024,412,390	695,649,038
NON - CURRENT ASSETS				
Other non - current financial assets	6.4	-	1,800,000	-
Investment in subsidiary company	9	-	-	10,199,981
Investment property	10	3,969,939	4,456,872	3,969,939
Property, plant and equipment	11	505,479,906	644,747,982	505,479,575
Right-of-use assets	4, 12	78,124,744	-	78,124,744
Intangible assets	13	4,632,611	3,846,290	4,632,611
Deferred income tax asset	14	6,933,398	4,924,798	1,056,368
Other non - current assets		3,188,171	5,247,951	3,188,171
Total non - current assets		602,328,769	665,023,893	606,651,389
TOTAL ASSETS		1,320,791,546	1,689,436,283	1,302,300,427

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		CONSOLIDATED F/S		SEPARATE F/S	
	Notes	31 December 2020	31 December 2019	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other current accounts payable	15	116,267,516	388,183,972	115,011,316	386,761,528
Contract liabilities - current	20	19,094,602	67,316,492	19,094,602	67,316,492
Current portion of ;					
- Long - term loans from financial institutions	6.5	16,800,000	16,800,000	16,800,000	16,800,000
- Liabilities under lease agreements	4, 6.6	24,410,940	21,078,066	24,410,940	21,078,066
- Provisions for employee benefit	17	1,073,460	5,803,972	1,073,460	5,803,972
Corporate income tax payable	14	16,919	12,309,171	-	12,297,444
Other current liabilities	16	12,419,486	23,143,889	12,419,486	23,143,889
Total current liabilities		190,082,923	534,635,562	188,809,804	533,201,391
NON - CURRENT LIABILITIES					
Long - term loans from financial institutions	6.5	15,000,000	31,800,000	15,000,000	31,800,000
Liabilities under lease agreements	4, 6.6	31,003,513	41,197,717	31,003,513	41,197,717
Deferred income tax liabilities	14	-	-	-	952,232
Provision for non-current warranties	15	16,653,519	-	16,653,519	-
Non-current provisions for employee benefit	17	19,881,890	14,708,570	19,881,890	14,708,570
Estimate decommissioning costs	4	1,642,800	-	1,642,800	-
Total non - current liabilities		84,181,722	87,706,287	84,181,722	88,658,519
TOTAL LIABILITIES		274,264,645	622,341,849	272,991,526	621,859,910

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Notes	CONSOLIDATED F/S		SEPARATE F/S	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)				
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 0.5 par value				
- Authorized 749,873,396 shares	374,936,698	374,936,698	374,936,698	374,936,698
- Issued and paid - up 749,873,396 shares	374,936,698	374,936,698	374,936,698	374,936,698
Share premium	19.1	153,825,441	153,825,441	153,825,441
Retained earnings				
- Appropriated for legal reserve	19.2	37,979,500	37,979,500	37,979,500
- Unappropriated	4, 19.3	485,482,948	506,050,481	462,567,262
Other components of equity		(5,697,686)	-	-
Total equity of the parent company	1,046,526,901	1,067,094,434	1,029,308,901	1,050,054,274
Non-controlling interests	-	-	-	-
Total shareholders' equity	1,046,526,901	1,067,094,434	1,029,308,901	1,050,054,274
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
	1,320,791,546	1,689,436,283	1,302,300,427	1,671,914,184

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Notes	CONSOLIDATED F/S		SEPARATE F/S	
		2020	2019	2020	2019
Revenues from construction	20, 24	1,415,214,674	1,553,790,802	1,415,214,674	1,553,790,802
Revenues from rental		781,975	441,616	781,975	441,616
Total revenue from services		1,415,996,649	1,554,232,418	1,415,996,649	1,554,232,418
Costs of services	23	(1,111,011,551)	(1,145,097,569)	(1,111,011,551)	(1,145,100,568)
Gross profit		304,985,098	409,134,849	304,985,098	409,131,850
Dividend income	6.4	-	124,000	-	124,000
Revenue from insurance claim	21	-	13,000,000	-	13,000,000
Gain from disposal of fixed assets		1,643,721	953,364	1,643,721	953,364
Gain from sales of equity investment	6.4	60,000	-	60,000	-
Other income	22	5,817,110	4,968,772	5,715,772	4,783,084
Selling expenses	23	(7,185,817)	(4,398,474)	(7,185,817)	(4,398,474)
Administrative expenses	4, 23	(88,917,580)	(95,518,347)	(88,851,052)	(94,816,315)
Profit from operating activities		216,402,532	328,264,164	216,367,722	328,777,509
Finance income		3,046,280	3,041,532	2,855,328	2,860,536
Finance cost	4	(4,153,462)	(3,047,451)	(4,153,462)	(3,047,451)
Profit before income tax		215,295,350	328,258,245	215,069,588	328,590,594
Income tax expenses	14	(32,756,365)	(50,644,544)	(32,708,443)	(56,492,982)
Profit for the year	4	182,538,985	277,613,701	182,361,145	272,097,612
OTHER COMPREHENSIVE LOSS					
Item that will not be reclassified subsequently to profit or loss					
Loss from remeasurement of					
defined employee benefit - net of tax	14	-	(2,106,083)	-	(2,106,083)
Other comprehensive loss for the year - net of tax		-	(2,106,083)	-	(2,106,083)
Total comprehensive income for the year		182,538,985	275,507,618	182,361,145	269,991,529

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

		(Unit : Baht)			
Notes	CONSOLIDATED F/S		SEPARATE F/S		
	2020	2019	2020	2019	
Attribution of profit for the year					
Portion of the parent company	182,538,985	277,613,701	182,361,145	272,097,612	
Portion of non - controlling interest	-	-	-	-	
	<u>182,538,985</u>	<u>277,613,701</u>	<u>182,361,145</u>	<u>272,097,612</u>	
Attribution of total comprehensive income for the year					
Portion of the parent company	182,538,985	275,507,618	182,361,145	269,991,529	
Portion of non - controlling interest	-	-	-	-	
	<u>182,538,985</u>	<u>275,507,618</u>	<u>182,361,145</u>	<u>269,991,529</u>	
Basic earnings per share					
25					
Profit (Baht per share)	0.24	0.37	0.24	0.36	
Weighted average number of common shares (share)	<u>749,873,396</u>	<u>749,873,396</u>	<u>749,873,396</u>	<u>749,873,396</u>	

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

Shareholders' equity of the parent company								
			Retained earnings		Other component of equity	Total equity of the parent company	Non-controlling interests in subsidiary	Total shareholders' equity
Notes	Issued and paid-up share capital	Share premium	Appropriated for legal reserve	Unappropriated	Discount from change in holding portion in subsidiary			
<u>CONSOLIDATED F/S</u>								
Balance as at 1 January 2019	374,936,698	153,825,441	37,979,500	305,530,203	(5,697,686)	866,574,156	-	866,574,156
Dividend paid	19.3.2	-	-	(74,987,340)	-	(74,987,340)	-	(74,987,340)
Transactions with owners		-	-	(74,987,340)	-	(74,987,340)	-	(74,987,340)
Change in shareholder's equity								
Profit for the year		-	-	277,613,701	-	277,613,701	-	277,613,701
Other comprehensive loss for the year	14	-	-	(2,106,083)	-	(2,106,083)	-	(2,106,083)
Total comprehensive income for the year		-	-	275,507,618	-	275,507,618	-	275,507,618
Balance as at 31 December 2019		374,936,698	153,825,441	37,979,500	(5,697,686)	1,067,094,434	-	1,067,094,434
Balance as at 1 January 2020		374,936,698	153,825,441	37,979,500	(5,697,686)	1,067,094,434	-	1,067,094,434
The effect of a change in accounting policies	4	-	-	(640,701)	-	(640,701)	-	(640,701)
Adjusted balance		374,936,698	153,825,441	37,979,500	(5,697,686)	1,066,453,733	-	1,066,453,733
Dividend paid	19.3.1	-	-	(202,465,817)	-	(202,465,817)	-	(202,465,817)
Transactions with owners		-	-	(202,465,817)	-	(202,465,817)	-	(202,465,817)
Change in shareholder's equity								
Profit for the year		-	-	182,538,985	-	182,538,985	-	182,538,985
Total comprehensive income for the year		-	-	182,538,985	-	182,538,985	-	182,538,985
Balance as at 31 December 2020		374,936,698	153,825,441	37,979,500	(5,697,686)	1,046,526,901	-	1,046,526,901

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

SEPARATE F/S

Notes	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	
Balance as at 1 January 2019	374,936,698	153,825,441	37,979,500	288,308,446	855,050,085
Dividend paid 19.3.2	-	-	-	(74,987,340)	(74,987,340)
Transactions with owners	-	-	-	(74,987,340)	(74,987,340)
Change in shareholder's equity					
Profit for the year	-	-	-	272,097,612	272,097,612
Other comprehensive loss for the year 14	-	-	-	(2,106,083)	(2,106,083)
Total comprehensive income for the year	-	-	-	269,991,529	269,991,529
Balance as at 31 December 2019	374,936,698	153,825,441	37,979,500	483,312,635	1,050,054,274
Balance as at 1 January 2020	374,936,698	153,825,441	37,979,500	483,312,635	1,050,054,274
The effect of a change in accounting policies 4	-	-	-	(640,701)	(640,701)
Adjusted balance	374,936,698	153,825,441	37,979,500	482,671,934	1,049,413,573
Dividend paid 19.3.1	-	-	-	(202,465,817)	(202,465,817)
Transactions with owners	-	-	-	(202,465,817)	(202,465,817)
Change in shareholder's equity					
Profit for the year	-	-	-	182,361,145	182,361,145
Total comprehensive income for the year	-	-	-	182,361,145	182,361,145
Balance as at 31 December 2020	374,936,698	153,825,441	37,979,500	462,567,262	1,029,308,901

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit for the year	182,538,985	277,613,701	182,361,145	272,097,612
Adjustments to reconcile profit to net cash receipts (payments)				
Adjust expenses (income) to profit for the year				
Income tax expenses	32,756,365	50,644,544	32,708,443	56,492,982
Depreciation and amortization	98,346,399	85,955,211	98,346,399	85,955,211
Provisions for employee benefit expenses	2,118,922	3,019,096	2,118,922	3,019,096
Allowance for expected credit loss	9,447,292	497,576	9,447,292	2,226,447
(Reversal of) allowance for devaluation on inventories	(271,441)	1,269,564	(271,441)	1,269,564
Provision for warranties expenses	18,991,864	792,740	18,991,864	792,740
Estimated bonus expenses	8,739,026	24,555,828	8,739,026	24,555,828
Gain from disposal of fixed assets	(1,643,721)	(788,955)	(1,643,721)	(788,955)
Gain from sales of equity investment	(60,000)	-	(60,000)	-
Finance income	(3,046,280)	(3,041,530)	(2,855,328)	(2,860,536)
Finance cost	4,153,462	3,047,451	4,153,462	3,047,451
Dividend income	-	(124,000)	-	(124,000)
Adjust operating assets decrease (increase)				
Trade accounts receivable	163,960,920	(121,718,315)	163,960,920	(123,447,186)
Contract assets - current	104,748,979	(57,363,130)	104,748,979	(60,295,769)
Other current accounts receivable	30,821,419	(22,693,764)	30,821,419	(22,201,835)
Inventories	15,337,372	(14,698,230)	15,337,372	(14,698,230)
Other current assets	882,347	(10,889,225)	882,360	(11,391,256)
Other non - current assets	2,059,780	166,829	2,059,780	159,829
Adjust operating liabilities increase (decrease)				
Trade and other current accounts payable	(282,993,827)	141,533,176	(282,827,583)	141,952,874
Contract liabilities - current	(48,221,890)	11,509,039	(48,221,890)	11,509,039
Other current liabilities	(10,717,425)	5,684,535	(10,717,425)	5,731,155
Paid provisions for employee benefit	(2,110,022)	(541,500)	(2,110,022)	(541,500)
Cash provided from operations	325,838,526	374,430,641	325,969,973	372,460,561
Interest received	2,749,911	3,126,704	2,558,959	2,945,709
Interest payment	(1,243,074)	(2,597,461)	(1,243,074)	(2,597,461)
Income tax refund	-	25,365,669	-	20,493,200
Income tax payment	(48,932,014)	(48,882,934)	(48,889,284)	(48,371,140)
Net cash provided from operating activities	278,413,349	351,442,619	278,396,574	344,930,869

The accompanying notes form an integral part of these financial statements.



PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUE)
FOR THE YEARS ENDED 31 DECEMBER

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Cash flows from investing activities				
(Increase) Decrease in short-term investments	(89,999,997)	-	(90,000,000)	-
Proceeds from disposal of investment	1,860,000	-	1,860,000	-
Proceeds from disposal of fixed assets	2,539,553	973,492	2,539,553	973,491
Acquisition of property, plant and equipment	(19,862,761)	(186,858,270)	(19,862,761)	(186,858,270)
Acquisition of intangible assets	(954,835)	(734,861)	(954,835)	(734,861)
Proceeds from dividend income	-	124,000	-	124,000
Net cash used in investing activities	(106,418,040)	(186,495,639)	(106,418,043)	(186,495,640)
Cash flows from financing activities				
Repayment of long - term loans from financial institutions	(16,800,000)	(1,400,000)	(16,800,000)	(1,400,000)
Proceeds of long - term loans from financial institutions	-	50,000,000	-	50,000,000
Repayment of liabilities under lease agreements	(25,923,380)	(19,428,889)	(25,923,380)	(19,428,889)
Dividend paid	(202,465,817)	(74,987,340)	(202,465,817)	(74,987,340)
Net cash used in financing activities	(245,189,197)	(45,816,229)	(245,189,197)	(45,816,229)
Net increase (decrease) in cash and cash equivalents	(73,193,888)	119,130,751	(73,210,666)	112,619,000
Cash and cash equivalents at beginning of period	266,157,925	147,027,174	243,362,265	130,743,265
Cash and cash equivalents at end of period	192,964,037	266,157,925	170,151,599	243,362,265
Supplemental disclosures for cash flows information				
Non - cash items :				
- Right-of-use assets under lease agreements	3,441,393	19,915,514	3,441,393	19,915,514
- Transfer right-of-use assets from property, plant and equipment	73,089,587	-	73,089,587	-
- Loss from actuarial estimation	-	2,106,083	-	2,106,083
The effect of a change in accounting policies	-	-	-	-
- Increase on right-of-use assets	14,139,298	-	14,139,298	-
- Increase on liabilities under lease agreements	13,137,199	-	13,137,199	-
- Increase on estimate decommissioning costs	1,642,800	-	1,642,800	-
- Decrease on retained earnings	(640,701)	-	(640,701)	-

The accompanying notes form an integral part of these financial statements.

PYLON PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

1.1 The Company's information

Pylon Public Company Limited ("the Company") was incorporated in Thailand on August 13, 2002. The Company registered as the public company in accordance with public company limited law on July 20, 2005 with the registration number 0107548000536 and registered on the Market for Alternative Investment (mai). The first trading day of the Company's shares was on December 23, 2005 and moved from mai to SET main Board on August 6, 2015.

The address of its registered office and branch are as follows:

- 1) Head office : located on 252 SPE Tower 14th Floor, Phahonyothin Road, Samsen Nai Sub-district, Phaya Thai District, Bangkok 10400
- 2) Branch (1) : located on 22/4 Moo 11, Koobangluang Subdistrict, Ladlumkaew District, Patumthani 12140

1.2 Nature of operations

The principal activity of Pylon Public Company Limited and its subsidiary ("the Group") is the provision of foundation services including bored piles, ground improvement and diaphragm walls.

1.3 Significant events impact the Group's operation during the year

Since the outbreak of Novel Coronavirus 2019 (COVID-19) is new virus occurred at a time close to the end of 2019. Thai Government announced Emergency Decree on Public Administration in Emergency Situation, B.E. 2548 (2005) which was effective on 26 March 2020 to help control the spread of COVID-19. The Act has layout important rules for granting the Prime Minister to have full authority in implementing policies in the nation. Thai government has introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures has been a major disruption to supply chains as well as demand for goods and services. At the same time, fiscal and monetary policies are being relaxed to sustain the economy.

The Company's management evaluated the impact of the COVID-19 pandemic situation regarding economic recession and impact from the government measures will bring private sector to delay launch new projects or postpone some projects. If the government can control the outbreak, the government has trend to relaxing some measures which will recover private sector operations. The government procurement, the management believes even in the short-term period, the government has to emphasize to grant and remedy who have been impacted from such situation, which may be delay of new projects, eventually the government has to continuously perform stimulus package through expenditures and investments in massive construction projects which will recover construction industry in the near future.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of financial statements preparation

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

(1) New Thai Financial Reporting Standards adopted by the Group

The new Thai Financial Reporting Standards became applicable for the current reporting period and the Group had to change its accounting policies and adjust as a result of adopting the following standards:

- Thai Accounting Standard No. 32 "Financial Instruments: Presentation"
- Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosure"
- Thai Financial Reporting Standard No. 9 "Financial Instruments"
- Thai Financial Reporting Standard No. 16 "Leases" ("TFRS 16")

The impact of the adoption of these standards and the new accounting policies are disclosed in note 4. The other new and revised Thai Financial Reporting Standards, interpretations and guidance did not have any impact on the Company and its subsidiary's accounting policies and the financial statements.

According to the guidance “Accounting optional temporary relief measures in response to impact of COVID-19 outbreak” issued by the Federation of Accounting Professions dated 16th April 2020, the Group has impact from the COVID-19 situation which is in high uncertainty and brings the Group uses significant judgments for estimation. The accounting optional temporary relief measures are only for 1 January 2020 to 31 December 2020. The Group selected to apply the temporary relief measures which is to measure expected credit losses of simplified approach as per Thai Financial Reporting Standard No. 9 “Financial Instruments”, the Group uses historical information as at 1 January 2020 which excluded the impact of the COVID-19 situation into forward-looking information.

The Company’s management expects that there is no material impact on financial statement for the next period after expiring of the relief measures as at 31 December 2020.

(2) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary as of 31 December 2020. Its subsidiary has a reporting date of 31 December.

The consolidated financial statements include the financial statements of Pylon Public Company Limited and subsidiary where Pylon Public Company Limited has investments, as follows:

Name of subsidiary	Percentage of holding		Nature of business
	2020	2019	
Excelon Co., Ltd.	100	100	Provides foundation services including bored piles, ground improvement, and other construction services. (The company’s operation was temporarily discontinued since 2019.)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on

intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable (if any).

The Group attributes total comprehensive income or loss of subsidiary between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and balance in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions. Gains and loss arising on received or payment in foreign currencies and translating monetary items are recognized as profit or loss in the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction except non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

2.4 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date.

Assets and liabilities for which fair value is disclosed in the statements of financial position are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2.5 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

2.6 Revenues and expenses

Revenue from sales of goods and service are recognised when the customers obtain control of that goods or services at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer net of any amounts collected on behalf of third parties and any related sales taxes, which excludes trade discounts, volume rebates. The revenue is recognised over time when the Group satisfies a performance obligation by transferring service to customers.

Revenues from construction

Construction contracts consisted of bored piles, ground improvement and diaphragm walls.

Construction contracts specify an initial amount agreed in the contract plus may include variation in contract work.

When the outcome can be assessed reliably, construction and service revenues and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenues from construction are measured at the fair value of consideration received or receivable.

Revenues from construction are recognised overtime based on output method.

When the Group cannot measure the outcome of construction and service reliably, revenues is recognised only to the extent of contract costs that have been incurred and are recoverable and recognized construction cost have been incurred during the year in expenses.

In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

Contract Assets

The Group recognizes a contract asset when excess of cumulative revenue earned over the billings to date. Contract assets are transferred to receivables when the rights become unconditional (i.e. services are completed and delivered to the customer).

Contract Liabilities

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

When contract cost incurred exceed estimated costs by the stage of completion, the Group recognizes the exceed amount as “Contracted construction work in progress” under current assets. In the other hand, when estimated costs by the stage of completion exceed contract cost incurred, the Group recognizes the exceed amount as “Accrued construction cost” under current liabilities.

Rental income

Rental income is recognized on a straight - line basis over the period of the lease agreement.

Dividend income

Dividend income is recognized in the statement of profit or loss on the date the Group are entitled to receive dividend which, in the case of listed companies, is usually at the ex-dividend date.

Interest income

Interest income is recognized over time - period on an accrued basis.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

2.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which it incurs and presented as borrowing costs.

2.8 Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although TAS 12 'Income Taxes' specifies limited exemptions.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of use) that are readily convertible to cash with insignificant risk of change in value.

2.10 Short - term investments

Short - term investments consist of fixed deposit and fixed deposit receipt due within 1 year. The investments are stated at cost, which is equivalent to fair value.

2.11 Trade and other current accounts receivable and contract assets

Trade and other current accounts receivable and contract assets are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components (if any) when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method less any reduction for allowance for expected credit loss.

The Group applies simplified approach to measuring expected credit losses which uses a lifetime expected allowance for expected credit loss. To measure the expected credit losses, trade and other accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rate is based on the payment profiles of revenue over a period of 36 months before 31 December 2019. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

The effect resulting from impairment due to the first-time adoption of Thai Financial Reporting Standard No. 9 “Financial Instruments” is insignificant.

2.12 Inventories

Inventories comprise of

- contracted construction work in progress is valued at the lower of cost, the specific method, or net realizable value.

- spare parts and supplies are valued at the lower of cost, average method, or net realizable value and are charged to cost of construction whenever consumed.

Allowance for devaluation on inventories is recognized for destruction damage, obsolete and slow-moving inventories.

2.13 Investments and other financial assets

1) Classification

The Group classifies its financial assets in the following measurement categories:

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

2) Recognition and derecognition

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

3) Measurement

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

4) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income because it is long-term investment for better operation. There is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

During the year 2020, the Company disposed investment in equity instrument which its fair value is not significantly different from value at the first-time adoption date.

2.14 Investment in subsidiary company

Investment in subsidiary in the separate statement of financial position is accounted for by the cost method net of accumulated impairment losses (if any). The Company recognized a gain or loss on sale of investment in the statement of profit or loss in the year the investment is sold. In the case of impairment, the Company will recognize a loss from impairment as an expense in

the statement of profit or loss. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

2.15 Investment property

Investment property is recorded at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset that brings it to the location and condition necessary for its intended use. Investment property is presented in the statement of financial position at cost less accumulated depreciation.

Investment property is depreciated by the straight-line method over their estimated useful lives as follows:

Building and improvement	20	years
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Expenditure for additions, renewals and betterment which caused a significant increase of assets replacement cost are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

2.16 Property, plant and equipment

Land

Land is carried at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings and equipment

Buildings and other equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Building and equipment are subsequently measured at cost less accumulated depreciation and impairment losses (if any).

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings and other equipment. The following useful lives are applied:

Building and construction	5 - 20	Years
Machinery, tools and equipment	5 - 10	Years
Furniture, fixtures and office equipment	3 - 5	Years
Vehicles	5	Years

No depreciation is recognised for assets under construction and assets which are not in condition to be capable of operating.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.17 Lease on assets

The Group's asset lease contracts are typically made for fixed periods, but may have extension. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred by the Group and
- an estimate of cost to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Decommissioning cost measures by present value of the expenditures expected to be required to settle the obligation. The discount rate referred current market.

Depreciation was recognised on a straight-line basis. The following useful lives are applied:

	Years
Office Building	8
Machinery	5-10
Vehicles	5

The Group selected to adjust the effect accumulated resulting from the first-time adoption of Thai Financial Reporting Standard No. 16 “Leases” with the retained earnings as at 1 January 2020. The leases of assets were classified as either finance leases or operating leases for the financial year 2019, from 1 January 2020, leases are recognised as a right-of-use assets and a corresponding liabilities under lease agreements.

2.18 Intangible assets

Intangible asset comprises of computer software with definite useful lives which are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of 5 years.

2.19 Impairment of assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.20 Trade and other current accounts payable

Trade and other current payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a

financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

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

2.22 Provision for warranties

The Group provided 6 months - 3 years for provision after delivering of work. The provision for warranties are estimated at 0.50% - 2.00% of construction contract revenues (2019 : 0.5% of construction contract revenues).

2.23 Short-term employee benefits and post-employment benefits

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security are expensed when incurred.

Post-employment benefit

The Group provides post-employment benefits through a defined contribution and a defined benefit plan.

Defined contribution plans

The Group has set up a registered provident fund and Employee Joint Investment Program (“the Project”) that is contributed to by employees and by the Group for which assets are held in a separate trusteed fund and the Project and managed by an authorised fund and the Project manager. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Defined benefit plans

The Group has a legal obligation to pay retirement benefits by reference to the employee’s length of service and final salary. The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of salary growth rate, staff turnovers and mortality. Discount factors are determined close to each year-end by reference to Thai government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains or losses for the computation of post-employee benefits is recognized in other comprehensive income and directly transferred to retained earnings.

2.24 Equity

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include a discount from the increase in the shareholding in the subsidiary which arose from the book value of the subsidiary lower than the cash paid for investment. This discount will reverse if the Company disposes or decreases its shareholding in the subsidiary.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting or Board of Directors of the Company prior to the reporting date.

2.25 Basic earnings per share

Basic earnings per share are determined by dividing the net profit for the year by the weighted average number of common shares outstanding during the year.

2.26 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

3. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of construction contract revenues

Recognising construction contract revenue requires significant judgment in determining actual work performed and the estimated costs to complete the work and service.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Account receivables

The Group provides expected credit losses to reflect impairment of trade accounts receivable resulting from the inability of customers to make required payments. The allowances are based on consideration of historical collection experiences to measure the historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Impairment of assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Provision for warranties

According to the term of 6 months - 3 years after delivering of work, the Group is required to estimate the provision for damage which might occur in the future as a result of construction during the year throughout the warrantee term. Management is required to use judgment and past-experience for set up such provision.

4. THE EFFECT OF CHANGE IN ACCOUNTING POLICIES

The change in accounting policies effected the Group selected adjustments to the retained earnings as at 1 January 2020 without restated comparative information. The effects to the financial statements for the year ended 31 December 2020 are as follows:

CONSOLIDATED F/S

	Former Accounting Policy	TFRS 16	(Unit : Baht) New Accounting Policy
Statement of financial position as at 31 December 2020			
Right-of-use assets	66,142,150	11,982,594	78,124,744
Liabilities under lease agreements	(43,918,869)	(11,495,584)	(55,414,453)
Estimated decommissioning costs	-	(1,642,800)	(1,642,800)
Retained earnings - Unappropriated	(486,638,738)	1,155,790	(485,482,948)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2020			
Administrative expenses	(88,901,196)	(16,384)	(88,917,580)
Finance cost	(3,654,757)	(498,705)	(4,153,462)
Profit for the year	183,054,074	(515,089)	182,538,985

SEPARATE F/S

	Former Accounting Policy	TFRS 16	(Unit : Baht) New Accounting Policy
Statement of financial position as at 31 December 2020			
Right-of-use assets	66,142,150	11,982,594	78,124,744
Liabilities under lease agreements	(43,918,869)	(11,495,584)	(55,414,453)
Estimated decommissioning costs	-	(1,642,800)	(1,642,800)
Retained earnings - Unappropriated	(463,723,052)	1,155,790	(462,567,262)
Statement of profit or loss and other comprehensive income for the year ended 31 December 2020			
Administrative expenses	(88,834,668)	(16,384)	(88,851,052)
Finance cost	(3,654,757)	(498,705)	(4,153,462)
Profit for the year	182,876,234	(515,089)	182,361,145

The details of above adjustments are the Group recognized office building lease agreement, which is operating leases in accordance with former Thai Financial Reporting Standards, to be Right-of-use assets by the new Thai Financial Reporting Standards.

The effect of resulting from change of accounting policies due to the first-time adoption of new Thai Financial Reporting Standards to the retained earnings as at 1 January 2020 are as follows:

	(Unit : Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
The retained earnings as at 31 December 2019	506,050,481	483,312,635
Adjustments	(640,701)	(640,701)
The retained earnings as at 1 January 2020	505,409,780	482,671,934

In addition, the adoption of new Thai Financial Reporting Standards impact on reclassifies of assets and liabilities to financial assets and liabilities, including the change of accounting policy of recognition and derecognition are as follow:

Transactions	Former Accounting Policy	New Accounting Policy	Effect/Impact
- Trade and other current accounts receivable	at cost	at amortised cost	None
- Trade and other current accounts payable			
- Borrowing			
- Other current financial assets	at cost	at FVOCI	Insignificant

The effect of resulting from change of accounting policies are not material impact on the financial statements in the past periods.

5. RELATED PARTY TRANSACTIONS

The Group has transactions with related parties that are related through common shareholding and/or directorship. Thus, the consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which might be different from the basis used for transactions with unrelated parties.

Nature of relationship

Name of entities	Country of incorporation/ nationality	Nature of relationship
<i>Subsidiary company</i>		
Excelon Co., Ltd.	Thailand	Direct shareholders
<i>Key management</i>		
	Thai	Directors and management

Significant balances with related parties as at 31 December 2020 and 2019 are as follow:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Liabilities under post-employment benefits obligation				
Key management	6,561,875	5,906,897	6,561,875	5,906,897

Significant transactions with related parties for the year ended 31 December 2020 and 2019 are as follows:

			(Unit : Baht)			
			CONSOLIDATED F/S		SEPARATE F/S	
			For the years ended 31 December			
Pricing policy			2020	2019	2020	2019
Costs of construction						
Subsidiary company						
Other costs			Agreed price	-	-	2,999
Key directors and management compensation						
Current benefits for directors and management			19,628,644	24,119,963	19,628,644	24,119,963
Post-employment benefits			654,978	914,759	654,978	914,759
Total			20,283,622	25,034,722	20,283,622	25,034,722

6. FINANCIAL ASSETS AND LIABILITIES

Financial instruments consist of

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents (note 6.1)	192,964,037	266,157,925	170,151,599	243,362,265
Short-term investments (note 6.2)	150,000,000	60,000,003	150,000,000	60,000,000
Trade accounts receivable (note 6.3)	173,331,112	346,113,482	173,331,112	346,113,482
Other current accounts receivable (note 7)	37,561,658	65,959,706	37,561,658	65,959,706
Financial assets at fair value through other comprehensive income				
Other non-current financial assets (note 6.4)	-	1,800,000	-	1,800,000
Financial liabilities				
Liabilities at amortised cost				
Trade and other current accounts payable (note 15)	90,159,564	354,881,250	88,903,364	353,459,573
Long - term loans from financial institutions (note 6.5)	31,800,000	48,600,000	31,800,000	48,600,000
Liabilities under lease agreements (note 6.6)	55,414,453	62,275,783	55,414,453	62,275,783

6.1 CASH AND CASH EQUIVALENTS

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Cash on hand	975,310	1,015,000	975,000	1,015,000
Cash at bank - Current account	21,636,244	15,397,460	21,636,244	15,180,631
Cash at bank - Savings account	170,352,483	249,745,465	147,540,355	227,166,634
Total	192,964,037	266,157,925	170,151,599	243,362,265

During the year 2020, savings deposits with banks bear interest at 0.05 - 1.30 percent per annum.

6.2 SHORT - TERM INVESTMENTS

(Unit : Baht)						
	Interest rate	Period	CONSOLIDATED F/S		SEPARATE F/S	
	per annum		2020	2019	2020	2019
	Fixed rates of					
Fixed deposits	1.45 - 1.65 percent	3 - 6 months	-	60,000,003	-	60,000,000
Fixed deposit notes	0.90	6 months	150,000,000	-	150,000,000	-
Total			150,000,000	60,000,003	150,000,000	60,000,000

6.3 TRADE ACCOUNTS RECEIVABLE

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Trade accounts receivable - general customers	182,209,604	346,170,524	182,209,604	346,170,524
Less Allowance for expected credit loss	(8,878,492)	(57,042)	(8,878,492)	(57,042)
Trade accounts receivable - net	173,331,112	346,113,482	173,331,112	346,113,482

As at 31 December 2020 and 2019, the aged trade accounts receivable are as follows:

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Trade accounts receivable - general customers				
Not yet due	98,864,387	324,846,501	98,864,387	324,846,501
Overdue 1 - 30 days	8,709,311	4,669,353	8,709,311	4,669,353
Overdue 31 - 60 days	32,268,759	15,285,089	32,268,759	15,285,089
Overdue 61 - 90 days	6,595,291	1,180,974	6,595,291	1,180,974

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Overdue 91 - 180 days	11,633,134	36,723	11,633,134	36,723
Overdue 181 - 360 days	24,081,680	-	24,081,680	-
Overdue more than 360 days	57,042	151,884	57,042	151,884
Total	182,209,604	346,170,524	182,209,604	346,170,524
Less Allowance for expected credit loss	(8,878,492)	(57,042)	(8,878,492)	(57,042)
Net	173,331,112	346,113,482	173,331,112	346,113,482

Classification

Trade accounts receivable are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 45-60 days and are therefore all classified as current.

Fair values

Due to the short-term nature of the trade accounts receivable, their carrying amount is considered to be the same as their fair value.

6.4 Other non-current assets

	Percentage of Shareholding (percent)		Baht	
	2020	2019	2020	2019
Investment in common share of Lumpini Project Management Service Co., Ltd.	-	2.00	-	1,800,000

On 18 May 2017, the Company entered into a share transfer agreement with L.P.N. Development Public Company Limited (L.P.N.) to invest in Lumpini Project Management Services Co., Ltd. ("LPS") which is subsidiary of L.P.N. LPS is a real estate development service provider. The Company invested in 2% of the total number of common shares amounting to Baht 1.8 million.

During the year 2019, the Company received the dividend income from such company amounting to Baht 0.12 million.

During the year 2020, the Company sold back the whole of investment in Lumpini Project Management Service Co., Ltd., the proportion of 2 percent, at cost amounting to Baht 1.80 million by the selling

price of Baht 1.86 million. There was profit for the year ended 31 December 2020 amounting to Baht 0.06 million.

6.5 LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Long - term loans from financial institutions	31,800,000	48,600,000	31,800,000	48,600,000
<u>Less</u> Current portion due within one year	(16,800,000)	(16,800,000)	(16,800,000)	(16,800,000)
Amount due more than one year	15,000,000	31,800,000	15,000,000	31,800,000

As at 31 December 2020 and 2019, the Company has loan agreement with commercial bank for credit facilities of Baht 50 million. The repayment is due on monthly of Baht 1.4 million per months during 1 year commencing from the initial drawdown, bear interest per annum at 3% after that interest rate per annum at MLR - 2. Such long - term loan is no collateral and payback period for the principals are within 36 months from initial drawdown. The Company has to maintain the financial ratio as specified in the agreement.

During the year, the movements in the long-term loans from financial institutions are as follows:

	CONSOLIDATED/ SEPARATE F/S	
	For the years end 31 December	
	2020	2019
Beginning Balance	48,600,000	-
Addition during the year	-	50,000,000
Repayment during the year	(16,800,000)	(1,400,000)
Ending Balance	31,800,000	48,600,000

6.6 LIABILITIES UNDER LEASE AGREEMENTS

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Liabilities under lease agreements	57,049,586	65,582,900	57,049,586	65,582,900
<u>Less</u> Deferred financing charges	(1,635,133)	(3,307,117)	(1,635,133)	(3,307,117)
Present value of lease liabilities	55,414,453	62,275,783	55,414,453	62,275,783
<u>Less</u> Current portion	(24,410,940)	(21,078,066)	(24,410,940)	(21,078,066)
Amount due more than one year	31,003,513	41,197,717	31,003,513	41,197,717

(Unit : Baht)

	CONSOLIDATED AND SEPARATE F/S					
	2020			2019		
	Future Minimum Lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	25,625,803	(1,214,863)	24,410,940	22,950,362	(1,872,296)	21,078,066
After one year but within five years	31,423,783	(420,270)	31,003,513	42,632,538	(1,434,821)	41,197,717
Total	57,049,586	(1,635,133)	55,414,453	65,582,900	(3,307,117)	62,275,783

The Group entered into hire-purchase and lease agreements for office building, machines and vehicles. The terms of agreements are 3-8 years. Finance lease agreements are secured by the related assets held under the finance leases.

Other related information

(Unit : Baht)

	CONSOLIDATED/ SEPARATE F/S
	For the year ended 31 December 2020
Interest expense	2,483,458
Expense relating to short-term leases	36,301,496
Total cash outflow for leases	64,708,334

7. Other current accounts receivable

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Retention receivable	41,095,908	68,335,033	41,095,908	68,335,033
Less Allowance for expected credit loss	(4,132,728)	(3,506,886)	(4,132,728)	(3,506,886)
Retention receivable - net	36,963,180	64,828,147	36,963,180	64,828,147
Accrued interest income	596,273	299,904	596,273	299,904
Other account receivables	2,205	831,655	2,205	831,655
Total contract assets	37,561,658	65,959,706	37,561,658	65,959,706
Prepaid expenses	2,710,480	2,773,977	2,710,480	2,773,977
Advance to employee	86,213	209,238	86,213	209,238
Revenue Department receivables	-	10,759,300	-	10,759,300
Advances for purchases of supplies	39,525,932	58,868,447	39,525,932	58,868,447
Total other current accounts receivable	79,884,283	138,570,668	79,884,283	138,570,668

8. INVENTORIES

		(Unit : Baht)	
		CONSOLIDATED F/S	SEPARATE F/S
		2020	2019
Work in progress		3,325,316	2,954,749
Supplies and spare part		41,980,749	57,688,688
Total		45,306,065	60,643,437
Less allowance for devaluation on inventories		(998,123)	(1,269,564)
Inventories - net		44,307,942	59,373,873

During the year, the movements in the allowance for devaluation on inventories are as follows:

		(Unit : Baht)	
		CONSOLIDATED F/S	SEPARATE F/S
		2020	2019
Beginning Balance		1,269,564	-
Increase		-	1,269,564
Decrease		(271,441)	-
Ending Balance		998,123	1,269,564

9. INVESTMENT IN SUBSIDIARY COMPANY

		Baht					
		Percentage of		Paid-up Capital		Cost Method	
		Shareholding (percent)					
Name	Type of business	2020	2019	2020	2019	2020	2019
Excelon Co., Ltd.	Provides foundation services including bored piles, ground improvement, and other construction services. (The company's operation was temporarily discontinued since 2019.)	100	100	1,999,997	1,999,997	10,199,981	10,199,981
Total						10,199,981	10,199,981



10. INVESTMENT PROPERTY

	(Unit : Baht)
	CONSOLIDATED/ SEPARATE F/S
	Building and improvements
Cost	
1 January 2019	-
Transfer from property, plant and equipment	11,640,800
31 December 2019	11,640,800
31 December 2020	11,640,800
Accumulated depreciation	
1 January 2019	-
Depreciation for transfer from property, plant and equipment	(6,696,995)
Depreciation for the year	(486,933)
31 December 2019	(7,183,928)
Depreciation for the year	(486,933)
31 December 2020	(7,670,861)
Net book value	
31 December 2019	4,456,872
31 December 2020	3,969,939
Administrative expenses	
Depreciation for the year 2019	486,933
Depreciation for the year 2020	486,933

The relevant income and expenses are recognized in profit or loss for the years ended 31 December are as follows:

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Rental income from investment property	1,906,800	834,225	1,906,800	834,225
Direct operating expenses generated income	95,340	39,725	95,340	39,725

As at 31 December 2020, the fair value of above investment property is approximately Baht 8.10 million, based on the market price of other properties in the nearby area.

11. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	CONSOLIDATED F/S						Total
	Land	Building and construction	Machinery, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction	
Cost :							
1 January 2019	31,729,641	63,886,403	829,026,099	15,794,568	47,312,811	4,524,902	992,274,424
Acquisitions	77,384,080	51,000	103,716,377	4,177,180	6,270,514	15,174,633	206,773,784
Disposals	-	(3,943,923)	(1,715,338)	(1,662,086)	(3,554,961)	-	(10,876,308)
Transfer in / (out)	-	748,767	15,715,002	-	-	(16,463,769)	-
Transfer to investment property	(1,902,141)	(9,738,659)	-	-	-	-	(11,640,800)
31 December 2019	107,211,580	51,003,588	946,742,140	18,309,662	50,028,364	3,235,766	1,176,531,100
Acquisitions	-	17,000	5,362,192	746,880	39,718	13,696,971	19,862,761
Disposals	-	-	(20,313,681)	(883,726)	(1,119,289)	-	(22,316,696)
Transfer in / (out)	-	2,381,394	12,505,230	-	-	(14,886,624)	-
Reclassify to Right-of-use assets	-	-	(69,192,935)	-	(14,315,475)	-	(83,508,410)
31 December 2020	107,211,580	53,401,982	875,102,946	18,172,816	34,633,318	2,046,113	1,090,568,755
Accumulated depreciation :							
1 January 2019	-	(34,094,941)	(391,731,901)	(10,568,183)	(26,852,652)	-	(463,247,677)
Depreciation for the year	-	(3,876,609)	(73,133,672)	(1,573,647)	(6,816,530)	-	(85,400,458)
Depreciation for disposals	-	3,943,916	1,563,543	1,105,609	3,554,954	-	10,168,022
Depreciation for transfer to investment property	-	6,696,995	-	-	-	-	6,696,995
31 December 2019	-	(27,330,639)	(463,302,030)	(11,036,221)	(30,114,228)	-	(531,783,118)
Depreciation for the year	-	(3,895,647)	(75,248,038)	(2,119,480)	(3,882,253)	-	(85,145,418)
Depreciation for disposals	-	-	19,501,747	799,829	1,119,288	-	21,420,864
Depreciation for reclassification	-	-	6,811,304	-	3,607,519	-	10,418,823
31 December 2020	-	(31,226,286)	(512,237,017)	(12,355,872)	(29,269,674)	-	(585,088,849)
Net book value :							
31 December 2019	107,211,580	23,672,949	483,440,110	7,273,441	19,914,136	3,235,766	644,747,982
31 December 2020	107,211,580	22,175,696	362,865,929	5,816,944	5,363,644	2,046,113	505,479,906
Depreciation for the year 2019							
Costs of services							81,103,442
Administrative expenses							4,297,016
Total							85,400,458
Depreciation for the year 2020							
Costs of services							81,542,635
Administrative expenses							3,602,783
Total							85,145,418

(Unit : Baht)

	SEPARATE F/S						Total
	Land	Building and construction	Machinery, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under constructions	
Cost :							
1 January 2019	31,729,641	63,886,403	824,306,784	15,728,592	47,294,811	4,524,902	987,471,133
Acquisitions	77,384,080	51,000	103,716,377	4,177,180	6,270,514	15,174,633	206,773,784
Disposals	-	(3,943,923)	(1,715,338)	(1,662,086)	(3,536,961)	-	(10,858,308)
Transfer in / (out)	-	748,767	15,715,002	-	-	(16,463,769)	-
Transfer to investment property	(1,902,141)	(9,738,659)	-	-	-	-	(11,640,800)
31 December 2019	107,211,580	51,003,588	942,022,825	18,243,686	50,028,364	3,235,766	1,171,745,809
Acquisitions	-	17,000	5,362,192	746,880	39,718	13,696,971	19,862,761
Disposals	-	-	(20,313,681)	(883,726)	(1,119,289)	-	(22,316,696)
Transfer in / (out)	-	2,381,394	12,505,230	-	-	(14,886,624)	-
Reclassify to Right-of-use assets	-	-	(69,192,935)	-	(14,315,475)	-	(83,508,410)
31 December 2020	107,211,580	53,401,982	870,383,631	18,106,840	34,633,318	2,046,113	1,085,783,464
Accumulated depreciation :							
1 January 2019	-	(34,094,941)	(387,012,904)	(10,502,220)	(26,834,653)	-	(458,444,718)
Depreciation for the year	-	(3,876,609)	(73,133,672)	(1,573,647)	(6,816,530)	-	(85,400,458)
Depreciation for disposals	-	3,943,916	1,563,543	1,105,609	3,536,955	-	10,150,023
Depreciation for transfer to investment property	-	6,696,995	-	-	-	-	6,696,995
31 December 2019	-	(27,330,639)	(458,583,033)	(10,970,258)	(30,114,228)	-	(526,998,158)
Depreciation for the year	-	(3,895,647)	(75,248,038)	(2,119,480)	(3,882,253)	-	(85,145,418)
Depreciation for disposals	-	-	19,501,747	799,829	1,119,288	-	21,420,864
Depreciation for reclassification	-	-	6,811,304	-	3,607,519	-	10,418,823
31 December 2020	-	(31,226,286)	(507,518,020)	(12,289,909)	(29,269,674)	-	(580,303,889)
Net book value :							
31 December 2019	107,211,580	23,672,949	483,439,792	7,273,428	19,914,136	3,235,766	644,747,651
31 December 2020	107,211,580	22,175,696	362,865,611	5,816,931	5,363,644	2,046,113	505,479,575
Depreciation for the year 2019							
Costs of services							81,103,442
Administrative expenses							4,297,016
Total							85,400,458
Depreciation for the year 2020							
Costs of services							81,542,635
Administrative expenses							3,602,783
Total							85,145,418

During the year 2019, the Company transferred a part of land, building and improvements from property, plant and equipment to investment property because such assets was leases under an operating lease by another company.

As of 31 December 2020, some fully depreciated assets are still in use with a total costs of Baht 272.95 million (2019 : Baht 244.07 million) in consolidated financial statements and with a total costs of Baht 268.16 million (2019 : Baht 239.28 million) in the separate financial statements.

As at 31 December 2019, machinery and vehicles had been acquired under finance lease agreements (Note 6.6), with a net book value in consolidated and separate financial statements amounting to Baht 73.41 million.

12. RIGHT-OF-USE ASSETS

(Unit : Baht)

	CONSOLIDATED/ SEPARATE F/S			
	Machinery	Vehicles	Office Building	Total
Cost :				
1 January 2019	-	-	-	-
31 December 2019	-	-	-	-
Change in accounting policy	-	-	16,613,675	16,613,675
Reclassify from property, plant and equipment	69,192,935	14,315,475	-	83,508,410
Rental increase	-	3,441,393	-	3,441,393
31 December 2020	69,192,935	17,756,868	16,613,675	103,563,478
Accumulated depreciation :				
1 January 2019	-	-	-	-
31 December 2019	-	-	-	-
Change in accounting policy	-	-	(2,474,377)	(2,474,377)
Depreciation for the year	(6,919,293)	(3,469,537)	(2,156,704)	(12,545,534)
Depreciation of reclassification	(6,811,304)	(3,607,519)	-	(10,418,823)
31 December 2020	(13,730,597)	(7,077,056)	(4,631,081)	(25,438,734)
Net book value :				
31 December 2019	-	-	-	-
31 December 2020	55,462,338	10,679,812	11,982,594	78,124,744
Depreciation for the year 2020				
Costs of services				9,102,620
Administrative expenses				3,442,914
Total				12,545,534

13. INTANGIBLE ASSETS

(Unit : Baht)

	CONSOLIDATED/ SEPARATE F/S		
	SOFTWARE COMPUTER	SOFTWARE COMPUTER UNDER DEVELOPMENT	Total
Cost			
1 January 2019	-	-	-
Purchases	812,501	3,101,610	3,914,111
31 December 2019	812,501	3,101,610	3,914,111
Purchases	25,600	929,235	954,835
31 December 2020	838,101	4,030,845	4,868,946
Accumulated amortisation			
1 January 2019	-	-	-
Amortisation for the year	(67,821)	-	(67,821)
31 December 2019	(67,821)	-	(67,821)
Amortisation for the year	(168,514)	-	(168,514)
31 December 2020	(236,335)	-	(236,335)
Net book value			
31 December 2019			3,846,290
31 December 2020			4,632,611
Amortisation for the year 2019			
Administrative expenses			67,821
Amortisation for the year 2020			
Administrative expenses			168,514

14. DEFERRED INCOME TAX ASSET/LIABILITY AND INCOME TAX EXPENSES

Deferred income tax asset and liability

The movements in deferred income tax assets/liabilities for the year ended 31 December 2020 are as follows:

(Unit : Baht)

	CONSOLIDATED F/S		
	Recognised as income (expense)		31 December 2020
	1 January 2020	Statement of profit or loss	Shareholders' equity
Deferred income tax asset from:			
Allowance for expected credit loss	712,786	1,889,458	-
Allowance for devaluation on inventories	253,913	(54,288)	-
Provision for warranties	-	4,000,234	-
Provisions for employee benefit	4,102,509	88,561	-
Right-of-use assets	-	531,339	-
Estimate decommissioning costs	-	49,284	-
Total	5,069,208	6,504,588	-
Deferred income tax liability from:			
Difference in accumulated depreciation for machines	(144,410)	-	-
Liabilities under lease agreements	-	(4,495,988)	-
Total	(144,410)	(4,495,988)	-
Deferred income tax asset (liability) - net	4,924,798	2,008,600	-

(Unit : Baht)

	SEPARATE F/S		
	Recognised as income (expense)		31 December 2020
	1 January 2020	Statement of profit or loss	Shareholders' equity
Deferred income tax asset from:			
Allowance for expected credit loss	712,786	1,889,458	-
Allowance for devaluation on inventories	253,913	(54,288)	-
Provision for warranties	-	4,000,234	-
Provisions for employee benefit	4,102,509	88,561	-
Right-of-use assets	-	531,339	-
Estimate decommissioning costs	-	49,284	-
Total	5,069,208	6,504,588	-
Deferred income tax liability from:			
Gain from decremental capital of the subsidiary	(5,877,030)	-	-
Difference in accumulated depreciation for machines	(144,410)	-	-
Liabilities under lease agreements	-	(4,495,988)	-
Total	(6,021,440)	(4,495,988)	-
Deferred income tax asset (liability) - net	(952,232)	2,008,600	-

Income tax recognised in profit or loss

Reconciliation of income tax expenses are as follows:

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Profit before income tax expense	215,295,350	328,258,245	215,069,588	328,590,594
Tax rate percent	20	20	20	20
Expected tax expense	43,059,070	65,651,649	43,013,918	65,718,119
Adjustment for				
- Non-taxable income	(10,510,563)	(9,149,936)	(10,510,563)	(9,149,936)
- Addition taxable expenses	(1,918,122)	(1,190,055)	(1,918,122)	(1,190,055)
- Non-deductible expenses	3,307,984	(4,667,114)	3,305,214	1,114,854
Adjustments of prior periods	(493,147)	-	(493,147)	-
Prior year unrecognised deferred income tax assets	(688,857)	-	(688,857)	-
Income tax expenses	32,756,365	50,644,544	32,708,443	56,492,982
Tax expense consisted of:				
Current income tax:				
For the year	35,258,112	57,806,294	35,210,190	57,777,702
Adjustments of prior periods	(493,147)	-	(493,147)	-
Deferred income tax expense:				
Temporary differences	(2,008,600)	(7,161,750)	(2,008,600)	(1,284,720)
Net tax expenses	32,756,365	50,644,544	32,708,443	56,492,982
Accrued income tax consisted of:				
Current income tax	35,258,112	57,806,294	35,210,190	57,777,702
<u>Less</u> Prepaid of income tax	(37,115,990)	(45,497,123)	(37,084,987)	(45,480,258)
Corporate income tax payable	16,919	12,309,171	-	12,297,444
(Current tax assets)	(1,874,797)	-	(1,874,797)	-

Income tax recognised in other comprehensive income

	CONSOLIDATED AND SEPARATE F/S					
	2020			2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	-	-	-	(2,632,604)	526,521	(2,106,083)

15. TRADE AND OTHER CURRENT ACCOUNTS PAYABLE

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Financial liabilities				
Post-date cheque	24,528	102,320,407	24,528	102,320,407
Trade accounts payable	72,480,459	209,211,418	72,480,459	209,110,081
Retention payable	2,493,821	3,651,952	1,262,621	2,391,632
Other accounts payable	732,978	505,381	732,978	505,381
Other accrued expenses	14,427,778	39,192,092	14,402,778	39,132,072
Total financial liabilities	90,159,564	354,881,250	88,903,364	353,459,573
Estimate liabilities				
Accrued construction cost	5,664,857	2,678,743	5,664,857	2,678,743
Accrued bonus	15,000,000	25,000,000	15,000,000	25,000,000
Provision for warranties	20,001,169	3,444,278	20,001,169	3,444,278
<u>Less</u> non-current	(16,653,519)	-	(16,653,519)	-
Provision for warranties - current	3,347,650	3,444,278	3,347,650	3,444,278
Total estimate liabilities	24,012,507	31,123,021	24,012,507	31,123,021
Revenue department payables	660,635	-	660,635	-
Accrued of Social Security	696,940	899,186	696,940	899,186
Accrued Withholding Tax	737,870	1,280,515	737,870	1,279,748
Total trade and other accounts payable	116,267,516	388,183,972	115,011,316	386,761,528

The movements in estimated liabilities for the year ended 31 December 2020, are as follows:

	(Unit : Baht)			
	Construction cost	Bonus	Warranties	Total
Beginning balance	2,678,743	25,000,000	3,444,278	31,123,021
Paid	(2,678,743)	(18,739,026)	(2,434,973)	(23,852,742)
Recognized expenses	5,664,857	21,166,667	31,071,753	57,903,277
Reversal	-	(12,427,641)	(12,079,889)	(24,507,530)
Reclassified to non - current	-	-	(16,653,519)	(16,653,519)
Ending balance	5,664,857	15,000,000	3,347,650	24,012,507

16. OTHER CURRENT LIABILITIES

			(Unit : Baht)	
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Deposit received	550,535	500,535	550,535	500,535
Undue Output Vat	11,868,951	22,643,354	11,868,951	22,643,354
Total other current liabilities	12,419,486	23,143,889	12,419,486	23,143,889

17. EMPLOYMENT BENEFITS

17.1 Employee benefit expenses

Employee benefit are expensed for the year ended 31 December as follow:

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Wages and salaries	193,421,214	227,174,382	193,421,214	227,174,382
Social security expenses	3,885,547	5,223,062	3,885,547	5,223,062
Workmen's Compensation Fund	361,243	284,155	361,243	284,155
Fund - Contribution Plan	1,021,999	1,440,512	1,021,999	1,440,512
Other employee benefits	19,635,838	32,855,688	19,635,838	32,855,623
Post - employment benefits	2,118,922	3,019,096	2,118,922	3,019,096
Other benefits	2,903,687	1,454,951	2,903,687	1,454,951
Total	223,348,450	271,451,846	223,348,450	271,451,781

17.2 Defined contribution plan

17.1.1 The Company and staff have established a contributory Provident Fund. This Provident Fund has already been registered under the Provident Fund Act, B.E. 2530. Under the Fund plan, staff has to contribute to the fund at the specific rate and will be entitled to receive the benefits when they are no longer a member of the plan in accordance with regulation of the fund. The Company's contribution to the Fund for the year 2020, amounted to Baht 1.39 million (2019 : Baht 1.12 million).

17.1.2 The Employee Joint Investment Program of PYLON Public Company Limited ("PYLON - EJIP") has objective of serving as another method of compensation to the Company's executives and employees to motivate and retain them in long run whilst fostering a sense of ownership. In this regard, the Company and its employees will contribute to the Project for one year. The Project will purchase stocks of PYLON Public Company Limited which participants are entitled to sell up to 50% of the accumulated shares when the program reaches 3 years, and the remaining accumulated shares when the program reaches 4 years. The Project has been approved by the Office of the Securities and Exchange Commission, are as follows:

Approved by the Board of Directors' Meeting	EJIP No.	Period of payment	The program reaches 3 years	Date of entitled to sell up (4th year)	Contribution (Unit : Million Baht)	
					2020	2019
No. 4/2018 (Date 9 Aug 2018)	2	1 Oct 2018 - 30 Sep 2019	30 Sep 2021	30 Sep 2022	-	1.12
No. 4/2019 (Date 14 Aug 2019)	3	1 Oct 2019 - 30 Sep 2020	30 Sep 2022	30 Sep 2023	1.02	0.32

17.3 Defined benefit plans

During the years ended 31 December 2020 and 2019, movements in employee benefits obligation are as follow:

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Balance as at 1 January	20,512,542	14,952,352	20,512,542	14,952,352
Service cost recorded as expenses	2,118,922	1,456,877	2,118,922	1,456,877
Interest cost recorded as expenses	433,908	449,990	433,908	449,990
Benefits paid during the year	(2,110,022)	(541,500)	(2,110,022)	(541,500)
Loss from actuarial estimate	-	2,632,604	-	2,632,604
Past service cost	-	1,562,219	-	1,562,219
Ending balance as at 31 December	20,955,350	20,512,542	20,955,350	20,512,542
<u>Less</u> Current portion	(1,073,460)	(5,803,972)	(1,073,460)	(5,803,972)
Amount due more than one year	19,881,890	14,708,570	19,881,890	14,708,570

During the year ended 31 December 2020, the current portion as at 31 December 2019 amounting to Baht 4.13 million is reclassified to amount due more than one year due to there is not due within next 12 months.

Principal actuarial assumptions as at 31 December 2020 and 2019 are as follows:

	CONSOLIDATED AND SEPARATE F/S	
	2020	2019
Discount rate for salary	1.94 percent per annum	1.94 percent per annum
Discount rate for wage	1.43 percent per annum	1.43 percent per annum
Mortality rate	The Mortality Table 2017	The Mortality Table 2017
Future salary expense increment rate	6.68 percent per annum	6.68 percent per annum
Future wage expense increment rate	1.77 percent per annum	1.77 percent per annum
Normal retirement age	60 years	60 years
Number of employees	789 - 790 persons	789 - 790 persons

Sensitivity analysis

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

	(Unit : Baht)
	CONSOLIDATED AND SEPARATE F/S
	Increase (decrease) in the defined benefit obligation
Discount rate (0.5% increment)	(1,246,444)
Discount rate (0.5% decrement)	1,349,752
Future salary growth (0.5% increment)	1,387,403
Future salary growth (0.5% decrement)	(1,293,274)
Employee turnover (1.0% increment)	(982,266)
Employee turnover (1.0% decrement)	1,048,105

The average duration of the provision of employee benefits obligation as at 31 December 2020 and 2019, 21 years for salary and 7 years for wage. An analysis of the maturity of employee benefit payments expected to be paid before discounted to present value is as follows:

	(Unit : Baht)	
	CONSOLIDATED F/S	SEPARATE F/S
	2020	2019
Within one year	1,073,460	1,670,017
Between 2 - 5 years	3,889,925	2,088,319
Between 6 - 10 years	10,102,301	12,443,967
Between 11 - 15 years	26,122,962	20,490,853
More than 15 years	30,904,717	37,554,924
Total	72,093,365	74,248,080

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	(Unit : Thousand Baht)	
	CONSOLIDATED AND SEPARATE F/S	
	2020	2019
1 January	Liabilities under lease agreements	Liabilities under lease agreements
	62,276	61,789

Cash-flows:

	CONSOLIDATED AND SEPARATE F/S	
	2020	2019
Repayment	(25,923)	(19,428)
Non-cash:		
Acquisition from increasing leases during the year	3,441	17,077
Interest expense during the year	2,483	2,838
Increase from changes in accounting policies	13,137	-
31 December	55,414	62,276

19. SHARE CAPITAL

19.1 Share Premium

Section 51 of the Public Limited Companies Act B.E. 2535, requires a company to set aside share subscription monies received in excess amount of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

19.2 Legal Reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

19.3 DIVIDEND PAYMENT

19.3.1 At the Board of Directors Meeting of the Company No. 1/2020 held on 26 February 2020, the directors passed a resolution to approve the payment of dividend from operating results for the year ended 31 December 2019 at 0.27 Baht per share, to the common shareholders of 749,873,396 shares, totalling 202.46 million Baht. The dividend payment has to be approved from the Annual General Meeting on 28 April 2020. Due to the outbreak of the Coronavirus Disease 2019 (COVID-19) which is considered a dangerous communicable disease and as per disease control measure of the regulator, at the Board of Directors Meeting of the Company No. 2/2020 held on 15 April 2020, resolved to postpone such the Annual General Meeting indefinitely and paid such dividend as the interim dividend by payment on 14 May 2020. Finally, at the Annual General Shareholders Meeting held on 28 September 2020, the shareholders passed a resolution to approve the payment of the interim dividend and no further payment of dividend from operating results for the year ended 31 December 2019.

19.3.2 At the Annual General Shareholders Meeting held on 24 April 2019, the shareholders passed the following resolutions to approve the payment of a dividend from operating results for the year ended 31 December 2018 of Baht 0.22 per share, to the common shareholders of 749,873,396 shares, totalling Baht 164.97 million. The Company has paid an interim dividend during the year 2018 amounting to Baht 0.12 per share, totalling Baht 89.98 million and the remaining dividend payment amounting to Baht 0.10 per share, totalling Baht 74.99 million was paid on 22 May 2019.

20. Revenues from construction

Contracts with customers

The Group have revenue from contracts with customers are as follows:

Description	Description of Contract
Type of contract	Construction
Type of goods or service	The provision of foundation services including bored piles, ground improvement and diaphragm walls
Performance obligation	During of service
Determine the transaction price	Estimated cost plus margin
Allocate the transaction price	Estimated cost plus margin of performance obligation
The payment terms	The customer has accepted service and billing which due is within 30 - 60 days after billing
Right of return	None
Warranties	6 months - 3 years
Contract duration	Less than 12 months
Type of revenue recognition	Over time by output method

Contract balances

The following table provides information about receivables, and contract assets and liabilities from contracts with customers.

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Trade accounts receivable - Net	173,331,112	346,113,482	173,331,112	346,113,482
Retention receivable - Net	36,963,180	64,828,147	36,963,180	64,828,147
Contract assets - current				
Unbilled accrued income	75,666,120	153,175,975	75,666,120	153,175,975
Contract liabilities	19,094,602	67,316,492	19,094,602	67,316,492

Other disclosures

1) The amount of revenue recognised in period from contract liabilities of prior period

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Construction Contracts	67,316,492	55,807,453	67,316,492	55,807,453

2) The amount of revenue recognized in period from complete of a performance obligation of prior period

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Construction Contracts	1,702,359	331,941	1,702,359	331,941

3) Performance obligations of Construction Contract balances

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
The amount of obligations balances				
as period ended	274,230,583	999,148,864	274,230,583	999,148,864
period of revenue recognition				
wihtin 12 months	273,561,992	999,148,864	273,561,992	999,148,864
1 - 2 years	668,591	-	668,591	-

21. REVENUE FROM INSURANCE CLAIM

During the year 2019, the Company has negotiated with an insurance company and received insurance claim for damage expense for a project since year 2016 amount of Baht 13 million. The Company recognize such revenue from insurance claim in the statement of profit and loss and other comprehensive income for the year ended 31 December 2019.

22. OTHER INCOME

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
	(Unit : Baht)			
Revenue from sales of construction materials				
and scraps	40,667	3,366	40,667	3,366

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Revenue from damage claim of fixed assets	-	1,850,000	-	1,850,000
Rental income and office services	1,906,800	834,225	1,906,800	834,225
Others	3,869,643	2,281,181	3,768,305	2,095,493
Total	5,817,110	4,968,772	5,715,772	4,783,084

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2020 and 2019 are as follows :

	(Unit : Baht)			
	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Raw materials and consumable supplies used	645,408,625	597,215,029	645,408,625	597,215,029
Changes in contracted construction work in progress	370,567	(1,467,715)	370,567	(1,467,715)
Salaries, wages and other employee benefits	223,348,450	271,451,846	223,348,450	271,451,781
Subcontractor expenses	43,706,491	57,701,724	43,706,491	57,701,724
Depreciation and amortization	98,346,399	85,955,211	98,346,399	85,955,211
Rental expenses	36,301,496	62,367,857	36,301,496	62,367,857
Repair and maintenance expenses	33,347,146	44,512,684	33,347,146	44,512,684
Transportation	23,145,356	29,046,450	23,145,356	29,046,450
Allowance for expected credit losses	9,447,292	497,576	9,447,292	2,226,447
Reversals of provisions	(24,507,530)	(1,796,022)	(24,507,530)	(1,796,022)
Allowance for devaluation on inventories (reversal)	(271,441)	1,269,564	(271,441)	1,269,564
Other expenses	118,472,097	98,260,186	118,405,569	95,832,347
Total expenses by nature	1,207,114,948	1,245,014,390	1,207,048,420	1,244,315,357

24. SEGMENT REPORTING

The Company and subsidiary are engaged only in the construction business, and operate in one geographical area in Thailand. Therefore, these financial statements do not present the financial information by segment.

Major customer

For the years ended 31 December 2020 and 2019, the company earns revenue more than 10 % of revenues in consolidated and separate financial statements from 3 and 2 customers amounting to Baht 514.13 million and Baht 583.90 million respectively.

25. BASIC EARNINGS PER SHARE

For the years ended 31 December 2020 and 2019 are as follow:

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Number of common shares (Thousand shares)	749,873	749,873	749,873	749,873
Profit for the year (Thousand Baht)	182,539	277,614	182,361	272,098
Basic earnings per share (Baht per shares)	0.24	0.37	0.24	0.36

26. FINANCIAL RISK MANAGEMENT

Financial risks that could affect the group's future financial performance are as follow:

26.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations.

26.2 Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to receivables from services.

1) Risk management

Credit risk is managed on a group basis as follow.

1.1 For banks and financial institutions, only independently rated parties with a minimum rating of 'A-' are accepted. (reference from independent credit rating institute)

1.2 If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

2) Security

For majority receivables the group may obtain partial deposit or advance to secure the operation under the terms of the agreement.

3) Impairment of financial assets

The group has 3 types of financial assets that are subject to the expected credit loss model as follow:

- 1) Trade accounts receivable
- 2) Other current accounts receivable
- 3) Contract assets

Trade and other current accounts receivable and contract assets are applied simplified approach to measuring expected credit losses. Details as at 1 January 2020 and 31 December 2020 are as follow.

CONSOLIDATED AND SEPARATE F/S

(Unit : Million Baht)								
		Past due						Total
		1-30	31-60	61-90	91-180	181-365	More than	
	Current	days	days	days	days	days	365 days	
<u>As at 1 January 2020</u>								
Expected credit losses rate (percent)	0.05	0.07	0.37	0.89	25.76	60.56	100.00	
Trade accounts receivable	324.85	4.67	15.29	1.18	0.03	-	0.15	346.17
Retention receivable	62.86	4.85	-	-	-	-	0.63	68.34
Contract assets	131.07	15.21	3.46	0.05	0.78	2.57	0.03	153.17
Liabilities and subsequent repayment	(522.28)	(24.73)	(18.75)	(1.23)	(0.81)	(2.57)	(0.87)	(571.24)
Net value for calculation	3.50	-	-	-	-	-	0.06	3.56
Allowance for expected credit losses	(3.50)	-	-	-	-	-	(0.06)	(3.56)

(Unit : Million Baht)								
		Past due						Total
		1-30	31-60	61-90	91-180	181-365	More than	
	Current	days	days	days	days	days	365 days	
<u>As at 31 December 2020</u>								
Expected credit losses rate (percent)	0.05	0.07	0.37	0.89	25.76	60.56	100.00	
Trade accounts receivable	99.21	8.37	32.24	6.60	11.63	24.08	0.08	182.21
Retention receivable	30.19	2.92	1.45	-	2.39	0.01	4.14	41.10
Contract assets	70.06	-	4.98	-	0.49	0.06	0.07	75.66
Liabilities and subsequent repayment	(199.46)	(11.29)	(38.67)	(6.60)	(5.72)	(24.15)	(0.07)	(285.96)
Net value for calculation	-	-	-	-	8.79	-	4.22	13.01
Allowance for expected credit losses	-	-	-	-	(8.79)	-	(4.22)	(13.01)

During the year 2020, the movements in allowance for expected credit losses are as follows:

(Unit : Baht)

	CONSOLIDATED F/S		SEPARATE F/S	
	2020	2019	2020	2019
Beginning balance	3,563,928	3,066,352	3,563,928	1,337,481
Addition	9,447,292	497,576	9,447,292	2,226,447
Ending Balance	13,011,220	3,563,928	13,011,220	3,563,928

26.3 Market risk

Exchange risk

The Group has minimum exchange risk because most of its financial assets and liabilities have been executed in Baht. Where the Group does enter into significant foreign currency transactions, they will utilise forward foreign exchange contracts to hedge exchange risk.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's cash flows because loan interest rates are floating rates. The group has interest rate risk expose to cash flow arising from loan which interest rate risk arising from changes in market interest rates.

As at 31 December 2020 and 2019, financial assets and financial liabilities with risk on prices and cash flow arising from changed in market interest rates are summarized as follow.

(Unit : Thousand Baht)

	2020									
	CONSOLIDATED F/S					SEPARATE F/S				
	Principal			Average interest rate		Principal			Average interest rate (%)	
				(%)					Average interest rate (%)	
	Floating interest rates	Fixed interest rates	Total	Adjust to market rate	Fixed	Floating interest rates	Fixed interest rates	Total	Adjust to market rate	Fixed
Financial assets										
Cash at banks										
- saving account	170,352	-	170,352	0.05 - 1.30	-	147,540	-	147,540	0.05 - 1.30	-
Financial liabilities										
Long-term loan from financial institutes	31,800	-	31,800	MLR-2	-	31,800	-	31,800	MLR-2	-
Liabilities under lease agreements	-	55,414	55,414	-	3.40 - 4.025	-	55,414	55,414	-	3.40 - 4.025

(Unit : Thousand Baht)										
2019										
CONSOLIDATED F/S						SEPARATE F/S				
Principal			Average interest rate (%)			Principal			Average interest rate (%)	
Floating interest rates	Fixed interest rates	Total	Adjust to market rate	Fixed		Floating interest rates	Fixed interest rates	Total	Adjust to market rate	Fixed
Financial assets										
Cash at banks										
- saving account	249,745	-	249,745	0.10 - 0.625	-	227,167	-	227,167	0.10 - 0.625	-
Financial liabilities										
Long-term loan from financial institutes										
-	48,600	48,600	-	3.00	-	48,600	48,600	-	3.00	
Liabilities under lease agreements										
-	55,414	55,414	-	3.40 - 4.025	-	55,414	55,414	-	3.40 - 4.025	

Sensitivity analysis

(Unit : Thousand Baht)	
CONSOLIDATED AND SEPARATE F/S	
2020	
Finance cost increase (decrease)	
Interest rate - 1% increment	227
Interest rate - 1% decrement	(227)

27. CAPITAL MANAGEMENT

Risk Management

The Group's objectives in the management of capital is

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

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment policy or issue new shares or new debentures to finance debts or sell assets to reduce debts.

28. COMMITMENTS

As at 31 December 2020, the Company has commitments as follow:

- 28.1 The Company has a service agreement for its office for a period of 3 years commencing from 1 September 2018 to 31 August 2021 as follows:

	Thousand Baht
<u>Commitments of service agreements</u>	
Due within 1 year	2,140
Due after 1 year but within 3 years	-
Total	2,140

- 28.2 The Company has commitments for purchases of software of approximately Baht 2.31 million.

- 28.3 As at 31 December 2020, the credit facilities of the Company and subsidiary are as follows:

	CONSOLIDATED F/S			SEPARATE F/S		
	Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	2,467	141	2,326	2,467	141	2,326
Bank overdraft	67	-	67	62	-	62
Short-term loans	420	-	420	420	-	420
Long-term loans	322	32	290	322	32	290
Forward foreign currency	205	-	205	205	-	205

29. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors Meeting of the Company held on 24 February 2021, the directors passed a resolution to approve the payment of dividend from operating results for the year ended 31 December 2020 at Baht 0.14 per share, to the common shareholders of 749,873,396 shares, totalling Baht 104.98 million. The dividend payment has to be approved from the Annual General Meeting.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 24 February 2021.



References

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