



TRC CONSTRUCTION PLC
บริษัท ทีอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)



ANNUAL REPORT

รายงานประจำปี 2562

2019



ANNUAL REPORT 2019

Vision and Mission



Vision

“A Pioneer Organization who delivers innovative project solution in the region” (CLMVT)



Mission

1. deliver sustainable returns through good governance
2. deliver excellent service with high quality, environmental and safety awareness to ensure our clients' success
3. conduct business with good corporate responsibility
4. create best working environment and become the best operational – excellence organization

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Message from Chairman of the Board of Directors

There were various changes in 2019 in terms of economy, domestically and internationally, social and environment which brought challenges for the Company to adapt and develop our competencies to continue and sustain business growth. The Board of Directors has reviewed the policy, target and strategy of both short and long term and has also improved internal operation procedure for highest efficiency at lower cost. The Company emphasized business growth to be persistent and stable by expanding our investment in new businesses such as energy and technology projects and the revenue would be recognized at the end of 2020.

The Company aimed to create shared values with overall stakeholders and society by continually carry out corporate social activities starting from community, social and environment in the Company. For instance, “For Hometown Project” was initiated since 2013 to develop local community and quality of life for the people in the employee’s hometown. This project was not only helping the society but also made the employee had a sense of pride in being part of the help and development. “Green Roof Project” and “Go Green Project” were the campaigns that encouraged employees to classify and reduce waste. Waste that can be recycled were donated to foundations for their utilization. In addition, corporate culture was promoted to management and employees for engagement and social responsibility.

With Good Cooperate Governance, Code of Conduct and Anti-Corruption policy, the Company has received the result of “Excellent” rating for the year 2019 from Thai Institute of Directors for 3 consecutive years and received the evaluation result of full 100 marks for the arrangement of 2019 Annual General Meeting of Shareholders from Thai Investors Association.

Last but not least, on behalf of the Board of Directors, we would like to thank every shareholders and stakeholders in your trust, support and cooperation given to the Company as always. The Board of Directors, Management and employees will work together to ensure prosperous development and increase in value for stable and sustainable return to shareholders and stakeholders.

Mrs. Paichit Rattananon
Chairman of the Board of Directors
13 March 2020

2019 Report of the Audit Committee

The Audit Committee of TRC Construction Public Company Limited consists of 3 Independent Directors namely Mrs. Rachadaporn Rajchataewindra as Chairman, Assoc. Prof. Kamjorn Tatiyakavee, M.D. and Mrs. Puangthip Silpasart as members whose qualifications meet the Stock Exchange of Thailand's requirements and having experience in finance and accounting, energy, economy and business administration. During 2019, the members of Audit Committee were changed due to Mr. Arun Chirachavala's term expiration in the 2019 Annual General Meeting of Shareholders and Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.'s resignation effective on 31 May 2019.

The Audit Committee has independently performed its duties according to the scope and responsibility as assigned by the Board of Directors and the Company's Audit Committee Charter which was in compliance with the Office of the Securities and Exchange Commission regulations. In 2019, the Audit Committee held a total of 5 meetings in which the Audit Committee members as well as the Company's management, internal auditor and auditor were present.

Moreover, the Audit Committee has arranged a meeting with the auditor, without management, to independently discuss over the work of auditor, internal audit system relevant to the review of financial statement, management's cooperation including audit plan and auditor's comment on the financial statement. The Audit Committee performed its duties as briefly described below.

1. Review of Financial Statement: The Audit Committee reviewed the quarterly and annual financial statement for the year 2019 of the Company and subsidiaries, with the information in the notes to the financial statements to ensure the adequacy and completeness of disclosure and examined key audit matters being addressed in the Auditor's Report. By inquiring and considering the reasonableness of estimated figures, assumption used for transaction compilation and impact of changing standard of financial statement report, the Audit Committee was of the opinion that financial statements of the Company and subsidiaries moderately accurate and sufficient, in all material respects, the information as required by financial reporting standards and laws were reliable and beneficial to users of the Company's financial statements.

2. Review of Internal Control Evaluation: The Audit Committee reviewed the internal control of the Company and subsidiaries by studying internal auditor's quarterly performance report. There was no significant issue or any fault. In every Board of Directors Meeting that had the agenda regarding the consideration of financial statement, the Audit Committee as well reported the minutes of meeting on summary of internal audit and raised significant issues to seek the Board of Director's advice for proper course of remedial actions and follow-up plan. In addition, the Audit Committee reviewed the 2019 internal control's sufficiency by conducting internal control evaluation of the Committee of Sponsoring Organizations of the Treadway Commission and the evaluation result was reasonably assuring that the Company and subsidiaries' internal control system was sufficient and appropriate to its business.

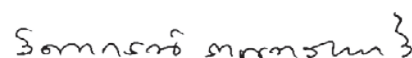
3. Review of Law Compliance: The Audit Committee reviewed the Company and subsidiaries' compliance to the securities and exchange law, the Stock Exchange of Thailand regulations and any other laws governing business operation of the Company and subsidiaries and there was no transaction non-observance to relevant laws, rules and regulations.

4. Internal Audit: The Audit Committee selected EL Business Advisory Company Limited, the Company's independent internal auditor since 2015, to be internal auditor for 2019. The Audit Committee has considered the appropriateness of the 2019 internal audit plan and instructed the internal auditor to submit reports and recommendations quarterly to ensure that the Company and subsidiaries' internal audit were efficient, sufficient and appropriate.

5. Review of Connected Transaction: The Audit Committee reviewed the Company's connected transaction that needed to comply with the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission's announcement and of the opinion that in 2019, the Company and subsidiaries were performed pursuant to the policy on connected transaction in a fair, reasonable manner and sufficient information disclosed.

6. Selection and Nomination of Auditor, and Audit Fee: The Audit Committee selected 2019 auditor on the criteria of performance, qualifications, professional skills, audit experiences, ability to give recommendation and the independence in conducting audit. With thorough consideration, the Audit Committee proposed to the Board of Directors' meeting for consideration and to the Annual General Meeting of Shareholders for approval for the appointment of Dhamniti Auditing Company Limited to be the Company's auditor with the audit fee of Baht 1,200,000. Dhamniti Auditing Company Limited was also appointed as auditor for 3 subsidiaries namely Sahakarn Wisavakorn Co., Ltd., TRC Utility Co., Ltd. and SH Crossing Co., Ltd., as well as ASEAN Potash Chaiyaphum PLC, the Company's associate.

Generally, the Audit Committee completely performed its duties according to the Audit Committee Charter in a prudent, vigilant, and independent manner and productively provided recommendations and suggestions. The Audit Committee was of the opinion that the 2019 financial statements of the Company and subsidiaries was correct and reliable on a prudent basis in conformity to the generally accepted accounting principles, the Company and subsidiaries had conducted business within the confines of proper and efficient risk management and internal controls and were in full compliance with law, rules and regulations, and other regulatory requirements pertinent to business operation



Mrs. Rachadaporn Rajchataewindra
Chairman of the Audit Committee

24 February 2020

Directors' Responsibility Statement in Relation to the Financial Statements

The Board of Directors of TRC Construction Public Company Limited is responsible for financial statements and financial information published in the 2019 annual report of the Company and subsidiaries, which have been prepared in accordance with financial reporting standards and accounting policies properly drawn up and consistently applied with attentive discretion and reasonable estimation. The Board of Directors also ensured that sufficient information is disclosed in the note to financial statements for the benefit of all stakeholders in making economical decision.

In addition, the Board of Directors encouraged the Company to comply with good corporate governance policy by setting up risk management and internal control procedure that is proper, adequate and effective to ensure accurate, complete and sufficient accounting information to preserve Company's properties and prevent frauds or other similar irregularities. The Board of Directors appointed Audit Committee, who is independent director, to review the Company's financial reporting policy, internal control and risk management procedure, connected transaction disclosure and relevant laws and regulations compliance. Result of the aforementioned is published in the 2019 Report of the Audit Committee in the annual report.

The Board of Directors is of the opinion that the Company and subsidiaries' internal control procedure is appropriate and reasonably assuring that TRC Construction Public Company Limited and its subsidiaries' financial statements, operating results and cashflow are fairly accurate, in all material respects, in accordance with generally accepted accounting principles.



Mrs. Paichit Rattananon
Chairman of the Board of Directors
24 February 2020



2019 Report of Remuneration and Nomination Committee

The Remuneration and Nomination Committee, as duly appointed by the Board of Directors, consists of 6 members, 4 of which are independent directors and another 2 are executive directors, making the independent director major proportion (equivalent to 67%). The Remuneration and Nomination Committee was responsible in seeking for suitable and qualified persons to be appointed as the Company's directors and top management and considering the remunerations of directors and top management in compliance with related rules and regulations of good cooperate governance.

In 2019, the Remuneration and Nomination Committee held 3 meetings and signification matters were as follows;

1. Considered the remuneration of members of the Board of Directors and sub-committee on the basis of the criteria that were reasonable and commensurate with each individual director's scope of responsibilities. The Company intended to maintain the director remunerations at a level in close proximity to other enterprises operating in the same industry and competitive enough to attract and retain talented, professional individuals. The clear, fair and appropriate remuneration was then proposed to the meeting of board of directors and annual general meeting of shareholders for approval.
2. Conducted performance assessment of chairman of executive committee and chief executive office in 2019 and proposed to the meeting of board of directors for approval.
3. Considered criteria and budget of 2020 merit increase and 2019 bonus of the Company and subsidiary to be in line with overall operating result of TRC group and proposed to the meeting of board of directors for approval.
4. Sought for suitable person to be nominated as the Company's director when vacant by considering the appropriate knowledge, capability and benefit to the Company.
5. Reviewed the Remuneration and Nomination Committee Charter and conducted self-evaluation before reported to the meeting of board of directors.

Summarily, the Remuneration and Nomination Committee has been performing the entrusted duties by applying their professional competency with vigilance and sufficient independence in expressing viewpoints and recommendations in the best interests of the Company and all sectors of stakeholders.



Assoc. Prof. Pises Sethsathira

Chairman of the Remuneration and Nomination Committee

27 November 2019

2019 Report of the Corporate Governance Committee

The Corporate Governance Committee, to put importance on building business value with stability and sustainability, applied the 2017 Corporate Governance Code for listed companies to the TRC's operation in terms of work ethic, human rights and responsibility to society, environment and stakeholders. The Corporate Governance Committee consists of 4 members, 2 of which were independent directors while another 2 were the Company's management, with responsibilities to review the Corporate Governance Policy, Code of Conduct, as well as the policies and guidelines related to corporate social and environmental responsibility, propose guidelines and/or policies related to good corporate governance, provide recommendations on good corporate governance to the Board of Directors, supervise the management's implementation of the Corporate Governance Policy, monitor the CSR and environmental activities and report to the Board of Directors.

The Corporate Governance Committee has performed its duties according to the Board of Directors' instructions. In 2019, the Corporate Governance Committee approved the good corporate governance annual plan that consisted of regulation compliance, communication to stakeholders, community development and environmental conservation to ensure sustainable growth and successfully maintained "Excellent" level of recognition from the 2019 Corporate Governance of Thai Listed Companies Survey conducted by Thai Institute of Director Association.

The Company strongly believe in good corporate governance policy and practice to assure the business operation that is up to standard, trustworthy and effective with participation from all directors, executives and staffs who adhere to corporate value "BETRC" that is Be innovative, Energetic, Target-oriented, Respect & Trust and Commitment. We are firmly confident that the adoption of corporate governance principles will result to heightened competitiveness, growth and long-term wealth in economic, community and environment to sustainable value added to TRC.



Mrs. Puangthip Silpasart

Chairman of Corporate Governance Committee

27 November 2019

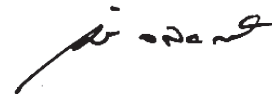
2019 Report of Risk Management Committee

TRC Construction Public Company Limited was well aware of and placed importance to risk management to ensure efficient and effective operation in order to achieve the Company's objectives and goals and to prevent possible loss under the changing economy, technology and environment. The Board of Directors appointed the Risk Management Committee with the authority and responsibility to determine policy and framework in relation to risk management, implementation of the potential risks preventive guideline and encouragement to the Company's management and staffs to be part of the risk management by setting up task force to assess, follow-up and report to the Risk Management Committee.

During quarter 2 of 2019, the Board of Directors appointed 2 new risk management committee members, who both were independent directors. There was 1 meeting in 2019 and the following matters were considered;

1. Followed up and supervised the Company's risk management in 2019.
2. Provided suggestions to Risk Task Force on the Company's 2020 risk management plan by considering important factors and business trend that may affect the Company's operation.
3. Approved the Company's 2020 risk management plan by considering significant risks in relation to the Company's operation, strategy, goal and environment.
4. Reviewed the current Risk Management Committee Charter.

The Risk Management Committee strived to ensure that the Company's risk management scheme was consistent, effective and in compliance with the 2017 Corporate Governance Code for listed companies and related law, rules and regulations for the benefit of the Company, shareholders and stakeholders and reassure acceptable standard of risk management was performed with appropriate and efficient internal control system.



Assoc. Prof. Kamjorn Tatiyakavee, M.D.
Chairman of Risk Management Committee
27 November 2019

The Board of Directors and Managements



Mrs. Paichit Rattananon
Chairman of the Board
and Authorized Director
Age 64 years old

Appointment Date to be TRC's Director : 25 April 2005

Tenure as the director : 14 years 8 months (until December 2019)

Attendance in Board of Directors meetings during year 2019 : 10/10

Shareholding in TRC as at 31 December 2019 : 28.660% (2,747,711,285 shares) Directly and indirectly holds the shares through KPK 1999 Co., Ltd. in which Mrs. Paichit holds 50.50% of its shares

Family Relationship among Executives : Mother of Mr. Pasit Leesakul, Director and Chief Executive Officer and Ms. Pavita Leesakul, Director and Vice President, Corporate Affairs Division

Education : Master of Arts in Political Economy, Faculty of Economics, Chulalongkorn University

Training :

Institution	Program
Thai Institute of Director Association	- Director Certification Program (DCP) 142/2011 - Role of the Chairman Program (RCP) 15/2007 - Director Accreditation Program (DAP) 38/2005
Judicial Training Institute	The program for Senior Executives on Justice Administration 23
The National Defense College of Thailand	National Defense College 48 (NDC 48)
Capital Market Academy	Capital Market Academy Leader Program 5 (CMA 5)
Thailand Energy Academy	Energy Academy Leader Program 6 (TEA 6)
King Prajadhipok's Institute	Intermediate Certificate Course Good Governance for Medical Executives #6

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
2005 - present	Chairman

Position in other listed companies : None

Position in other non-listed companies : 3 companies

Year	Position	Company	Business Type
2015 - present	Chairman	Sahakarn Wisavakorn Company Limited	Construction Services
2013 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services
2008 - present	Director	TRC International Limited (Hong Kong)	Investment and bidding of new projects
2002 - present	Managing Director	KPK 1999 Company Limited	Property Rental
2004 - 2015	Managing Director	Thai Tokushukai Company Limited	Hospital Activities

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mrs. Rachadaporn Rajchataewindra

Independent Director, Chairman of Audit Committee,
Risk Management Committee and Remuneration and
Nomination Committee
Age 62 years old

Appointment Date to be TRC's Director : 21 June 2019

Tenure as the director : 7 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Audit Committee	Risk Committee	Remuneration and Nomination Committee
3/3	3/3	1/1	1/1

Shareholding in TRC as at 31 December 2019 : None

Family Relationship among Executives : None

Education : Master of Business Administration, International Business (English Program),
University of the Thai Chamber of Commerce

Training :

Institution	Program
Thai Institute of Director Association	- Advanced Audit Committee Program (AACP), Class 32/2019 - Director Certification Program (DCP), Class 204/2015 - Successful Formulation and Execution of Strategy (SFE), Class 21/2014 - Corporate Governance for Executive (CGE), Class 1/2014 - Director Accreditation Program (DAP), Class 111/2014
Thai Listed Companies Association	TLCA Executive Development Program (EDP), Class 4/2552
Capital Market Academy	Leadership Program, Class 25 (2017)
Governance Matters Australia	The Board's Role in Strategic Formulation

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
21 June 2019 - present	Independent Director, Chairman of Audit Committee, Risk Management Committee and Remuneration and Nomination Committee

Position in other listed companies : 1 company

Year	Position	Company	Business Type
12 November 2019 - Present	Independent Director and Audit Committee	MCOT Public Company Limited "MOCT"	Public broadcaster
2015 - 2018	Senior Executive Vice President, Corporate Accounting & Finance	IRPC Public Company Limited	Petroleum and Petrochemical
2015 - 2018	Executive Vice President, Corporate Finance & Accounting	PTT Public Company Limited	Petroleum

Position in other non-listed companies : 2 companies

Year	Position	Company	Business Type
2018 - present	Chairman of the Independent	Thai Union Feedmill Public Company Limited	Manufacturing and distributor of animal feeds.
2018 - present	Director	Fish Marketing Organization	State enterprise
2016 - 2018	Director	IRPC PCC Company Limited	Sales of petrochemical products
2015 - 2018	Director	IRPC OIL Company Limited	Sales of oil products and gas
2015 - 2018	Director	IRPC Polyol Company Limited	Manufacturing and sales of chemical products for polyurethanes
2015 - 2018	Director	UBE Chemicals (Asia) Public Company Limited	Manufacturing and sales of petrochemical products
2015 - 2018	Director	IRPC Clean Power Company Limited	Manufacturing and sales of electricity and steam
2015 - 2018	Director	IRPC A&L Company Limited	Distributing of petrochemical products
2015 - 2016	Director	Thai ABS Company Limited	Manufacturing and sales of plastic resin
2010 - 2015	Vice President , Corporate	PTT Asahi Chemical Company Limited	Petrochemicals

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mr. Kamjorn Tatiyakavee
Independent Director, Chairman of Risk Management
Committee, Audit Committee and Remuneration and
Nomination Committee
Age 64 years old

Appointment Date to be TRC's Director : 29 April 2019
Tenure as the director : 8 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Audit Committee	Risk Committee	Remuneration and Nomination Committee
6/6	4/4	1/1	2/2

Shareholding in TRC as at 31 December 2019 : None

Family Relationship among Executives : None

Education : Certificate in the Paediatrics (equivalent to doctorate), Chulalongkorn University

Training :

Institution	Program
Thai Institute of Director Association	Director Accreditation Program (DAP) 35/2005
The National Defense College of Thailand	National Defense College 48 (NDC 48)

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
13 Nov 19 - Present	Chairman of Risk Management Committee,
29 April – 12 Nov 19	Risk Management Committee
29 April 2019 – Present	Independent Director, Audit Committee and Remuneration and Nomination Committee

Position in other listed companies : 1 company

Year	Position	Company	Business Type
2017 - Present	Independent Director	Berli Jucker Public Company Limited "BJC"	Manufacturing and distribution

Position in other non-listed companies : 2 company

Year	Position	Company/Organization	Business Type
2018 - Present	Committee member of Council	Chitralada Technology Institute	National University
2016 - Present	Committee member of Council	Chulalongkorn University	National University
2015 - 2016	Permanent Secretary	Ministry of Education	Government Services
2014 - 2015	Secretary	The Higher Education Commission	Government Services
2014 – 2018	Committee member of Council	Chitralada Technology College	National University
2013 – 2015	Committee member of Council	Navamindradhiraj University	National University

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mrs. Puangthip Silpasart

Independent Director, Chairman of Corporate Governance
Committee, Audit Committee and Remuneration and
Nomination Committee
Age 65 years old

Appointment Date to be TRC's Director :

24 February 2016

Tenure as the director :

3 years 10 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee
9/10	5/5	3/3	1/1

Shareholding in TRC as at 31 December 2019 : None

Family Relationship among Executives :

None

Education :

Bachelor of Arts (B.A.), English Major, Silpakorn University

Training :

Institution	Program
Thai Institute of Director Association	- Director Certification Program (DCP) 226/2016 - Role of the Chairman Program (RCP) 38/2016
Ministry of Industry	Top Executive Program in Industrial Development and Investment (IBID) 2/2015
Thailand Energy Academy, PTT Public Company Limited	Executive Program in Energy Literacy for a Sustainable Future (TEA) 6/2015
Chula Unisearch, Chulalongkorn University	Power of the Kingdom 2/2014
The Electronic Government Agency (Public Organization) (EGA)	E-government Executive Program (CIO) 3/2013
The National Intelligence Agency	National Security Management Course (NSMC) 2/2010
The Office of the Civil Services Commission	The Civil Service Executive Program for Senior Civil Servants (Visionary Leadership: Program 1) 53/2007
Exploration and Production of Petroleum Training Institute, Paris, France	Organizational Restructuring Program
The Office of the Permanent Secretary, Ministry of Energy	Energy Executive Development Program
Sasin Graduate Institute of Business Administration of Chulalongkorn University	Senior Executive Program

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
13 Nov 2019 - present	Chairman of Corporate Governance Committee
2016 - present	Independent Director, Audit Committee and Remuneration and Nomination Committee

Position in other listed companies: 1 company

Year	Position	Company	Business Type
2016 - present	Independent Director, Audit Committee, Nomination and Remuneration Committee and Risk Committee	Thai Sugar Terminal Public company limited "TSTE"	Transportation & Logistics
2015 - 2017	Director and Corporate Governance and Social Responsibility Committee	The Electricity Generating Public Company Limited "EGCO"	Energy & Utilities

Position in other non-listed companies : 2 company

Year	Position	Company	Business Type
August 2019 - Present	Director	At Energy Solution Co., Ltd.	Provide utility supply and services to industrial plants.
2015 - present	Executive Director	Technical Petroleum Training Institute	The core institute in providing international standards for training courses in the petroleum exploration and production business.
2014 - 2015	Director-General	Department of Mineral Fuels, Ministry of Energy	Government Services

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Assoc. Prof. Pises Sethsathira
 Independent Director, Chairman of Remuneration and Nomination
 Committee and Corporate Governance Committee
 Age 63 years old

Appointment Date to be TRC's Director : 25 April 2005
 Tenure as the director : 14 years 8 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Remuneration and Nomination Committee	Corporate Governance Committee
8/10	2/3	1/2

Shareholding in TRC as at 31 December 2019 : 0.042% (4,049,999 shares)

Family Relationship among Executives : None

Education : Master of Laws (LL.M), Columbia University, U.S.A.

Training :

Institution	Program
Thai Institute of Director Association	- Audit Committee Program (ACP) 17/2007 - Director Accreditation Program (DAP) 35/2005

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
2016 - present	Corporate Governance Committee
2009 - present	Chairman of Remuneration and Nomination Committee
2005 - present	Independent Director
2005 - 2013	Audit Committee

Position in other listed companies : None

Year	Position	Company	Business Type
2010 - 2014	Executive Vice President, Banking Finance 1 and Capital Market Division	Siam Commercial Bank Public Com- pany Limited "SCB"	Commercial Bank

Position in other non-listed companies : None

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mr. Smai Leesakul
Authorized Director
and Chairman of Executive Committee
 Age 64 years old

Appointment Date to be TRC's Director : 9 May 2007
Tenure as the director : 12 years 7 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Executive Committee
10/10	11/12

Shareholding in TRC as at 31 December 2019 : 1.227% (117,631,494 shares)

Family Relationship among Executives : Father of Mr. Pasit Leesakul, Director and Chief Executive Officer and Ms. Pavita Leesakul, Director and Vice President, Corporate Affairs Division

Education : Master of Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University

Training:

Institution	Program
Thai Institute of Director Association	- Financial Statements for Directors (FSD) 18/2012 - Director Accreditation Program (DAP) 64/2007
King Prajadhipok's Institute	Intermediate Certificate Course Good Governance for Medical Executives #8
The Thai Fintech Association and ICORA Co., Ltd.	Cryptoasset Revolution 1
The Federation of Thai Industries	BRAIN: Business Revolution and Innovation Network 1
Thailand Energy Academy	Top Executive Program in Energy (TEA 8)
Commerce Academy, University of the Thai Chamber of Commerce	Top Executive Program in Commerce and Trade (TEPCoT 5)
Urban Green Development Institute Bangkok	Bangkok Metropolitan Administration Executive Program (Mahanakorn 1)
The National Defense College of Thailand	The Joint State-Private Sector Course (NDC 16)
Capital Market Academy	Capital Market Academy Leader Program (CMA 7)

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
2015 - present	Chairman of Executive Committee
2007 - present	Director
2013 - 2015	Risk Management Committee and Chairman of Management Committee
2009 - 2015	Remuneration and Nomination Committee
2007 - 2015	Chief Executive Officer

Position in other listed companies : None

Position in other non-listed companies : 9 companies

Year	Position	Company	Business Type
August 2019 - Present	Director	At Energy Solution Co., Ltd.	Provide utility supply and services to industrial plants.
2017 - present	Director	Thai Listed Companies Association	-
2016 - present	Vice Chairman of the Federation of Thai Industries	The Federation of Thai Industries	-
2015 - present	Director, Chief Executive Officer and Managing Director	ASEAN Potash Chaiphaphum Public Company Limited	Potash mining
2011 - present	Director	TRC Engineering LLC (Sultanate of Oman)	Construction Services
2010 - present	Director	TRC Middle East LLC (Sultanate of Oman)	Construction Services
2008 - present	Director	TRC International Limited (Hong Kong)	Investment and bidding of new projects
	Director	TRC Investment Limited (Mauritius)	Investment and bidding of new projects
2007 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services
2007 - 2015	Chief Executive Officer	Sahakarn Wisavakorn Company Limited	Construction Services
2014	Chairman	Thailand Post Distribution Company Limited	Cargo and Warehouse Services
2012 - 2014	Vice Chairman	Thailand Post Company Limited	Postal Services
2002 - 2013	General Secretary	The Federation of Design and Construction Services of Thailand (FEDCON)	-

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mrs. Podchanee Phaosavasdi

**Authorized Director, Chief Commercial Officer and Vice President,
Remuneration and Nomination Committee, Corporate Governance
Committee, Risk Management Committee, Management Committee
Executive Committee**
Age 59 years old

Appointment Date to be TRC's Director : 9 August 2007

Tenure as the director : 12 years 4 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Committee	Executive Committee
10/10	3/3	2/2	1/1	12/12

Shareholding in TRC as at 31 December 2019 : None

Family Relationship among Executives : None

Education : Master of Business Administration-Marketing, Ramkhamhaeng University

Training:

Institution	Program
Thai Institute of Director Association	- Risk Management Committee Program (RMP) 4/2014 - Director Certification Program (DCP) 151/2011 - Role of the Compensation Committee (RCC) 9/2009 - Director Accreditation Program (DAP) 64/2007
The Faculty of Economics, Chulalongkorn University	Risk Management Certificate Program 3/2014
The Institute of Industrial Energy, the Federation of Thai Industries	Energy Symposium 2016
The Federation of Thai Industries	4.0 Thailand Industrial Development Strategy
Securities and Exchange Commission	The Study of Audit Adjustments and the Relationship between Characteristics of Financial Statement Preparers and Audit Adjustments

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
2015 - present	Executive Committee, Chief Commercial Officer
2013 - present	Remuneration and Nomination Committee and Risk Management Committee
2012 - present	Corporate Governance Committee
2007 - present	Director
2007 - 2018	Management Committee

Position in other listed companies : 1 company

Year	Position	Company	Business Type
2013 - present	Independent Director, Audit Committee and Remuneration and Nomination Committee	Aqua Corporation Public Company Limited "AQUA"	Media & Publishing Services

Position in other non-listed companies : 7 companies

Year	Position	Company	Business Type
2017 - present	Director	SH Crossings Company Limited	Construction Services
2017 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects
2016 - present	Director	ASEAN Potash Chaiyaphum Public Company Limited	Potash mining
2015 - present	Executive Committee, Chief Commercial Officer and Vice President, Commercial Division	Sahakarn Wisavakorn Company Limited	Construction Services
2011 - present	Director	TRC Engineering LLC (Sultanate of Oman)	Investment and bidding of new projects
	Director	TRC Middle East LLC (Sultanate of Oman)	Investment and bidding of new projects
2006 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mr. Pasit Leesakul

Authorized Director, Chief Executive Officer, Remuneration and Nomination Committee, Risk Management Committee, Executive Committee and Acting Chief Financial Officer
Age 36 years old

Appointment Date to be TRC's Director :

21 March 2013

Tenure as the director :

6 years 9 months (until December 2019)

Attendance in meetings during year 2019 :

Board of Directors	Executive Committee	Risk Committee	Remuneration and Nomination Committee
10/10	12/12	1/1	3/3

Shareholding in TRC as at 31 December 2019 : 0.114% (10,919,998 shares)

Family Relationship among Executives :

Son of Mr. Smai Leesakul, Director and Chairman of Executive Committee and Mrs. Paichit Rattananon, Chairman and brother of Ms. Pavita Leesakul, Director and Vice President, Corporate Affairs Division

Education :

Master of Business Administration: Corporate Finance Concentration, McCollum Graduate School of Business, Bentley University, U.S.A.

Training:

Institution	Program
Thai Institute of Director Association	Director Accreditation Program (DAP) 105/2013
Thai Listed Companies Association	- TLCA Leadership Development Program (LDP 4) - TLCA Executive Development Program (EDP 7)
Thailand Energy Academy	The Young Executive Program in Energy Literacy for a Sustainable Future (YTEA 7)
Training of military personnel of Petroleum and Energy	The Management of the Expiring Petroleum Concessions
Econ Chula Association, Chulalongkorn University	Ultra Wealth Program 1 (UW 1)
Academy of Business Creativity, Sripatum University	Difference: How to Harness Business Creativity Program (ABC 3)
Faculty of Police Science, Royal Police Cadet Academy	Young Executive Program for law Enforcement (YPL 1)
King Prajadhipok's Institute	Political Leadership in the New Era Program (PNP 2)
NIDA-Wharton	NIDA Executive Leadership Program (ELP 5)

Working Experience in the last 5 years:
TRC Construction Public Company Limited

Year	Position
2018 - present	Acting Chief Financial Officer
2015 - present	Chief Executive officer, Executive Committee, Remuneration and Nomination Committee and Risk Management Committee
2015 - 2018	Chairman of Management Committee
Feb - Sep 2018	Acting Chief Operation Officer
2013 - present	Director
2011 - 2018	Management Committee
2013 - 2015	Executive Vice President
2012 - 2015	Vice President, Commercial Division

Position in other listed companies : None

Position in other non-listed companies : 5 companies

Year	Position	Company	Business Type
2017 - present	Director	SH Crossings Company Limited	Construction Services
2017 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects
2015 - present	Chief Executive Officer	Sahakarn Wisavakorn Company Limited	Construction Services
2014 - present	Director	Thai Investor Relations Club	-
2012 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Ms. Pavita Leesakul

Director and Vice President, Corporate Affairs Division

Age 33 years old

Appointment Date to be TRC's Director : 8 August 2018

Tenure as the director : 1 year 4 months (until December 2019)

Attendance in meetings during year 2018 :

Board of Directors	Corporate Governance Committee
10/10	2/2

Shareholding in TRC as at 31 December 2019 : 0.184% (17,645,411 shares)

Family Relationship among Executives : Daughter of Mrs. Paichit Rattananon, Chairman and Mr. Smai Leesakul, Director and Chairman of Executive Committee and sister of Mr. Pasit Leesakul, Director and Chief Executive Officer

Education : Master of Arts, International Economics and Finance, Keio University, Japan and Brandeis International Business School, U.S.A.

Training:

Institution	Program
Thai Institute of Director Association	- How to Develop a Risk Management Plan (HRP) 11/2016 - Director Accreditation Program (DAP) 151/2018
Chulalongkorn University	Diploma "Human Resources Management" #40
King Prajadhipok's Institute	Political Leadership in the New Era Program (PNP 9)
Stock Exchange of Thailand	Corporate Sustainability Strategy #4
Thai Listed Companies Association	TLCA Executive Development Program (EDP 16)
The Federation of Thai Industries	Young F.T.I. Elite # 3
Academy of Business Creativity, Sripatum University	ABC Talent: Grooming Rising Professionals

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
August 2018 - present	Director
2016 - present	Vice President, Corporate Affairs Division
2016 - 2017	Corporate Communication Manager
2014 - 2015	Senior Purchase Officer

Position in other listed companies : None

Year	Position	Company	Business Type
2013	Corporate Communication Officer	Golden Land Property Development Public Company Limited "GOLD"	Property Development

Position in other non-listed companies : 1 company

Year	Position	Company	Business Type
2017 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mr. Loh Eng Kee
Chief Operating Officer
and Executive Committee
 Age 62 years old

Attendance in Executive Committee meetings during year 2019 : 11/12

Shareholding in TRC as at 31 December 2019 : 0.026% (2,515,574 shares)

Family Relationship among Executives : None

Education : Technical Diploma in Mechanical Engineering, Singapore Polytechnic, Singapore

Training :

Institution	Program
Thai Institute of Director Association	Director Accreditation Program (DAP) 74/2008

Working Experience in the last 5 years:
 TRC Construction Public Company Limited

Year	Position
October 2018 - present	Chief Operating Officer
2015 - present	Executive Committee
2017 – September 2018	Deputy Chief Operating Officer
2015 – August 2018	Director
2015 - present	Executive Director and Management Committee
2013 - 2017	Project Director

Position in other listed companies : None

Position in other non-listed companies : None

Year	Position	Company	Business Type
2005 - 2013	Project Director	Rotary Engineering Limited, Singapore	Engineering and related technical consulting
2005 - 2013	Managing Director	Thai Rotary Engineering Public Company Limited	Engineering and related technical consulting

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Mr. Chaveng Reesrikitti
Management Committee
and Chief Operating Officer
 Age 61 years old

Shareholding in TRC as at 31 December 2019 : 0.009% (828,238 shares)

Family Relationship among Executives : None

Education : Bachelor of Mechanical Engineering, Chiang Mai University

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2017 - present	Deputy Chief Operating Officer
2005 - present	Management Committee
2013 - 2017	Vice President, Operation 2 Division
1999 - 2013	Assistant Vice President, Operation Division

Position in other listed companies : None

Position in other non-listed companies : 1 company

Year	Position	Company	Business Type
2009 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None



Ms. Rewadee Ardarn

Senior Accounting Manager

Age 51 years old

Shareholding in TRC as at 31 December 2019 : 0.002% (163,249 shares)

Family Relationship among Executives : None

Education : Master of Business Administration-Management, Eastern Asia University

Training :

Institution	Program
Thai Listed Companies Association	Strategic Financial Leadership Program (SFLP)

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Year	Position
2000 - present	Senior Accounting Manager

Position in other listed companies : None

Position in other non-listed companies : None

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

1. Financial Highlight

The Company's financial information	Unit	2019	2018	2017
Income Statement	Million Baht			
Construction services income		3,365.40	2,256.65	2,370.13
Earnings before interest, tax, depreciation, amortization, bad debt and loss from impairment on investment in associate		-122.19	-275.88	290.33
Net profit attributable to equity holders of the Company		-293.28	-2,040.57	92.79
Statements of Financial Position	Million Baht			
Total assets		3,715.63	3,055.78	4,598.38
Total liabilities		2,876.05	2,352.76	1,842.55
Shareholders' equity and non-controlling interests		-28.53	-29.29	-27.67
Equity attributable to owners of the Company		868.11	732.31	2,783.49
Information about Common Shares				
Number of issued and paid-up ordinary shares	Million shares	9,587.15	6,163.18	5,869.70
Book value per share	Baht	0.09	0.11	0.47
Earnings per share	Baht	-0.038	-0.331	0.016
Dividend per share	Baht	-	-	0.00825
Dividend payout ratio	%	-	-	47.86
Financial Ratio				
Gross profit margin for Construction services income	%	1.58	-3.90	21.54
Gross profit margin for Other services income	%	31.39	-10.52	N/A
Net profit margin	%	-8.56	-88.55	3.81
Return on equity	%	-38.02	-117.99	3.41
Return on assets	%	-8.66	-53.32	1.93
Debt to equity	(Time(s))	3.43	3.35	0.67
Interest-Bearing Debt-to-Equity Ratio*	(Time(s))	0.60	1.09	0.15
EBITDA to interest**	(Time(s))	-4.91	-88.89	15.36

Formula in accordance to the specification pertaining to the rights and duties of the debentures issuer and debentures holders

* Interest Bearing Debt to Equity Ratio refer to liabilities of a debentures issuer that require the payment of interest

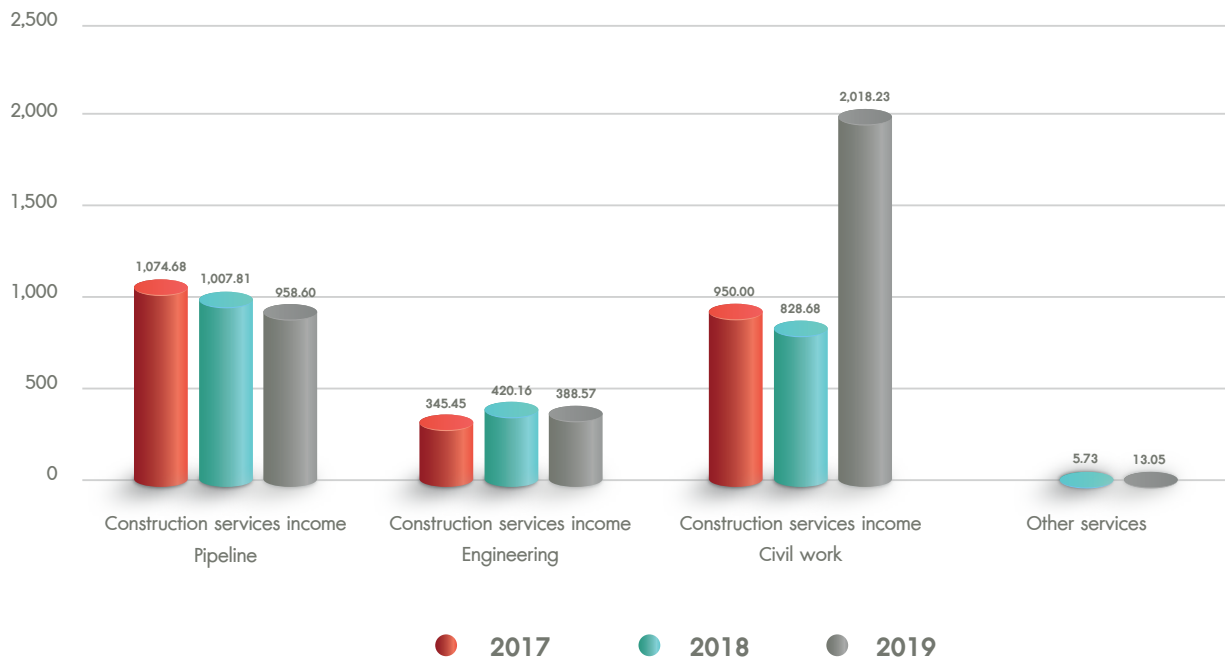
** EBITDA to interest ratio refers to net profit as stated in the consolidated financial statements of the debentures issuer plus interest, income tax, depreciation fee, amortization fee, amortization of goodwill fee, discount amortization fee, allowance for doubtful debt, divided by interest (excluding interest from financial lease)

Financial Highlights

Construction services income and sales

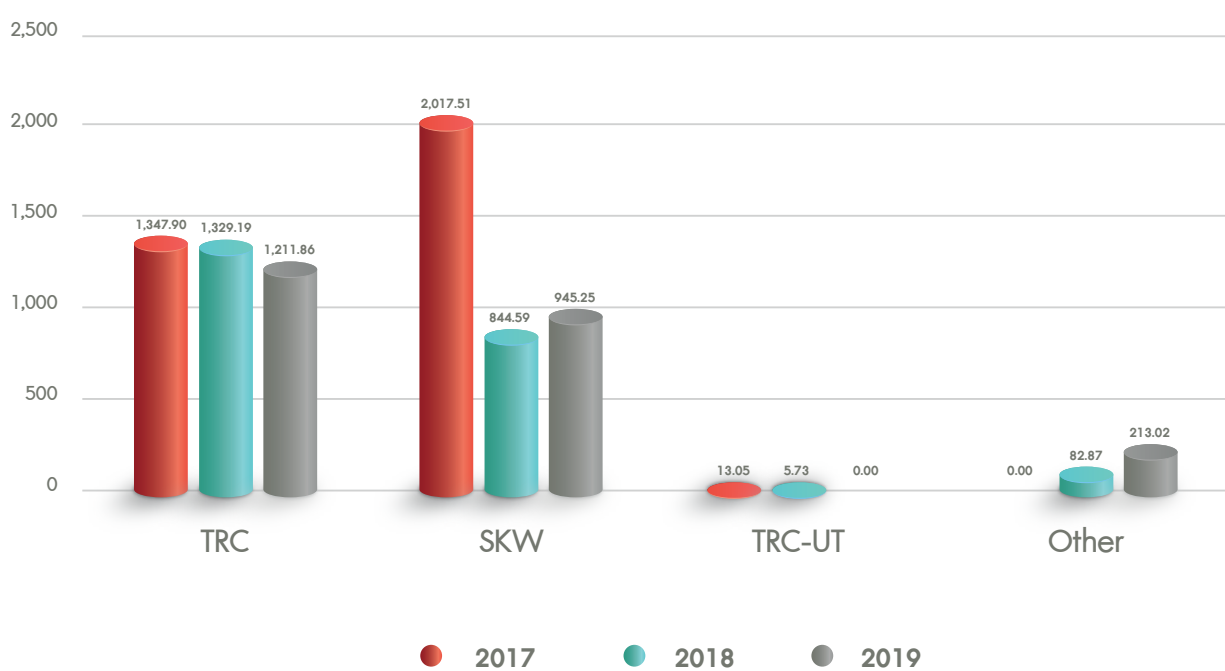
By Segment

Million baht



By Company

Million baht



Statement of financial position

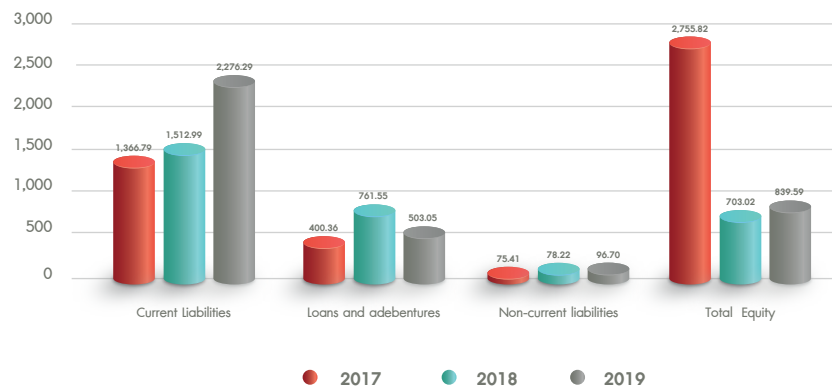
Assets

Million baht



Liabilities and Shareholders' equity

Million baht



Financial Ratio

	2017	2018	2019
Gross profit margin for Construction services income (%)	21.54	-3.90	1.58
Gross profit margin for Other services income (%)	N/A	-10.52	31.39
Net profit margin (%)	3.81	-88.55	-8.56
Retrun on equity (%)	3.41	-117.99	-38.02
Retrun on assets (%)	1.93	-53.32	-8.66
Debt to equity (Time(s))	0.67	3.35	3.43
Interest-Bearing Debt-to-Equity Ratio (Time(s))	0.15	1.09	0.6
EBITDA to interest (Time(s))	15.36	-88.89	-4.91

2. Business Policy and Overview

1. Business Policy and Overview

TRC Construction Public Company Limited was established in November 20, 1998. The Company provides integrated contracted services relating to engineering, procurement of machineries and equipment and construction (EPC). The Company has vast experience and expertise project related to water, natural gas and petrochemical pipeline. Apart from providing construction services, the Company involved in project development and investments. The Company has a subsidiary - Sahakarn Wisavakorn Co., Ltd., which specialized in civil engineering works and infrastructure system. The TRC Group steadily expanded its capital base and business operations. In 2018, the Company expanded its scope of business to include new innovation business, such as contracted construction of Automated Storage and Retrieval System (AS/ RS). Core clients of the Company are business operators in the energy and petrochemical sectors, as well as state agencies.

TRC Construction Public Company Limited was initially listed on the Market for Alternative Investment (MAI) under the trading name of “TRC” on 22 November 2005. TRC Construction Public Company Limited later switched to list on The Stocks Exchange of Thailand (SET) under the real estate and construction sector of the property development category on 23 April 2013. However, TRC Construction Public Company Limited stocks was moved by SET to trade under the construction services sector since 2 January 2014.

Vision, Mission, Target and Corporate Value

The Company has a policy to periodically review the vision and mission statements, corporate objectives every year. The 9/2019 Board of Directors’ meeting on November 13, 2019 reviewed and agreed to the 7/2018 Board of Directors’ meeting held on November 12, 2018’s approved vision and mission statements, corporate objectives and corporate values as follows:

Vision

“A Pioneer Organization who delivers innovative project solution in the region” (CLMVT*)

** comprised of Cambodia, Laos, Myanmar (Burma), Vietnam and Thailand.*

Mission

1. Deliver sustainable returns through good governance
2. Deliver excellent service with high quality, environmental and safety awareness to ensure our clients’ success
3. Conduct business with good corporate responsibility
4. Create best working environment and become the best operational – excellence organization

Corporate Value

- | | |
|------------------------|--|
| 1. B = Be Innovative | Innovation-Driven Organization |
| 2. E = Energetic | Relentless Strive Forward |
| 3. T = Target-Oriented | Results-Oriented |
| 4. R = Respect & Trust | Be Respectful, Have Confidence and Trust for Others |
| 5. C = Commitment | Commitment to quality, safety at all times, environmental preservation and social responsibility |

2. Key Change and Accomplishments

During the past 5 years, the Company’s accomplishments in expanding its business and securing large-scale projects on an ongoing basis are outlined below:

In 2015

- The Company and Sahakarn Wisavakorn Co., Ltd. were awarded 4 major projects as follows:
 1. 1st Transmission Pipeline Life Extension Project: 28" Recoating Section (RC-400) awarded by PTT Public Company Limited, worth Baht 3,725 million. (later in 2019, the project value was adjusted to Baht 3,241 million)
 2. Three projects awarded to Sahakarn Wisavakorn Co., Ltd. included:
 - Construction of Srinakarin-Romklao Road, Phase 1 awarded by Bangkok Metropolitan Administration, the Metropolitan Electricity Authority, the Metropolitan Waterworks Authority, worth Baht 1,089.32 million.
 - Construction, improvement and expansion of waterworks phase 1, part 2 in Koh Samui District, Surat Thani Province operated under the administration of the Provincial Waterworks Authority, Koh Samui Branch. This project, worth Baht 855.23 million and undertaken in the name of Hydrotek Sahakarn Joint Venture, was awarded by the Provincial Waterworks Authority.
 - Supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process (M-01/2) awarded by Thailand Tobacco Monopoly, Ministry of Finance, worth Baht 237.21 million and EUR 15.48 million, or equivalent to Baht 834.14 million.
- In March 2015, the 3/2015 Board of Directors' meeting resolved to approve the appointment of Mr. Pasit Leesakul as the Company's director and Chief Executive Director. The appointment became effective from 1 April 2015 onward.
- In April 2015, The 2015 Annual General Meeting of Shareholders passed its resolutions in relation to the registered capital, the issuance and offering of debentures, and the adjustment to ESOP-W2 entitlements as follows:
 - Approved for the change to par value of the ordinary shares from Baht 0.50 to Baht 0.125.
 - Approved for the issuance and private placement of debentures of up to Baht 500 million.
 - Approved for the issuance and private placement of debentures of up to Baht 2,000 million.
 - Approved for the reduction in registered capital from Baht 425,514,868.50 to Baht 423,741,039.
 - Approved for the issuance and private placement, under general mandate, of up to 330,461,068 ordinary shares.
 - Approved for the increase of registered capital from Baht 423,741,039 to Baht 655,358,932.25.
 - Approved for the allocation of 1,852,943,146 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends, the warrants issued through private placement and to persons subscribing for debentures, and the adjustment to ESOP-W2 entitlements.
- In May 2015, the Company took the following actions related to ordinary shares:
 - Changed the par value of the ordinary shares from Baht 0.50 to Baht 0.125.
 - Reduced the registered capital to Baht 423,741,039.

- Increased the registered capital to Baht 655,358,932.25.
- Issued 830,537,602 dividend stocks (4 existing shares to 1 new share) for operation results of 2014.
- In July 2015:
 - Issued debentures through private placement within the limit of Baht 100 million, maturing in 2 years with a coupon rate of 4.68% per annum payable every 3 months.
 - Made private placement of additional 330 million ordinary shares at the offering price of Baht 2.20 per share to 16 persons and subsequently received Baht 713.09 million proceeds from selling.
 - Bought a 5-Rai plot of land in Map Kha District, Rayong to build a fabrication shop for storing, repairing and maintaining machines and to prepare for upcoming large-scale projects and business expansion.
- In November 2015, the Company won the SET Awards 2015 in 2 categories, namely Outstanding Corporate Performance Award for listed companies and Outstanding Investor Relations Award for listed companies.
- During 2015, the Company's additional investments in the ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT) were transacted as follows:
 - In January 2015, TRC International Limited purchased additional 250,000 shares in APOT at Baht 200 per share, totaling Baht 50 million As a result, TRC International Limited held a total of 750,000 shares in APOT.
 - On 16 September 2015, the 9/2015 Board of Directors' meeting passed a resolution to approve TRC Investment Limited (a subsidiary in Mauritius)'s purchase of up to 6.30 million shares in APOT at Baht 200 per share, or approximately Baht 1,260 million in total, from Thermal Trade and Investment Limited.
 - On 15 October 2015, TRC Investment Limited made 1st payment for APOT shares for a sum of Baht 355 million, and on 30 October 2015, the Company received the transfer of 1,775,000 shares in APOT.

As a result, TRC Group's shareholding in APOT at the end of 2015 went up to 12.25% (8.61% shareholding by TRC Investment Limited and 3.64% shareholding by TRC International Limited) with Baht 2,060.84 million in paid-up capital.

- The establishment of new subsidiaries and the registration of capital increase by Sahakarn Wisavakorn Co., Ltd. are as follows:
 - A subsidiary named "CR3 & Sahakarn Joint Venture Company Limited" ("CR3") was established in partnership between Sahakarn Wisavakorn and its Chinese strategic alliance, or China Railway No. 3 Engineering Group Co., Ltd., in which Sahakarn Wisavakorn holds 51% stake. The purpose of this subsidiary was to participate in the bidding for the State Railway of Thailand's project. Nonetheless, it did not participate in the bidding as planned and, as it was not intended to do further business, the management decided to dissolve the entity in order to save cost spent on its administration. The liquidation process was completed in December 2015.
 - A subsidiary named "Hydrotek Sahakarn Joint Venture" ("CR3") was established in partnership between Sahakarn Wisavakorn and Hydrotek Public Company Limited, in which Sahakarn Wisavakorn holds 49% stake. The purpose of this subsidiary was to take on the Provincial Waterworks Authority's project for construction, improvement

and expansion of waterworks operated under the administration of the Provincial Waterworks Authority, Koh Samui Branch in Surat Thani. It was agreed that all business operations of this joint venture would be under the sole responsibility of Sahakarn Wisavakorn and Hydrotek PLC would not share any gain or loss, nor would it take any responsibility in the damage arising from such operations.

- In May 2015, Sahakarn Wisavakorn increased its registered capital from Baht 200 million to Baht 500 million.
- Directors, executives, and employees had their warrants converted to ordinary shares in the 4th - 7th exercise of rights under ESOP-W2 program. The 3rd - 6th exercise of warrants led to an addition of 48,001,970 new shares (the conversion rate for the 3rd and 4th exercise was 1:1 while the conversion rate for the 5th and 6th was 1:5). The Company's registered capital and paid-up capital as of the end of 2015 were Baht 655,358,932.25 and Baht 565,345,762 respectively.

In 2016

- In February 2016, the Company obtained the Letter of Award from APOT for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities worth USD 142.03 million, EUR 416.00 million and Baht 12,433.39 million, or Baht 34,089.50 million in total. In May, the Company received a Notice to Proceed for the Early Works – the scope of work under this notice was restricted to the engineering work and site survey/exploration – worth altogether EUR 10.20 million and Baht 294.94 million, or Baht 711.36 million in total. This Notice to Proceed's work is part of the Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities.
- In March 2016, the 3/2016 Board of Directors' meeting passed a resolution approving the dissolution of subsidiaries in Sultanate of Oman – TRC Middle East LLC and TRC Engineering LLC – since both entities had not signed any project since 2015, nor did they have further plan to participate in bidding.
- In March 2016, the Company issued debentures through private placement within the limit of Baht 200 million, maturing in 2 years with a coupon rate of 4.40% per annum payable every 3 months.
- The 2016 Annual General Meeting of Shareholders passed its resolutions in relation to the Company's registered capital as follows:
 - Approved for the issuance and private placement of up to 675 million warrants to persons subscribing for the Company's debentures worth up to Baht 2,000 million.
 - Approved for the reduction of registered capital from Baht 655,358,932.25 to Baht 570,665,282.63.
 - Approved for the increase of registered capital from Baht 570,665,282.63 to Baht 726,373,442.88.
 - Approved for the allocation of 1,245,665,282 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends, the warrants issued through private placement and to persons subscribing for debentures, and the adjustment to ESOP-W2 entitlements.
- In May 2016, the Company executed transactions in connection with its ordinary shares as follows:

- Reduced of registered capital to Baht 570,665,282.63.
- Increased of registered capital to Baht 726,373,442.88.
- Issued 570,436,077 dividend stocks (8 existing shares to 1 new share) for operations results 2015.
- TRC Investment Limited made additional investments in ordinary shares of APOT. After the second, third, and fourth payments for these shares totaling Baht 905 million, a total of 2,750,000 APOT shares was transferred to TRC Investment Limited, making the TRC Group's stake in APOT as of the end of 2016 increased to 26.22 % (associated of the Company) TRC Investment Limited has 23.43% shareholding while TRC International Limited holds 2.79% of the APOT paid-up capital as of year-end 2016; amounting to Baht 2,688.31 million
- The Company's stocks were qualified to become part of the SET100 in the 2nd half of 2016 (the period starting from 1 July - 31 December 2016).
- Directors, executives, and employees had their warrants converted to ordinary shares in the 8th and 9th (the last) exercise of rights under ESOP-W2 program. The number of additional shares resulting from the 7th to 9th exercise of warrants was 42,783,587 (the conversion rate was 1:5), consequently making the Company's registered capital and paid-up capital as of the end of 2016 stood at Baht 726,373,442.88 and Baht 641,998,220 respectively.

In 2017

- The Company and Sahakarn Wisavakorn Co., Ltd., secured 14 construction projects worth a total of Baht 5,357.74 million. The following were the major projects:

TRC:

- EPC for RDCC Catalyst Cooler Project Part 2 – Back Pressure Steam and Utilities System awarded by IRPC Public Company Limited, worth Baht 492 million.
- BV 4.19 PIG Launcher and Receiver Installation Project awarded by PTT Public Company Limited, worth Baht 229.28 million.
- The Revamp LPG Transfer Pump to Domestic BRP Project awarded by PTT Public Company Limited, worth Baht 208.50 million.

Sahakarn Wisavakorn Co., Ltd.:

- Improvement of Pracharumjai Road – Mitmaitri Road Project awarded by the Bangkok Metropolitan Administration, the Metropolitan Electricity Authority, the Metropolitan Waterworks Authority, and TOT Public Company Limited, worth Baht 990.84 million.
- The 7,602-km Kanlapaphruek Road Extension Project awarded by the Department of Highways (Ministry of Transport), the Metropolitan Electricity Authority, and the Metropolitan Waterworks Authority, worth Baht 849.72 million.
- The 2017 Annual General Meeting of Shareholders passed its resolutions in relation to the Company's registered capital as follows:
 - Approved for the reduction of registered capital from Baht 726,373,442.88 to Baht 641,998,220 consisting of 5,135,985,760 ordinary shares with par value of Baht 0.125.
 - Approved for, first, the increase of registered capital for Baht 91,714,031.25 equivalent to 733,712,250 ordinary shares, resulting in the Company's registered capital increasing from Baht 641,998,220 to Baht 733,712,251.25 or equivalent to 5,869,698,010 ordinary shares.

- Approved for the allocation of 733,712,250 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends.
- In May 2017, the Company executed transactions in connection with its ordinary shares as follows:
 - Reduced of registered capital to Baht 641,998,220.
 - Increased of registered capital to Baht 733,712,251.25.
 - Issued 733,707,536 dividend stocks for dividend stocks (7 existing shares to 1 new share) for operation results of 2016.

At the end of 2017, the Company has registered capital Baht 733,712,251.25 and paid-up capital Baht 733,711,662.00.

- In June 2017, the Company set up a subsidiary named "TRC Utility Company Limited" with Baht 1,000,000 in registered capital, whose business activities mainly involve investment in projects related to basic infrastructure. The first investment by this newly-established entity was the Water Supply Concession Project of Tasit Subdistrict Administration Organization in Pluak Daeng District, Rayong. The investment value of this project was Baht 46.5 million. Completed projects will commercially commence business operations in March 2018.
- In March 2017, the Company issued debentures through private placement within the limit of Baht 100 million, maturing in 1 year with a coupon rate of 4.50% per annum payable every 3 months.
- In October 2017, the Company was certified ISO9001:2015 quality management standard, ISO14001:2015 environmental management system standard, and OHSAS18001:2007 occupational health and safety management system standard from SGS (Thailand) Company Limited.
- In November 2017, Sahakarn Wisavakorn Co., Ltd., in partnership with Chinese strategic alliance Huayuan Innovative Development (Hong Kong) Company Limited, set up a subsidiary named "SH Crossings Company Limited" in which Sahakarn Wisavakorn holds 51% stake and the other holds 49%. The purpose of this new subsidiary incorporated with Baht 40 million in registered capital was to do business in construction of underground electrical conduits, including boring and pipe jacking work.
- The Company's stocks became qualified for the calculation of sSET Index – an index representing price movements of common stocks of public companies, apart from constituents in the SET50 Index and SET100 Index, which listed on the Stock Exchange of Thailand, have constant liquidity and comply with requirements regarding the distribution of shares to minor shareholders. The Company was consistently included in the computation of the SET index in 2017 to 2018 and in the first half of 2019.
- The Company's operations result for 2017 received the "excellent" rating from the Thai Institute of Directors, up from "very good" rating. The Company also received the "excellent" rating in 2018; earning two consecutive years of "excellent" rating.
- During the year, ASEAN Potash Chaiyaphum Public Company Limited (APOT) – one of the Company's affiliates – has undertaken the following actions to make changes to its registered capital and paid-up capital.
 - In March 2017, APOT received Baht 80 million from the Ministry of Finance as payment for 1,174,860 newly-issued ordinary shares at the price of Baht 68.43 per share. After the registration of change in paid-up capital from Baht 2,688,308,700

to Baht 2,805,797,300, TRC Group's shareholding in APOT as of the end of 2017 was down to 25.13% (22.46% shareholding by TRC Investment Limited and 2.67% shareholding by TRC International Limited).

- In July 2017, a change in capital from Baht 2,805,797,300 to Baht 29,472,035,900 was registered in accordance with APOT's 2017 Annual General Meeting of Shareholders' resolution approving the capital increase.

In 2018

- The Company and subsidiaries secured 10 construction projects worth a total of Baht 3,621.57 million.

TRC : 4 projects totaling Baht 924.88 million; major projects as follows:

- Subcontracted work for the 5th Transmission Pipeline Project Phase 1 of PTT Plc, provided by Sinopec International Petroleum Service Corporation which was the main construction contractor of the project. The project involved engineering, procurement and construction; commissioning and start-up stations (Block Valve & Facility) at 14 locations, total project value of Baht 755.23 million for a period of 33 months.

Sahakarn Wisavakorn Co., Ltd.: 6 projects with total value of Baht 2.70 million; major projects as follows:

- Bridge construction project (over Ranong intersection), a clarifier pond, underground electrical cable work along Rama 3 road, bridge over Ranong intersection (a project of Bangkok Metropolitan Administration and the Metropolitan Electricity Authority); total project value of Baht 1.52 billion; project period 900 days.
- Design and construction project for PTT Oil and Retail Business Plc's lubrication products distribution center; project value of Baht 600 million; project period 450 days.

- In March 2018, the Company issued Baht 180 million in 2-year debentures (4.80% interests per annum payable every 3 months) to specific individuals.
- In April 2018, significant resolutions of the 2018 Annual General Meeting of Shareholders of pertaining to registered capital are as follows:
 - Approved the reduction of registered capital from Baht 733,712,251.25 to Baht 733,711,662; involving 5,869,698,010 common shares, at Baht 0.125 per share.
 - Approved registered capital increase by Baht 36,685,58; involving 293,484,664 common shares; raising the registered capital of Baht 733,711,662 to Baht 770,397,245; involving 6,163,177,960 common shares.
 - Approved addition of 6,163,177,960 capital-increase ordinary shares to support issuance of dividend stocks.
- In May 2018, the Company proceedings with regards to ordinary shares were as follows:
 - Reduced registered capital to Baht 733,711,662.
 - Raised registered capital to Baht 770,397,245.
 - Issued 6,163,177,960 dividend stocks for operations result 2017 at ration of 20 existing share for 1 new share.

As of 2018, The Company registered capital stood at Baht 770,397,245 while paid-up capital was at Baht 770,395,728.12.

- In May 2018, APOT submitted a notice to the Company, requesting suspension of all construction activities that the Company had undertaken. APOT also requested to terminate the Refurbishment of the Existing Decline project.
- Uncertainties relating to the current and future business operations of APOT which TRC Group has 25.13% shareholding, may result the Company in not getting the overdue interim payment for the portion of work completed from APOT, including the expected return on investment. Hence, the Company had to set up reserves for investment, trade receivable and other receivable, including realization of expenses / obligations / others, related to the construction project for APOT which is now a part of the project cost in the financial statements for 2018. This is considered a significant impact to the Company's operations results which contributed to the Company's inability to maintain the financial ratio that had projected for the debentures holders earlier. In March 2018, the Company proceeded to redeem the Baht 180 million debentures ahead of the maturity date.

In 2019

- In June 2019, significant resolutions of the 1/2019 Extraordinary General Meeting of Shareholders of pertaining to registered capital are as follows:
 - Approved the reduction of registered capital from Baht 770,397,245 to Baht 770,395,728.12; involving 6,163,165,825 common shares, at Baht 0.125 per share
 - Approved registered capital increase by Baht 427,997,626.63; involving 3,423,981,013 common shares; raising the registered capital of Baht 770,395,782.12 to Baht 1,198,383,354.75; involving 9,587,146,838 common shares.
 - Approved the allotments of 3,423,981,013 ordinary shares with a par value of Baht 0.125 to existing shareholders (Right Offering) at a ratio of 9 existing shares to 5 new shares.
 - Approved to transfer the statutory reserve at the amount of Baht 73,371,224.63 and share premium at the amount of Baht 1,041,739,823 to offset the Company's retained deficits.
- In July 2019
 - The Company proceeded with transactions in relation to ordinary shares as follows:
 1. Reduced registered capital to Baht 770,395,728.12.
 2. Increased registered capital to Baht 1,198,393,354.75.
 3. Allocated capital increase ordinary share of 3,423,981,013 shares to existing shareholders at the ratio of 9 existing shares to 5 new shares, at the end of 2019, the Company has Baht 1,198,393,354.75 issued and paid-up registered capital.
 - The Company received full 100 marks in quality evaluation for the arrangement of 2019 Annual General Meeting of Shareholders from Thai Investors Association.
- In August 2019, the Company signed Joint Venture Agreement with Asia Green Energy Company Limited (AGE) and Appliance Technology Supply Company Limited (APTECH) to set up a company to provide public utility supply and services to industrial factory. AT Energy Solution Company Limited was then established at the end of 2019 with registered capital

of Baht 200 million and paid-up capital of Baht 50.75. Shareholding proportion between TRC, AGE and APTECH is 50:50:0 respectively.

- In November 2019, the Company received “Excellent” corporate governance evaluation from Thai Institute of Directors for 3 consecutive years.
- In December 2019, the 10/2019 Board of Directors Meeting resolved to approve the Company to enter into joint venture agreement with XSense Information Service Company Limited for research and development of control system through IoT. Currently in process of company registration.
- The Company and subsidiaries secured 9 construction projects worth a total of Baht 6,660.80 million.

TRC: 2 projects totaling Baht 2,222.75 million; the significant projects consisting of:

- Design, Supply, Construction and Commissioning of Refined Glycerin Plant Project from Bangchak Biofuel Company Limited. The project’s work value is Baht 389.75 million with 480-day construction period.
- Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project (Water Pipeline and Pump Station) from Eastern Water Resources Development and Management Public Company Limited. The project’s work value is Baht 1,833 million with 24-month construction period.

Sahakarn Wisavakorn Co., Ltd.: 7 projects with total value of Baht 4,438.05 million; the significant projects consisting of:

- The construction of Highway Route No. 3304, connecting between Highway Route No. 315 (Don Si Non) – Highway Route No. 331 (Plaeng Yao) Section 2 from Road Construction 2, the Department of Highways. The project’s work value is Baht 558.88 million with 690-day construction period.
- Conversion of Overhead Line to Underground System Project, Ratchadaphisek-Asoke Route from Metropolitan Electricity Authority. The project’s work value is Baht 2,205.42 million with 1,260-day construction period.
- Ditch improvement Vibhavadi Rangsit Road Section 1 Phase km.5+500.000 – km.10+700.00 from the Bureau of Road Construction 1, the Department of Highways. The project’s work value is Baht 633.01 million with 900-day construction period.
- Ditch improvement Vibhavadi Rangsit Road Section 3 Phase km.28+030.000 – km.30+300.00 from the Bureau of Road Construction 1, the Department of Highways. The project’s work value is Baht 293.69 million with 720-day construction period.
- Conversion of Overhead Line to Underground System Project, Rama IV Route from Metropolitan Electricity Authority. The project’s work value is Baht 517.76 million with 630-day construction period.

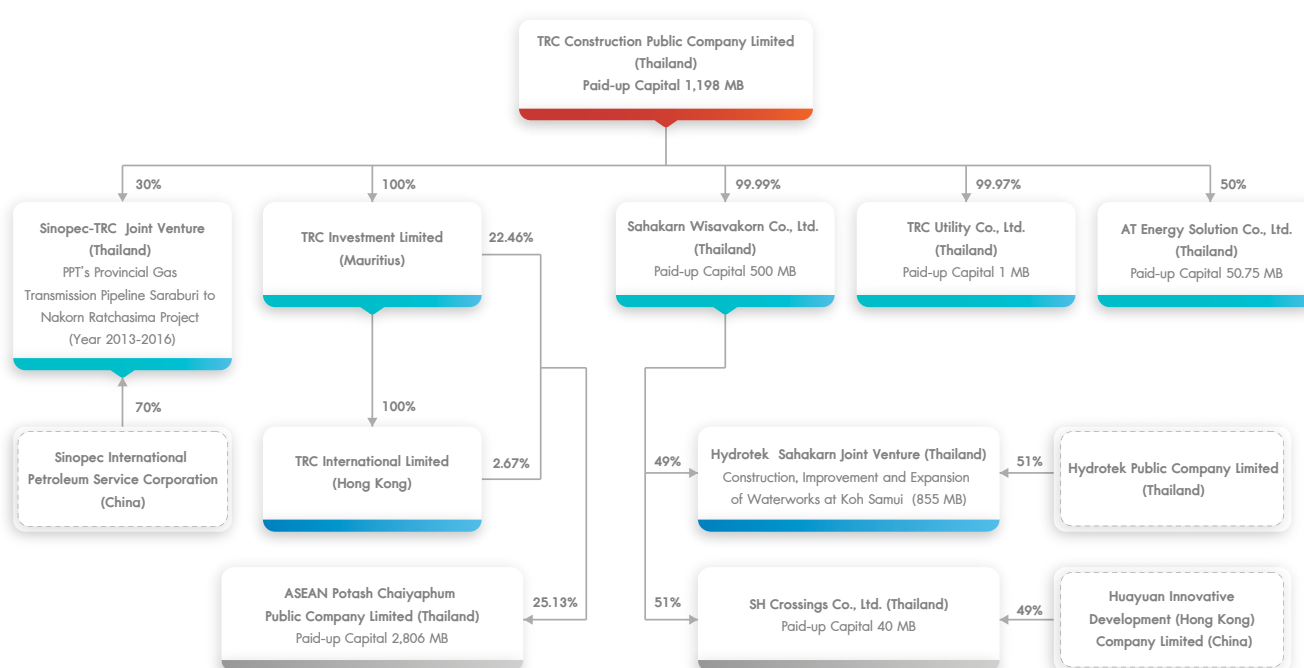
3. TRC Group Structure

● TRC Group Structure Overview

As at 31 December 2019, There are 8 subsidiaries in which the Company's other subsidiaries own a stake. as follows;

1. Sahakarn Wisavakorn Company Limited
2. TRC Investment Limited
3. TRC International Limited
4. TRC Middle East LLC*
5. TRC Engineering LLC*
6. TRC Utility Company Limited
7. SH Crossings Company Limited
8. AT Energy Solutation Company Limited

● The group structure of the company



* Since the business operations of the Company's subsidiary in Sultanate of Oman is in the process of being shut down and outstanding expense accounts being settled, the subsidiary was excluded from the Company and subsidiaries structure chart.

- **Relationships between TRC Group and Major Shareholder and Shareholding Structure of TRC Construction Public Company Limited**

Name	Paid-up Capital	Nature of Business	Shareholding (%)
TRC Construction Public Company Limited	Baht 1,198.39 million	To provide services in connection with engineering design, the supply of industrial machinery and equipment, and total-solution construction	-
Subsidiaries:			
Sahakarn Wisavakorn Company Limited	Baht 500 million	Public Utility and General Construction Service Business	99.99%
TRC Investment Limited	USD 1	Investment in other business	100%
TRC International Limited	HKD 10	Investment in other business	100% (Shareholding through TRC Investment Limited)
TRC Utility Company Limited	Baht 1 million	Investment in of basic infrastructure business	99.97%
TRC Middle East LLC	OMR 150,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)
TRC Engineering LLC	OMR 250,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)
SH Crossings Company Limited	Baht 40 million	Construction of Underground electrical conduits, trenchless for Horizontal Directional Drilling (HDD), Boring and Pipe Jacking	51% (Shareholding through Sahakarn Wisavakorn Company Limited)
Hydrotek Sahakarn Joint Venture	Baht 1 million	Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province (This joint venture has been established to undertake this construction project only)	49% (Shareholding through Sahakarn Wisavakorn Company Limited)

Name	Paid-up Capital	Nature of Business	Shareholding (%)
Associates:			
ASEAN Potash Chaiyaphum Public Company Limited	Baht 2,806 million	Potash Mining for fertilizer and chemical production at Bamnet Narong District, Chaiyaphum Province	25.13% (holding through TRC International Limited 2.67% and TRC Investment Limited 22.46%)
AT Energy Solution Company Limited	Baht 50.75 million	Provide utility supply and services to industrial plants	50%

4. Nature of Business

The Revenue Structure of the Company and its subsidiaries

Revenue		Operated by	Percentage of Share Holding	2019		2018		2017	
				Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1. Construction services income									
1.1	Revenue	TRC		958.60	27.98	924.94	40.14	861.67	35.37
	from Pipeline	TRC-Sinopec	30%	-	-	-	-	1.40	0.06
	System	Joint Venture							
	Construction	Hydrotek	49%*	-	-	82.87	3.60	211.62	8.69
		Sahakarn Joint Venture							
Total				958.60	27.98	1,007.81	43.74	1,074.69	44.12
1.2	Revenue from	TRC		388.57	11.34	387.83	16.82	52.02	2.13
	Engineering System	SKW	99.99%	-	-	32.32	1.40	293.42	12.05
	Installation and								
	Factory								
	Construction								
	for Energy and								
	Petrochemical								
	Business								
Total				388.57	11.34	420.15	18.22	345.44	14.18
1.3	Revenue from Civil	TRC		-	-	16.42	0.71	298.17	12.24
	Work Construction	SKW	99.99%	2,017.51	58.88	812.26	35.25	651.83	26.76
Total				2,017.51	58.88	828.68	35.96	950.00	39.00
1.4	Revenue from Sales	TRC		0.72	0.02	-	-	-	-
	and Other Services								
Total				0.72	0.02	-	-	-	-
Total Construction services income and Other Services				3,365.40	98.22	2,256.64	97.92	2,370.13	97.30
2. Other services income		TRC-UT	99.97%	13.06	0.38	5.73	0.25	-	-
3. Interest income				1.66	0.05	0.84	0.04	1.34	0.06
4. Other income				46.49	1.36	41.31	1.79	64.36	2.64
Total revenues				3,426.61	100.00	2,304.52	100.00	2,435.83	100.00

* 49% of Hydrotek Sahakarn Joint Venture holds by Sahakarn Wisavakorn Co., Ltd.

1. Nature of Business

● TRC Construction Public Company Limited

TRC Construction Public Company Limited is a construction company providing contracted integrated construction services to fit the clients' needs. This consists of design, engineering, sourcing of machinery, equipment and construction projects. The Company specializes in construction of pipeline system and construction of energy and petrochemical plants for both government and private sectors. In bidding for, and undertaking of projects, the Company serves the main contractor, subcontractor, or joint-venture partner, or a member of a consortium both locally and internationally, in accordance to the requirements of the clients.

Apart from construction services, core business, the Company sought opportunities and enhanced potential to ensure sustainable growth by creating consistent revenue recognition, be less dependant on construction business and enter into development and investment in projects that have long-term potential and satisfactory return. In 2017, a subsidiary namely TRC Utility Company Limited (TRC-UT) was formed to invest in basic utility related projects. The 1st project was tap water concession awarded by Tasit Subdistrict Administration Organization at Pluag-Daeng district, Rayong province. The construction was completed and the commercial operation was started in March 2018. TRC-UT had net profit of Baht 1.89 million in 2019. During the second half of 2019, the Company invested in AT Energy Solutions Company Limited (AT Energy) to provide utility procurement and services to industrial factory and entered into joint venture agreement with XSense Information Service Company Limited to established Olive Technology Company Limited (Olive) to provide services in research and development of inspection system control through IoT. Both AT Energy and Olive were currently in midst of processing, not yet in commercial operation.

Nature of Products and Services

1. Construction Business

The Company provides various construction services as follows:

1.1 Construction of pipeline system

The Company provides services relating to construction / installation of natural gas / petrochemical pipeline system, construction of natural gas pressure regulating / measurement stations. The Company has teams of engineers with experience and expertise to lay large natural gas pipeline (with maximum diameter of 30 inches), including laying of provincial natural gas pipeline. In 2015, PTT Public Company Limited awarded the Company and subsidiaries the 1st Transmission Pipeline Life Extension Project 28-inch Recoating Section (RC-400). The project involved the life extension of the natural gas pipeline system for the 1st transmission pipeline (28 - inch diameter in size) by removing the original pipe coating material and re-coating to extend the usage life of the pipes and avoid costly installation of new pipes. The Company's main clients are PTT Group and subsidiaries, such as PTT Plc, PTT Natural Gas Distribution Co., Ltd., IRPC Plc, PTT Global Chemical Plc, Global Power Synergy Plc, Gulf Energy Development Plc, Gulf JP UT Co., Ltd., and Siam Cement Group Plc's subsidiary, SCG Chemicals Co., Ltd.

1.2 Construction of energy and petrochemical plants

The Company provides integrated construction services consisting of design, engineering, sourcing / installation of machinery / equipment for energy and petrochemical plants / companies, such as Bangchak Corporation Plc's subsidiary, Bangchak Biofuel Co. Ltd., PTT Plc's subsidiary namely PTT Oil and Retailing and Retail Business Plc, IRPC Plc, Trans Thai-Malaysia Co., Ltd.

2. Project Development Business as Investment

The Company seeks opportunities to generate sustainable growth and revenue in project development business such as industrial complex, basic infrastructure and public utilities projects following completion of construction projects for clients in the energy and petrochemical sectors. The Company's project development businesses as investments are as follows:

2.1 Project development as investment in basic public utilities business

The Company saw business opportunities in the government's policy that promoted investment in basic utility and gave privileges to convince investors to invest their business in Eastern Economic Corridor (EEC) zone which would increase employment and basic utility demand in the future. The Company then invested in production and distribution of tap water in Tasit subdistrict, Pluag-Daeng district, Rayong province by establishing a subsidiary namely TRC Utility Company Limited, that started its commercial operation in March 2018.

2.2 Project development as investment in public sector concession business

The Company invested in a potash mining and processing plant project in Bamnet Narong municipality of Chaiyaphum province by acquiring a 25.13% equity share in ASEAN Potash Chaiyaphum Public Company Limited (APOT) through subsidiaries overseas. In February 2015, APOT obtained a 25-year underground mining concession from the Ministry of Industry. APOT's project aimed to produce 1.235 million tons/year of potash for primary potassium fertilizer which would reduce the import of 700,000 to 800,000 tons/year. The excess amount can also be exported and bring in the revenue.

2.3 Project development in energy business

TRC entered into joint venture agreement with AGE and established a joint venture company namely AT Energy with registered capital of Baht 200 million where TRC and AGE hold 50:50 of share proportion to provide energy and utility procurement and services especially energy sector to industrial factory i.e. production and distribution of steam, electricity and water for industrial use. With expertise and experiences in full construction circle, fuel acquisition, design and maintenance of machinery and equipment related to utility work, both parties would share greater effectiveness and wider range of customer base.

2.4 Project development in innovation and information technology

Technology is one of the most important factor that drive business growth, security and social development in governmental, industrial and consumer sectors. At present, the advance of high

speed internet network that covers the whole country and the application of big data analysis have enhanced the capability to compete in speed, accurate and update information that is timely and increase work efficiency. Seeing the growing trend of opportunity in innovative technology, the Company, then, entered into joint venture agreement with XSense Information Service Company Limited (XSense) to establish a joint venture company to provide services in research and development of inspection system control through IoT namely Olive Technology Company Limited.

- **Sahakarn Wisavakorn Co.,Ltd.**

Sahakarn Wisavakorn Co., Ltd. (“Sahakarn Wisavakorn”), formerly known as United Engineering Co., Ltd., was established by Mr. Pratueng Kamprakob in 1954 with a registered capital of Baht 500,000 to provide construction service. Sahakarn Wisavakorn’s business had been continually growing since its founding. However, in 1997 Sahakarn Wisavakorn started to have financial problem which went downhill over the years until it was so severe that Sahakarn Wisavakorn had to undergo the rehabilitation program in 2000. After years of its effort to recover financial position in accordance with the rehabilitation program, Sahakarn Wisavakorn was eventually released, by the order of the Central Bankruptcy Court, from the enforcement of rehabilitation program on March 1, 2004. In April 2007, Sahakorn Wisavakorn’s shareholders traded shares with TRC which turned Sahakorn Wisavakorn into a subsidiary of the Company since the 2nd quarter of 2007. Currently, Sahakarn Wisavakorn has a registered paid-up capital of Baht 500 million.

Sahakarn Wisavakorn Co., Ltd. is a reputable construction contractor which received first-class ranking from many state organizations, such as Bangkok Metropolitan Administration, Bangkok Metropolitan Waterworks, Department of Water Resource and the Port Authority of Thailand. In May 2018, Saha Wisavakorn was selected by the Department of Highways to receive ranking upgrade from first-class to special class which allowed Sahakarn Wisavakorn to bid for every project of the Department of Highways without limit on project value.

Sahakarn Wisavakorn received quality management certification or ISO 9001:2008 since 2009. In 2018, the certification version was changed to ISO 9000:2015 which was on par with international standards.

Sahakarn Wisavakorn has experience and expertise in providing integrated construction services and civil works. Most projects involved infrastructure construction such as roads, bridges and buildings for state enterprises / agencies. Other projects consisted of construction of energy and petrochemical plants, as well as installation of machinery and equipment. The followings were some of the projects completed by Sahakarn Wisavakorn:

- In 2011, construction valued of Baht 2,134 million ethanol (from tapioca) production plant for Bio Ethanol Co., Ltd.
- In 2015, project valued of Baht 834.14 million involving sourcing, installing, testing of machinery / equipment system (M-01/2) for producing cigarettes and expanding tobacco for the Tobacco Authority of Thailand which under the supervision of the Ministry of Finance.

- In 2005, construction of Srinakarin to Romklao Road, Phase 1 awarded by Bangkok Metropolitan Administration, Metropolitan Electricity Authority and Metropolitan Waterworks Authority, value of Baht 1,089 million.

● **TRC Utility Co., Ltd.**

In 2017, the Company set up a subsidiary named “TRC Utility Company Limited” (TRC-UT) with Baht 1,000,000 in registered capital, whose business activities mainly involve investment in projects related to basic infrastructure. The first investment by this newly-established entity was the Water Supply Concession Project of Tasit sub-district Administration Organization. The natures of this project involve the construction of water treatment plant and sale management of water to industrial and household users within the area governed by Tasit Sub-district Administration Organization in Pluak Daeng District, Rayong. TRC Utility Co., Ltd. commenced commercial operations in March 2018.

● **SH Crossings Co., Ltd.**

In 2017, Sahakarn Wisavakorn Co., Ltd., in partnership with Chinese strategic alliance Huayuan Innovative Development (Hong Kong) Company Limited, set up a subsidiary named “SH Crossings Company Limited” (SHC) with Baht 40 million in registered capital. The purpose of this new subsidiary is to do business in construction of underground electrical conduits, including boring and pipe jacking work. At present, SH Crossings Co., Ltd. receives subcontracting projects from Sahakarn Wisavakorn.

● **AT Energy Solution Company Limited**

In 2019, the Company invested in AT Energy Solution Company Limited (AT Energy) to provide utility procurement and services to industrial factory. At the end of 2019, AT Energy had registered capital of Baht 200 million with paid-up capital of Baht 50.75 million. Shareholding proportion among TRC, AGE and APTECH is 50:50:0 respectively. Currently, AT Energy is in midst of processing, not yet in commercial operation.

● **Subsidiaries in Sultanate of Oman**

- **TRC Middle East LLC** was established for specific purpose in 2009 to undertake the Flow Lines Rima Satellites Small Fields Construction Project awarded by Petrogas Rima LLC. The nature of works was to construct the distribution pipeline for crude oil with the 3-year contract (May 2009 - April 2012) and, due to customer’s satisfaction, the contract was extended in 2012 for another 2 years for additional works. This project was completed and handed over to the customers since 2014.

- **TRC Engineering LL** was established in 2011 for construction business in relation to energy business. In 2011, the Company was awarded by PTTEP (Oman) Co., Ltd. for the crude oil pipeline construction project with a milestone date set by the end of 2012.

The 3/2016 Board of Director Meeting dated 10 March 2016 approved the dissolution of TRC Middle East LLC and TRC Engineering LLC based on the fact that TRC Middle East LLC had already finished the construction works and handed over the completed project to the Owner, Petrogas

Rima LLC, and both entities had not engaged in any other projects since 2015. At present both entities are in process of registering dissolution and liquidation which was anticipated to complete in 2020.

2. Marketing and Competition

2.1 Marketing

As a result of the world economy's low growth rate and uncertainty direction in trade barrier, Thai economy's growth in 2019 was 2.4% which was lower than 2018 of 4.2%. Investment growth from private and government sectors were 2.8% and 0.2% respectively which was lower than 2018 of 4.1% and 2.9% respectively. (source: ONESDC News dated 17 February 2020, Office of the National Economic and Social Development Council) Despite the shrink of investment rate, the Company managed to obtain new projects. In 2019, the Company and subsidiaries secured new 9 projects worth a total of Baht 6,660.80 million which mostly were construction and infrastructure works.

To gain highest satisfaction from clients, the Company and Sahakarn Wisavakorn Co., Ltd. has implemented an evaluation system to measure the level of clients' satisfaction for each completed project undertaken. The Company and Sahakarn Wisavakorn would analyze the results obtained from the evaluation to correct deficiencies and make improvements accordingly. The evaluation results were part of the key performance indicators for the group of companies. In 2019, the evaluation results showed good level of clients' satisfaction, averaging of 92.14%.

A. Competitive strategies

As part of competitive strategies, TRC Group believes in operating its business by making the most of cost-effective manner while maintaining productivity and operating efficiency. This can be accomplished through the development of employees' work skills both in terms of expertise and diversity, the use of technology to improve operating efficiency, productivity and operating costs, exchanging of ideas on work process / procedures with local / foreign business alliance and cooperation / joint-venture to gain competitive advantage over rivals. Furthermore, TRC Group also use Enterprise Resource Planning (ERP) system to improve cost efficiency and effectiveness of procurement, hiring, logistics, management of supplies / inventories since 2009. In 2018, TRC Group built a fabrication shop at Nikom Pattana district in Rayong province to expand construction service capacity and managed construction costs.

TRC Group's policy is to select civil works / projects which are in line with its vision, capabilities, diversity of services to fulfill clients' needs, and to establish strategic business alliance with local / foreign partners to enhance business edge and competitiveness.

B. Marketing strategies

- **Product and services**

As for construction and pipeline related works in the energy and petrochemical sectors, the clients are mainly from the private sector. The projects are awarded via bidding process. TRC Group usually provide integrated design, engineering and machinery / equipment procurement services to the clients who tend to require specific design and specifications.

As for the private sector, most of the projects involve civil construction works and procurement of machinery / equipment. Projects are awarded via bidding process. TRC Group's policy is to deliver the completed projects which meets the clients' requirements and in compliance to the ISO9001:2015 international quality standards, OSHA18001:2007 workplace safety standards and ISO14001:2015 environmental standards, which TRC Group's operations have received the three types of ISO standards certifications since 2017.

- **Characteristics of clients and relationship between clients and TRC Group**

The Company's clients can be divided into 2 categories, government including state enterprises and private sectors. Government and state enterprise clients in 2019 were, for example, Department of Highways, Department of Rural Roads, Bangkok Metropolitan Administration, Bangkok Metropolitan Waterworks, Provincial Waterworks Authority, Metropolitan Electricity Authority and Eastern Water Resources Development and Management Plc. This group of clients set prerequisites and terms of reference which potential contractors bidding for the projects must fulfilled before they can register to do business, such as good business reputation and credentials, past business records / accomplishments indicating experience and capabilities. As for projects from clients in private sector, credentials, reputation in the industry, good references from other companies, past accomplishments were vital factors which helped pave way to secure business from private companies. The Company's main private sector clients were Bangchak Corporation Plc. Group, Eastern Water Resources Development and Management Plc. and FN Factory Outlet Plc.

TRC Group strives to improve and expand its capabilities to deliver quality project and services to the clients and to maintain good relationship with them. Furthermore, development of quality and capable human resource with technical expertise and marketing skills are necessary to respond and fulfill clients' needs. International quality standards certification such as ISO 9001:2015, workplace safety standards OSHA 18001:2007 and environmental standards ISO14001:2015 which TRC Group provides added quality assurance for the clients. TRC Group continues to develop competent project development / construction teams and supporting teams to deliver quality projects which are in compliance with safety and environmental standards, laws and regulations within the specified time frame.

- **Distribution channels**

The project construction business involves direct approach with potential clients by TRC Group's marketing and business development teams who seek to establish close relations with the target client groups. This would provide opportunities for TRC Group to learn about the clients' planned projects investment and to prepare for projects bidding. Hence, TRC Group requires its marketing and business development teams to prepare annual marketing and business development strategic plans to serve as management tools. It is also necessary to regularly follow news about the potential clients in order to know about their investment plans, or upcoming project bid invitations. TRC Group continues to expand its clients base in the public and private sector by becoming their approved contractors. In 2019, the Company and Sahakorn Wisavakorn Co., Ltd. registered as approved contractors with 30 projects (8 projects in public sector, 22 projects in private sector).

Competitive environment of the construction industry

Business in the Thai construction industry can be divided into 2 sectors – public sector and private sector. The proportion of the average investment value in the public and private sector is 53:47 respectively (source: Bank of Ayudhya Plc research article on the business and industry's outlook for 2018-2020). There are 2 groups of construction contractors: domestic and foreign. The domestic construction contractors comprise of large contractors (with annual revenue of over Baht 5,000 million), medium-size contractors (with annual revenue of Baht 1,000-5,000 million) and small contractors (with annual revenue of less than Baht 1,000 million).

The large and medium-sized construction contractors have the edge over small – sized contractors in bidding for large infrastructure projects in the public sector as they have vast experience, specific specialization / expertise, financial capacity and modern machinery / equipment and technology. Small contractors can still secure projects in the public sector, mostly as subcontractors. Most of the construction projects in the private sector were related to housing, industrial plants, commercial buildings, such as hotels and hospitals, etc. The volume of construction business in the private sector is related to the investment climate, or investors' confidence which is influenced by economic and political environment, investment activities in infrastructure projects and government's economic stimulus policy and incentives.

Currently, there are about 90,000 construction contracting companies in Thailand registered with the Department of Business Development of the Ministry of Commerce. The number of large construction contracting companies is considerably less than the number of medium-sized. Most of the construction contractors are small firm. At present, there are a total of 20 large and medium-sized construction contracting companies listed on the Thai Stock Exchange under the construction service sector. In 2019, the top 3 largest construction contracting firms are Italian -Thai Development Plc, CH. Karnchang Plc and Sino-Thai Engineering & Construction Plc. Collectively, these leading contractors account for 60% of the industry's total construction services revenue. (In 2019, the top 20 construction contractors generate a combined revenue of Baht 111,343 million from providing construction services).

In 2019, competition was stiffer in the gas pipeline system business, especially the natural gas pipeline business after PTT Plc revised down its planned investment in oil and natural gas and the entry of several foreign rivals. TRC Group adapted to the situation by seeking other business opportunities to supplement heavy reliance of construction business, such as automated warehouse / storage system and underground electricity cable installation to compensate for some of the revenue drop from pipeline business. Some of the main business rival in the natural gas business are Italian-Thai Development Plc, Connell Dowell Constructors Thai Ltd., Qualitech Engineering & Construction Co., Ltd. and rivals from China, such as Sinopec International Petroleum Service Corporation and China Petroleum Pipeline Bureau.

Competition in the construction industry in 2019 was not intense, thanks to several mega infrastructure projects in the public sector, as well as small-to-medium sized projects which also stimulate investment in construction projects in the private sector. However, the shortage of skilled labor, oil price and rise in construction materials prices could hurt profits. Hence, TRC Group sought

to establish good relationship with construction materials suppliers and subcontractors, business rivals in the industrial plants construction and civil works sectors, such as GC Maintenance and Engineering Co., Ltd., ItalThai Engineering Co., Ltd., CTCl (Thailand) Co., Ltd., Power Line Engineering Public Company Limited and Nawarat Patanakarn Public Company Limited.

Outlook of the Construction Industry and Competitive Environment

Investment in the construction industry is projected to grow by 6-8% on average in 2020 - 2022 driven by large infrastructure projects in the government sector and rising investment in construction projects in the private sector.

As for the outlook for 2020, the construction industry is expected to expand by 6-8% with continual projects such as Bangkok-Nong Khai high-speed railway (Phase 1 Bangkok-Nakhon Ratchasima) and new project expected to partially start such as high-speed rail linked 3 airport project DonMueang-Suvarnabhumi-U Tapao, extension of Red Line skytrain, South Purple Line (Taopoon-Ratchaburana) subway and other projects i.e. development project in U-Tapao airport and eastern area, would help increasing governmental construction projects' investment value.

Private sector's construction business is also expected to recover according to the government's investment in mega projects. Resulting the growth of private sector's construction value by 4%-7% per annum. The expansion in basic infrastructure driven from the government especially in EEC helped strengthen entrepreneur's investment decision in the next 3 years in construction of residence, office building and industrial factory. Number of permit application for construction of residence, office building and hotel is increasing e.g. One Bangkok and Dusit Central Park. As for the industrial factory construction that expected to grow within the next 3 years, the Company considered from the number of Board of Investment's privilege applications.

Construction operation results tend to increase especially contractors focusing on government sector's project are likely to have more projects in hand resulting better revenue, nonetheless, the operation results may not increase as high as expected due to budget delay, labour shortage and material price raised. Whereas, operation results of contractors whose projects mostly in private sector should pick up in line with increasing demand in property investment and government's basic infrastructure project.

Operating results for construction contractors should improve, especially for contractors who focus on projects in the public sector. They should secure more state projects and enjoy increase in revenue. However, construction contractors' operations result may not grow as projected if the projects are delayed, or postponed, amid ongoing labor shortage and rising construction materials prices. As for construction contractors whose projects are mostly in the private sector, the business should pick up in line with increasing investment in the property sector amid conducive economic situation and robust investment in basic infrastructure projects in the public sector.

As for the business outlook for large, medium, and small sized construction contracting companies, the business for large contractors should continue to be good as they have advantage in terms of capital, diverse expertise, integrated services, modern machinery / equipment, technology, access to supplies, materials, and risk management system and cost efficiency through the utilization of advance technology. Meanwhile, small construction contractors have relatively limited room for growth due to

uncertainty relating to the number of available projects and the share of the subcontract construction works allocated to them by the main contractors. The business environment for small construction contractors is very competitive due to the large number of small contractors. Since most of the construction works of small contractors involved low-skilled labor more than machinery, the number of pending projects in-hand are quite limited. This contributes to lack of financial liquidity during times of labor shortage.

The problem with the current labor shortage in the Thai construction sector may be more apparent in 2019 - 2020 with increase in construction activities in the public and private sectors. Competition for skilled labor will likely intensify, especially with the enforcement of the Foreign Labor Act 2017 as of the second half of 2018. If employers failed to register their foreign workers as required by law, the pool of foreign workers available to the Thai construction sector will shrink in the next 3 years. In the past, foreign labor accounted for over 50% of the workers in the Thai construction sector; most of them unregistered workers with no work permits.

The construction material prices in the next 3 years should rise in line with the higher demand from increased in construction activities, especially the prices of concrete and steel. The new and stricter law - Government Procurement and Supplies Management Act revised Procurement Act BE 2560 (2017) may slow down construction activities in the public sector as the procurement process of the new procurement law is more intricate, and involves more state agencies; ranging from project feasibility, to price bidding and disbursement of interim payments.

In January 2020, PTT Plc's Board of Directors approved the 5-year (2020-2024) investment plans worth Baht 180,814 million; details as follows:

(Unit: Million Baht)							
Business	2020	2021	2022	2023	2024	Total	%
Gas	5,799	4,774	1,019	40	40	11,672	6
Transmission	9,579	3,396	5,624	6,461	6,665	31,725	17
Downstream	44	3	183	402	242	874	1
Technology and Engineering	5,836	2,850	1,924	1,444	1,167	13,221	7
Head Office and Others	848	78	56	919	52	1,087	1
JV and Wholly Owned Subsidiaries	47,204	30,314	12,761	8,045	10,894	122,235	68
Total	69,310	41,415	30,484	20,545	19,060	180,814	100

PTT Plc.'s 5-year investment plan continues to focus in core business which are natural gas accounting for 6%, transmission pipeline accounting for 17% and joint venture and investment in companies, of which PTT wholly-owned, accounting for 68% of investment budget. Moreover, PTT has prepared provision capital expenditure of Baht 203,583 million for projects that add value or further create work from existing business within the group such as LNG Value Chain, Gas-to-Power project and invest in new business relevant to energy to be in line with national development strategy and adapt to the changing technology, consumer behavior and clean energy trend.

3. Sourcing of products and services

- **Raw materials**

Basic raw materials such as bricks, cement, steel, wires will be purchased locally after inspection of prices and quality from various reputable distributors / suppliers whose reputation will be checked / verified accordingly to TRC Group's procurement process and procedures. TRC Group has established criteria for selection of distributors / suppliers and conduct quality inspection on the selected distributors / suppliers to ensure the construction materials / supplies are in accordance to the specifications / types ordered, as well as details pertaining to submission of price lists, invoices, delivery time frames, etc. Suppliers have to adhere to the terms / conditions of TRC Group's procurement contracts.

As for special construction materials / parts / components which are not readily available locally, such as specific types of pipes, valves specified by the project designers / engineers, or project owners, TRC Group will have to import through authorized distributors, or directly from the manufacturers. In general, the project owners usually provide details of the required materials / supplies and a list of distributors acceptable to the project owners. With regards to procurement, TRC Group stresses the importance of quality and suitability of the materials / supplies to the project to be undertaken, as well as the before / after service provided by the distributors / manufacturers. TRC Group will conduct price negotiation in accordance to TRC Group's procurement procedures with the selected distributors / manufacturers following the selection process. The selected distributors / manufacturers will submit their price lists before TRC Group issue its purchase order to the selected distributor / manufacturer. Following the purchase and delivery of goods process, TRC Group will regularly monitor the quality of the materials / supplies to ensure the quality is consistent and acceptable, as well as the after-sales service of the distributors / manufacturer. TRC Group will keep records of distributors / suppliers in the database as reference for future procurements and selection of distributors / manufacturers.

- **Machinery and equipment**

As for machinery / equipment, TRC Group has some machinery / equipment in stock to support general construction works, and will lease some machinery / equipment which are needed for specific tasks / projects which TRC Group may not have on hand. Furthermore, Sahakarn Wisavakorn has machinery / equipment to support civil construction works, such as trucks, excavators, tractors which can be borrowed by affiliated companies to reduce operations costs and expenses on machinery / equipment.

- **Subcontract**

In hiring subcontractors, TRC Group will consider the potential subcontractor's reputation, experience, past work records, capabilities, financial capacity, manpower, and equipment / machinery to see if it would match the assigned project tasks. TRC Group has policies, terms and conditions for hiring subcontractors similar to the project contract (back-to-back) which TRC Group established with clients, such as details pertaining to delivery of completed work, warranty on quality of the completed works, inspection and delivery procedures / process, and fine for breach of agreed terms/ conditions.

4. Backlog on Hand

As at 31 December 2019, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows:

	Number of the Projects	Uncompleted Work Value (Million Baht)
TRC Construction Public Company Limited	3	2,043.62
Sahakarn Wisavakorn Company Limited	11	6,270.07
Total	14	8,313.69

- TRC Construction Public Company Limited

Project Name	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Remaining Work Value%	Expected Year of Project Completion
1. The Fifth Transmission Pipeline Project Phase 1 (5TP1)	Project Contractor: Sinopec International Petroleum Service Corporation	755.23	249.68	33.06	2020
2. Design, Supply, Construction and Commissioning of Refined Glycerin Plant Project	Bangchak Biofuel Company Limited	389.75	254.59	65.32	2020
3. Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project	Eastern Water Resources Development and Management Public Company Limited	1,833.00	1,539.35	83.98	2021
Total 3 Projects		2,977.78	2,043.62		

- Sahakarn Wisavakorn Company Limited

Project Name	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Remaining Work Value%	Expected Year of Project Completion
1. Extension Kalaparuek Road	Metropolitan Electricity Authority	364.88	295.62	81.02	2020
2. Improvement of Pracharumjai Road - Mitmaitri Road	Bangkok Metropolitan Administration	352.51	16.57	4.70	2020
	Metropolitan Electricity Authority	418.52	5.23	1.25	2020
3. Highway Route No. 4 A. Takua Pa – A. Thai Mueang, Phang Nga Province	Bureau of road construction 1, The Department of Highways	347.38	77.92	22.43	2020
4. Construction of overpass bridge, Na Ranong Intersection	Bangkok Metropolitan Administration	1,257.08	1,092.91	86.94	2021
	Metropolitan Electricity Authority	267.29	257.27	96.25	2021
5. Engineering, Procurement, Construction & System Installation for Lubricants Distribution Center	PTT Oil and Retail Business Public Company Limited	600.00	422.88	70.48	2020
6. The construction of Highway (Don Si Non)	Road Construction 2, the Department of Highways	558.88	431.85	77.27	2021
7. Conversion of Overhead Line to Underground System Project, Ratchadaphisek-Asoke Route	Metropolitan Electricity Authority	2,205.42	2,102.12	95.32	2022
8. Construction of Main Drainage Syatem Thung Song District, Nakhon Si Thammarat Province	Project Contractor: Wattsan Company Limited	220.88	189.45	85.77	2021
9. Ditch improvement Vibhavadi Rangsit Road Section 3	Bureau of road construction 1, The Department of Highways	293.69	263.45	89.70	2021
10. Ditch improvement Vibhavadi Rangsit Road Section 1	Bureau of road construction 1, The Department of Highways	633.01	597.05	94.32	2021
11. Conversion of Overhead Line to Underground System Project, Rama IV Route	Metropolitan Electricity Authority	517.76	517.76	100.00	2021
Total 11 Projects		8,037.30	6,270.07		

5. Risk Factors

The Company always aware and recognize the importance of risk management to prevent and lessen the potential risk factors internally and externally. By continuously performing risk management, the risk factors occurring during the year were managed to acceptable standard. The Company's significant business risk factors in 2019 were as follows:

Strategic Risk

Risk from competing with core business competitor

As a mainly price-based business, in a typical bidding process, it usually starts with the preliminary screening of qualified bidders who are required to meet all qualifications as set by the project owner and then, out of all these qualified bidders, the owner will select the one offering the lowest price. Even though the overall construction business is growing, when looking into the work categories and customers, the awarded projects for the most part were shifted from turnkey pipeline system in private sector to basic infrastructure system in government sector.

Due to the slowdown in petrochemical and energy business growth during the past 3-4 years and with government's push in transportation basic structure for economic stimulus, the competition in construction business was getting more intense. With limited choices, TRC had to enter into bidding with lower gross profit margin or with better conditions proposed to the project owner in order to keep our market share and operation target. To increase competitiveness of TRC and SKW to be able to contend against current and new competitors in Thailand and overseas that are supplied with fund, technology and ability, the Company sought cooperation with new alliances, who are equipped with fund and updated technology, and maintained long-term relationship with customers of both private and government sectors to increase opportunities in the future, for instance, working on quality standard improvement, SSHE focus and delivery punctuality. The Company has also constantly encouraged in-house development such as staff training and digital transformation to support changes and create rapid and precise working process.

Risk from business growth sustainability

The Company comes up with investment strategies to seek for new opportunities that can further expand from existing business and create long-term stability and sustainability to the Company. In this year, the board of directors has resolved to approve the investment in various projects as follows:

1. Energy business i.e. solar farming project.
2. Smart warehouse business : E-Commerce business has given positive force to transportation and logistics business worldwide. Siam Commercial Bank's strategic unit, Economic Intelligence Center (EIC), has evaluated that the complete use of robot and automatic system tend to be widespread resulting from E-Commerce business that expects to grow from Baht 65 billion in 2019 to 85 billion in 2021.
3. Big Data analysis, control and verification R&D business : Innovative technology that gather equipment, advanced analysis system and human to work together through network to deliver beneficial-for-decision information at a faster speed.

The abovementioned projects are partnered between the Company and skillful counterparties which help reducing investment risk. The Projects are expected to commercialize in 2020-2021.

Financial Risk

Liquidity Risk

Working capital is essential in construction business as the cost of materials, equipment, labor wages and others are needed to be paid in advance while the payment of construction service will only be given after delivery and in installments. In the case when project owner faces cashflow issues or causes payment delay, the project operation then unavoidably be affected. The business trend of TRC group is shifted to acquire more projects from government sectors according to the national economic policy in investment of basic infrastructure system. Since the government sectors have more steps than private sectors in term of payment procedure, the Company receives the payment later than stated in credit term. In order to prevent possible risk, the Company has come to negotiation regarding the payment condition where the advance payment is requested and cooperation with all relevant parties to come up with each project's cash estimated forecast is encouraged so that the consideration of project's cashflow and reserve can be efficiently managed in a timely manner. The Company has policy in getting loan from financial institutes such as permanent/general credit line and project finance and complete monthly cash estimation and actual cashflow statement to report to executive committee every month and carefully use as guideline to manage cashflow to ensure proper and sufficient business operation with less financial cost.

Risk arising from terms and conditions of debenture

The Company must maintain the interest bearing debt to equity ratio of not exceeding 2 : 1 as of the end of the accounting period of each year for the entire duration of the debenture period and the interest coverage ratio : EBITDA/interest expenses of not less than 4 times in accordance to the terms of the shareholder's debentures rights.

2018 operating result caused the Company inability to maintain the required interest coverage ratio. However, the Company has rectified this problem to avoid negative impact on confidence in the Company, business opportunities and capital-raising ability in the future. In February 2019, the Company issued a notice to propose all debentures holders that the Company would like to redeem debentures and payment was completely made on March 29, 2019. There was only 1 debentures holder who agreed to relent the interest coverage ratios and wished to keep the debenture to its maturity date on 17 March 2020.

Risk from Financial Stability and ability to Borrow

According to the Company's strategy that seeks for long-term growth and sustainability, the Company has entered into investment in new business with joint venture companies that operate in business apart from construction. Resulting the Company to be able to maintain cashflow and reserve sufficient working capital for operation and secure both short and long term fund in advance such as

issuance of promissory note and capital increase ordinary share. The Company is willful in maintaining strong financial position and comply with conditions stated in loan agreement.

Operational Risks

Risk in operation and work delivery

Most construction works that the Company received were medium to large size with average construction period of 2 years. The Company has always followed construction standard procedure but the project delay was sometimes unavoidable due to various circumstances e.g. site preparation delay nearby local community, opposition from neighboring community in environmental issue, condition change by Owner, lack of expertise or experience in labour, lack of experience in subcontractor. Moreover, construction work has higher risk in accident from various reasons, e.g. incomplete machinery or faulty usage, which cause damages to labour, third party, nearby property or project owner. Risk in operation and delay work delivery may effect the Company with higher cost and longer work period. Hence, the Company has put best effort to prevent and reduce such risks by surveying construction site, regularly following up operation plan, immediately investigating and solving problems and complaints received and securing every projects with Contractor All Risks insurance.

Risk in social and environment

The Company realize the importance of safety health and environment management not only for personnel within organization but also for social and environment surrounding construction site to ensure the least construction effect. Standard of ISO9001, ISO14001 and OHSAS18001 were adopted to manage and improve consequences i.e. pollution control, dust, waste water and vibration, to be up to standard required by laws. The Company also has a policy to build relationship with surrounding community by coordinating with community leader to do a survey and collect comments and concerns regarding environment and construction and supporting in activities related to environment to create good relationship and better quality of life of stakeholders.

Risk that Impact Rights or Investment of Security Holders

Risk in cumulative loss resulting to no dividend payment in the near future

In 2019, the Company's net loss in consolidated financial statements was Baht 280.26 million which was loss for 2 consecutive years. Cumulative loss in consolidated financial statement as at 31 December 2019 was Baht 551.37 million. Key reason of such loss was from 2018 when one of the Company's client had severe financial problem and failing to make payment. The Company then recorded such outstanding amount and all construction cost as bad debt including loans given to subsidiaries to invest in the mentioned client. Negative impact effected to consolidated financial statement amount to Baht 2,335 million. Apart from that, the Company also faced the cut-throat pricing bidding competition

which made the Company to unavoidably accept less gross profit. Net profit in consolidated financial statement was, therefore, effected. In 2018 and 2019, net loss of the Company were 172.68% and 20.21% respectively. With the aforementioned cumulative loss situation, the Company was not able to make dividend payment to shareholders according to the laws and shareholders may not receive dividend due to dividend payment policy in the next 2 years.

Currently, the Company has strictly followed strategic plan and controlled cost and expenses with the effort to make net profit operation results by 2021 and cumulative loss is expected to be cleared within 2-3 years. The Company would then be able to make dividend payment to shareholders once cumulative profit is initiated with net profit operation results.

Risk of having a major shareholder with above 25 percent of controlling interest

As of 31 December 2019, KPK 1999 Company Limited held 1,198,393,355 shares of the Company, accounting for 28.30% of the company's paid-up shares (50.50% of KPK 1999 Co., Ltd.'s shares owned by Mrs. Paichit Rattananon, Chairman of the Company's Board of Directors). This situation presents the risk that, whenever the number of shareholders attending any meeting of shareholders accounts for less than half of all shares issued, KPK 1999 Co., Ltd. may be able to dominate the resolution of the meeting for the agenda that requires a majority of votes, though the matters which the law or the Company's Articles of Association specifically require not less than three-fourths of attending shareholders' votes in resolving are unlikely to be affected by KPK 1999's current shareholding percentage in the Company. In such circumstance, other minor shareholders may not be able to conduct check-and-balance on the matters proposed by the major shareholder, or KPK 1999, if they fail to gather sufficient number of opposing votes.

Having recognized the importance of a well-functioning check-and-balance mechanism, the Company has taken actions to ensure the following: power, roles and responsibilities of all committees being clearly and transparently defined; connected transactions between directors, major shareholders, executives, authorized persons, including any person with potential conflict of interest being strictly governed by a specific corporate policy whereas all of these persons are not allowed to vote on any agenda involving this particular matter; at least one independent member of the Audit Committee being appointed to sit on the Board of Directors to convince shareholders that this person will be able to transparently perform duties of probing and screening matters before proposing to the meeting of shareholders for approval, as well as performing check-and-balance functions, to a certain degree, on behalf of all minor shareholders.

6. General Information

Name	: TRC Construction Public Company Limited
Nature of Business	: Engages in Pipeline System Construction, Engineering System Installation and Factory Construction in Energy and Petrochemical Businesses and Project Development and Investment Business
Head Office Address	: No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	: 0107548000293
Website	: www.trc-con.com
Telephone	: +66 2022 7777
Facsimile	: +66 2022 7788
Registered Capital	: Baht 1,198,383,354.75
Paid-up Capital	: Baht 1,198,383,354.75
Number of Issued Ordinary Shares	: 9,587,146,838 Shares
Par Value	: Baht 0.125

References

Share Registrar	: Thailand Securities Depository Company Limited
Address	: No. 93, The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
Telephone	: +66 2009 9000
Facsimile	: +66 2009 9991

Auditor	: DHARMNITI AUDITING Co.,Ltd.
Address	: 178 Dharmniti Building, 6 th -7 th Floor, Soi Permsap (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok 10800
Telephone	: +66 2596 0500
Facsimile	: +66 2596 0560

Debenture Registrar	: CIMB Thai Bank Public Company Limited
	Capital Financial Markets and Payments Operations Department
Address	: 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	: +66 2626 7506, +66 2626 7511

Companies in which TRC holds at least 10% stakes

● Subsidiaries

Name	:	Sahakarn Wisavakorn Co., Ltd. (“SKW”)
Portion of Share Holding	:	99.99%
Nature of business	:	General construction and Infrastructure construction
Head Office Address	:	No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0105497000257
Website	:	www.sahakarn.com
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	Baht 500,000,000
Paid-up Capital	:	Baht 500,000,000
Number of Issued Ordinary shares	:	50,000,000 Shares
Par Value	:	Baht 10

Name	:	TRC Investment Limited
Portion of Share Holding	:	100%
Nature of business	:	Investment in other project
Head Office Address	:	10 th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius
Registration Number	:	079207 C1/GBL
Registered Capital	:	USD 1
Paid-up Capital	:	USD 1
Number of Issued Ordinary Shares	:	1 Share
Par Value	:	USD 1

Name	:	TRC International Limited
Portion of Share Holding	:	100% (Shareholding through TRC Investment Limited)
Nature of business	:	Investment in other project
Head Office Address	:	Room 2101, Hong Kong Trade Centre 161-7 Des Voeux Road, Central Hong Kong
Registration Number	:	1202588
Registered Capital	:	HKD 10,000
Paid-up Capital	:	HKD 10
Number of Issued Ordinary Shares	:	1 share
Par Value	:	HKD 10

Name : **TRC Middle East LLC**

Portion of Share Holding : 70% (Shareholding through TRC International Limited)

Nature of business : Construction Service Business in Sultanate of Oman

Head Office Address : Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116

Registration Number : 1070009

Registered Capital : Oman Rial 150,000

Paid-up Capital : Oman Rial 150,000

Number of Issued Ordinary Shares : 150,000 Shares

Par Value : Oman Rial 1

Name : **TRC Engineering LLC**

Portion of Share Holding : 70% (Shareholding through TRC International Limited)

Nature of business : Construction Service Business in Sultanate of Oman

Head Office Address : Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116

Registration Number : 1108601

Registered Capital : Oman Rial 250,000

Paid-up Capital : Oman Rial 250,000

Number of Issued Ordinary Shares : 250,000 Share

Par Value : Oman Rial 1

Name : **TRC Utility Company Limited**

Portion of Share Holding : 100%

Nature of business : Investment in of basic infrastructure business

Head Office Address : No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand

Registration Number : 0105560100101

Registered Capital : Baht 1,000,000

Paid-up Capital : Baht 250,000

Number of Issued Ordinary Shares : 10,000 Shares

Par Value : Baht 100

Name : **SH Crossings Company Limited**

Portion of Share Holding : 51% (Shareholding through Sahakarn Wisavakorn Company Limited)

Nature of business : Construction of Underground electrical conduits, trenchless for Horizontal Directional Drilling (HDD), Boring and Pipe Jacking

Head Office Address : No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand

Registration Number : 0105560194041

Registered Capital : Baht 40,000,000

Paid-up Capital : Baht 40,000,000

Number of Issued Ordinary Shares : 400,000 Share

Par Value : Baht 100

• **Joint Ventures**

Name : **Sinopec-TRC Joint Venture**

Portion of Share Holding : 30% (Sinopec International Petroleum Service Corporation 70%)

Nature of business : Construction Service transmission pipeline from Saraburi to Nakhon Ratchasima

Head Office Address : No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand

Registration Number : 0993000315361

Telephone : +66 2022 7761

Name : **Hydrotek Sahakarn Joint Venture**

Portion of Share Holding : 49% (Hydrotek Public Company Limited 51%)

Nature of business : Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province (This joint venture was established solely for the purpose of running this construction project.)

Head Office Address : No. 1, TP&T Tower 14th floor, Soi Vibhavadi Rangsit 19, Chatuchak District, Bangkok 10900

Registration Number : 0993000342674

Telephone : +66 2936 1661-2

● **Associate**

Name	:	ASEAN Potash Chaiphaphum Public Company Limited
Portion of Share Holding	:	25.13% consist of; 22.46% (shareholding through TRC Investment Limited, Mauritius) 2.67% (shareholding through TRC International Limited, Hong Kong)
Nature of business	:	Potash mining for fertilizer and chemical production
Head Office Address	:	No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220
Registration Number	:	0107547000478
Telephone	:	+66 2001 7733
Facsimile	:	+66 2001 7739
Registered Capital	:	Baht 29,472,035,900
Paid-up Capital	:	Baht 2,805,797,300
Number of Issued Ordinary Shares	:	28,057,973 Shares
Par Value	:	Baht 100

Name	:	AT Energy Solution Company Limited
Portion of Share Holding	:	50% and Asia Green Energy Public Company Limited holding 50%
Nature of business	:	Energy and Utility providing and service e.g. electricity, steam and water supplies for the industrial factories.
Head Office Address	:	No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220
Registration Number	:	0105562139846
Telephone	:	+66 2001 7777
Facsimile	:	+66 2001 7739
Registered Capital	:	Baht 200,000,000
Paid-up Capital	:	Baht 50,750,000
Number of Issued Ordinary Shares	:	2,000,000 Shares
Par Value	:	Baht 100

7. Shareholding Structure

Major Shareholders

The top 10 largest shareholders as of 31 December 2019 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon's Group	2,747,711,285	28.66%
- Mrs. Paichit Rattananon	34,913,971	0.36%
- KPK 1999 Co., Ltd. ⁽¹⁾	2,712,797,314	28.30%
2. UBS AG SINGAPORE BRANCH	470,714,532	4.91%
3. Thai NVDR Company Limited	359,831,708	3.75%
4. SMPR Holding Pte. Ltd. ⁽²⁾	348,434,992	3.63%
5. Mr. Sangchai Wasunthara	218,809,020	2.28%
6. Mr. Anonchai Weeraprawat	160,000,000	1.67%
7. Mr. Boontham Kraiwattanapong	132,416,665	1.38%
8. Mr. Ayuth Potchanant	123,977,777	1.29%
9. Mr. Smai Leesakul	117,631,494	1.23%
10. Mr. Somphop Tingthanathikul	100,000,000	1.04%
11. Others	4,807,619,365	50.16%
Total Issued and Paid-up Shares	9,587,146,838	100.00%

Note:

- KPK 1999 Co., Ltd. is the company of which 50.50% shares are held by Mrs. Paichit Rattananon, Chairman.
- The Ultimate Shareholder of SMPR Holding Pte. Ltd. is SP International Group Limited (shareholding in Samlee 100%)

8. The Dividend Policy

The Company has a policy to pay dividends approximately 40% of its net profit after tax and legal reserve. However, the dividend payout may be changed subject to future investment plans, and any other actions that deem necessary and appropriate under the condition that those actions must be taken for the best interests of shareholders such as the provision for loan repayment, funding for business expansion, or in the case of any adverse change of marketing situation that may affect the Company's future cash flow. The Board of Directors is authorized to consider the dividend payment, however, the resolution of dividend payment must be further proposed for approval of Shareholders' Meeting except for the case of interim dividend payment as the Board of Directors has the authority to approve prior to informing the interim payment to the subsequent Shareholders' Meeting.

Details of the dividend payments during the past three years of TRC Construction Public Company Limited are as follows:

	2018	2017	2016
Net (loss) profit margin	Baht (2,328.69) million	Baht 101.91 million	Baht 357.93 million
Net (loss) profit attributable to equity holders of the Company and its subsidiaries	Baht (2,040.57) million	Baht 92.79 million	Baht 290.76 million
Annual statutory reserve	-	Baht 0.73 million	Baht 16.10 million
Net profit of the Company after statutory reserve	-	Baht 101.18 million	Baht 341.83 million
Dividend Type	-	Stock dividend and Cash dividend	Stock dividend and Cash dividend
The number of shares entitled to receive dividend payment	-	5,869,693,296 shares	5,135,985,760 shares
Dividend payment	-	Cash dividend of Baht 11.74 million (Baht 0.0020000 per share) Stock dividend of Baht 36.69 million (Baht 0.00625 per share) with existing 20 shares per 1 share	Cash dividend of Baht 20.54 million (Baht 0.0040000 per share) Stock dividend of Baht 91.71 million (Baht 0.0178571 per share) with existing 7 shares per 1 share
Ratio of dividend payment to net profit after statutory reserve	-	47.86%	30.01%

For subsidiaries, the dividend payment policy is not explicitly stated.

9. Management Structure

1. The Board of Directors

Composition of the Company's Board of Directors

The Board of Directors consists of knowledgeable, competent members whose qualifications fully meet the requirements as per Section 68 of the Public Company Limited Act B.E. 2535 (1992) and the relevant notifications of the Capital Market Supervisory Board. The Board of Directors plays an important role in determining the Company's policies, overseeing, monitoring and assessing the Company's operating performance, independently evaluating performance of the Company's top management, and working with top management in developing both short and long term operational plans, corporate vision, mission, and management targets.

As at 31 December 2019, the Board of Directors and the subcommittees are listed below:

Name-List of Board of Directors and Managements		Directors	Subcommittees				
			Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee
1. Mrs. Paichit Rattananon ⁽¹⁾	Chairman	<input checked="" type="checkbox"/>					
2. Mrs. Rachadaporn Rajchataewindra ⁽²⁾	Independent Director and Chairman of Audit Committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D. ⁽³⁾	Independent Director and Chairman of Risk Management Committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
4. Mrs. Puangthip Silpasart	Independent Director and Chairman of Corporate Governance Committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
5. Assoc. Prof. Pises Sethsathira	Independent Director and Chairman of Remuneration and Nomination Committee	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
6. Mr. Smai Leesakul	Director and Chairman of Executive Committee	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>
7. Mr. Pasit Leesakul	Director and Chief Executive Officer	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Ms. Pavita Leesakul	Director and Vice President, Corporate Affairs Division	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		

Name-List of Board of Directors and Managements	Directors	Subcommittees				
		Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee
10. Mr. Loh Eng Kee Chief Operating Officer	✓					✓
Total	9	3	6	4	4	4

☒ Chairman ✓ Committee

1. Chairman is a representative from KPK 1999 Co., Ltd., the Major Shareholders.
2. Mrs. Rachadaporn Rajchataewindra was appointed as Chairman of the Audit Committee in replacement of Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM. who resigned with effective on 21 June 2019.
3. Assoc. Prof. Kamjorn Tatiyakawee, M.D. was appointed as Director in replacement of Mr. Arun Chirachavala whose term was expired in the 2019 Annual General Meeting of Shareholders on 29 April 2019.

Authorized Directors consist of Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mr. Pasit Leesakul and Mrs. Podchanee Phaosavasdi. Two of four directors sign together with the Company's seal.

● **The Board of Directors of Sahakarn Wisavakorn Company Limited consists of 6 members as follows:**

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mrs. Paichit Rattananon	Chairman	<input checked="" type="checkbox"/>	⊙
2. Mr. Smai Leesakul	Director	✓	⊙
3. Mr. Pasit Leesakul	Director	✓	⊙
4. Mrs. Podchanee Phaosavasdi	Director	✓	⊙
5. Mr. Sakda Tantiwattanakul	Director	✓	
6. Mr. Chaveng Reesrikitti	Director	✓	
Total		6	4

☒ Chairman ✓ Committee ⊙ Authorized Directors

* Two of four directors sign together with the Company's seal.

- **The Board of Directors of TRC Utility Company Limited** consists of 3 members as follows:

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mr. Pasit Leesakul	Chairman	☑	⊙
2. Mrs. Podchanee Phaosavasdi	Director	✓	⊙
3. Ms. Pavita Leesakul	Director	✓	⊙
Total		3	3

☑ Chairman ✓ Committee ⊙ Authorized Directors

* Two directors sign together with the Company's seal.

- **The Board of Directors of SH Crossings Company Limited** consists of 3 members as follows:

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mr. Pasit Leesakul	Chairman	☑	⊙
2. Mrs. Podchanee Phaosavasdi	Director	✓	⊙
3. Mr. Cong Chen	Director	✓	⊙
Total		3	3

☑ Chairman ✓ Committee ⊙ Authorized Directors

* Two directors sign together with the Company's seal.

- **Summary of directors attendance in 2019 Board of Directors Meeting**

Name-List of Board of Directors	Attendances in 2019 (time)						
	General Meeting	Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee
1. Mrs. Paichit Rattananon	2/2	10/10	Not a member	Not a member	Not a member	Not a member	Not a member
2. Mrs. Rachadaporn Rajchataewindra ⁽¹⁾	N/A	3/3	3/3	1/1	Not a member	1/1	Not a member
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D. ⁽²⁾	1/1	6/6	4/4	2/2	Not a member	1/1	Not a member
4. Mrs. Puangthip Silpasart	2/2	9/10	5/5	3/3	1/1	Not a member	Not a member
5. Assoc. Prof. Pises Sethsathira	1/2	8/10	Not a member	2/3	1/2	Not a member	Not a member
6. Mr. Smai Leesakul	2/2	10/10	Not a member	Not a member	Not a member	Not a member	11/12

Name-List of Board of Directors	Attendances in 2019 (time)						
	General Meeting	Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee
7. Mr. Pasit Leesakul	2/2	10/10	Not a member	3/3	Not a member	1/1	12/12
8. Mrs. Podchanee Phaosavasdi	2/2	10/10	Not a member	3/3	2/2	1/1	12/12
9. Ms. Pavita Leesakul	2/2	10/10	Not a member	Not a member	2/2	Not a member	Not a member
10. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM. ⁽³⁾	1/1	5/6	1/2	1/1	Not a member	Not a member	Not a member
11. Mr. Arun Chirachavala ⁽⁴⁾	0/1	1/4	0/1	0/1	1/1	Not a member	Not a member
12. Mr. Loh Eng Kee	-	Not a member	Not a member	Not a member	Not a member	Not a member	11/12

Note

N/A means not participate because such director was appointed during the year 2019.

The Company arranged 2 shareholders meetings in 2019 which were the Annual General Meeting of Shareholders on 29 April 2019 and the 1/2019 Extraordinary General Meeting of Shareholders on 21 June 2019.

1. Mrs. Rachadaporn Rajchataewindra was appointed as Chairman of the Audit Committee in replacement of Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM. who resigned effective on 21 June 2019.
2. Assoc. Prof. Kamjorn Tatiyakavee, M.D. was appointed as Independent Director in replacement of Mr. Arun Chirachavala whose term expired in the 2019 Annual General Meeting of Shareholders on 29 April 2019.
3. Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM. resigned effective on 31 May 2019.
4. Mr. Arun Chirachavala's term expired in the 2019 Annual General Meeting of Shareholders on 29 April 2019.

● Summary of Director Appointment

Name-List of Board of Directors	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2019	Next Appointment
1. Mrs. Paichit Rattananon	2005	2019	Chairman of the Boards	Yes	2022
2. Mrs. Rachadaporn Rajchataewindra	2019	-	Independent Director	No	2021
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D.	2019	-	Independent Director	Yes	2022
4. Mrs. Puangthip Silpasart	2016	2017	Independent Director	No	2020
5. Assoc. Prof. Pises Sethsathira	2005	2018	Independent Director	No	2021
6. Mr. Smai Leesakul	2007	2017	Executive Director	No	2020

Name-List of Board of Directors	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2019	Next Appointment
7. Mr. Pasit Leesakul	2013	2017	Executive Director	No	2020
8. Mrs. Podchanee Phaosavasdi	2007	2018	Executive Director	No	2021
9. Ms. Pavita Leesakul	2018	2019	Executive Director	Yes	2022

The Company organizational structure consists of 6 committees; Board of Directors, Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Risk Management Committee and Executive Committee as details shown below:

1.1 The Board of Directors of the Company as of 31 December 2019

- **Board of Directors of TRC Construction Public Company Limited** consists of 9 members as follows:
 1. Mrs. Paichit Rattananon Chairman, a representative from KPK 1999 Co., Ltd., the Major Shareholders
 2. Mrs. Rachadaporn Rajchataewindra Independent Director
 3. Assoc. Prof. Kamjorn Tatiyakavee, M.D. Independent Director
 4. Mrs. Puangthip Silpasart Independent Director
 5. Assoc. Prof. Pises Sethsathira Independent Director
 6. Mr. Smai Leesakul Executive Director
 7. Mr. Pasit Leesakul Executive Director
 8. Mrs. Podchanee Phaosavasdi Executive Director
 9. Ms. Pavita Leesakul Executive Director

Mr. Pasit Leesakul, Director and Chief Executive Officer, as acting Company Secretary.

Charter of the Board of Directors was published in the Company's website under "Sustainability/CG Report and Download/ Charter" consisted of 10 topics which were composition, qualifications, scope of duties and responsibilities, scope of authority, terms of office, meetings, quorum, authorization, remuneration and performance appraisal.

Scope of Duties and Responsibilities of the Board of Directors

1. Perform duties in accordance with laws, objectives, article of association as well as the resolutions of the Shareholders' Meeting except for the transactions that shall be approved by the Shareholders' Meeting such as the connected transaction, the acquisition and disposition of assets, the purchasing and selling of significant assets as per the regulations of the Stock Exchange of Thailand or any other relevant authorities.
2. Specify and review the Board of Directors structure with regards to number of directors, the proportion of independent directors, including diverse knowledge, skills, expertise which would be appropriate to the Company's business.
3. Appoint or change the authorized directors of the Company.

4. Specify the corporate vision and mission statements, policies, strategies, objectives and direction of business operations and review it yearly. Supervise and monitor the management to ensure they operate effectively and productively in the same direction as the corporate policies, strategies and objectives in order to achieve the most economic benefits for the shareholders and to support sustainable business growth. This excludes policies and operations which require prior shareholders' approval at the shareholders' meeting.
5. Review and approve the significant transactions such as business plan, budget, large investment, management's authorities and any other transactions required by laws.
6. Monitor to ensure the Company's business strategies are being implemented accordingly. Evaluate the outcomes of the business operations by requiring regular operations results reports. Specify policy to develop / improve business operations while ensuring compliance to safety, health / sanitation, environmental regulations and social responsibility obligations, as well as the Company's human resource development.
7. Oversee and support innovations which can create value-added products or service for the Company and stakeholders.
8. Ensure that the Company's information technology system is secured and properly managed.
9. Establish the Company's policy on risk management and ensure that the Company's risk management system is effective. Review and evaluate the risk management system regularly to ensure effectiveness in dealing with changes in potential risks.
10. Ensure the Company's operations are in compliance with the listed companies' good corporate governance principles which can also help guide the Company's business operations. Regularly monitor compliance to good corporate governance principles.
11. Encourage all employees to adhere to the Company's written Business Ethics and Code of Conduct; monitor to ensure strict compliance with the Business Ethics and Code of Conduct, as well as the Company's anti-fraud and anti-corruption policy.
12. Be responsible for the operating result and the management performance with good intention and care.
13. Ensure that the Company has reliable accounting system, financial reports and auditing process as well as to provide the measurement to assess the appropriateness of the internal control system and the efficiency and effectiveness of internal auditing, risk management and financial reporting.
14. Monitor the Company's financial liquidity position and ability to repay debts, including plans or mechanisms to tackle potential problems.
15. Ensure the shareholders are involved in decision-making process of important issues of the Company. Treat major and minor shareholders, vested parties equally, in transparent manner and with the same respect. Establish convenient channels for filing / receiving of complaints from informants, or stakeholders, and provide stakeholders with access to directly contact the Board of Directors directly about issues which need to be resolved.

16. Consider the succession plan for the position of Chief Executive Officer and appointment of Chief Executive Officer, Executive Director and high level executive ranked a level under the Chief Executive Officer.
17. Establish annual performance evaluation process for the Chairman of the Board of Directors, the Chief Executive Officer and high level executives and approve the remuneration for the Chairman of the Board of Directors and the Chief Executive Officer.
18. Monitor the transparent process for the nomination, selection and appointment of the Company's directors; determine the appropriate remuneration for directors and sub-committees members.
19. Devote adequate time to perform duties and to participate in the Board of Directors' meetings and shareholders' meetings. If the director could not attend such meeting due to any force majeure, he / she must notify the Chairman of the Board of Directors, or the Company secretary prior to the start of the scheduled meeting.
20. Ensure that the conflict of interests between the Company and related persons does not exist.
21. Report the Board of Directors' responsibilities for financial reports together with external auditor's report in the Company's annual report. Such Board of Directors' report shall include all the subjects as specified in the code of conduct for directors of the listed company.
22. The Board of Directors shall be able to authorize the following transactions after they receive the Shareholders' Meeting approval to do so. For the transactions that might lead to any conflicts of interests, the director who might have such conflict of interest must not vote on that transaction.
 - (a) The transactions that are required by law to receive the Shareholders' Meeting approval.
 - (b) The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.
23. Regularly seek new knowledge and develop new skills which would complement job duties as board members by attending special courses / seminars.
24. The Board of Directors may appoint directors and executives as deemed appropriate to serve as members of other subcommittees, to perform duties as assigned by the Board of Directors, to participate in approving the charter for each subcommittees which have to be reviewed regularly and annually, as well as the measures / procedures for approving connected transactions.

However, the abovementioned authorization to directors does not include an authorization that enables the members of each sub-committee to approve every transaction engaged with their own, or other's conflicts of interest with the Company, or subsidiary company (if any). In addition, for very connected transaction and acquisition and disposition of

asset, they are also required to obtain an approval of shareholders meeting as prescribed in the Stock Exchange of Thailand's rules.

25. Prohibited acts of the Board of Directors;

25.1 The Board of Directors shall not interfere in decision-making of the Company's management for the matters that the management is responsible to handle and as assigned by the Board, such as procurement, employee recruitment, day-to-day operation, etc.

25.2 The Board of Directors shall carefully approve every connected transaction and / or any transaction with conflicts of interest and in the approval of the related transaction, directors with vested interests shall leave the meeting.

Scope of Duties and Responsibilities of the Chairman

The Chairman has the role of overseeing policy advocacy and strategic performing manner of the Company's management including giving recommendation and support the operating of the Company's management. However, this entitle shall not participate in the daily operation. She or he shall preside as chairman of the Board of Directors meeting and shareholders' meeting, encourage all directors to participate in the meeting as well as monitoring the Board of Directors meeting and shareholders' meeting effectively and successfully.

1.2 Audit Committee

As of 31 December 2019, the Audit Committee consists of 3 independent directors as follows:

1. Mrs. Rachadaporn Rajchataewindra as the Chairman of the Audit Committee
2. Assoc. Prof. Kamjorn Tatiyakavee, M.D.
3. Mrs. Puangthip Silpasart

Ms. Rewadee Ardharn, Senior Accounting Manager, as the Secretary to the Audit Committee .

Mrs. Rachadaporn Rajchataewindra Chairman of the Audit Committee, had extensive experience in financial statement review.

Audit Committee has 3-year term. The term of the current committee will be expired 24 April 2022.

In 2019, the Board of Directors approved the amendment to the Charter of Audit Committee, item 4. Term of Office from 2 years to 3 years for the purpose of continuation of director's performance.

The latest version of this charter is posted on TRC Group's website. The charter contains 9 topics – objectives in forming the Audit Committee, the scope of authority and responsibilities, composition and qualifications, tenure, meeting, quorum, remuneration of the audit committee director, the responsible division, and maintaining of audit standards and quality.

Scope of duties and responsibilities of the Audit Committee

1. Review and ensure that the disclosure of information in financial statements is accurate and adequate by cooperating with the Company's external auditor and management who is responsible for the quarterly and annually financial statements. Moreover, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period.

2. Consider, approve the internal audit plan, budget, and manpower of the internal audit work or select / propose the appointment of an internal auditor in the case of using an outsourcing service.
3. Review the Company's internal control system and internal audit system to ensure appropriateness and effectiveness and consider the independence of the internal audit function as well as approve the appointment, transfer, recognition, and termination of the Head of Internal Audit and the change of internal auditor in the case of using an outsourcing service.
4. Review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws.
5. To consider, select and nominate the external auditor and also propose the external auditor's remuneration including attend the meeting with the external auditor without participation of the Company's management at least once per year.
6. To consider the connected transactions or transactions that may lead to any conflict of interest and non-compliance with the laws and the Stock Exchange of Thailand's regulation to ensure that those transactions are reasonable and bring highest benefit to the Company.
7. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as reviewing the financial management and risk management policy, compliance with business ethic of the management and review with the management the important reports required for disclosure to the public according to the laws i.e. Management's report and analysis, etc.
8. Prepare the corporate governance report of the Audit Committee for disclosure in the Company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least;
 - 8.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements.
 - 8.2 Comment on sufficiency of the Company's internal control system.
 - 8.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws.
 - 8.4 Comment on appropriateness of the auditors.
 - 8.5 Comment on connected transactions.
 - 8.6 A number of Audit Committee Meetings and attendances of each member.
 - 8.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter.
 - 8.8 Any reports which deem appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors.

9. Report all regular activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:
 - 9.1 The Audit Committee's Minutes of Meetings clearly specify the Committee's comment in various issues.
 - 9.2 The report of the Committee's comment on financial statements, internal audit and internal audit process.
 - 9.3 Any report which deem appropriate for acknowledgement of the Board of Directors.
10. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriate:
 - 10.1 Conflict of interest transactions.
 - 10.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system.
 - 10.3 Any suspicion that there are non-compliance with the rules and regulation of the Securities Exchange Commission and the Stock Exchange of Thailand or relevant laws.

In case that the abovementioned report has been and informed submitted to and discussed among the Board of Directors, the Committee and the Company's management for further improvement, however, after the due date, should the Committee finds that there is any negligence without inappropriate reason, one of the Committee's members can further report this to the Securities Exchange Commission and the Stock Exchange of Thailand.
11. In case that the auditor finds any doubtful acts which are noncompliance with the laws done by director, manager or any person who are responsible for the Company's operating and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection. The Committee should then report the outcome of preliminary inspection to the Securities Exchange Commission, the Stock Exchange of Thailand and the auditor for acknowledgement within 30 days after getting the auditor's report. Any doubtful acts required to be reported including the procedure to gain the matters of fact should be in line with the Capital Market Commission's regulation.
12. Have authorization to invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry.
13. Review the scope of works and responsibility as well as appraise the Committee's performance on yearly basis.
14. Perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee.

1.3 Remuneration and Nomination Committee

As of 31 December 2019, the Remuneration and Nomination Committee consists of 4 independent directors and 2 executive director's total 6 members as follows:

1. Assoc. Prof. Pises Sethsathira as the Chairman of the Remuneration and Nomination Committee
2. Mrs. Rachadaporn Rajchataewindra
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D.
4. Mrs. Puangthip Silpasart
5. Mr. Pasit Leesakul
6. Mrs. Podchanee Phaosavasdi

Remuneration and Nomination Committee has 3-year term. The term of the current committee will be expired 24 February 2021.

The latest version of this charter is posted on TRC Group's website. The charter contains 6 topics – objectives in forming the Audit Committee, the scope of authority and responsibilities, composition, tenure, meeting, report the results of assigned job duties and work performance evaluation.

Scope of duties and responsibilities of the Remuneration and Nomination Committee

1. Remuneration
 - 1.1 Consider and set the scope of the budget for increase of monthly salary and annual bonus for the Company, subsidiaries and Sahakarn Wisavakorn Co., Ltd. at appropriate rates in line with the overall operations results of TRC Group.
 - 1.2 Specify the job performance evaluation criteria and participate in the annual job performance evaluation of the Chairman of the Executive Committee and the Chief Executive Officer and submit the evaluation results to the Board of Directors to consider and approve the appropriate remuneration accordingly.
 - 1.3 Consider whether the remuneration form and criteria for directors, Chairman of Executive Committee and Chief Executive Officer are commensurate and reasonable to their obligations, performance, the Group's performance and size of business operations relative to other companies in the same industry.
 - 1.4 Determine the annual remuneration rates for members of the Board of Directors and other committees, Chairman of the Executive Committee, and Chief Executive Officer before proposing only the rates for Chairman of the Executive Committee and Chief Executive Officer to the Board of Directors for approval while the rates for members of the Board of Directors and other committees are to be approved by the meeting of shareholders after being presented to the Board of Directors for preliminary consideration.
 - 1.5 In case of public offering of securities or offering of warrants to directors and employees under the Employees Stock Option Program (ESOP), the Remuneration and Nomination Committee is responsible for considering the appropriateness of conditions and criteria

for issuance and allotment of warrants to ensure fairness to both employees and shareholders and, in case where the warrant allotment to directors exceeds 5% of all warrants offered, giving endorsement to the transaction. In any circumstances, no members of the Remuneration and Nomination Committee shall be allowed to obtain warrants in a quantity larger than 5%.

2. Nomination of directors

2.1 Set the qualifications of directors, Chairman of Executive Committee, and Chief Executive Officer and executives at one level lower than Chief Executive Officer, such as Chief Financial Officer, Chief Marketing Officer, Chief Operation Officer and other executives (if any), in terms of knowledge, experience, and expertise in alignment with the Company's requirements. Any individual to be nominated as director shall be able to dedicate his / her time and effort to the fulfillment of directorship duties.

2.2 Recruit, select person(s) with qualifications appropriate to serve as directors, Chairman of Executive Committee, and Chief Executive Officer and executives ranked one level lower than the Chief Executive Officer as mentioned in clause Considerations for the appointment are as follows:

- The Board of Directors for consideration in case of vacancy due to expiration of term and/or addition of director; after the Board's consideration, the nominated candidate will be presented to the meeting of shareholders for official appointment.
- The Board of Directors' meeting for official appointment in case of vacancy due to resignation or inability to serve as director.
- Propose at the Board of Directors' meeting that the Board appoints the Chairman of Executive Committee, and Chief Executive Officer and management executives at one level below the Chief Executive Officer.

2.3 Consideration of the succession plan of Chief Executive Officer to propose to the Board of Directors for approval.

In addition, the Remuneration and Nomination Committee shall perform any other duties as assigned by the Board of Directors. The Board of Directors has the right to adjust the scope of duties and responsibilities of the Remuneration and Nomination Committee as deemed necessary or appropriate.

1.4 Corporate Governance Committee

As of 31 December 2019, the Corporate Governance Committee consists of 2 independent directors and 2 executive directors, total 4 members as follows:

1. Mrs. Puangthip Silpasart as the Chairman of Corporate Governance Committee
2. Assoc. Prof. Pises Sethsathira

3. Mrs. Podchanee Phaosavasdi

4. Ms. Pavita Leesakul

Corporate Governance Committee has 3-year term. The term of the current committee will be expired on 19 March 2021.

In 2019, the Board of Directors approved the amendment to Charter of CG Committee, item 4. Meetings from at least 1 time per year to 2 time per year for the purpose of continuation to determine policy, guideline and follow up on operation.

This revised charter was posted on TRC Group's website; comprising of 6 topics – scope of authority and responsibilities, composition, tenure, meeting, report the results of assigned job duties and work performance evaluation.

Scope of duties and Responsibilities of Corporate Governance Committee

1. Review the corporate governance policy, business ethic including policy and guideline practice on corporate and social responsibility which has been reviewed and proposed by the Company's management in term of compliance with the good corporate governance practice prior to being proposed to the Board of Directors.
2. Propose the guideline and/or policy related to the good corporate governance to the Board.
3. Suggest the Board on the good corporate governance issues.
4. Monitor the Company's management to conduct the good corporate governance practically.
5. Follow up and report corporate social responsibility activities to the Board.

In addition, the Corporate Governance Committee has to perform tasks as assigned by the Board of Directors and the Board of Directors has its authority to change scope of duties and responsibilities of the Committee as deemed necessary or appropriate.

1.5 Risk Management Committee

As of 31 December 2019, the Risk Management Committee consists of 2 independent directors and 2 executive director's total 4 members as follows:

1. Assoc. Prof. Kamjorn Tatiyakavee, M.D. as the Chairman of Risk Management Committee
2. Mrs. Rachadaporn Rajchataewindra
3. Mr. Pasit Leesakul
4. Mrs. Podchanee Phaosavasdi

Ms. Pavita Leesakul, Vice President, Corporate Affairs Division, as the Secretary to the Risk Management Committee.

Risk Management Committee has 2-year term. The term of the current committee will be expired on 13 November 2022.

The Risk Management Committee Charter is posted on TRC Group's website; comprising of 6 topics – composition, qualification, tenure, scope of authority and responsibilities, meeting, report the results of assigned job duties and work performance evaluation.

Scope of duties and Responsibilities of the Risk Management Committee

1. To formulate a risk management policy as well as a framework for managing the Company's overall exposure to a range of significant risks e.g. bid risk, risk related to supply of materials/equipment, construction risk, financial risk, personnel risk, etc. and to provide to the Board of Directors and the management the consultation, advice and recommendations in relation to risk management.
2. To develop a risk management plan and to ensure the proper implementation of the plan.
3. To oversee the undertaking of tasks related to risk management and to develop a strategy in alignment with the corporate vision, mission, and goals.
4. To oversee, support, and encourage the cooperation of all units across the organization in managing risks and to review, on a regular and continual basis, the adequacy of the risk management system to ensure optimal efficiency.
5. To report and update the following matters to the meeting of Board of Directors:- a list of significant risks, risk assessment, risk management, impacts on business operation, preventive and remedial measures, and other events that materially affect the Company (this last matter must be brought to the Board of Directors' attention without delay).
6. The Risk Management Committee has the authority to establish a working group responsible for executing risk management and reporting to the Risk Management Committee.
7. To perform other tasks as assigned by the Board of Directors.

1.6 Executive Committee

As of 31 December 2019, the Executive Committee consists of 4 executive directors as follows:

1. Mr. Smai Leesakul as the Chairman of the Executive Committee
2. Mr. Pasit Leesakul
3. Mrs. Podchanee Phaosavasdi
4. Mr. Loh Eng Kee

Ms. Rungnapa Bupparit, the Executive Secretary, as the Secretary of the Executive Committee.

Dissolution of the Management Committee in January 2019

The 1/2019 Board of Directors Meeting on 15 January 2019 to dissolved the Management Committee and approved to revise the scope of authority and responsibilities of the Executive Committee

to cover the scope of authority and responsibilities of the Management Committee and transfer the authorization and management authority from the dissolved Management Committee to the Executive Committee.

The charter of the Executive Committee is posted on TRC Group's website; comprising of 5 topics – composition, scope of authority and responsibilities, tenure, meeting and report the results of assigned job duties.

Scope of duties and responsibilities of the Executive Committee (as approved at the 1/2019 Board of Directors Meeting on 15 January 2019; with addition of scope of authority and responsibilities of the dissolved Management Committee).

1. Set policies, targets, strategies, business and operations plans, allocate annual expense and investment budgets, scope of authorization chart, scope of authority of management authority and management structure for the Company's core business operations, including consideration to revise / improve various functions to support changes in the economic and competitive environment; for proposal to the Board of Directors for consideration and approval.
2. Oversee to ensure business operations are proceeding efficiently and effectively in accordance to corporate policies, objectives, business plans / strategies and annual budgets approved by the Board of Directors; provides advice / suggestions to the management when necessary.
3. Responsible for establishing current / savings, loan / credit line accounts, bank guarantee, collateral, mortgage, etc. with banks / financial institutions, including purchase / sale and registration of land plots in accordance to the corporate business operations objectives which must receive approval from Board of Directors.
4. Responsible for entering into business contractual agreement on behalf of the Company, including contracts pertaining to purchase of assets, or rights to the use of assets for the benefits of the Company; specify how to negotiate in establishing such contractual agreements.
5. Consider profit and loss of the Company and propose the interim or annual dividend and propose to the Board of Directors.
6. Review the actual operations results of the Company and subsidiaries every quarter and compare it to the planned budget figures prior to proposing it to the Board of Directors.
7. Has the authority to hire, appoint, transfer, remove, terminate employment, set the remuneration, grant rewards, increase salaries, compensation, bonus for managerial level staffs (from the assistant division manager up). However, the authority to hire, appoint, transfer, remove, terminate employment high level executive (1 level below the Chief Executive Officer) rest with the Remuneration and Nomination Committee.
8. Proceed with other matters to lend support, or as assigned by the Board of Directors.

9. Consider and report to the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities.
10. To perform any other duties as assigned by the Board of Directors.

The Executive Committee is authorized to empower the management of the Company to approve any financial transactions as appropriate.

Budget Authorization Authority of the Executive Committee and Chief Executive Officer

The Executive Committee and the Chief Executive Officer are authorized to approve budgets for various expenses in accordance to the handbook on authorization authority and implementation, such as:

Items	Management Committee	Chief Executive Officer
- Approval of project budget	-	Unlimited
- Allowance for bad debts	5-10 Million Baht	≤ .5 Million Baht
- Advances	-	> 100,000 Baht/Time
- Accommodation budget, public relations, donations	-	> 50,000 Baht/Time
- Intercompany short-term loans	50-100 Million Baht	≤ .50 Million Baht

Changes involving the Executive Director and Subcommittee in 2019

24 January 2019	Mr. Arun Chirachavala, independent director, submitted his intention to resign according to term's expiration and not to be proposed to be director for another term.
15 March 2019	4/2019 Board of Directors' meeting resolved to proposed Assoc. Prof. Kamjorn Tatiyakavee, M.D. to the 2019 Annual General Meeting of Shareholders on 29 April 2019 for approval to be appointed as independent director in replacement of Mr. Arun Chirachavala whose term expired. The 2019 Annual General Meeting of Shareholders resolved to approve as proposed.
29 April 2019	5/2019 Board of Directors' meeting resolved to appoint Assoc. Prof. Kamjorn Tatiyakavee, M.D. as member of Audit Committee
14 May 2019	<ul style="list-style-type: none"> - 6/2019 Board of Directors' meeting resolved to appoint Assoc. Prof. Kamjorn Tatiyakavee, M.D. as member of Remuneration and Nomination Committee, acting chairman of Risk Management Committee and acting chairman of CG Committee. - Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM., independent director, chairman of Audit Committee, member of Remuneration and Nomination Committee and member of Risk Management Committee submitted his resignation as he has been appointed as independent director for more than 9 years and Ms. Ounruen Sujarittam submitted her resignation with effective date on 31 May 2019.

21 June 2019	7/2019 Board of Directors' meeting resolved to appoint Mrs. Rachadaporn Rajchataewindra as independent director, chairman of Audit Committee, member of Remuneration and Nomination Committee and member of Risk Management Committee in replacement of Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM., who resigned.
13 November 2019	9/2019 Board of Directors' meeting resolved to appoint Assoc. Prof. Kamjorn Tatiyakavee, M.D. as chairman of Risk Management Committee and appoint Mrs. Puangthip Silpasart as chairman of CG Committee.

Nomination Process of Director and Top Management

(1) Independent Director

Criteria of Independent Director Selection

• Process of Independent Director Nomination

The Remuneration and Nomination Committee shall preliminary consider suitable persons whose qualifications are in accordance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. The candidates shall have knowledge and capability that are useful for the Company. The suitable candidates will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. (Only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.)

• Qualifications of the Independent Director

The qualifications of the independent director are set out in accordance with the regulations of the Securities Exchange Commission as follows:

1. Not hold shares exceeding 0.75% of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Neither be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person.
3. Not be a related person by blood or registration under law, such as a father, mother, spouse, sibling, or legitimate child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Neither have nor used to have a business relationship with the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, in a manner which may interfere with his or her independent discretion, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two (2) years prior to the date of appointment.

5. Neither be nor have been an auditor of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years prior to the date of appointment.

6. Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, and not have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years prior to the date of appointment.

(2) Director and Top Executive Selection

• Director Selection

Nomination and appointment of director are responsible by the Remuneration and Nomination Committee to nominate and consider a person having suitable qualification, experience of working to be further proposed, for approval of appointment, to the Board of Directors and shareholder meeting, respectively (only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.) under the following criteria and procedure :

1. A shareholder is equal to one share one vote.
2. Shareholders will vote for director appointment on individually basis.

3. Candidate gaining the highest votes in sequence will be appointed as director and the number of appointed director subject to required number of director vacancy. In case of a tie of votes and qualified candidates are exceeding the required number, the Chairman of the meeting shall have an additional casting vote.

At the annual general meeting of shareholders, one-third of directors shall retire by rotation. In case the number to be divided cannot be made, the retiring number should be the number nearest to one-third.

For the retiring director in the first and second years after the company's registration, drawing-lots method shall be applied to decide who will retire by rotation whereas for the next year, directors holding the longest service term shall retire and those retiring are eligible to be re- elected for another term.

• Top Executive Selection

The top executive selection shall be undertaken by the Remuneration and Nomination Committee to select candidates having suitable qualification, experience of working to be further proposed to the Board of Directors for approval. The policy and criteria for selection of the top executives including succession plan for emergency case or retirement are set forth to avoid any impact to the Company's business as follows:

- The Board of Directors approved to set up the succession plan for Chief Executive Officer position as well as experience transfer to their potential subordinates to work in their replacement for emergency case or retirement.
- The basic qualifications of Chief Executive Officer are as follows:
 - The education should be not lower than a master degree in engineering field or business administration or other related fields. In case of being educated in lower degree, it is subject to the discretion of the Remuneration and Nomination Committee on his other qualifications.
 - Having experience not less than 10 years in the top executive position management.
 - Having leadership character with wide vision.
 - Be capable in strategic planning and organizational management.
 - Having cautious decision making and problem solving with recognition of highest benefit of the Company.

Policy for Chief Executive Officer and directors to hold director position in other companies

The Board of Directors had set up a policy that the Chief Executive Officer and directors holding director position in other companies should be in compliance with the Company's Article of Association, Section 13, paragraph 2 stating that

"A director is prohibited from being a partner or unlimited partner in a business entity or hold a director position in a private company or any other company that conducts a similar type of business or in competition against the Company's business activities, except where the General Meeting of Shareholders is notified prior to the appointment resolution."

And require that each director holds a director position at not more than 4 listed companies. However, should a director and the Chief Executive Officer hold a director position in another company which does not fit the above case, they must notify the Board of Directors accordingly.

Subsidiaries and Joint Venture Performance Monitoring

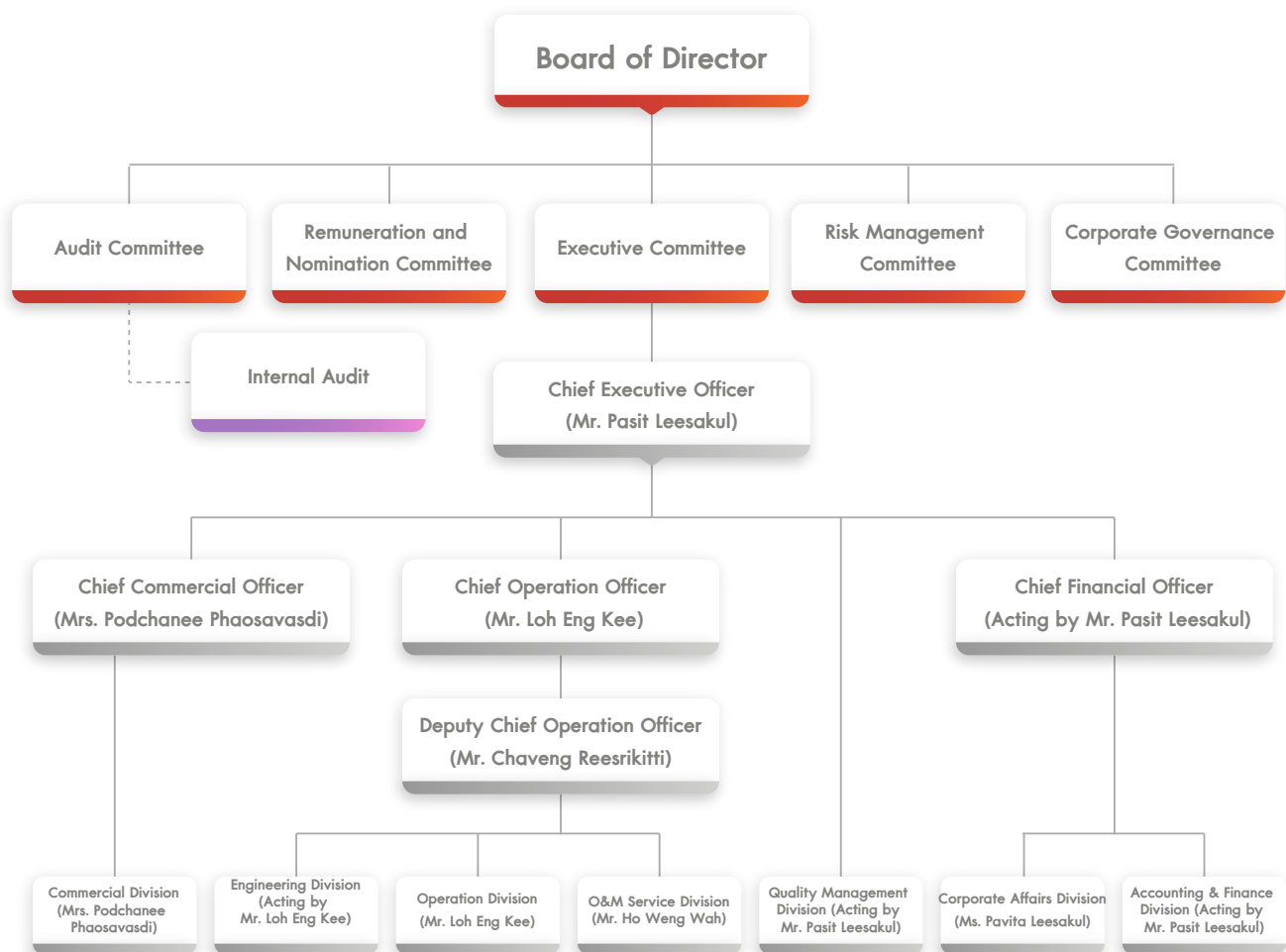
The Board of Directors has set up the policy and authorized the Company's management to monitor the performance of subsidiaries and joint venture as follows:

- Consider and assign qualified candidates to act as the Company's representatives to be directors and/or executives of subsidiaries and joint venture in proportion of shareholding so as monitor and control those businesses.
- Report for acknowledgement of the Board of Directors about assignment together with their qualifications.
- Monitor subsidiaries and joint venture to perform their operation in compliance with the authority table including disclosure and any action complying with the SET's law, regulation and notifications as well as the guideline practice of connected transaction and acquisition or disposition of assets.

- Report the summary of subsidiaries and joint venture's operating performance to the Board of Directors on quarterly basis. In addition, in case of significant transaction such as an increase or decrease of capital, company dissolution, etc., it is required to being proposed for prior approval of the Board of Directors.

2. Executives

The Company's Organization Chart as of 31 December 2019



As of 31 December 2019, the Company management consists of 6 members as follows:

- | | |
|-------------------------------|--|
| 1. Mr. Pasit Leesakul | Chief Executive Officer |
| 2. Mrs. Podchanee Phaosavasdi | Chief Commercial Officer |
| 3. Mr. Chaveng Reesrikitti | Deputy Chief Operating Officer |
| 4. Mr. Loh Eng Kee | Deputy Chief Operating Officer |
| 5. Ms. Pavita Leesakul | Vice President, Corporate Affairs Division |
| 6. Ms. Rewadee Ardham | Senior Accounting Manager |

Scope of duties and responsibilities of Chief Executive Officer

1. To support operations and administration of Board by advising and informing Board members, interfacing between board and staff.
2. To set the work-system for product & service production and delivery including marketing, bidding, design, procurement.
3. To take responsibility in financial, tax, risk and facility management of the company and also recommends yearly budget for Board approval and prudently manages organization's resources within those budget guidelines according to current laws and regulations.
4. To effectively manage the human resources of the organization according to authorized personnel policies and procedures that fully conforms to current laws and regulations.
5. To manage the community and public relations by assuring that the organization and its mission, programs, products and services are consistently presented in strong, positive image to relevant stakeholders.
6. To oversee fundraising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders, submitting proposals and administrating fundraising records and documentation.
7. To perform any other duties as delegated by the Board of Directors.

Chief Executive Officer shall be directed by and report to the Board of Directors. He will also consume the position of Chairman of the Management Committee.

The Chief Executive Officer does not have the authority to undertake any of the Company's or its subsidiary's issues that might create conflict of interest for the Chief Executive Officer or other stakeholders. (according to the Company's regulations stipulated by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.)

3. Company Secretary

The Board of Directors appointed Ms. Ounruen Sujarittam as the Company Secretary since 8 November 2007 - 31 May 2019

Education:	Master Degree of Administration – Finance, NIDA Bachelor Degree of Faculty of Commerce and Accountancy - Accountancy, Chulalongkorn University
Note	Ms. Ounruen Sujarittam resigned from her full time position at the Company since 31 May 2019. The Company is in midst of seeking for the suitable person and has Mr. Pasit Leesakul, Chief Executive Office, acting as the Company Secretary

Scope of duties and responsibilities of Company Secretary

1. Prepare and file documents related to
 - Director Registration.

- Notice of the Board of Directors Meeting including committees for which she acts as secretary to those committees; Remuneration and Nomination Committee and Corporate Governance Committee.
 - Minutes of Meetings of the Board of Directors and those committees' meetings.
 - Notice and Minutes of Shareholder Meetings.
2. Keep record of conflict of interest report and independent certification letters of directors and executives and propose copies to Chairman of the Boards and Chairman of the Audit Committee within 7 days after receipt of such reports.
 3. Handle any actions required as per the regulation of the Office of the Securities and Exchange Commission and as assigned by the Company such as
 - Give advice related to relevant laws and regulations including the code of conduct of corporate governance practice so that any activities of the Board of Directors are undertaken in compliance with those relevant laws.
 - Handle the Board of Directors Meetings, Remuneration and Nomination Committee Meetings, Corporate Governance Committee Meetings and Risk Management Committee Meetings.
 - Act as contact person for completed information disclosure as required by relevant laws to the Securities and Exchange Commission and Stock Exchange of Thailand.
 - Carry out any tasks as assigned by the Company

4. Directors and Management's Remunerations

● Cash Remuneration

(A) Directors' Remuneration in 2019

In 2019, the directors' remuneration can be summarized as follows:

1. Monthly remuneration: Baht 50,000 per month for Chairman of the Board of Directors, Baht 25,000 per month for Chairman of the Audit Committee, Baht 20,000 per month for each independent director and Baht 10,000 per month for 4 Executive Directors each.
2. Special remuneration or bonus: the 2019 Annual General Meeting of Shareholders resolved the director remuneration for 2018 operating result to 5 independent directors, totally Baht 650,000 to as following directors;
 - Mrs. Paichit Rattananon, Chairman Baht 230,000
 - Baht 105,000 each for 4 independent directors
 1. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. Baht 105,000
 2. Mr. Arun Chirachavala Baht 105,000

3. Assoc. Prof. Pises Sethsathira Baht 105,000

4. Mrs. Puangthip Silpasart Baht 105,000

3. Meeting Fee: Baht 10,000 per person per meeting for the Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee and Risk Management Committee. (for independent director only)

For subsidiaries, in 2019, the director remuneration was arranged and paid for Sahakarn Wisavakorn Co., Ltd. only and in a form of monthly remuneration at the rate of Baht 10,000 per person.

The summary of the directors' remuneration as follows:

(Unit: Baht)

Name-Surname	TRC Director Remuneration					Sahakarn Wisavakorn's Director Remuneration	Total of Remuneration
	Board of Directors (2019 monthly Remuneration and 2018 Bonus)	Meeting Fee					
		Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee		
1. Mrs. Paichit Rattananon	830,000	Not a member	Not a member	Not a member	Not a member	120,000	950,000
2. Mrs. Rachadaporn Rajchataewindra	158,333	30,000	10,000	Not a member	10,000	Not a member	208,333
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D.	160,000	40,000	20,000	Not a member	10,000	Not a member	230,000
4. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	230,000	10,000	10,000	Not a member	-	Not a member	250,000
5. Mr. Arun Chirachavala	185,000	-	-	10,000	-	Not a member	195,000
6. Mrs. Puangthip Silpasart	345,000	50,000	30,000	10,000	Not a member	Not a member	435,000
7. Assoc. Prof. Pises Sethsathira	345,000	Not a member	20,000	10,000	Not a member	Not a member	375,000
8. Mr. Smai Leesakul	120,000	Not a member	Not a member	Not a member	Not a member	120,000	240,000

(Unit: Baht)

Name-Surname	TRC Director Remuneration					Sahakorn Wisavakorn's Director remuneration	Total of Remuneration
	Board of Directors (2019 monthly Remuneration and 2018 Bonus)	Meeting Fee					
		Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee		
9. Mr. Pasit Leesakul	120,000	Not a member	No Meeting Fee	Not a member	No Meeting Fee	120,000	240,000
10. Mrs. Podchanee Phaosavasdi	120,000	Not a member	No Meeting Fee	No Meeting Fee	No Meeting Fee	120,000	240,000
11. Ms. Pavita Leesakul	120,000	Not a member	Not a member	No Meeting Fee	Not a member	Not a member	120,000
Total remuneration for TRC directors amounted to Baht 3,003,333	2,733,333	130,000	90,000	30,000	20,000		
12. Mr. Sakda Tantivatthanakul	Not Director of TRC					120,000	120,000
13. Mr. Chaveng Reesrikitti	Not Director of TRC					120,000	120,000
Total remuneration for SKW directors						720,000	
Grand Total of TRC and SKW directors remuneration							3,723,333

(B) Management Committee's and Management's Remuneration of TRC

Remuneration	2018		2019	
	Persons	Amount (MB)	Persons	Amount (MB)
Salary	6	26.84	6	27.85
Bouns	6	1.39 (2017 Bouns)	6	2.38 (2018 Bonus)
Total		28.23		30.23

Note: 1. There are 6 managements consists of Mr. Smai Leesakul, Mr. Pasit Leesakul, Mrs. Podchanee Phaosavasdi, Mr. Loh Eng Kee, Mr. Chaveng Reesrikitti and Ms. Pavita Leesakul.

2. The management's remuneration consists of salary, bonus, life & group accident insurance, health insurance, commencing year group social security funds and counterpart for provident funds but excluded Accounting Manager's and Finance Manager's remuneration.

(C) Remuneration of Chief Executive Officer

The Remuneration and Nomination Committee is responsible for evaluating work performance and determining the remuneration of Chief Executive Officer before proposing it to the Board of Directors for approval.

The remuneration of Chief Executive Officer includes salary, bonus, social security contribution, provident fund contribution, health insurance, a company car with driver, and fuel allowance.

• Other Remunerations

(A) Other remuneration of directors

The Chairman of the Boards receives the social security funds and counterpart for provident funds (total of Baht 57,109 in 2019) life & group accident insurance, health insurance, car, driver and fuel.

(B) Other remuneration of independent directors

The independent directors gain the health insurance

(C) Other remuneration of executives

Provident Fund

Allowance	2018		2019	
	Persons	Amount (MB)	Persons	Amount (MB)
Provident Fund	4	0.84	4	0.95

Note: 4 managements consists of Mr. Smai Leesakul, Mr. Pasit Leesakul, Mrs. Podchanee Phaosavasdi and Ms. Pavita Leesakul.

5. Employees

As of 31 December 2019, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 1,239 staffs consisting of 353 permanent and 886 temporary as follows:

Division	Number of employees	
	2018	2019
Permanent staffs		
Management (from Vice President upwards)	6	6
Commercial Division	21	18
Engineering Division	20	51
Operation Division	165	93
Construction Service Division	39	26
Corporate Affairs Division	72	75
Quality Management Division	70	63
Accounting & Finance Division	18	21
Total	411	353
Temporary staffs	934	886
Grand total	1,345	1,239

● **The Employee's Remuneration:** In 2019, the Company and Sahakarn Wisavakorn paid the employee's remuneration of Baht 510.65 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

(Unit: Million Baht)

Remuneration (excluding directors and executives named in the preceding section)	2018	2019
Permanent staffs	318.81	328.65
Temporary staffs	148.50	182.00
Total	467.31	510.65

● Provident Fund

The Company has established "TISCO Master Pooled Fund" - a registered provident fund managed by Tisco Securities Co., Ltd. with a view to building employee morale and spirit, and encouraging long-term employment. In 2019, the Company's and Sahakarn Wisavakorn Co., Ltd.'s contributions to this provident fund were Baht 5.90 million and Baht 2.61 million respectively.

● Employees Development Policy

According to TRC Group's philosophy, employees are the organization's most valuable asset. The Company's ongoing commitment and focus has always been around the management of human resources. The Company's policy on human resources development and management is summarized below.

1. The Company's recruitment of new employees is a disciplined process and takes into consideration the qualifications of individual applicant and the requirements of each position. Before starting the job, all new hires are required to attend the orientation in which each will be given clearly-defined job description in details.

2. The presence of remuneration and fringe benefits procedures, in addition, to the minimum employee welfare as required by law, the Company has designed the following benefits for employees.

2.1 Health insurance with coverage spanning in-patient and outpatient medical bills, surgical fee, accident and emergency care, and dental care.

2.2 Group life and accidental insurance.

2.3 Non-compulsory provident fund has been established for employees to accumulate savings for their retirement. Subject to the law, the Company's contribution to this fund is commensurate with the number of employment years and each employee may voluntarily decide, at his/her own discretion, to remit a contribution at a rate of 3 to 10%.

3. Pursuant to the policy earlier approved by the Board, the Remuneration and Nomination Committee is responsible for considering the Company's and Sahakam Wisavakorn Co., Ltd.'s framework and budget for salary increments and bonuses on a yearly basis. In defining the above framework that is appropriate and in line with short-term and long-term operating performance, the Committee has taken into consideration both external factors (projected inflation rate, economic situation, the average rates of salary increments and bonuses of other companies in construction business) and internal factors (the Company's operating results, long-term investment plan, historical records of salary increase and bonus).

4. Human resources development plan has been continually updated. The objective of this plan is to improve both basic and specific/technical knowledge and skills as follows.

4.1 For new employees

The Company has regularly organized an orientation session in which new employees would be provided with basic knowledge necessary for their job positions, which includes the background and business nature of TRC Group, basics of business models, corporate vision, mission and goals, basics of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 quality management systems, basics of information technology and operating systems, and practices for safety in workplace.

4.2 For all level permanent employees

It is the Company's policy to encourage employees to periodically attend training courses in order to develop and improve their skills and proficiency in both general management and

technical subjects. The Company has also invited outside professionals as guest instructors for in-house trainings.

Trainings in 2019:

- “OSH&E Committee Program” for employees appointed as OSH&E committee according to Ministerial Regulation on the prescribing of Standard for Administration and Management of Occupational, Safety, Health and Environment B.E. 2549 (A.D. 2006).
- “Occupational Safety, Health and Environment for general employee and new-recruited employee” to ensure knowledge and understanding in their own responsibilities in terms of workplace safety and to comply with the Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011).
- The annual “Key performance indicators” (KPIs) course was meant for employees at all levels to increase their understanding about job performance measurement and job performance results evaluation. Employees can effectively adopt KPIs on an individual basis in line with the Company’s policy. The KPIs system can effectively be adopted by an organization as a set of tools to help the organization achieve its objectives.
- “Occupational Safety in Confined Space” to comply with Standard of Administration and Management of Occupational Safety, Health and Work Environment in Confined Space.
- “Crane Operators, Signalers, and Riggers” is to ensure that employees whose job involves the use of crane are aware of and familiar with the requirements and guidelines on the use of crane in accordance with law on occupational health and safety, including the relevant rules and regulations. These employees had to attend the mandatory session of practical training as required by law.
- “Safety on Electric Works” to ensure operation knowledge in electric works according to laws and electrical danger awareness and preventive measure. First aid training for safety of both victim and rescuer was practiced.

In addition, the Company held a “Knowledge Management” seminar for 2 consecutive years, 2018 and 2019, at the Company. As one of the key elements of knowledge management process, the knowledge sharing is implemented and encouraged through a number of peer presentations/trainings where other co-workers or employees from any departments who are interested in the presentation/training topics are invited to join. Topics of the seminars were as follows:

- Project Management
- BOI Document Manual
- Risk of Project Management
- License for Professional Practice (Promotion)

For 2019, the Company encouraged employees at all levels to attend trainings. The training hours can be summarized as follows;

Training (Excluding to Directors)	2018		2019	
	Internal training	External training	Internal training	External training
Staff level	511	31	294	138
Supervisory level	411	32	135	336
Total training hours	922	63	429	474

5. Employee relations activities. The following activities were held to build, strengthen and enrich relationship in the organization.

5.1 Facilitate communication between the human resource division and employees via establishment of a Group Line – “Mr. Engage”. This is to provide convenient access to information and advices to staffs.

5.2 Lunch Talk. This is the activity giving the Company’s staff an opportunity to socialize with management on such special occasions as Big Cleaning Day, Songkran Festival, etc.

5.3 Establish HRBP (Human Resource Business Partner) to effectively assist employees with problems they may have.

5.4 Five Sor activity to build employees’ discipline and healthy habits. In addition to peer evaluation, the Company’s management has also taken part in evaluating the achievement.

5.5 Organize annual New Year party dinner and activities to foster good relationship between the management and the employees at the head office and their counterparts at the various project work sites amid warm and casual environment.

6. The Company has recognized the importance of intra-organizational communication, especially between the Company and its employees. On the part of the Company, the communication is basically made via the Corporate Communication Department – a central unit responsible for collecting and disclosing, via a variety of channels, corporate information to all employees to ensure their understanding in corporate policies, rules and regulations, news, and events. Communication channels mainly used include the intranet, e-mail, Application Line, and bulletin boards. The information disclosed through intranet is wide-ranging e.g. ERP-based learning content, ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007 requirements, photos of staff activities, staff news and updates which include monthly events, reminder of employees’ birthdays, introduction of new employees, etc.

7. The Company has also made the principles of human rights central to the corporate culture. The Company’s practices of human rights non-violation, non-gender discrimination, employment of the disabled, and gender equitable employment opportunities are testament to its true respect of human rights.

8. The Company has made available the channels – that is, HR manager and Suggestion Box – for any employees to express their opinions or submit complaints. HR manager is responsible in collecting employees' suggestions and complaints made through such channels, and bringing them to the attention of the HR Sub-Committee for consideration and further actions. The complainant's identity is to be strictly kept confidential.

- **Significant Labor Legal Dispute during the past 3 years**

None

10. Corporate Governance

Corporate Governance Policy

Having recognized the importance of corporate governance and its contribution to the Company's business value and sustainable growth, the Company has developed manuals of Good Corporate Governance, Ethics and Code of Conduct and Anti-Corruption Policy for the directors, management and employee to apply with consideration to all stakeholders and compliance to laws and regulations with morality, fairness and equality. These manuals were published in the Company's website under "Sustainability/Corporate Governance" and incorporated as part of employee's Work Regulations.

Compliance to Good Corporate Governance

1. Rights of the Shareholders

The Company has a policy to equitably facilitate all shareholders, for instance, shareholder's right to attend and vote at the shareholders' meeting, to receive profit and dividend, to receive enough information, to have opportunities to propose in advance the meeting agenda and nominate qualified person for director position, to freely question and express opinion at the meeting. The Company also encourage all Board of Directors, management and auditors to participate at the meeting.

The Company has followed the AGM Checklist initiated by Thai Investors Association and received full 100 marks in 2019 showing the Company's success in arranging the shareholders' meeting according to standard and good corporate governance policy.

1.1) Arrangement of Shareholders' Meeting

The Company arranged the 2019 Annual General Meeting of Shareholders on 29 April 2019 and arranged the 1/2019 Extraordinary General Meeting of Shareholders on 21 June 2019 at the Company's office at Multifunction Room, 2nd Floor, No.8, SOi Sukhapiban 5 Soi 32, Tha-Raeng, Bangkhen, Bangkok.

1.2) Notice of the Meeting

The Company published the resolution of 4/2019 Board of Directors Meeting on 15 March 2019 and resolution of 6/2019 Board of Directors Meeting on 14 May 2019 regarding the determination of shareholders' meeting schedule and shareholders' right to attend the 2019 Annual General Meeting of Shareholders and 1/2019 Extrarodinary General Meeting of Shareholders respectively at the Stock Exchange of Thailand's portal.

Prior to the 2019 Annual General Meeting of Shareholders, the Company has provided opportunities to shareholders to be part of the Company's corporate governance and selection of qualified persons by proposing meeting agenda or proposing suitable persons for director position during September – December 2018. Rules and consideration process were disclosed at the Company's website.

The Company published the invitation to 2019 Annual General Meeting of Shareholders, Thai and English, with supporting document in the Company's website and the Stock Exchange of

Thailand's information portal on 28 March 2019 (30 days prior to meeting date). The notice of the meeting was sent out on 17 April 2019 and announced in the daily newspaper for 3 consecutive day before the meeting (during 17-19 April 2019) to ensure sufficient preparation time of shareholders to attend the meeting.

1.3) At the Shareholders' Meeting

Before the meeting started, Chairman introduced directors, legal advisor and auditor to the Meeting. The legal advisor then explained the process of the meeting, vote casting and number of votes required in each agenda. The meeting was held in sequence according to notice of the meeting without additional agenda. For the agenda regarding director's remuneration, remuneration policy and procedure were presented to shareholders by separating into remuneration of the Board of Directors and subcommittee directors. Individual director was proposed to the meeting to cast their votes in the ballot for record of evidence while in other agenda, the ballot was used in case of disapprove or abstain.

Moreover, at the Meeting, Chairman was open for shareholders to express their opinion, suggestion and question freely and equitably. Directors and management presented were together responded and gave detailed information to the meeting prior to each agenda's vote casting.

1.4) Disclosure of Shareholders' Meeting Resolution

The Company disclosed meeting resolution with vote results at the evening of meeting day via the Stock Exchange of Thailand's portal and submitted minutes of the shareholders' meeting which included name and position of directors, management, advisors and auditors who were present at the meeting, voting procedure, vote result of each agenda, summary of inquiries, opinion and suggestion given by shareholders and clarification and answer given by directors and management through SET's disclosure information portal within 14 days after the meeting date. Minutes of meeting in Thai and English including VDO and voice record of the 2019 Annual General Meeting of Shareholders was uploaded on the Company's website on 13 May 2019.

The Company ensure minor shareholding structure to be in accordance with the Stock Exchange of Thailand's requirement. As at 1 April 2019, on which the share register book was closed to determine the shareholders who have the rights to attend the meeting, minor shareholding structure of the Company was accounted for 64.09%.

2. Equal treatment for all shareholders

The Company treated each shareholder, major or minor, equally regardless of gender, age, race, nationality, religious, social status or political point of view and in any case the shareholder unable to attend the meeting, such shareholder can authorize other person as their proxy to attend the meeting on their behalf.

2.1) Proxy

In the case when shareholder cannot attend the meeting, such shareholder can authorize other person or one of the Company's independent director, as stated in proxy form, as their proxy to attend the meeting and cast the vote on their behalf. Proxy form and other details were published in

the Company's website 30 days prior to meeting date and shareholders can ask for further information by phone or email.

2.2) Proposal of Meeting Agenda and Person for Director Position

The Company provided communication channel for shareholders to propose additional meeting agenda, name of suitable person for director position and questions prior to the Board of Directors Meeting to consider agenda to be proposed at the shareholders' meeting. Details as mentioned in 1. Rights of the Shareholders.

3. Roles of Stakeholders

The Company realized the importance of those internal and external stakeholders with consideration to effect and equal treatment to all stakeholders. Therefore, guideline of treatment to each group of stakeholders was implemented as follows:

3.1) Employees

Employee is one of the most important stakeholder that drive the organization to its target. The Company then communicate vision, mission and objective to employee at all levels. The Company treats every employee equally, respect human rights according to relevant laws and standard such as promotion opportunity, capability development, work skills, remuneration and fringe benefit. Nonetheless the Company has policy in Safety, Health and Environment that ensure safety in life and property and provided sufficient and appropriate working facility that prevent injury or lost from accident or illness caused from work.

3.2) Shareholders

The Company determined to operate business in transparency, fair and equity to all shareholders' right whether minor shareholders or institution investor. The Company focus to build growth to business to enhance longevity and competitiveness and provide proper and sustainable profit to shareholders. The policy to make dividend payment of not less than 40% of net profit was initiated and the information that is correct, complete and timely was published through various channel i.e the Stock Exchange of Thailand's portal and/or the Company's website.

3.3) Competitors

The Company has its policy to support the cooperation of the business competition for the highest benefit of the customers under free competitive covenant on fairly basis, has not search for confidential information of the competitors by dishonest and inappropriate method, non-disclosed or neglected until the Company's confidential information leaked to the competitors, not defamed the competitors by calumniating or other inappropriate methods and omitted any unfair persecution or caused lost opportunity against the competitors.

3.4) Customers

The Company and its subsidiaries commit to serve punctual and quality service with fair price to customers' requirements and strictly perform in accordance with the conditions and contracts. Also, the customers' confidential information has been protected and not used for their benefits or other persons concerned.

The Company places importance on safety during project execution and completion of works to be delivered as the absolute first priority since nature of business is the service construction of energy and petrochemical industries. The Company also emphasizes training of the Quality Assurance Department continuously in order to obtain standard of works under the highest safety.

Moreover, during the construction, meetings with customers' representatives are held regularly for every project. Site visit by customers is always welcomed for explanation of required clarification in relation to the construction to ensure their confidence towards all process of working. Those services arranged for customers always lead to customers' reliance and satisfaction on the Company's working standard.

3.5) Trade Partners

The Company and its subsidiary establish clear direction and practices for procurement agreement and trading partner selection. In addition, the registration of suppliers has been set in order to have fair, transparent, and examinable procurement process. Also, to ensure of no conflict of interest of directors, management and employees, the Board of Directors sets the guideline of practice that directors, management and employees concerned with making decision to any transactions have to submit a confirmation letter of independence to the primary trade partners.

3.6) Creditors

The Company and its subsidiaries strictly comply with all agreements made with financial institution creditors and all trading agreements made with trade accounts payable, especially for goods and service payment. In each year, construction site visits are arranged for creditors to acknowledge the progress of the project they have supported the project financing and also the meetings between the Company's management and the creditors have been held to review and consider the appropriate credit line, mortgages, condition and financial fee and to promote good relationship between both parties.

3.7) Society and Community

The Company aware of responsibility to social, community and environmental development and has policy to allocate budget to support in relevant projects and activities and encourage directors, management and employee to participate in the activity to be part of social responsibility and community development.

Apart from the treatment to stakeholders guideline, the Company also provided ethics and code of conduct and anti-corruption policy in section 3 and 4 in ethics and code of conduct manual for directors, management and employee's acknowledgement, understanding and compliance.

The Company disclosed guideline regarding quality, safety, health and environment management in section 11. Responsibility to Social and Environment.

4. Disclosure of Information and Transparency

The Company realized the importance of disclosure of data and information, whether it relates to finance or not, to all stakeholders with equality in correct, complete, timely and transparency manner via easy-access channel such as the Stock Exchange of Thailand's portal and/or the Company's website pursuant to the Stock Exchange of Thailand's standard in both Thai and English, for instance, company information, financial information, annual report, PR news and regularly update the Company's website to ensure that shareholders and stakeholders are thoroughly informed.

Directors and management are required to declare their interest in report form yearly or at time when there is any changes and prepare document confirming their independency each year. The Company Secretary then present such report to the Chairman of Audit Committee and Chairman of the Board of Directors within 7 working days from the received date in accordance with the Securities Exchange Act B.E 2535 (1992). Furthermore, such information can also be used to check for and avoid potential conflict of interest. As for the report on holding of securities, the rules pertaining to the supervision and use of internal information will be applicable.

• Director and Management's Acquisition and Sell of the Company's Share

In 2019, Directors and Management's share transaction were as follows:

Name - Surname	Position	Shares as at 31 Dec 2018	Acquire during the year	Disposal during the year	Shares as at 31 Dec 2019 (Paid up capital Baht 1,198,393,354.75)	
					Share	%
1. Mrs. Paichit Rattananon	Chairman	22,444,699 (In the name of Mrs. Paichit)	12,469,272	-	34,913,971	0.364
		1,743,941,131 (In the name of KPK 1999 Co., Ltd) ⁽¹⁾	968,856,183	-	2,712,797,314	28.296
				Total	2,747,711,285	28.660
2. Mrs. Rachadaporn Rajchataewindra	Independent Director and Chairman of Audit committee	-	-	-	-	-
3. Assoc. Prof. Kamjorn Tatiyakavee, M.D.	Independent Director and Audit committee	-	-	-	-	-

ชื่อ	ตำแหน่ง	จำนวนหุ้น ณ วันที่ 31 ธ.ค. 61	จำนวนหุ้น ได้มา ระหว่างปี 2562	จำนวนหุ้น จำหน่าย ระหว่างปี 2562	จำนวนหุ้น ณ วันที่ 31 ธ.ค. 62 (ทุนชำระแล้ว 1,198,393,354.75 บาท)	
					หุ้น	ร้อยละ
4. Mrs. Puangthip Silpasart	Independent Director and Audit committee	-	-	-	-	-
5. Assoc. Prof. Pises Sethsathira	Independent Director	4,049,999	-	-	4,049,999	0.042
6. Mr. Smai Leesakul	Director and Chairman of Executive Committee	67,905,961	49,725,533	-	117,631,494	1.227
7. Mr. Pasit Leesakul	Director and Chief Executive Officer	7,019,999	3,899,999	-	10,919,998	0.114
8. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	-	-	-	-	-
9. Ms. Pavita Leesakul	Director and Vice President, Corporate Affairs Division	11,343,479	6,301,932	-	17,645,411	0.184
10. Mr. Loh Eng Kee	Chief Operating Officer	1,315,574	1,200,000	-	2,515,574	0.026
11. Mr. Chaveng Reesrikitti	Deputy Chief Operating Officer	532,439	295,799	-	828,238	0.009
12. Ms. Rewadee Ardham	Senior Accounting Manager	163,249	-	-	163,249	0.002
Total as at 31 December 2019		Including shares held by LTD. KPK 1999			1,868,459,026	30.364
		Excluding shares held by LTD. KPK 1999			124,517,895	1.968

Note: (1) KPK 1999 Co., Ltd. is the company of which 50.50% shares are held by Mrs. Paichit Rattananon, Chairman.

- **Communication Channels to the Public**

The Board of Directors recognizes the significance of correct, complete, timely, transparent, and thorough information disclosure, the communication and PR of the Company's information was announced in various channels i.e. the Company's website, www.trc-con.com, under "Investor Relations" was used for PR NEWS, management's interview in newspaper or magazine. The Board of Directors assigned Mr. Pasit Leesakul, Director and Chief Executive Office, Ms. Pavita Leesakul, Director and Vice President, Corporate Affairs Division, and Investor Relations department to be responsible in information disclosure and communicate with investors, shareholders, analysts, media and other concerned organization. Investors can inquire company's information by telephone number +66 2022 7777 extension 3213 or by email ir_trc@trc-con.com.

5. The Directors' Responsibilities

The Board of Directors consists of knowledgeable and capable individuals who play an importation role in determining the Company's strategy and policy, monitor, supervise and assess the Company's operation results. The directors perform their duties with responsibility, honesty, carefully protecting the Company's benefit and considering good corporate governance to build shareholders and stakeholders' trusts. The Board of Directors supervise the Company's operation to ensure laws compliance and in line with the Company's objectives and articles of association to create business value and highest benefit to the Company and shareholders.

- **Vision, Mission and Strategies**

The Board of Directors has policy to review the Company's vision, mission statements and business strategies every year. Coporate Strategy department is responsible to encourage management and employee to participate in determining target and strategy, to supervise that such strategy is practically used and to assesss whether it is inline with the determined objectives and/or target. The 9/2019 Board of Directors meeting on 13 November 2019 reviewed vision, mission and objectives which the Company has publicized to employee and disclosed on the Company's website under "About us/Vision Mission Objectives".

Furthermore, the Company's Board of Directors has a policy to allow the management to propose annual corporate objectives to the Board of Directors for approval. This involve setting of corporate performance index to measure various activities, such as value of new projects received during the year, number of new clients, level of clients' satisfaction. Weighted scoring system and criteria for assigning points for each category being evaluated will produce an average score for the evaluation. The Board of Directors has assigned the management monitor to see if the corporate strategies are being implemented, conduct an evaluation, and report the results to the Board of Directors. The results of the evaluation will be used in conjunction with other factors to review if the corporate vision, mission and objectives are still appropriate. This will also help justify the increase of salaries and annual bonuses, as well as a reference for setting corporate goals for the following year.

- **Structure and qualifications of the Board of Directors and Directorship in other company**

The Board of Directors consist of 9 members who meet the required qualifications and do not possess prohibited characteristics under the Public Company Limited Act. The Board should comprise persons with a variety of skills and expertise, regardless of gender. The Company has clearly separated positions between Chairman of the Board of Directors and Chief Executive Officer. The composition of the Board of Directors consists of four independent directors, representing more than one-third of the entire Board. This contributes to proper checks and balances and crosschecking of management.

The recruiting and appointing of Company's directors must go through the consideration and review process of the Remuneration and Nomination Committee. In each year, not less than one-third of the directors must step down in accordance to their tenure. The Company requires that each director is a Board member of not more than 5 listed companies. The Chief Executive Officer must report to the Board if a director serves as a Board member in another company. As of 2018, the structure of Board Directors will be reviewed annually, via the Skill Matrix to consider the work skills and work experience of each director. In 2019, the Board of Directors felt the directors have diverse skills and work experience which are beneficial to the Company's business operations. However, in compliance to the good corporate governance code and principles, the Company has to recruit an additional independent director in order to maintain the proportion of independent director at over 50%.

No directors serve as Board member in more than 5 listed companies in accordance to the recommendations of The Stock Exchange of Thailand and the policy of the Company / subsidiaries. Details of each director have Board member post in other companies are shown in the "Board of Directors and Executives".

- **Segregation of the Chairman of the Board of Directors and the Chief Executive Officer**

The Chairman of the Board of Directors is not the same person as the Chief Executive Officer. The duties and responsibilities of the Chairman of the Board of Directors are clearly specified under "Management Structure". The Chairman of the Board of Directors is Mrs Paichit Rattananon, who is a representative of the shareholders, and is not an independent director.

The Company's Chief Executive Officer is Mr. Pasit Leesakul.

- **Tenure of Independent Directors**

Members of the Board of Directors are appointed at the Shareholders' Meeting. The tenure of director is in accordance to the Company's articles of association and be re-appointed after their terms expired. Even though the Company has 1 independent director with over 9 years of service as Board of Directors member, such director has skills, knowledge and work experiences that are beneficial to the Company with no conflict of interest and independent from management and major shareholders. Therefore, for the highest benefit to the Company, there is no policy to limit serving years for independent director position.

- **Orientation for New Director**

When new director is appointed, the Company arrange orientation and provide the Charter of Board of Directors, latest Annual Report, Good Corporate Governance manual, Ethics and Code of Conduct manual, Anti-Corruption policy, VDO presentation of company information and significant projects for such new director. Slide presentation with the Company's business information is prepared for the Chairman of Executive Officer to present to new director to ensure necessary information for his/her service.

- **Self-assessment of the Board of Directors**

The Board of Directors set up the policy requiring all directors to conduct assessment of the performance of the entire Board of Directors using the self-assessment form for the Board of Directors provided by the Corporate Governance Development for Capital Market Department, Stock Exchange of Thailand. For 2019, the Company used the form issued in February 2015 and updated information about the Company for each topic with the additional information for certain topics to support the assessment of the directors. There are 6 major topics for assessment:

1. Structure and qualifications of the Board of Directors
2. Role, duties and responsibilities of the Board of Directors
3. Meetings of the Board of Directors
4. Performance of Duties as Director
5. Relationship with management
6. Directors and management development

In addition, the performance of each Board director and directors of 4 subcommittees (Internal Audit Committee, Remuneration and Nomination Committee, Corporate Governance committee, Risk management Committee) will be evaluated in 3 categories - 1. Structure and qualifications 2. Meeting 3. Roles, duties and responsibilities. The overall score earned from the performance evaluation of the Board of Directors, the individual director and the subcommittee directors will be shown to all the directors to serve as reference for correcting deficiencies and making improvements. For 2019, the performance evaluation results showed the Board of Directors received an overall score of over 90%.

- **Performance Appraisal for Chairman of Executive Committee and Chief Executive Officer**

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chairman of the Executive Committee and Chief Executive Officer on annually basis and also determine the annual remuneration for him prior to proposing the appraisal result for consideration of the Board of Directors Meeting for approval of his remuneration annually.

- **History of Misconduct against the Regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission**

The Company has no record of misconduct against the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission.

- **Sub Committees**

The Company's Board of Directors has appointed a number of directors from the Board and executives to serve as subcommittee directors. The Board of Directors established 5 subcommittees - Audit Committee, Remuneration and Nomination Committee, Corporate Governance committee, Risk management Committee and Executive Committee to handle specific tasks. The scope of authority and responsibilities of the subcommittees are clearly specified in writing and disclosed on the Company's website and in the Company's annual report. The subcommittee has the authority to request the management to attend meetings to clarify issues, or to prepare reports and/or hire a consultant to provide recommendations as deemed appropriate.

The Board of Directors has approved the use of a handbook which serves as a reference on the scope of authorization for managers and supervisors at various levels in the organization. This serves to decentralized authorization to improve operations efficiency, minimize potential risks, and create a standardized system which is in compliance with the Company's internal controls framework. This handbook will be reviewed regularly and revised if necessary to fit changing operating environment.

- **The Audit Committee**

The Audit Committee consists of 3 independent directors whose qualifications are in line with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission in which the proportion of shareholding of the independent directors was set not less than 0.75% more strictly than 1% as set by the Securities and Exchange Commission's regulations.

Since 2015, the Company hired EI Business Advisory Co., Ltd. to perform duties as the internal auditor in place of the Internal Audit Department. This is to facilitate independence in performing duties and allows the auditor to report directly to the Audit Committee.

- **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee comprised of 6 directors - 4 independent directors, the Chief Executive Officer and an executive director. These directors are responsible for recruiting directors and consider the remuneration for the Board of Director and the Chief Executive Officer. In 2019, there were 3 meetings to consider the framework for increasing the salary and bonus for the Company and subsidiaries for 2018 and 2019; and to consider the salary for 2020 and bonus for 2019 for the Chairman of the Board of Directors and the Chief Executive Officer; and to select a director to replace another director whose tenure has expired; and to select another director to replace the director who resigned. The selected director must have the required qualifications, work skills, specific expertise and experience which would benefit the Company's business operations. The Remuneration and Nomination Committee also reviewed the Charter of the Remuneration and Nomination Committee.

- The Corporate Governance Committee

The Corporate Governance Committee comprises of 2 independent directors and 2 executive director. They are responsible for overseeing the Company and subsidiaries' operations to be in compliance to the Good Corporate Governance Code and principles. In 2019, the Corporate Governance Committee held 2 meeting to review the plan and summary of the Corporate Social Responsibility (CSR) 2019 operating results, acknowledge the publicly listed companies' corporate governance survey results for 2019, and acknowledge the Corporate Governance Report (CGR) criteria for 2017 which are being undertaken / not yet undertaken, including the review of the Charter of the Corporate Governance Committee Charter, and reviewed how the Company and subsidiaries performed with regards to compliance to the Securities Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) listed firms Corporate Governance Code (CG Code) 2017 guidelines. The Company and subsidiaries will address the areas which are still not in full compliance with the CG Code within the appropriate time frame to fulfill all the requirements / obligations.

- The Risk Management Committee

Risk Management Committee consists of 2 independent directors and 2 executive directors to perform their duties in relation to risk management. In 2019, the committee held 1 meetings to do the following:- to acknowledge the overview of risk management; to approve the risk management plan and the preparation of annual report only the part relevant to risk management; and to review the Risk Management Committee Charter. In addition, there has been the appointment of the Risk Handling Sub-Committee and the Risk Task Force assigned with duties to perform and manage risk-related tasks in accordance with corporate policies, vision and strategic plan and to conduct the assessment of risks in varied dimensions.

- Executive Committee

Executive Committee consisting of 4 executive directors which are responsible for developing plans, policies, direction, business strategies, and management structure for the Company's core business operation; considering the Company's performance in terms of profit/ loss, and the interim or annual dividend payment before proposing it to the Board of Directors; and performing other tasks as assigned by the Board of Directors. In January 2019, the 1/2019 Board of Directors Meeting has resolved to terminate the Management Committee and revise scope of duties and responsibilities of Executive Committee to cover the duties and responsibilities of Management Committee.

● Succession Plan

To prevent the potential detrimental impact on the Company's business operation, the Board of Directors has approved the policy on the nomination of Chief Executive Officer and the policy on succession of executive positions in case of emergency or retirement.

● Directors and Officers Liability Insurance (D&O)

The business expansion, diverse types of business and transactions which TRC Group engages in today exposes the directors and officers to potential business related risks which can arise as they

perform activities, engage in transactions, enter into contractual agreements/ obligations on behalf of the Company and subsidiaries. They expose to potential lawsuits from outsiders, shareholders, stakeholders/ vested parties. Hence, the Board of Directors have instructed the management to consider obtaining the Directors and Officers Liability Insurance (D&O) which specify the terms/conditions, the amount of insurance and premium and propose it to the Board of Directors for review every year to ensure it is adequate to protect the directors and officers from potential lawsuits and damage/loss claims as they perform their duties on behalf of the Company and subsidiaries as assigned. The D&O insurance will not cover illegal, or fraudulent actions by the directors and officers in which case the Company and subsidiaries are not liable for any damage, or loss caused by such action. The compensation for damage/loss will have to be sought by the victim from the director/officer who committed the illegal act.

● **Balance of Power for Non-executive Directors**

As of 31 December 2019, the Company's Board of Directors consists of nine directors including:

- | | | |
|---|---|--------|
| - Chairman, representative from major shareholder | 1 | person |
| - Independent directors | 4 | person |
| - Executive directors | 4 | person |

● **Remunerations for Directors and Management**

The Remuneration and Nomination Committee proposes directors' remuneration and bonus to the Board of Directors Meeting to later propose to the Annual General Meeting of Shareholders for approval including to propose the remuneration of Chairman of Executive Committee and Chief Executive Officer for approval by the Board of Directors Meeting. The remunerations was passed the resolution of the committee in term of appropriateness in comparison with other listed companies. The Company's remunerations for directors are in a form of monthly payment, meeting fee and bonus. The management's remuneration will be in accordance with the principle and policy as set by the Board of Directors and in relation to the Company's operating performance and corresponding to their responsibilities.

● **Directors and Management Development**

It is the corporate policy to encourage and support directors and management to take courses and seminars on a regular and ongoing basis in order to improve their knowledge that could be applied to their jobs and lend to greater work efficiency e.g. a variety of courses organized by the Thai Institute of Directors, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, the Thai Listed Companies Association, the Thai Investors Association and other independent organizations.

In view of communicating the Company's policies, goals, business direction and strategies, the Company has been holding a meeting or workshop seminar, at least once a year as required by policy, specifically for the Company's directors, in which guests with direct, extensive experience were usually invited to be the co-speakers/instructors.

The Company Secretary is responsible for presenting to the Board of Directors all announcements, rules and regulations of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other agencies that the Board of Directors needs to know, including news about seminars and/ or activities that could contribute to a success in the fulfillment of directorship duties.

In 2019, director and executive participation in the training courses and seminars were as follows:

- Mr. Smai Leesakul, director and Chairman of Executive Committee, joined King Prajadhipok's Institute's program of Intermediate Certificate Course Good Governance for Medical Executives #8
- Mr. Pasit Leesakul, director and Chief Executive Officer, joined Thailand Energy Academy's program of The Young Executive Program in Energy Literacy for a Sustainable Future #7 (YTEA7)
- Ms. Pavita Leesakul, director and Vice President, Corporate Affairs Division, joined the following:
 - King Prajadhipok's Institute's program of Intermediate Certificate Course Political Leadership in the New Era #9
 - Siam University's program of Xponential Academy #1
 - Chulalongkorn University's program of Human Resources Management Certificate #40
- Mrs. Podchanee Phaosavasdi, director and Chief Commercial Officer, joined the following:
 - Office of Transport and Traffic Policy and Planning's 1st Public Participation and Information Disclosure Seminar of Transit Oriented Development
 - Ministry of Transport's program of the 1st ONE TRANSPORT FOR ALL 2019 : Mobility Connect Technology
 - ENPEO's program of The Path of Leadership Development Ep.2 : How to Accelerate Future Leader Capability
 - The Securities and Exchange Commission, Thailand's seminar of Study Audit Adjustments and the Relationship between Characteristics of Financial Statement Preparers and Audit Adjustments.

The Company emphasized self-development of directors and management, therefore, various trainings and courses by specialist were conducted to build up management's knowledge and understanding for practical use in organization management and preparation of the Company's future growth. Courses conducted in 2019 were stated in "9. Management Structure, Employee Development Policy".

- **Board of Directors Meeting**

The Company determines meeting schedules for the Board of Directors and other subcommittees in advance annually. Meetings of the Board of Directors and the Audit Committee must be held at least once per quarter. Special meetings may be convened as deemed necessary. The Chairman of the Board of Directors shall manage the performance of duties of directors, and shall provide a summary of the meeting agenda to directors for consideration. Each director shall be allowed and encouraged to express opinions freely and meeting time shall be allocated appropriately and efficiently. The Company Secretary helped in preparing the agendas for the Board of Directors' meeting, the invitation letters to attend the meeting and the supporting documents / materials which will be mailed / delivered to the directors at least 5 working days prior to the Board of Directors meeting date, organize the meeting, store / file the documents related to the meeting and provide advice to the Board of Directors to ensure compliance with the various related laws, rules / regulations, mandates, including brief the Board members about any announcements, various rules / regulations and courses / seminars with related organizations which would benefit them.

The Board of Directors' policy is to encourage each director to attend the Board of Directors meeting regularly, at least 80% of the number of times the meetings are held during the year. In 2019, most of the Board of Directors members attended all the meetings, with only 2 directors who did not attend the meeting once and twice out of the total of 10 meetings due to other obligation. The meeting attendance records of each member of the Board of Directors and subcommittee are disclosed under the topic "Management Structure". The Board of Directors also has a policy to allow independent directors to attend meetings together at least once a year without the presence of the executive and the management. In 2019, 1 meeting of independent directors was held in December.

The Company and subsidiaries added the followings requirements pertaining to good corporate governance:

- As of 2012, meeting between independent directors and accounting auditor (only), without the presence of management executive, or the management, of at least once a year is required. In 2019, such meeting was held in February.
- As of 2016, the passing of the Board's resolution for each Board of Directors' meeting requires the presence of at least two-third (2/3) of the total number of directors.
- As of December 2018, the agenda pertaining to the report involving a director with vested interest must be place first on the list of agendas for the Board of Directors to consider every time. The director with vested interest must not be present at that particular Board meeting which his/her vested interest issue being review by the Board of Directors.

- **Company Secretary**

Since 2007, the Board of Directors has appointed Ms. Ounruen Sujarittham, Senior Finance and Investor Relations Manager, as Company Secretary with duties to facilitate the preparation of meeting agendas and invitations to meeting, organize meetings, keep records relevant to meetings and conflict of interest reports made by directors and management, give advice in relation to the Board's duties to comply with law, relevant rules and regulations, and oversee the disclosure of information and all compulsory reports to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. However, Ms. Ounruen Sujarittham, the Company Secretary, submitted her resignation to the 6/2019 Board of Directors Meeting with effective date on 31 May 2019.

Regulating the Use of Internal Information

The 7/2018 Board's meeting held on November 12, 2018 resolved to approve the Company's rules / regulations governing the use of the Company's internal information stated in the revised/ amended version (1/2018) which aligns with the Securities and Exchange Act (No. 5) B.E. 2559 (2016). The amended version replaces the previous version which was approved for use in 2005. This set of Company's rules / regulations is a part of the TRC Group's work operations rules / regulations; details as follows:

Definition of Internal Information

Internal information is information which must not be disclosed to any person prior to release to general investors. This comprise of information which has not been approved for disclosure to the general public; information which is relevant to the change in the price, or value of the Company's stocks; information of the Company, or an insider which could influence change in share price, and / or investor's decisions. Such information also include information about listed companies, major shareholders, person(s) with significant authority, or important executive of listed firms; and information which has adequate substance and clarity to influence investors' decisions.

Rules, Regulations on Use of Internal Information

1. The Company and its subsidiaries will adhere to the generally accepted practice of listed companies as required by The Stock Exchange of Thailand (SET) pertaining to the disclosure of internal information which could influence investors' decisions, before such information is released to the securities analysts, outsiders, or the general public. The Chief Executive Officer (CEO), Division Directors and the Company Secretary have been assigned to serve on behalf of the Company to act as spokesperson in disclosing approve information to investors, and the general public.
2. Directors, executives, staffs and employees of the TRC Group and outsiders who have access to the TRC Group's internal information, are required not to disclose such information, or allow it to leak to outsiders and in accordance to the announced guidelines on "proper use, safeguard and management of information technology", as well as limited access (authorized personnel only) to computer server room and prevention

of potential damage risk to the Company's information technology system. Company's internal information must not be disclosed without prior approval, or for the benefit of others, or personal gain, both directly and indirectly.

Person/who are temporarily employed by the Company, or its subsidiaries for specific projects, such as contractors, legal and/or financial advisors should sign Confidentiality Agreement with the Company, or its subsidiaries to safeguard against unauthorized disclosure of internal information to outsiders as they may have some access to internal information during the course of performing assigned job tasks/ projects for the Company, or its subsidiaries.

3. Company and subsidiaries' directors, executives, employees, temporary staffs are prohibited from disclosing confidential, or internal information (which has not been officially released by the Company/subsidiaries to the general public), to others for profit-making on changes in share price, or for personal use to earn profit from securities trading transactions by using (directly/indirectly) such information which can affect the Company/subsidiaries share price.

In addition, the Company/subsidiaries' directors, executives, employees, temporarily staffs assigned to work units/divisions which have some access to the Company/subsidiaries' internal information, including spouses (married/unmarried and children (under adult age) must not trade in Company/subsidiaries' stocks 1 month before the Company/subsidiaries' quarterly and annual financial statements reports are officially released and within 24 hours after the official release of such information to the public.

Furthermore, if the person/people mentioned above received internal information which may affect share prices of the Company/subsidiaries, or other listed firms which have not yet release such information to the general public, they must not trade in securities of the Company/subsidiaries, or those listed firms before 24 hours after the such information is officially disclosed to the general public.

4. Directors, executives, accounting auditor, temporary executives, representative, planner, executive planner, temporary executive planner, must report changes in value of the securities they hold, including forward contracts related to their Company/ subsidiaries, as well as person(s) closely related to them, in accordance to Article 59 of the 5th Securities Exchange Act BE 2559 (2016) 59 – pertaining to the procedure in submitting a notice (in digital form) to the SEC and SET within 3 days of the securities trading/transfer; including notifying the Company's Secretary for the purpose of preparing a report to inform the Board of Directors of such changes.

Anyone who violated, or failed to abide by Article 59, will be subject to penalty stated under Act 275 of the Securities Exchange Act BE 2535 (1992) and other amended versions.

5. Failure to abide by these rules / regulations is considered a serious offense.

Audit Fee

- Audit Fee

	Audit Firm	2019 Audit Fee
TRC Construction Public Company Limited	DHARMNITI AUDITING Co.,Ltd.	Baht 1,200,000
Subsidiaries:		
Sahakarn Wisavakorn Co., Ltd	DHARMNITI AUDITING Co.,Ltd.	Baht 940,000
TRC International Limited	Simon W.F. Ng & Co., Hong Kong	USD 3,200
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Mauritius Republic	USD 1,350
TRC Middle East LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Engineering LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Utility Company Limited	EY Office Limited	Baht 400,000
SH Crossings Company Limited	EY Office Limited	Baht 400,000
Joint Venture:		
Hydrotek Sahakarn Joint Venture		-

- Non-Audit Fee

Travelling expenses of the auditors for 2019 audit tasks

- TRC Construction Public Company Limited	Baht	68,979
- Sahakarn Wisavakorn Company Limited	Baht	9,583

*Hydrotek Sahakarn Joint Venture completed delivered the project since 2018 and currently in midst of liquidation

11. Social Responsibility

Overall Policy and operations

The Company has mission for employee to follow, one of which is “we will operate business with responsibilities to social, community and environment”. In 2018, “Policy on Quality, Security, Safety, Health, Environment and Social Responsibility” was enforced and published on the website under “About us/ QSSHE Policy” to encourage serious implementation in every units as the Company has always put importance in social development and environment to as part of responsibility to social and all stakeholders.

The Company adhere to the 8 corporate social responsibility (CSR) principles of the Stock Exchange of Thailand as follows:

1) Ethical and fair business practice

The Company operate business with good corporate governance principle and has corporate governance policy for efficient and transparent operation. Corporate Governance, Ethics and Code of Conduct and Anti-Corruption Policy manual was implemented, under section 3 TRC’s Code of Conduct which has 12 practices as follows:

Category 1	Respect human rights and labor laws	Category 7	Disclosure, storage, use of internal /confidential information
Category 2	Occupational health, safety and environmental measures 2.1 Health & safety of workplace 2.2 Environmental preservation	Category 8	Treatment towards business rivals
Category 3	Vested interest and conflict of interest	Category 9	Treatment towards clients
Category 4	Receiving / giving of gifts, assets and hosting of reception	Category 10	Treatment towards trading partners, and / or lenders
Category 5	Anti-fraud / corruption	Category 11	Information technology, intellectual property assets, or rights
Category 6	Engaging in political affairs	Category 12	Treatment towards employee

2) Anti-fraud and corruption

The Company announced its anti-fraud and corruption policy (approved by the 6/2016 Board of Directors meeting held on August 11, 2016) to the management and employees at every corporate level. The anti-fraud and corruption mandates are specified in the Company’s Corporate Governance handbook (January 2017 version) under section 4 – “Anti-fraud and corruption policy”. The handbook contains sub-topics comprising of definition, policy, duties / responsibilities, procedure guidelines, measures, channel to report wrongdoings, suggestions, file complaints. The Company’s website also contains information on the Company’s anti-fraud and corruption policy. This is to ensure the Company’s business operations and activities are in strict compliance to the applicable laws and regulations, is transparent and ethical.

In 2018, the Company did not receive any complaints, or information relating to fraud, or corruption.

3) Respect for human rights and 4) Fair labor practice

The Company operates business with respect to human rights by avoiding activities which abuse human rights, treat workers fairly, promote equal rights between men and women. Furthermore, the Company regularly employ people with some disabilities. This guideline on respect for human rights and labor is covered in section 1 of the Company's handbook on corporate governance.

5) Responsibility to consumers

The Company is aware of providing efficient services, timely delivery, meeting the needs of every customer, and compliance with the highest standard of safety are at the heart and center of business undertakings. This guideline on treatment towards clients is covered in section 9.

The Company has undertaken Customer Satisfaction Survey every 6 months or at the end of project, as the case may be. The survey questions can be divided into 10 topics as follows: (1) disclosure of information before job acceptance, (2) communications, (3) availability of supporting documents, (4) coordination and speediness in solving problems, (5) timely delivery, (6) fulfillment of work requirements, (7) safety-in-process practices, (8) environmentally friendly practices, (9) after-delivery services, and (10) pricing. The survey results and opinions of the customers will be sent to the management for further use as a guideline to develop and improve services that better suit the customers.

6) Environmental protection and 7) Participate in community and social development

The Company gives importance to environmental preservation, communities and social development as specified in the Company's handbook on corporate governance. section 2 pertaining to occupation health, safety and environment. The Company's aim is to instill sense of awareness and participation among the employees to help preserve the environment while performing their job duties. The Company assess impacts on society, communities and the environment with its trading partners, clients and vested parties prior to establishing the work process and appropriate preventive measures in a cost effective manner to achieve maximum benefits for the organization.

8) Innovation and distribution of CSR innovation

No information available -

Business activities detrimental to corporate social responsibility

In 2019, the Company and subsidiaries were not subject to any investigation by related authorized, nor did TRC Group violated any related laws / regulations pertaining to social responsibility in accordance to the 8 principles of The Stock Exchange of Thailand.

The Company believes in the importance of social responsibility and preservation of the environment. The Company ensures its business operations to not cause negative impacts on neighboring communities and the surrounding environment. Moreover, the Company also organized social activities to enhance positive corporate image which will boost public confidence in the Company.

The Company divides its corporate social obligations into the following 2 parts - corporate social responsibility in-process and corporate social responsibility after-process:

1. Corporate social responsibility for work in-process (CSR-In-Process)

The Company's core businesses comprise of services for the energy and petrochemical industries relating to pipeline and process plant construction, machinery installation, project development and investment, civil and infrastructure construction. The Company gives priority to safety concerns and environmental impacts during and after construction work operations which may affect residents in the surrounding communities, such as safety of project work sites, garbage disposal, treatment, pollution control measures, attentive potential adverse impacts on surrounding communities, increase social responsibility awareness to ensure appropriate actions towards society while fulfilling obligations to the client in producing quality work within the specified timeframe; as follows:

- **Acceptance of assigned project**

- Site of construction project: Initially, the Company will assess the potential negative impacts on the surrounding communities / residents, and legal aspect pertaining to the ownership of the project construction site, obtain permission from the site owner and all the related agencies before undertaking construction activities.
- Secure suppliers for materials and equipment: The specifications and quality of all types of construction supplies must pass inspection by the project owner's quality control division to ensure it meets the specified requirements before it can be used in the project. The suppliers and subcontractors will be evaluated by the Company's supplies and logistics division management team regularly every 6 months as basis for future procurement consideration. The materials / equipment and services suppliers will be evaluated by an evaluation form which includes topics on occupational health, safety standards and compliance with related environmental regulations. The Company will provide new suppliers and subcontractors with guideline information regarding the Company's policy pertaining to compliance with occupational health, safety and environment standards and regulations.
- Employment: residents of surrounding communities can apply for jobs at the construction project site. It helped creating circular economy and income in the local area.

- **Construction works in-progress**

- The Company has a public relations team to provide information to surrounding communities' residents with regards to potential impacts from the project construction activities and the benefits after the project is completed. The Company is ready to promptly resolved any adverse impact, or problem caused by the construction

project on the communities. Furthermore, the Company has established channels (i.e. website, telephone number, or directly through assigned project site staffs) for communities' residents, or the public to voice their complaints.

- The Company arrange traffic route to ensure smooth traffic flow at the construction project site and to minimize inconvenience to residents of the surrounding communities. Deliveries of construction supplies and materials are scheduled at appropriate times to lessen interruption to local residents.
 - The Company provides handbook which serves as guidelines of work safety issues and safety measures training for related staffs before construction activities commence.
 - Set the design and format of the construction project to ensure safety at the worksite in accordance to the requirement of safety regulations.
- **Delivery of completed project**
 - After the construction project has been fully completed, the Company will restore the project site and landscape to its original state before delivering the finished project to the client.
 - The Company provides warranty on the completed and delivered construction project according to the agreed and specified time frame.
 - A client's appraisal form to rate the Company's performance after delivering the fully completed work can help indicate the level of satisfaction the client has in the finished project, and serve as reference for improving work efficiency and quality improvements on future projects.

2. CSR-After-Process

In 2019, the Company and its subsidiaries conducted the following CSR-After-Process activities.

1) Activities to promote development and education for children and youths

The Company participated in Children's Day activities at Pornpraruang Prasit Kindergarten, Pornpraruang Prasit School and Baan Buamol School which were local schools nearby the Company's head office by providing gifts to children as moral supports to our country's future valuable resrouces.



2) Blood donation activities

The Company and Sahakarn Wisavakorn Co., Ltd. have been hosting annual blood donation twice a year (in February and August) since 2008. Employees and residents in surrounding communities are welcomed to donate blood. In 2019, 130 bags of blood or 49,350 millilitres were collected and donated to Rajavati Hospital.



3) Donation of various items to charity

- Donate several items (i.e. clothes, shoes, toys, dolls, electrical appliances) to Phradabos Foundation via Big Cleaning Day event.
- “Green Roof” project – delivery of unused beverage cartons to Big C Supercenter Plc (Don Muang branch)’s representative to be recycled into roof sheets. This “Green Roof” project and of Princess Pa Foundation promotes the recycling of unused materials into materials which can be used for other purposes.



4) Community Development and Other Activities

- “For Hometown” is a project intended to develop local community and quality of life of the people in employee’s hometown. Not only it develops the society but also give the employee a sense of pride to be part of the help and development to their hometown. The project was commenced since 2013.

In 2019, the Company funded water tanks at Rayong province proposed by Ms. Suwicha Thongkham, the Company’s employee. For Hometown project will conduct every year for betterment of quality of life and employee’s hometown in line with the Company’s policy.



- “Creative Sharing Project” is a project with purpose to support products made by local community or underprivileged from various places to create income and jobs. The products were put together as gifts/souvenirs and gave to other organizations.

In 2019, the Company purchased roasted Arabica coffee grind from Paganyaw Karen, Banmae Kimuk Noi village, Bantap, Mae Chaem district, Chiang Mai province and used them for gifts and souvenirs of the year 2020.



5) Environmental preservation activities

The Company initiated “Go Green project” to encourage employee to reduce plastic cup waste by bringing their own reusable containers when purchasing beverages.



Safety, health and environmental management

TRC Construction Public Company Limited and Sahakarn Wisavakorn Company Limited continue to place importance on Safety, Health and Environment by management and employee at all levels not only according to laws and policy but also lift up the standard to internationally accepted and strive to become zero-accident organization for good quality of life of employee and stakeholders.

Management's Determination

Management encourages activities that do not cause accident or environmental impact by asking cooperation and responsible from all levels. The Management take lead in pushing serious management and follow-up by supporting in budget and resource management, creating safety work environment, providing proper and sufficient tools and equipment in order to accomplish the said dertermination, for example,

◆ Top Management Tour

To raise awareness and set sample to employee for safety in every activities, top management visited project operations to monitor and receive concerns on safety, health and environment.



Construction of 5th transmission pipeline of natural gas station



Construction of overpass bridge, Na Ranong



Improvement of Pracharumjai-Mitmaitri Road



Construction of Lubricant Product Distribution Center

◆ Legislation Compliance

To comply with laws and to monitor and provide suggestions correctly and independently, top management supported the establishment of central safety committee to supervise and work with project committee by ensure laws and safety standard compliance, advise and push, with safety committee of each project, to create safety work environment according to laws and report operation results to top management for acknowledgement every month.



Fab Shop



Central Safety Committee meeting with Project Safety Committee

♦ 5-S Activities to encourage safety work environment



Chief Executive Officer participated in 5-S activity with employee on Big Cleaning Day

SHE Management System

♦ Plan, Specify, Analyze and Evaluate Risks

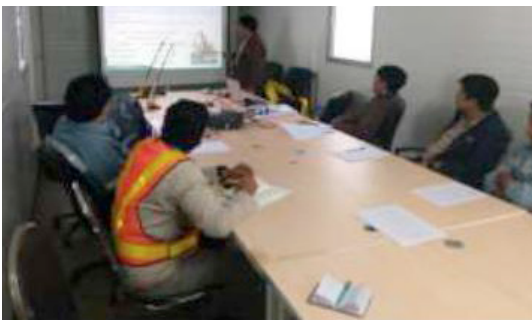
Prior to commencement, every project must specify, analyze and evaluate risks. Risks shall be controlled according to plan prepared by adopting ISO9001, ISO14001 and OHSAS18001 management standard.



Plan, Specify, Analyze and Evaluate Risks

♦ Safety Training to Operation Employee

The Company instructed all employee and workers to participate in safety training courses required by laws such as Safety Training for New Employee, Safety Training for Supervisor, Safety Training for Executives and Safety Committee Training.



Safety Training for New Employee 6 hours



First-Aid Training



Basic Fire Fighting Training

Employee who needs to work at a high potential-risks must complete specialty training prior to starting.



Crane Operation Training



Scaffold Operation Training



Confined-Space Operation Training



The Company's safety officer completed Safety at Work, intermediate level, training from Department of Labour Protection and Welfare



The Company's safety officer completed Road Safety Audit, During Construction Stage, and Pre-Opening Stage training



Employee Training on Safety Culture and Behavior Based Safety (BBS)



Hazardous Chemicals Management Training

Working at Height Training

♦ **Monitoring, Inspection and Operation Control**

The Company put preference into preventive measure when it came to safety operation. Operation personnel must be in complete ready condition i.e. no trace of narcotic substance or alcohol, therefore, random checks were conducted.

❑ **Check before Operation**

▲ **Alcohol Check**



❑ Control and Reduce Impact on Environment during Operation

Prior to commencement and during operation, environmental impact assessment was conducted and mitigation measures were determined. For instance, spray water to curb dust pollution, avoid disruption on public path when delivering equipment and segregate waste from construction to properly dispose according to laws with no environmental impact.



Spray water to curb dust pollution



❑ Environmental Inspection

To ensure that the safety management system is executed in line with the Company's determined standard, Central QSHE will inspect project operation including work environment to assure employee and nearby communities have no environmental issues effected by the Company's activities.



Dust and Sound Level Measurement



Sound Level Measurement

❑ Monitoring Project Operation by Inspector from Central QSHE



❑ Monitoring Project Operation by External Inspector from ISO9001, ISO14001, OHSAS18001 Certified Personnel





❑ Emergency Plan Practice

In each project including head office, plan of emergency situation is required. Emergency plan is practiced to ensure every employee understand the procedures and improved for highest efficiency.



Fire Fighting Demonstration by Bangkhen Fire Station

Fire Drill at Head Office



Emergency plan practice at distribution center and 5th transmission natural gas pipeline construction site

❑ Communication on Safety and Raise Awareness

To urge employee to place importance on safety awareness, each project arranged supervisor, safety officer and project manager to take turn to share their experiences during Safety Morning Talk and arranged groupwork discussion on preventive mitigation measures according to control and risk management plan before start the work.

▲ Safety Talk



◆ Reward on Zero-Accident

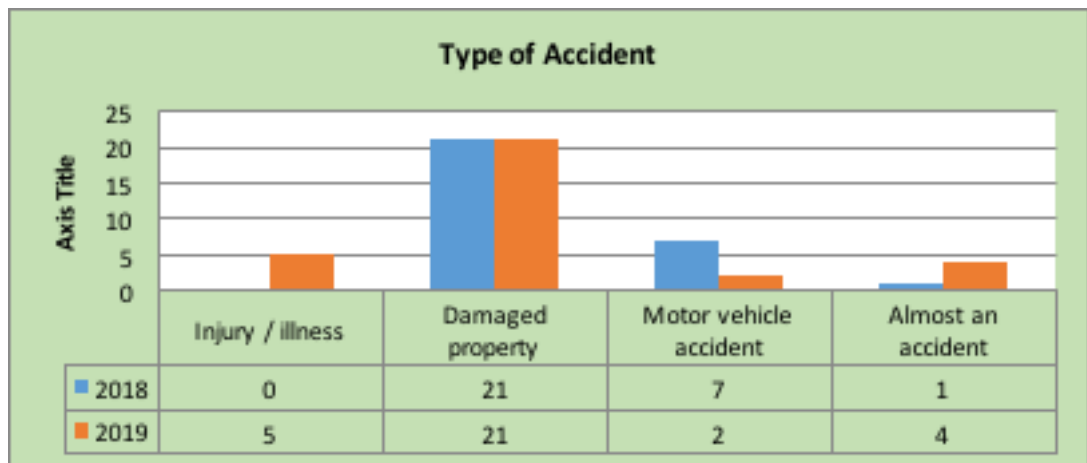


Design and Construction of Lubricant Product Distribution Center 200,000 Man Hours



Block Valve & Facility Station of the Fifth Transmission Pipeline Project 500,000 Man Hour

❑ Accident Statistic

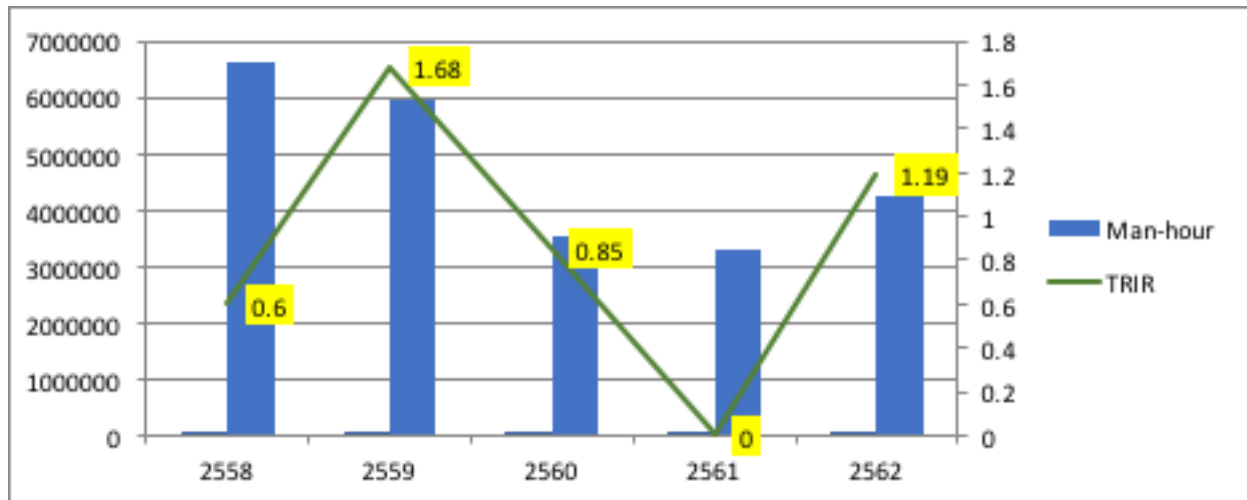


❑ Man-Hour

Year	2015	2016	2017	2018	2019
Man-hour	6,615,038	5,939,622	3,518,561	3,288,195	4,210,602
TRIR	0.60	1.68	0.85	0.00	1.19

Man-hour

TRIR



- Man-hour : the period January – November 2019
- TRIR (Total Recordable Injury rate): rate of work related injuries
- Recordable case : serious injuries from accidents requiring medical treatment
- $TRIR = (Recordable\ case \times 1,000,000) \div Man-hour$

□ Award and Certificate

TRC Construction Public Company Limited received award on ZERO DAWC, or zero day away from work case, from SCG Chemicals Company Limited for the BMC NAPHTHA AND PYGAS PIPELINE Project which the Company has safely operated with SCG without any injury, life or property lost.



12. Internal Audit Control and Risk Management

Good internal audit control is considerably important to ensure that the Company operates according to objectives. Internal audit control is related to risk management as sufficient and appropriate internal audit control would prevent and reduce any damages that might occur to the Company and stakeholders. Therefore, the Company established Audit Committee to work efficiently and independently for highest efficient internal audit control review.

The Company and Sahakarn Wisavakorn Company Limited appointed EL Business Advisory Company Limited to be independent internal auditor with responsibilities to independently audit and assess internal control systems according to audit plan and monitor the Company and Sahakarn Wisavakorn Co., Ltd. to ensure compliance. Internal auditor then prepared reports consisted of audit objectives, scopes, procedures, recommendations and results of the Company's action after suggestions received. Audit Committee then reviewed such report and proposed to the Board of Directors meeting for acknowledgement. The Audit Committee meeting will be arranged at least 4 times per year and the report of internal audit control will be reported to the Board of Directors meeting quarterly. Report of Audit Committee's comments will be proposed to the Board of Directors meeting for consideration and afterwards published in the Company's annual report.

The Audit Committee attended a meeting with the internal auditor to assess the adequacy of the internal control systems of the Company and Sahakan Engineer Co., Ltd. for 2019 in accordance to the internal control systems assessment form of the Office of the Securities Exchange Commission. The assessment report was submitted to the 1/2020 Board of Directors' meeting held on 24 February 2020. The Board of Directors reviewed the adequacy of the internal control systems of the Company in accordance to the 5 components of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework as follows: control systems within the organization, risk evaluation system, operations controls system, information and communication system, monitoring system.

The Board of Directors was of the opinion that the Company and Sahakarn Wisavakorn Company Limited had appropriate and adequate internal control activities and mechanisms to ensure that business operations comply with related business objectives under applicable laws and regulations.

Management Letter for 2019

In Management Letter for 2019, Dhamniti Auditing Company Limited, the Company and Sahakarn Wisavakorn Co., Ltd.'s auditor, summarized account audit and tax audit findings into 3 topics which were investment in joint venture companies, project construction loss estimation and warranty debt recognition.

Head of the Company's Internal Audit

EL Business Advisory Company Limited was appointed as internal auditor and the appointment shall be in effect on and since 2015 to date. Having considered the qualifications of EL Business Advisory Company Limited, the Audit Committee was of the opinion that it was well qualified to be the Company's internal auditor on the basis of their independence and audit experience. The management could use the unbiased recommendations of the experienced internal auditor to improve effectiveness of the Company's internal control systems.

The person appointed by EL Business Advisory Co. Ltd. to head the internal audit team

Name: Mr. Suwit Chanamporn

Education: Master's degree Faculty of Commerce & Accountancy, Chulalongkorn University
Bachelor's degree Faculty of Law, Ramkhamhaeng University
Bachelor's degree Business Administration (accounting), Assumption University
Certificate Accounting auditor, Chulalongkorn University

Professional certification: Certified Public Accountant (CPA) of Thailand

Current: Managing Director EL Business Advisory Co. Ltd.

Previous: Assistant auditor PricewaterhouseCoopers ABAS Ltd.
Internal audit manager IBM (Thailand) Co., Ltd. and
IBM Corporation Co., Ltd. (U.S.)
Senior director of ternal audit division UTAC Thai Co., Ltd.

Training:

- COSO ERM
- Risk Management
- CIA Review curriculum project
- Quality accounting audit operations
- Prepare paperwork for anti-corruption in organization movement
- Review of process for following up on and monitoring of activities undertaken in accordance to strategic plans
- Orientation course for Chief Accountants focusing on financial reporting
- Thailand IFRS Conference

- Prepare accounting to suit the current business environment in accordance to the accepted accounting standards reports

In 2016, the Audit Committee appointed Ms. Rawadee Ardham, Accounting Manager of the Company, as secretary to the Audit Committee.

The consideration, appointment, removal, or transfer of the internal auditor must be approved by the Audit Committee.

13. Connected Transactions

Since 2015, the Company undertook related party transactions with ASEAN Potash Chaiyaphum Public Company Limited (“APOT”). The Company entered into the aforesaid related party transactions on an arm’s length basis and in accordance with the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The related party transactions were duly reviewed by the Audit Committee and were proposed to the Board of Directors for consideration and approval.

The nature and scope of interest in relation to the connected transaction can be concluded as follows:

1. There are 2 directors having the conflict of interest consisting of:
 - Mr. Smai Leesakul, Director and Chairman of Executive Committee of the Company, has the position in APOT as Director, Chief Executive Officer and Managing Director; and
 - Mrs. Podchanee Phaosavasdi, Director and Chief Commercial Officer of the Company, has the position in APOT as Director.
2. There has been normal business transactions between TRC and APOT as follows:

Business transaction	2019 Income Statement (Baht)	Statement of Financial Position as at 31 Dec 2019 (Baht)	Necessity and reasonableness of the transaction
APOT rented space as their office			The Company has provided its building area to be rented by APOT; - 5 th floor office building area rental = 450 sqm. for 3 years (1 December 2014 – 30 November 2017) and renewal 3 years (1 December 2017 – 30 November 2020) Office rental at Baht 100 per square meter, totaling Baht 45,000 per month and office service fee at Baht 200 per square meter, totaling Baht 90,000 per month.
Income Statement:			Reasonableness: The rental rate and service charge rate are equal to the rate which the Company charged to Sinopec-TRC JV. (contract ended May 2017)
- Office rental income	315,000		The Company received a notice from APOT requesting termination of the building space lease on the 5th floor and service contract effective as of 1 August 2019.
- Office Service income	630,000		
- Electricity income (Baht 5.40/ Unit)	74,223		
- Chiller Charge at fixed rate of 312,000 BTU/month, Baht 0.10/ BTU	218,400		
Total Other income	1,237,623		
Statement of Financial Position:			
- Accounts receivable-associated company		*383,420,060	
- Unbilled receivables		*299,957	
- Accounts receivable - retention under construction contracts		*7,853,989	
		391,574,006	

*the whole amount of the abovementioned items were recorded as bad debt in the financial statement.

Policy and Procedure of Connected Transaction Approval

The 2/2005 Board of Directors Meeting on 19 May 2005 had resolved to define the policy for future connected transaction that any connected one should be reviewed with comments of the Audit Committee and/or the Board of Directors on its requirement and reasonability. Review and compare price and condition for each transaction to assure whether it is common business transaction as done for the connected transaction with outsiders. For effective business operation, the captioned Board of Directors Meeting had resolved to allow the Company to proceed the common business connected transactions or supportive common transaction such as obtaining new awarded project, subcontracting of the project with work value of not over than 30 MB under the condition that such transaction should be undertaken under price and condition as normal practice and for highest benefit of the Company. The connected transaction should be prior proposed to the Audit Committee Meeting and/or Board of Directors Meeting for acknowledgment and comment. The following connected transactions are required to be proposed for consideration of the Audit Committee Meeting and/ or Board of Directors Meeting for further comment in term of requirement and reasonability and also for approval prior to proceeding.

- Uncommon business transaction or unsupportive common transaction
- Connected transaction to be proceeded under price and condition different from normal practice done with outsiders
- Common business transaction or supportive common transaction to be proceeded under price and condition as normal practice with transaction value of not more than 30 MB

Anyone who is opposed, a stakeholder or may have a conflict of interest in any cases (as per the Company's Article of Association or the Securities and Exchange Commission and Stock Exchange's notification and regulation) has no authority to proceed any act in relation to the connected transaction with the Company or subsidiaries.

In addition, the Board of Directors shall monitor the Company to perform in accordance with the Securities and Exchange laws, regulation, notifications and rules as well as compliance with the Stock Exchange of Thailand's disclosure manual concerning connected transaction and the acquisition and disposition of assets of the Company and subsidiaries (if any) as well as the accounting standard of the Federation of Accounting Professions.

In case the Audit Committee and/or Board of Directors have no expertise to consider the connected transaction may be arisen, the Company shall seek for an independent expert or auditor's comment to obtain recommendations as supporting information for the Audit Committee's or Board of Directors' and/or shareholders' decision as deemed appropriate.

Approval of Common Connected Transaction

As per the Securities and Exchange Act (Vol. 4) B.E. 2008 announced on 31 August 2008, any common connected transaction is required to be proposed and approved by the Board of Directors or the Board of Directors is required to approve in principle such connected transaction prior to proceeding. Formerly, the Company's management could proceed such transaction without prior approval of the Board of Directors.

In 2005, the Board of Directors Meeting had passed its resolution in principle that any common connected transaction with value of more than 30 MB was required to obtain a prior approval of the Board of Directors (as described hereinabove in item of “Policy and procedure of connected transaction approval”). This approval is in line with the principle of common connected transaction and also guideline of practice of the new act. However, the Company later raised this issue for acknowledgement of the 7/2008 Board of Directors Meeting held on 7 August 2008.

Review of Policy on Connected Transactions

The Company’s policy requires that transactions between related parties be proposed to the Audit Committee and the Board of Directors every year. As for 2019, the 5/2019 Audit Committee and the 9/2019 Board of Directors’ meeting held on 13 November 2019 reviewed the policy on transactions between related parties and resolved to retain the current policy.

Policy and Trend of Future Connected Transaction

Present and future related party transactions are/will be undertaken on the ordinary course of business and on an arm’s length basis. There are no transfers of interests between the Company and its subsidiaries and persons with possible conflict of interest. The Company assigns the Audit Committee or the auditor or the independent expert to consider and audit the appropriateness of pricing and reasonableness of related party transactions and requires the disclosure of type, value and rationale of such related party transactions to the shareholders in strict compliance with the requirements of the SEC and the SET. Furthermore, the Company will continuously promote understanding among all operating officers through the holding of meetings to inform concerned parties of updates of regulations and written operating procedures to ensure full compliance therewith transparency and protection of interests of shareholders.

As for the connected transaction with ASEAN Potash Chaiyaphum Plc. in 2019, there was just one transaction involving the leasing of office building space since the Company will not be engaging in any construction works related to the APOT project until APOT can provide evidence that it has secured financing for the project from a reputable source.

In 2019, the Company had transactions with related parties as per the following details of the notes to 2019 financial statements as at 31 December 2019

- Item 5 Related Party Transactions
- Item 35.5 Guarantees: As at 31 December 2019
 - the Company has commitment from guarantee of credit facilities of the subsidiaries totaling Baht 23 million.
 - The Company and subsidiaries have shared obligations as loan guarantors for the Baht 3,380 million loan available for both to use.

However, the above were not considered as the connected transactions and the Company had strictly followed the approval procedure of the Authority Table.

14. Management Discussion and Analysis

1. The 2019 Operation Results of the Company and its subsidiaries

TRC Construction Public Company Limited's business are construction, engineering design for pipeline system and petrochemical industry of both domestic and international including project development. The Company also invested in energy, property, power plant and petrochemical. The Company's subsidiaries's business are 1) Construction and 2) Procurement and Distribution of Water to Industrial sector.

The Company and subsidiaries secured 9 construction projects worth a total of Baht 6,660.80 million. Most of the projects were civil engineering, significant projects consisting of:

- Conversion of Overhead Line to Underground System Project, Ratchadaphisek-Asoke Route and Rama IV Route from Metropolitan Electricity Authority. Two project's work value are Baht 2,723.18 million.
- Ditch improvement Vibhavadi Rangsit Road Section 1 and Section 3 from the Bureau of Road Construction 1, the Department of Highways. Two project's work value are Baht 926.70 million.
- Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project (Water Pipeline and Pump Station) from Eastern Water Resources Development and Management Public Company Limited. The project's work value is Baht 1,833 million.
- The construction of Highway Route No. 3304, connecting between Highway Route No. 315 (Don Si Non) – Highway Route No. 331 (Plaeng Yao) Section 2 from Road Construction 2, the Department of Highways. The project's work value is Baht 558.88 million.
- Design, Supply, Construction and Commissioning of Refined Glycerin Plant Project from Bangchak Biofuel Company Limited. The project's work value is Baht 389.75 million.

As of year-end 2019, the Company and Sahakarn Wisavakorn Co., Ltd. have a total of 14 projects in hand, with unrealized revenue of total of Baht 8,313.69 million.

Income Statement	For the year ended 31 December				Increase/(Decrease)	
	2019		2018			
	MB.	%	MB.	%	MB.	%
Construction services income	3,365.40	98.21	2,256.65	97.92	1,108.75	49.13
Other services income	13.06	0.38	5.73	0.25	7.33	128.04
Other income	48.15	1.41	42.15	1.83	6.00	14.24
Total revenues	3,426.61	100.00	2,304.52	100.00	1,122.09	48.69
Loss from impairment on investment in associate	-	-	-1,212.73	-52.62	-1,212.73	-100.00
Share of loss from investments in associate	-	-	-47.39	-2.06	-47.39	-100.00
Share of profit from investments in joint venture	1.62	0.05	1.96	0.09	-0.35	-17.71
Bad debt and doubtful debt	0.43	0.01	365.69	15.87	-365.26	-99.88
Total expenses	407.81	11.90	339.72	14.74	68.10	20.05
Loss for the year	-293.28	-8.56	-2,040.57	-88.55	1,746.16	-85.62
Net Profit (loss) Margin	-8.56%		-88.55%			
Earnings per Share (Baht)	-0.038		-0.331		0.29	

For 2019 operation results, the Company and subsidiaries had total income of Baht 3,426.61 million, increased of Baht 1,122.08 million compared to the same period of last year or equivalent to 48.69%. The Company has shareholder's equity net loss of Baht 293.28 million, or 8.56% net loss. Total net loss decreased of Baht 1,747.35 million compared to the same period of last year that had shareholder's equity net loss of Baht 2,040.57 million or 88.55% net loss. In 2018, ASEAN Potash Chaiyaphum Plc., the Company's associate, faced uncertainty in the Potsh Mining Project, the Company, therefore, the Company recorded bad debt and doubtful debt, loss from impairment on investment and share of loss from investments.

2. Operating Results and Profitability Analysis

● Revenues

- Construction services income

Construction services income	2019		2018		Increase/(Decrease)	
	MB	%	MB	%	MB	%
- Piping work	958.60	28.48	1,007.81	44.66	-49.22	-4.88
- Engineering work	388.57	11.55	420.16	18.62	-31.58	-7.52
- Civil work	2,017.50	59.95	828.68	36.72	1,188.82	143.46
- Other	0.73	0.02	-	-	0.73	100.00
Total	3,365.40	100.00	2,256.65	100.00	1,108.75	49.13

- **Construction services income** was recorded at Baht 3,365.40 million, increasing by Baht 1,108.75 million from the same period of last year or representing at 49.13%. Since most of projects on hand were in the middle phase so the construction progress was higher than the same period of last year which most of projects were nearly closing phase. Most of the revenues were recognized from carried forward backlog on hand from the previous year for piping and engineering works such as Block valve & facility stations of the 5th Transmission Pipeline Project Phase 1 of PTT Public Company Limited that the Company has been awarded this project from Sinopec International Petroleum Service Corporation which is a main contractor. For civil works by Sahakarn Wisavakorn Co., Ltd. (a subsidiary) such as the Improvement of Pracharumjai Road – Mitmaitri Road Project from Bangkok Metropolitan Administration and other State Enterprises (Metropolitan Electricity Authority, Metropolitan Waterworks Authority, etc.) and the Kanlapaphruek Road Extension Project from Department of Rural Roads, Metropolitan Electricity Authority and Metropolitan Waterworks Authority.

- **Other service income** were recorded at Baht 13.06 million, increasing by Baht 7.33 million from the same period of last year which was revenue from water selling to industrial sector and community in Pluak Daeng District, Rayong Province of TRC Utility Co., Ltd ("TRC UT"), a subsidiary whose commercial operation has been commencing since March 2018.

● **Cost , Gross Profit for Construction services and Gross Profit for Other service**

(Unit: Million Baht)

	2019		2018	
	Construction services	Other service	Construction services	Other service
Income	3,365.40	13.06	2,256.65	5.73
Cost	-3,312.21	-8.96	-2,344.76	-6.33
Gross Profit (loss)	53.19	4.10	-88.11	-0.60
Gross Profit Margin	1.58%	31.39%	-3.90%	-10.47%

- **Gross profit for construction services** was Baht 53.19 million, representing at 1.58% of the gross margin. Meanwhile, the gross margin of last year was at -3.90% because the Company had recognized the project cost of ASEAN Potash Chaiphum Public Company Limited (APOT) that had financial and the fund raising problem. However, 2019 gross profit was lower than the past due to the following reasons:

- 1 Construction Project Management e.g. difficult site access, subcontractor abandoned or untidy performance. The Company needed to find a new contractor and fix the work causing more labour wages than planned and penalty on delay according to contract condition.
- 2 Decrease in construction price due to the changes on scope of work.
- 3 Price structure changed from pipeline system work to civil engineering work. Average gross profit of civil engineering work was between 5%-7% which was lower than average gross profit of pipeline and engineering system work of between 15%-20%.

● Total Expense include administrative expenses and finance cost were Baht 376.25 million and Baht 31.56 million, respectively.

- Administrative expenses amount to Baht 376.25 million increased by Baht 57.83 million from the same period of last year or equivalent to 18.16% due to the following:
 1. Expenses related to court case. The Company and disputant had come into settlement agreement for security and interest payment to joint contractor at the amount of approximately Baht 44 million. (according to note to the financial statement item 36.2 and 36.6)
 2. Adjustment of long-term employee benefit to be in line with Labour Protection Act announced on 5 April 2019 which stated the lay-off compensation for employee with 20 consecutive years of service to be entitled for compensation of not less than last 400 days wage. This have caused the expenses in sales and administration to increase at the amount of approximately Baht 6.69 million.
- Finance cost amount to Baht 31.56 million increased by Baht 10.27 million from the same period of last year or representing at 48.24%. Most of finance cost was interest expenses from short-term loans and debentures used as working capital. As at 31 December 2019, the short-term loans and debentures were at Baht 473.05 million and Baht 30 million, respectively.

- **Income tax expenses are** Baht 6.11 million, decreaseing Baht 38.41 million or 118.92% in line with a decline in the income and accounting profit before corporate tax. Details of tax expenses were shown in Note 30 to the Financial Statements.

- **Loss attribute to equity holders of the Company** was at Baht 293.28 million, representing at 8.56% of net loss margin. Whilst there was net loss of Baht 2,040.57 million, representing at 88.55% of net loss margin for the same period of last year.

- **Operating Results and Profitability**

	Gross Profit (Million Baht)		Net Profit (Million Baht)	
	2019	2018	2019	2018
TRC	38.71	-240.01	-280.26	-2,328.69
	2.87%	-18.50%	-20.21%	-172.68%
Sahakarn Wisavakorn	5.69	117.58	45.18	91.23
	0.28%	13.92%	2.19%	10.29%
Hydrotek Sahakarn Joint	-	24.66	0.14	19.89
	-	29.75%	10.36%	23.40%
TRC-UT	4.04	-0.65	1.89	-6.59
	30.96%	-11.30%	14.01%	-112.30%
TRC Group	57.29	-88.71	-293.28	-2,040.57
	1.70%	-3.92%	-8.56%	-88.55%

* Note: Percentage represents gross profit margin and net profit margin.

- **Gross profit margin**

In 2019 the gross profit margin is 1.70 %, higher than the prior year's margin of -3.92%. The gross profit margin of each company is as follows:

- TRC Construction Public Company Limited and Sahakarn Wisavakorn Company Limited's gross profit changed from the previous year due to the aforementioned gross profit from construction service reasons.

- Hydrotek Sahakarn Joint Venture delivered completed project in 2018, therefore, in 2019, there was no income from construction service and the liquidation was processes in October 2019.

- TRC Utility Company Limited has gross profit of 30.96% increase from the previous year of 14.01% due to decrerased number of new clients resulting to less labour wages and equipment cost from meter installation entrance fee.

- **Return on Shareholders' Equity**

The Company's dividend payment according to operation results in the past 5 years were as follows:

Operating results	TRC's Net Profit (Million Baht)	Par Value for Dividend Payment Reference (Baht/share)	Dividend Payment (Baht/Share)		Amount (Million Baht)		Cash/Stock Dividend Payment to Net Profit after Legal Reserve
			Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
2015	399.13	0.125	0.01	0.0156250 (8 existing shares per 1 new share)	45.64	71.30	30.48%
2016	357.93	0.125	0.004	0.0178571 (7 existing shares per 1 new share)	20.54	91.71	30.01%
2017	101.91	0.125	0.002	0.00625 (20 existing shares per 1 new share)	11.74	293.48	47.86%
2018	-2,328.69	0.125	No payment of dividends due to net loss for the year				
2019	-280.26	0.125	No payment of dividends due to net loss for the year				

3. Analysis of Financial Position of the Company and its Subsidiaries

• Assets

As at 31 December 2019, the Company and subsidiaries has total assets of Baht 3,715.63 million, increased of Baht 659.85 million, equivalent to 21.59%, compared to 31 December 2018. Details as tabulated below:

Statement of Financial Position	31 December 2019	31 December 2018	Increase/(Decrease)	
			Million Baht	%
Current assets	3,011.58	2,342.15	669.43	28.58
Investment in Associate and Investments in Joint Ventures	51.61	24.62	26.99	109.62
Net Property, plant and equipment	595.91	640.96	-45.05	-7.03
Non-current assets	56.53	48.04	8.49	17.67
Total Assets	3,715.63	3,055.78	659.85	21.59

Significant items of Assets are as follows:

1. Unbilled receivables increased by Baht 127.68 million due to the inability to issue invoice to collect payment for the completed works until all conditions of the relevant construction contracts are fulfilled.

2. Advance payment to subcontractor increased of Baht 262.39 million. Most were advanced payment for machinery and equipment, warehouse service system design and subcontractor payment for partial project operation in line with advance payment received from clients that was increases in 2019.
3. Receivable for construction warranty increased of Baht 112.09 million. The warranty was to insure error or damage for the period of 1 to 2 years stated in the contract that the amount shall be deducted from each invoices. For this year, the Company delivered project to client and received more amount of payment resulting to more amount of warranty shown.

● **Liabilities and Shareholders' equity**

Statement of Financial Position	31 December 2019	31 December 2018	Increase/(Decrease)	
			Million Baht	%
Current Liabilities	2,276.29	1,512.99	763.30	50.45
Loans and debentures	503.05	761.55	-258.50	-33.94
Non-current liabilities	96.70	78.22	18.48	23.63
Total Liabilities	2,876.05	2,352.77	523.28	22.24
Equity	839.59	703.02	136.57	19.43
Liabilities and Shareholders' equity	3,715.63	3,055.78	659.85	21.59

Significant items of Liabilities and Shareholders' equity are as follows:

- Current liabilities was Baht 763.30 million, increased of Baht 692.54 million from the same period of previous yeat. Mostly from advance payment received from clients in construction contracts that was increased.

Advances received from customers under construction contracts	MB
At 31 December 2019	986.56
At 31 December 2018	294.02
Increased	692.54
*During 2019, increased from new project obtained	877.26
advance payment decreased due to partial project delivery	184.72
Change of Advances received from customers under construction contracts	692.54

*In 2019, the Company secured new 7 projects with conditions to receive advance payment total project value of Baht 6,434.51 million. Advance payment was contracted between 7% to 20%.

- Loan and debenture decreased of Baht 258.50 million due to the Company's payback on loan and debenture.
- shareholder's equity at the beginning of period was Baht 703.02 million and at the end of period was Baht 839.59 million. During the year, there was capital increase of Baht 427.99 million and loss on operation result was Baht 293.28 million.

4. Liquidity and Fund Adequacy

The sources of funds of the Company and its subsidiaries encompass proceeds from business operations, shareholders' equity, issuance of debentures, and loans from commercial banks. Loans taken out by the Company for purpose of project management are usually short to medium-term and through the project financing arrangement which typically requires the borrower to provide to the lending bank a fixed deposit as collateral for credit facilities. However, with strong financial position, the Company and Sahakarn Wisavakorn Company Limited have been able to negotiate with various financial institutions for exemption from the collateral requirement.

The balance of cash and cash equivalents of the Company and its subsidiaries as of 31 December 2019 was Baht 182.19 million, increased from Baht 82.26 million from the previous year; details as shown in the table below:

(Unit: Million Baht)

Consolidated Statement of Cash Flows	2019	2018	2017
Cash flows from received (used in) operating activities	61.25	(491.64)	339.21
Cash flows used in investing activities	(95.08)	(79.79)	(59.99)
Cash flows used in financing activities	130.10	316.99	(56.32)
Increase in translation adjustments	3.66	0.33	4.44
Net increase (decrease) in cash and cash equivalents	99.93	(254.11)	227.34
Cash and cash equivalents at the beginning of year	82.26	336.37	109.03
Cash and cash equivalents at the end of year	182.19	82.26	336.37

Changes in cash and cash equivalents, based on activity, for the year ended 31 December 2019 are as follows.

- Cash flows received from operating activities in the amount of Baht 61.25 million are attributable to the current year's operating performance.
- Cash flows used in investing activities of Baht 95.08 million, mostly used in equipment investment of Baht 80.33 million which was for machinery and construction of metal parts production and investment in AT Energy Solution Company Limited's ordinary shares of Baht 25.37 million. At present, AT Energy has registered capital of Baht 200 million with paid-up capital of Baht 50.75 million and the Company holds 50% of its shares.
- Cash flows used in financing activities of Baht 130.10 million, mostly from capital increase of Baht 428 million. Repayment for loans from financial institutions and private placement of Baht 258.75 million and interest of short-term loan and debentures of Baht 34.03 million.

Capital Adequacy Ratio

Financial Ratio	2019	2018	2017
Debt to equity ratio (times)	3.43	3.35	0.67
Interest-bearing debt to equity ratio* (times)	0.60	1.09	0.15
EBITDA to interest ratio** (Times)	-4.91	-87.79	16.28

In accordance to the terms regarding the rights and duties of the issuer of the debentures and holders of the debentures

* Interest Bearing Debt to Equity Ratio refer to liabilities of a debentures issuer that require the payment of interest

** EBITDA to interest ratio refers to net profit as stated in the consolidated financial statements of the debentures issuer plus interest, income tax, depreciation fee, amortization fee, amortization of goodwill fee, discount amortization fee, allowance for doubtful debt, divided by interest (excluding interest from financial lease)

The Company and subsidiaries has debt to equity ratio, interest-bearing debt to equity ratio and EBITDA to interest ratio as at 31 December 2019 at 3.43 times, 0.60 times and -4.91 times respectively. Under the rights and duties of debenture issuer, the Company must maintain 2 financial ratios that were interest-bearing debt to equity ratio of not more than 2 times and EBITDA to interest ratio of not lower than 4 times. According to this year's negative operation results, the Company could not maintain interest payment ratio, however, debenture holders allowed to maintain debenture's financial ratio until maturity date (17 March 2020). At yearend 2019, the Company's remaining debentures was Baht 30 million.

5. Liability Commitments and Off-Balance Sheet Arrangements

The details were disclosed in Note 35 to the financial statements: Commitments and Contingent Liabilities.

6. Factors Affecting Future Operations Results

The growth of construction business in the petrochemical industry and large infrastructure and utilities projects in the state sector depend fiscal, investment policies and national development plans, economic outlook and the political environment. Changes in the government can affect the investment, continuity and implementation of various large construction projects, as well as private sector's confidence and willingness to invest. Revenues of the Company and its subsidiaries are mainly derived from construction contracts and continuing ability to secure new projects. The nature of the business involves uncertainty as most large projects must have to go through the pre-qualification (PQ) screening, competitive bidding, selection process, as well as fulfillment specified terms / conditions prior to signing of construction contracts. Furthermore, the bidding of some projects are delayed / postponed for numerous reasons amid changing market conditions.

The Company's secured construction projects were mostly medium-sized of more than Baht 200 million which required high amount of cash flow for purchasing of tools, equipments, labour wages and other expenses. The Company would received payment of construction services only after each partial work delivery and according to credit term. The Company, therefore, has policy in obtaining loans from financial institutions and cash flows from various sources e.g. requesting permanent/general credit from financial institutions. However, the rise of interest rate may effect the Company's operation results as the Company needed to acquire funds from external sources for expenses until the payment from project owner is received.

15. Financial Statements

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES REPORT AND CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
TRC Construction Public Company Limited

Opinion

I have audited the consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of TRC Construction Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of 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 financial statements present fairly, in all material respects, the consolidated financial position of TRC Construction Public Company Limited and its subsidiaries as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of TRC Construction Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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 our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current

period. These matters were addressed in the context of my audit of the consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Revenue recognition and costs from construction agreement

As discussed in Note 4.1 to the financial statements: Accounting policies for revenue and costs of construction services and Note 4.19: Accounting policies for estimated cost of construction projects and provision of liabilities from construction projects, I consider that revenue recognition, costs and estimates of possible loss from construction agreements are significant risks in the audit due to cost income from construction agreements recognized by the Company and its subsidiaries in each period has a significant amount when compared to total revenue, total cost of the Group. In addition, the valuation process includes an appropriate period for revenue recognition, costs and estimates of potential losses require the significant judgment of the management to assess the success of the construction and the possibility of loss and measure the loss that may arise. It may cause the risks related to the value of income, costs and estimates of possible losses from construction agreements.

Risk response by auditor

- To inquire the responsible management and understand the process of obtaining revenue from construction agreements, estimation and project cost adjustments, revenue and cost recognition, estimation the work completion and potential loss that may arise from construction agreements.
- To test the effectiveness of the internal control system established by the Company and its subsidiaries to control the contracting process, estimation and project cost adjustments, revenue recognition, costs and estimates of work completion and possible loss that may arise from construction agreements.
- To check the actual costs with the supporting documents and test the calculation of the stage of work completion from the actual costs incurred, check the project completion stages estimated by the project manager with the assessment reports submitted to the project owner including consideration of conformity with the assessment documentation and request a written certification from the responsible person of the project, review the management's supporting reasons for the differences between the success stages of work that are considered from the proportion of actual construction work assessed by project engineers and the stage of completion based on the actual construction cost incurred as at the end of the period and the estimated construction cost, visit the project and observe the measurement of the success of the work, comparative analysis of gross profit margin of construction with project cost estimate to assess the estimation of possible losses incurred, read the construction agreement and inquire the management about the conditions and risks of such agreements regarding revenue recognition and estimation of potential losses incurred.

Other Matter

The financial statements of TRC Construction Public Company Limited, which comprise consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income consolidated and separate statements of changes in shareholders' equity and cash flows for the year end December 31, 2018, which have been presented herewith for comparative purpose were audited by another auditors in my firm, whose report dated on February 25, 2019 expressed an unqualified 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 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 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 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 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 in order for those charged with governance to correct the misstatement.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements 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 we 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 financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Peradate Pongsathiansak.



Mr. Peradate Pongsathiansak
Certified Public Accountant
Registration No. 4752

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 24, 2020

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
CURRENT ASSETS					
Cash and cash equivalents	6	182,190,307	82,256,498	94,272,402	7,181,371
Trade and other receivables	5, 7	700,182,413	715,322,660	470,894,794	483,621,496
Unbilled receivables	8, 32	1,138,171,522	1,010,493,370	411,364,652	614,444,722
Accounts receivable - retention under construction contracts	5, 8	215,365,886	103,272,163	68,764,298	49,252,312
Advances paid to subcontractors under construction contracts	5	519,905,415	257,517,738	195,643,205	57,643,521
Construction in progress	32	80,347,572	60,122,790	73,684,933	28,633,519
Inventories	9	5,569,072	5,542,143	5,513,620	5,513,620
Short-term loans to related parties	5	-	-	-	-
Withholding tax deducted at source	10	132,129,377	69,254,538	105,133,686	49,196,854
Other current assets	11	37,720,197	38,371,044	20,071,133	29,142,459
Total current assets		3,011,581,761	2,342,152,944	1,445,342,723	1,324,629,874
NON-CURRENT ASSETS					
Restricted deposits at banks	12	10,541,000	16,359,848	-	-
Long-term loans to related parties	5	-	-	-	-
Investments in subsidiaries	13	-	-	476,073,232	476,073,232
Investments in associate	14	25,374,900	-	25,374,900	-
Investments in joint ventures	15	26,238,088	24,622,523	2,375,587	2,375,587
Property, plant and equipment	16	595,908,490	640,962,329	570,689,998	605,773,668
Intangible assets	17	10,747,317	12,972,717	10,566,825	12,530,286
Deferred tax assets	18	28,972,354	12,999,513	13,367,178	8,545,005
Other non-current assets		6,270,818	5,710,394	5,467,898	5,453,223
Total non-current assets		704,052,967	713,627,324	1,103,915,618	1,110,751,001
TOTAL ASSETS		3,715,634,728	3,055,780,268	2,549,258,341	2,435,380,875

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from banks	19	473,051,025	581,803,829	249,051,025	480,000,000
Trade and other payables	5, 20	508,636,964	744,130,976	265,726,265	496,667,959
Unbilled payable		561,624,301	349,488,927	87,707,043	132,056,482
Unearned construction - revenue	8, 32	-	6,000,000	-	-
Accounts payable - retention under construction contracts		100,571,546	45,457,691	13,103,899	10,468,588
Advances received from customers under construction contracts	8, 32	986,559,280	294,016,021	387,031,413	24,821,591
Short-term loans from related parties	5	-	-	748,000,000	510,000,000
Provision for liabilities under construction projects	21	76,892,717	24,530,822	8,100,699	6,350,827
Current portion of debentures	22	30,000,000	179,749,895	30,000,000	179,749,895
Current portion of liabilities under finance lease agreements	23	2,291,375	4,210,861	526,000	-
Income tax payable		-	10,929,548	-	-
Other current liabilities	24	39,717,338	34,227,610	28,076,826	28,135,840
Total current liabilities		2,779,344,546	2,274,546,180	1,817,323,170	1,868,251,182
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements - net of current portion	23	1,581,878	1,765,375	1,581,878	-
Provision for long-term employee benefits	25	75,121,612	56,453,560	63,327,598	47,845,082
Provision for litigation	36.1	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		96,703,490	78,218,935	84,909,476	67,845,082
TOTAL LIABILITIES		2,876,048,036	2,352,765,115	1,902,232,646	1,936,096,264

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Share capital					
Registered					
9,587,146,838 ordinary shares of Baht 0.125 each	26	1,198,393,355		1,198,393,355	
6,163,177,960 ordinary shares of Baht 0.125 each	26		770,397,245		770,397,245
Issued and paid-up					
9,587,146,838 ordinary shares of Baht 0.125 each	26	1,198,393,355		1,198,393,355	
6,163,165,825 ordinary shares of Baht 0.125 each	26	-	770,395,728	-	770,395,728
Share premium	26, 27	-	1,041,739,823	-	1,041,739,823
Other deficit		(2,955,890)	(2,955,890)	-	-
Retained earnings (deficits)					
Appropriated - statutory reserve					
The Company	26, 28	-	73,371,225	-	73,371,225
Subsidiary		4,108,018	4,108,018	-	-
Unappropriated		(347,048,326)	(1,168,874,948)	(551,367,660)	(1,386,222,165)
Other components of shareholders' equity		15,615,647	14,525,756	-	-
Equity attributable to owners of the Company		868,112,804	732,309,712	647,025,695	499,284,611
Non-controlling interests of the subsidiaries		(28,526,112)	(29,294,559)	-	-
Total shareholders' equity		839,586,692	703,015,153	647,025,695	499,284,611
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,715,634,728	3,055,780,268	2,549,258,341	2,435,380,875

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2019

Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
REVENUES	5				
Construction services income		3,365,403,314	2,256,649,610	1,347,898,068	1,329,568,297
Other service income		13,055,991	5,725,201	-	-
Interest income		1,663,775	837,141	1,130,447	234,802
Other income		46,487,417	41,311,535	37,477,325	18,724,048
Total revenues		3,426,610,497	2,304,523,487	1,386,505,840	1,348,527,147
EXPENSES					
Cost of construction services	5	3,312,213,706	2,344,764,613	1,309,189,128	1,569,576,700
Cost of other services		8,958,142	6,327,582	-	-
Administrative expenses		376,253,363	318,426,612	320,509,815	272,737,424
Bad debt and doubtful debt (reversal)		433,399	365,688,596	1,093,095	1,805,762,835
Loss from impairment on investment in associate		-	1,212,730,981	-	-
Total expenses		3,697,858,610	4,247,938,384	1,630,792,038	3,648,076,959
Profit (loss) before share of profit (loss) from investments in associate and joint venture, finance cost and income tax expenses		(271,248,113)	(1,943,414,897)	(244,286,198)	(2,299,549,812)
Share of loss from investments in associate	14.2	-	(47,389,365)	-	-
Share of profit (loss) from investments in joint venture	15.1	1,615,566	1,963,196	-	-
Profit (loss) before finance cost and income tax expenses		(269,632,547)	(1,988,841,066)	(244,286,198)	(2,299,549,812)
Finance cost	5	(31,561,509)	(21,289,459)	(40,792,517)	(27,867,071)
Profit (loss) before income tax expenses		(301,194,056)	(2,010,130,525)	(285,078,715)	(2,327,416,883)
Income tax income (expenses)	30	6,106,998	(32,298,577)	4,822,172	(1,271,187)
PROFIT (LOSS) FOR THE YEAR		(295,087,058)	(2,042,429,102)	(280,256,543)	(2,328,688,070)

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONT.)

AS AT DECEMBER 31, 2019

Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods: Exchange differences on translation of financial statements in foreign currency - net of income tax		3,660,970	242,984	-	-
Share of other comprehensive income from associate		-	1,117,110	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		3,660,970	1,360,094	-	-
Other comprehensive income for the year		3,660,970	1,360,094	-	-
Total comprehensive income for the year		(291,426,088)	(2,041,069,008)	(280,256,543)	(2,328,688,070)
Profit (loss) attributable to:					
Equity holders of the Company		(293,284,426)	(2,040,572,652)	(280,256,543)	(2,328,688,070)
Non-controlling interests of the subsidiaries		(1,802,632)	(1,856,450)	-	-
		(295,087,058)	(2,042,429,102)	(280,256,543)	(2,328,688,070)
Total comprehensive income attributable to:					
Equity holders of the Company		(292,194,535)	(2,039,445,503)	(280,256,543)	(2,328,688,070)
Non-controlling interests of the subsidiaries		768,447	(1,623,505)	-	-
		(291,426,088)	(2,041,069,008)	(280,256,543)	(2,328,688,070)
Earnings per share	31				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		(0.038)	(0.331)	(0.036)	(0.378)

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2019

[illegible]

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

AS AT DECEMBER 31, 2019

Baht

		Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
	Note			Appropriated - Statutory reserve	Unappropriated	
Balance as at January 1, 2018		733,711,662	1,041,739,823	73,371,225	990,889,477	2,839,712,187
Loss for the year		-	-	-	(2,328,688,070)	(2,328,688,070)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(2,328,688,070)	(2,328,688,070)
Increase in capital from issuance of stock dividend		36,684,066	-	-	(36,684,066)	-
Dividend paid		-	-	-	(11,739,506)	(11,739,506)
Balance as at December 31, 2018		770,395,728	1,041,739,823	73,371,225	(1,386,222,165)	499,284,611
Balance as at January 1, 2019		770,395,728	1,041,739,823	73,371,225	(1,386,222,165)	499,284,611
Loss for the year		-	-	-	(280,256,543)	(280,256,543)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(280,256,543)	(280,256,543)
Increase in capital for the year	26.3	427,997,627	-	-	-	427,997,627
Transfer of legal reserve and share surplus to comprehensive accumulated losses	26.2	-	(1,041,739,823)	(73,371,225)	1,115,111,048	-
Balance as at December 31, 2019		1,198,393,355	-	-	(551,367,660)	647,025,695

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2019

Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before tax	(301,194,056)	(2,010,130,525)	(285,078,715)	(2,327,416,883)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	115,446,270	112,872,397	103,319,039	100,962,278
Allowance for doubtful debt	837,182	365,688,596	1,093,095	1,805,762,835
Unrealised (gain) loss on exchange rate	(1,325,000)	3,149,091	(1,325,000)	1,538,182
(Gain) loss on disposal of equipment	(2,291,461)	(18,926)	(1,056,407)	(7,801)
Loss on write-off of equipment	844,933	1,613,862	627,849	1,653,214
Allowance for impairment loss on equipment	-	343,607	-	-
Loss from impairment on investment in associate	-	1,212,730,981	-	-
Share of loss from investments in associate	-	47,389,365	-	-
Share of (profit) loss from investments in joint venture	(1,615,566)	(1,963,196)	-	-
Provision for liabilities under construction projects	(2,296,900)	37,095,921	-	20,782,380
Provision for long-term employee benefits	23,422,245	10,308,110	19,919,771	8,345,689
Amortised transaction cost of debenture	250,105	829,895	250,105	829,895
Interest income	(1,395,744)	(837,141)	(1,130,447)	(234,802)
Interest expenses	31,561,509	21,673,193	40,792,517	28,343,666
Profit from operating activities before changes in operating assets and liabilities	(137,756,483)	(199,254,770)	(122,588,193)	(359,441,347)
(Increase) decrease in operating assets				
Trade and other receivables	14,303,065	(275,329,556)	11,889,520	(143,861,111)
Unbilled receivables	(127,678,152)	(156,879,247)	203,080,070	(256,834,064)
Accounts receivable - retention under construction contracts	(112,093,723)	(10,819,256)	(19,511,986)	(3,901,046)
Advance paid to subcontractors under construction contracts	(262,387,677)	72,069,118	(137,999,684)	112,299,423
Construction in progress	(20,224,782)	(3,879,572)	(45,051,414)	18,017,741
Inventories	(26,929)	(28,523)	-	-
Other current assets	650,847	(2,457,383)	9,071,326	(6,771,831)
Other non-current assets	(560,424)	870,469	(14,675)	811,240



TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

AS AT DECEMBER 31, 2019

Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Increase (decrease) in operating liabilities				
Trade and other payables	(218,494,352)	285,624,471	(210,191,925)	252,422,339
Unbilled payables	212,135,374	(63,784,795)	(44,349,439)	(88,053,342)
Unearned construction revenue	(6,000,000)	6,000,000	-	-
Accounts payable - retention under construction contracts	55,113,855	(3,325,468)	2,635,311	(1,901,468)
Advances received from customers under construction contracts	692,543,259	(77,264,276)	362,209,822	(57,168,517)
Provision for liabilities under construction projects	54,658,795	(33,215,407)	1,749,872	(30,393,829)
Other current liabilities	5,489,727	11,079,557	(59,014)	11,106,185
Cash flows from provide by (used in) operating activities	149,672,400	(450,594,638)	10,869,591	(553,669,627)
Cash paid for provision for long-term employee benefits	(4,754,193)	(3,279,244)	(4,437,255)	(3,260,973)
Cash paid for income tax	(91,531,543)	(52,023,277)	(55,936,833)	(28,197,747)
Received from withholding tax refund	7,861,314	14,249,361	-	-
Net cash flows provided by (used in) operating activities	61,247,978	(491,647,798)	(49,504,497)	(585,128,347)
Cash flows from investing activities				
Decrease (increase) in restricted deposits at financial institution	5,833,767	(30,300)	-	-
Increase in short-term loans to related parties	-	-	(255,913)	(594,947)
Cash paid for investing in associate	(25,374,900)	-	(25,374,900)	-
Cash paid for investing in joint venture	-	(15,299,850)	-	-
Interest income	1,380,825	836,964	1,130,447	233,479
Cash received from disposal of equipment	3,495,243	50,290	1,327,019	39,158
Cash paid for purchase of property, plant and equipment	(80,333,693)	(63,437,315)	(77,791,808)	(46,234,770)
Cash paid for purchase of intangible assets	(82,600)	(1,909,712)	(56,600)	(1,909,712)
Net cash flows provided by (used in) investing activities	(95,081,358)	(79,789,923)	(101,021,755)	(48,466,792)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	(108,752,804)	511,446,146	(230,948,975)	409,642,317
Decrease in short-term loans	-	(30,000,000)	-	(30,000,000)
Cash received from short-term loans from related parties	-	-	883,000,000	909,000,000
Cash paid for short-term loans from related parties	-	-	(645,000,000)	(497,000,000)
Cash received from increase in share capital	427,997,627	-	427,997,627	-

STATEMENT OF CASH FLOWS (CONT.)

AS AT DECEMBER 31, 2019

Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash received from issuance of debentures	-	180,000,000	-	180,000,000
Cash paid for transaction cost of debentures	-	(1,080,000)	-	(1,080,000)
Repayment of debentures	(150,000,000)	(300,000,000)	(150,000,000)	(300,000,000)
Interest expenses	(34,025,933)	(20,395,658)	(46,529,560)	(21,639,034)
Dividend paid	-	(11,739,506)	-	(11,739,506)
Decrease in liabilities under finance lease agreements	(5,112,671)	(11,238,895)	(901,809)	(7,232,788)
Net cash flows provided by (used in) financing activities	130,106,219	316,992,087	237,617,283	629,950,989
Increase (decrease) in translation adjustment	3,660,970	332,687	-	-
Net increase (decrease) in cash and cash equivalents	99,933,809	(254,112,947)	87,091,031	(3,644,150)
Cash and cash equivalents at the beginning of the year	82,256,498	336,369,445	7,181,371	10,825,521
Cash and cash equivalents at the end of the year	182,190,307	82,256,498	94,272,402	7,181,371
Supplemental cash flows information				
Non-cash items consist of				
Increase (decrease) in purchase of fixed assets and intangible assets that have yet to be paid	(13,670,539)	5,857,734	(13,670,539)	16,423,542
Interest expenses recorded as cost of project	2,458,947	1,132,897	2,458,947	1,132,897
Stock dividends	-	36,684,066	-	36,684,066
Share of other comprehensive income from associate	-	1,117,110	-	-

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. GENERAL INFORMATION

TRC Construction Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 8, Soi Sukhapiban 5 soi 32, Kwang Tha Raeng, Khet Bang Khen, Bangkok.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 The accompanying consolidated financial statements include the financial statements of TRC Construction Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Name	Business type	Country of registration	Percentage of shareholdings (%)	
			As at	
			December 31,	
			2019	2018
Held by the Company				
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	99.99	99.99
TRC Investment Limited	Holding company	The Republic of Mauritius	100.00	100.00
TRC Utility Company Limited	To produce and distribute tap water	Thailand	99.97	99.97
Held by the Company's subsidiaries				
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	49.00	49.00
TRC International Limited (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC Middle East LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

2.2 The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

2.3 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- 2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.5 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using yearly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- 2.6 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.7 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.8 The separate financial statements present investments in subsidiaries, associate and joint ventures under the cost method.
- 2.9 The subsidiary has joint arrangements which assessed as joint operations between the subsidiary and other joint operators. The subsidiary recognises its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, to the separate financial statements, the details as follows:

Name of entity	Business type	Country of registration	Interest in joint operations	
			2019	2018
			(%)	(%)
Sahahydro Joint Venture	Construction services	Thailand	-	-

During the year 2018, Sahakarn Wisavakorn Company Limited, which is the Company’s subsidiary, entered into joint venture contract with Hydrotek Public Company Limited under the name of “Sahahydro Joint Venture” in order to bid and execution a new project from Provincial Waterworks Authority. The portion of investment between Sahakarn Wisavakorn Company Limited and Hydrotek Public Company Limited was 49% and 51%, respectively. Later, both parties agree that Sahakarn Wisavakorn Company Limited will not share any gain and loss as well as damage maybe arisen from this project whereas Hydrotek Public Company Limited will be responsible for project execution. The subsidiary has outstanding obligation by Baht 131 million in respect of bank guarantee provided to joint venture.

3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

All financial information presented has been rounded to the nearest thousand unless otherwise stated.

3.2 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

3.3 Financial reporting standards that will become effective in the future

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

Financial reporting standards related to financial instruments:

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

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

TFRS 16 Leases

These TFRSs supersede TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries are currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue and expense recognition

Services income and service cost from construction

The Company and its subsidiaries recognized services income from construction contracts by the percentage of completion method based on the assessment of the project engineer, and also compared with the percentage of completion which is derived at based on the proportion of actual construction costs incurred up to the end of the year to the total anticipated construction costs. Allowance for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

However, in the event that the received of the construction cost is more than the revenue that has to be recognized in accordance with the percentage of work completed, it will be recorded in the account “Unearned construction - revenue”. In the case that the received for the construction is less than the revenue that has to be recognized in accordance with the percentage of work completed, it will be recorded in the account “Unbilled receivables”.

In determining cost of construction services, the total anticipated construction costs are attributed to each construction projects taking into account of actual cost and then recognised as cost of services in profit or loss by the percentage of completion method.

The recognised cost of construction which have not yet been due have been shown under the caption of “Unbilled payable” in the statements of financial position.

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as “Construction in progress” in the statements of financial position.

Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Sales of goods are recognized when the subsidiary has transferred significant risks and rewards of ownership of the goods to the buyer. Sales revenue is stated at the price of the invoice, excluding VAT. for products delivered after the discount has been deducted.

The Company and its subsidiaries have recognized the interest income based on period proportion basis by calculating from the accrued principal.

The Company and its subsidiaries have recognized the other income and expenses based on the accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and highly liquid short-term investment with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and other receivable and allowance for doubtful accounts

Trade accounts receivable are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the income statement as part of administrative expenses.

Allowance for doubtful accounts

The Company and its subsidiaries provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of each receivable by considering the ability to repay debt and the amount expected to be paid from the debtor.

4.4 Inventories

Finished goods are valued at the lower of cost or net realizable value. Cost price is determined by the weighted average method.

Raw material, chemicals, spare parts and factory supplies are valued at the lower of cost or net realizable value. Cost price is determined by the first - in, first - out method and are charged to production costs whenever consumed.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

4.5 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements. The Company recognizes gain or loss on sale in the statement of income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends when the subsidiaries announce to pay dividends.

4.6 Investment in associates

Associates are all entities over which the Company and its subsidiaries has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognized at cost and presented in the consolidated financial statements by the equity method.

Investments in associates are presented in the separate financial statements and stated at cost net from allowance on decline in value (if any).

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Building and structures	3 - 30 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

The Company and its subsidiaries has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

The Company and its subsidiaries have written off the property, plant and equipment at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

4.8 Intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	3 - 10 years
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The useful lives are reviewed by the Company and its subsidiaries every year.

The amortization is included in the determination of income.

4.9 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.10 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Leases payments under an operating lease are recognized as an expense on a systematic basis over the lease term.

4.11 Financial leases

The Company and its subsidiaries record assets under finance leases as assets and liabilities at the amounts equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease agreements. The interest charge is recorded to the different periods over the entire lease term based on the remaining balance of payable under financial lease agreement in each period.

4.12 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial position date.

Exchange gains and losses are included in determining earnings.

4.13 Impairment of assets

As at the statement of financial position date, the Company and its subsidiaries have assessed whether there is an indication of asset impairment. If any such indication exists, the Company and its subsidiaries will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell. In determining fair value costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transactions between knowledgeable, willing parties, after deducting the costs of disposal.

4.14 Employee benefits

Short-term employment benefits

The Company and its subsidiaries recognizes salary, wage, bonus and contributions to social security fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans and other long-term employee benefits)

The Company and its subsidiaries has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan. Moreover, the Company and its subsidiaries have prepared for other long-term employee benefit programs, such as reward project for completion of work plans.

The Company and its subsidiaries have calculated the liabilities under employee post-employment benefits plan and other long-term employee benefits using the Projected Unit Credit Method, which an independent expert evaluated such obligations in accordance with actuarial principles. Such estimation principle requires various assumptions including assumptions about discount rates, future salary increase rates, staff turnover rate, mortality rate and gold price.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

4.15 Provision

A liability provision is recognized when there is a present obligation which arises as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax (income) expense

Income tax

Income tax comprises current income tax and deferred tax.

Current tax

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

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company and its subsidiaries offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately.

4.17 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

4.18 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

4.19 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Estimated construction project costs

Management applied judgement in estimating the costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs.

Provision for liabilities under construction projects

Provision for liabilities under project warranties

The Company and its subsidiaries recognized a provision for expected warranty claims in respect of construction projects completed during the year, based on repair expenses expected to be paid in the future, actual costs incurred in the past and the contract value. The Company and its subsidiaries expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the end of the reporting period.

Provision for losses on construction projects

The Company and its subsidiaries recognized a provision for the loss expected to be realised on each construction project, based on estimates of anticipated costs by taking into account of the progress of the project and actual costs incurred to the completion date.

Provision for penalties due to project delays

The Company and its subsidiaries are recognized a provision for the loss expected to be realised on construction projects that cannot be completed within the stipulated timeframe. The loss is estimated based on the penalty rate stipulated in the contract and the amount expected to be paid in the future.

Impairment of investments

The Company and its subsidiaries treat these investments as impairment when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans and other long-term employee benefits defined benefit plan

The obligation under the defined benefit plan and other long-term employee benefit defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate and gold price, etc.

Litigation

The Company has contingent liabilities as a result of litigation. The management has used judgement to assess the results of the litigation and believed that it will win the case. However, for prudent reason, the management has displayed judgement to set up certain provision for litigation as at the end of the reporting period.

5. RELATED PARTY TRANSACTIONS

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

Details of relation between the Company and its related parties and companies are summarized as follows:

Company's name	Country of incorporation	Type of relation
Sahakarn Wisavakorn Company Limited	Thailand	Subsidiary company
TRC Investment Limited	The Republic of Mauritius	Subsidiary company
TRC Utility Company Limited	Thailand	Subsidiary company
Hydrotek Sahakarn Joint Venture	Thailand	Subsidiary company
TRC International Limited	Hong Kong	Subsidiary company
TRC Middle East LLC	Sultanate of Oman	Subsidiary company
TRC Engineering LLC	Sultanate of Oman	Subsidiary company
ASEAN Potash Chaiyaphum Public Company Limited	Thailand	Associated company of Subsidiary
AT Energy Solution Company Limited	Thailand	Associated company of Subsidiary

Significant transactions with related companies for the years ended December 31, 2019 and 2018 are as follows :

	In Million Baht				
	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Cost of construction services	-	-	4	9	Cost plus margin
Interest expenses	-	-	24	7	At rate of 2.5% - 5.5% p.a. (2018 : At rate of 2.5% - 4.5% p.a.)
Other income	-	-	9	4	Cost plus margin
Transactions with associated company					
Construction service income	-	16	-	16	Cost plus margin
Rental income	1	2	1	2	Contract price
Transactions with related parties					
Other income	11	9	9	8	Cost plus margin
Cost of construction services	-	138	-	-	Contract price

The significant outstanding balances with related parties and companies as at December 31, 2019 and 2018 are as follows :

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Trade and other receivables - related parties				
Subsidiary companies	-	-	289,798	219,489
Associated company	383,420	382,537	383,420	382,537
Joint venture	2,156	6,487	1,775	6,237
Total	385,576	389,024	389,024	608,263
Less : Allowance for doubtful debts	(383,420)	(382,537)	(664,983)	(594,906)
Trade and other receivables - related parties - net	2,156	6,487	10,010	13,357
Account receivable - retention under construction contracts - related parties				
Associated company	7,854	7,854	7,854	7,854
Joint venture	42,626	45,691	42,626	45,691
Total	50,480	53,545	50,480	53,545
Less : Allowance for doubtful debts	(7,854)	(7,854)	(7,854)	(7,854)
Total account receivable - retention under construction contracts - related parties - net	42,626	45,691	42,626	45,691
Advances paid to subcontractor under construction contract - related party				
Joint venture	6,461	32,454	-	-
Total	6,461	32,454	-	-
Short-term loans to related parties				
Subsidiary companies	-	-	60,384	60,129
Total	-	-	60,384	60,129
Less : Allowance for doubtful debts	-	-	(60,384)	(60,129)
Total short-term loans to related parties - net	-	-	-	-
Long-term loans to related parties				
Subsidiary companies	-	-	1,306,517	1,306,517
Total	-	-	1,306,517	1,306,517
Less : Allowance for doubtful debts	-	-	(1,306,517)	(1,306,517)
Total long-term loans to related parties - net	-	-	-	-

In Thousand Baht				
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Trade and other payables - related parties				
Subsidiary companies	-	-	6,221	11,481
Joint ventures	14,414	44,072	-	-
Total	14,414	44,072	6,221	11,481
Short-term loans from related parties				
Subsidiary companies	-	-	748,000	510,000
Total	-	-	748,000	510,000

In the year 2018, according to the resolution of the Board of Directors' Meeting No. 31/2019 held on February 12, 2019, it had approved to record bad debt and allowance for doubtful debts for an outstanding balance of loans to TRC Investment Limited and TRC International Limited and the related accrued interest income, totaling Baht 1,505.3 million (including the short-term loans and the related accrued interest income unrelated to the investment in APOT of Baht 3.8 million), and the outstanding balance relating to construction services provided to the associate, consists of trade and other receivables, accounts receivable - retention under construction contracts and unbilled receivables, totaling Baht 365.7 million since there are uncertainties of the associate's operation, as described in Note 14, and the outstanding balance of the receivables had been due for long. The Executive Committee is of the opinion that there is high possibility that the Company may not receive the repayment of the loan, together with the related accrued interest income, and the outstanding balance relating to construction services.

As at December 31, 2019 and 2018, the balance of loans and short-term loans between the Company and related companies and the movements are as follows:

In Thousand Baht						
Loans to	Related by	Separate Financial Statements				
		Balance as at December 31, 2018	Increase	Decrease	Exchange rate adjustment	Balance as at December 31, 2019
Short-term loans						
TRC Investment Limited	Subsidiary company	3,222	224	-	(29)	3,417
TRC Engineering LLC	Subsidiary company	56,704	-	-	-	56,704
TRC Middle East LLC	Subsidiary company	203	60	-	-	263
Total		60,129	284	-	(29)	60,384
Less : Allowance for doubtful debts		(60,129)	(284)	-	29	(60,384)
Short-term loans - net		-	-	-	-	-

		In Thousand Baht				
Loans to	Related by	Separate Financial Statements				
		Balance as at December 31, 2018	Increase	Decrease	Exchange rate adjustment	Balance as at December 31, 2019
Long-term loans						
TRC Investment Limited	Subsidiary company	1,260,508	-	-	-	1,260,508
TRC International Limited	Subsidiary company	46,009	-	-	-	46,009
Total		1,306,517	-	-	-	1,306,517
Less : Allowance for doubtful debts		(1,306,517)	-	-	-	(1,306,517)
Long-term loans - net		-	-	-	-	-

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2018 : 3.5% - 7.0% per annum), due for repayment on demand and no security to guarantee.

The purpose of loans to TRC Investment Limited and TRC International Limited are long-term investments in ordinary share of ASEAN Potash Chaiphum Public Company Limited as described in Note 14. The Company classified these loans as long-term loans to related parties in the separate financial statements.

In Thousand Baht						
Loans from	Related by	Separate Financial Statements				Balance as at December 31, 2019
		Balance as at December 31, 2018	Increase	Decrease		
Sahakorn Wisavakorn Company Limited	Subsidiary company	456,000	843,000	(551,000)		748,000
Hydrotek Sahakorn Joint Venture	Subsidiary company	54,000	40,000	(94,000)		-
Total		510,000	883,000	(645,000)		748,000

Short-term loans from related parties carried interest at rate of 2.5% - 5.5% per annum (December 31, 2018 : 2.5% - 4.5% per annum) and due for repayment on demand and no security to guarantee.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.4 and 35.5

Management benefit expenses

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

Management benefit expenses for the years ended December 31, 2019 and 2018, are as follows :

In Thousand Baht					
		Consolidated Financial Statements		Separate Financial Statements	
		For the year ended December 31,		For the year ended December 31,	
		2019	2018	2019	2018
Management					
Management benefit expenses					
Short-term employee benefits		29	33	23	33
Post-employment benefits		3	2	2	2
Total		32	35	25	35

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Cash	1,757	1,354	451	451
Deposits at banks (saving and current account)	180,433	80,902	93,821	6,730
Total	182,190	82,256	94,272	7,181

Savings accounts carry interest at the floating rates which are set by the bank.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	-	3,111	-	3,111
Past due				
Up to 3 months	-	-	-	-
3 - 6 months	372	10,627	372	10,627
6 - 12 months	4,226	34,147	4,226	35,204
Over 12 months	378,822	333,166	378,822	334,731
Total trade accounts receivable - related parties	383,420	381,051	383,420	383,673
Less : Allowance for doubtful debts	(383,420)	(381,051)	(383,420)	(381,051)
Total trade accounts receivable - related parties - net	-	-	-	2,622
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	584,506	439,580	373,968	330,162
Past due				
Up to 3 months	25,473	183,735	-	55,349
3 - 6 months	38	83,106	-	83,066
6 - 12 months	21	6	-	-
Over 12 months	96,513	12,596	84,776	-
Total trade accounts receivable - unrelated parties	706,551	719,023	458,744	468,577
Less : Allowance for doubtful debts	(11,928)	(11,928)	-	-
Translation adjustment	223	(668)	-	-
Total trade accounts receivable - unrelated parties - net	694,846	706,427	458,744	468,577
Total trade accounts receivable - net	<u>694,846</u>	<u>706,427</u>	<u>458,744</u>	<u>471,199</u>

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Other receivables				
Advance to related parties	2,156	7,973	12,027	14,239
Interest receivable from related parties	-	-	279,546	210,351
Others	3,180	2,409	2,141	1,687
Total other receivables	5,336	10,382	293,714	226,277
Less : Allowance for doubtful debt	-	(1,486)	(281,563)	(213,855)
Total other receivables - net	5,336	8,896	12,151	12,422
Total trade and other receivables - net	700,182	715,323	470,895	483,621

The Company and the subsidiary transferred the rights to receive payment from accounts receivable under construction contracts to secure the credit facilities from banks. Pledged trade accounts receivable amounting to Baht 140 million included in the trade accounts receivable balance as at December 31, 2019 (the Company only: Baht - million) (December 31, 2018 : Baht 935 million, the Company only: Baht 827 million).

8. UNBILLED RECEIVABLES/ADVANCES RECEIVED FROM CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Unbilled receivables and advances received from customers under construction contracts				
Project value as per contracts	21,707,496	19,357,590	9,649,236	12,432,894
Accumulated amount recognised as revenue on percentage of completion basis	10,127,035	12,355,890	5,294,370	8,687,951
Less : Bad debt	-	(300)	-	(300)
Less: Value of total billed	(9,975,423)	(11,639,113)	(5,270,037)	(8,098,028)
Net	151,612	716,477	24,333	589,623
Unbilled receivables - net	1,138,171	1,010,493	411,364	614,445
Advances received from customers	(986,559)	(294,016)	(387,031)	(24,822)
Total	151,612	716,477	24,333	589,623

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Accounts receivables - retention under construction contract	223,220	111,126	76,618	57,106
Less : Allowance for doubtful debt	(7,854)	(7,854)	(7,854)	(7,854)
Accounts receivable - retention under construction contract - net	215,366	103,272	68,764	49,252
Unearned construction revenue				
Project value as per contracts	-	600,000	-	-
Value of total billed	-	6,000	-	-
Less: Accumulated amount recognised as revenue on percentage of completion basis	-	-	-	-
Unearned construction revenue	-	6,000	-	-

9. INVENTORIES

Inventories are as follows:

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Raw materials and construction supplies	7,939	7,909	7,892	7,892
Finished goods	8	11	-	-
Total	7,947	7,920	7,892	7,892
Less : Allowance for decline in value of inventories	(2,378)	(2,378)	(2,378)	(2,378)
Inventories - net	5,569	5,542	5,514	5,514

10. WITHHOLDING TAX DEDUCTED AT SOURCE

Withholding tax deducted at source are as follows:

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Year 2015	-	7,861	-	-
Year 2016	6,522	6,522	-	-
Year 2017	26,674	26,674	20,999	20,999
Year 2018	26,423	28,198	26,423	28,198
Year 2019	72,510	-	57,712	-
	<u>132,129</u>	<u>69,255</u>	<u>105,134</u>	<u>49,197</u>

The Company and its subsidiary record withholding tax deducted at source as an asset since they are entitled to claim for a refund of such tax. However, the net realisable value of tax refund is subject to the exercise of the claim right and the result of tax audit of the Company and its subsidiary by Government Agency.

11. OTHER CURRENT ASSETS

Other current assets are as follows :

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Prepaid expenses	21,423	12,058	10,724	8,015
Account receivable - Revenue Department	11,067	24,372	7,431	20,459
Other current assets	5,230	1,941	1,916	668
Total other current assets	<u>37,720</u>	<u>38,371</u>	<u>20,071</u>	<u>29,142</u>

12. RESTRICTED DEPOSITS AT BANKS

These represent saving deposit and fixed deposits pledged with banks to secure credit facilities and bank guarantee facilities issued by the banks on behalf of the subsidiaries, as described in Note 35.4

13. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the separate financial statements which use the cost method are as follows:

		In Thousand Baht									
Company's name	Business type	Country of registration	Shareholding percentage (%)	Paid-up capital		Cost method		Allowance for loss		Cost - net	
				As at December 31,		As at December 31,		As at December 31,		As at December 31,	
				2019	2018	2019	2018	2019	2018	2019	2018
Sahakarn Wisavakom Company Limited	Construction services - basic infrastructure	Thailand	99.99	500,000,000 Baht	500,000,000 Baht	620,894,691	620,894,691	(145,071,416)	(145,071,416)	475,823,275	475,823,275
TRC Investment Limited	Holding company	The Republic of Mauritius	100.00	1 USD	1 USD	32	32	-	-	32	32
TRC Utility Company Limited	To produce and distribute tap water	Thailand	99.97	250,000 Baht	250,000 Baht	249,925	249,925	-	-	249,925	249,925
Total						621,144,648	621,144,648	(145,071,416)	(145,071,416)	476,073,232	476,073,232

On August 14, 2019 the Board of Directors' Meeting No.8/2562 had a resolution to approve the company to establish a new subsidiary in order to operate an automatic warehouse. Presently, it is under the process of company registration and establishment.

Details of investments in subsidiaries which are held by the Company's subsidiaries are as follows:

Company's name	Business type	Country of registration	In Thousand Baht							
			Shareholding percentage (%)		Paid-up capital		Cost method		Allowance for loss	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Held by Sahakorn Wisavakorn Company Limited										
Hydrotek Sahakorn Joint Venture	Construction services	Thailand	49.00	49.00	1,000,000 Baht	1,000,000 Baht	490,000	490,000	-	490,000
Held by TRC Investment Limited										
TRC International Limited	Holding company	ฮ่องกง	100.00	100.00	10 HKD	10 HKD	33	33	-	33
Held by TRC International Limited										
TRC Middle East LLC	Construction services	Sultanate of Oman	70.00	70.00	150,000 Omani Rial	150,000 Omani Rial	12,322,330	12,322,330	(12,322,330)	-
TRC Engineering LLC	Construction services	Sultanate of Oman	70.00	70.00	250,000 Omani Rial	250,000 Omani Rial	13,654,506	13,654,506	(13,654,506)	-
Total							26,466,869	26,466,869	(25,976,836)	490,033

Sahakorn Wisavakorn Company Limited, which is the Company's subsidiary, and Hydrotek Public Company Limited agree that the subsidiary will be responsible for project execution of Hydrotek Sahakorn Joint Venture whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project. Later, on October 31, 2019, the Board of Directors' Meeting No.2/2562 approve to cease the business operation. As at December 31, 2019 such subsidiary is under liquidation process.

On March 10, 2016, the Meeting No. 3/2016 of the Company's Board of Directors passed a resolution to approve the closure of TRC Middle East LLC and TRC Engineering LLC. On December 31, 2019, these subsidiaries have been in the liquidation process.

14. INVESTMENTS IN ASSOCIATE

14.1 Details of associate

Investments in associate in the consolidated financial statements which use the equity method are as follows:

Company's name	Business type	Country of registration	In Thousand Baht					
			Shareholding percentage (%)		Paid-up capital (Thousand Baht)		Carrying amounts based on equity method	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Held by the Company								
At Energy Solution Company Limited	Energy production and distribution	Thailand	50.00	-	50,750	-	25,375	-
Held by TRC Investment Limited								
ASEAN Potash Chaiyaphum Public Company Limited	Mining Industries	Thailand	22.46	22.46	2,805,797	2,805,797	1,126,742	1,126,742
Held by TRC International Limited								
ASEAN Potash Chaiyaphum Public Company Limited	ขุดเจาะเหมืองแร่	Thailand	2.67	2.67	2,805,797	2,805,797	85,989	85,989
Total							1,238,106	1,212,731

Investments in associate in the separate financial statements which use the cost method are as follows:

Company's name	Business type	Country of registration	In Thousand Baht					
			Shareholding percentage (%)		Paid-up capital (Thousand Baht)		Carrying amounts based on equity method	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
At Energy Solution Company Limited	Energy production and distribution	Thailand	50.00	-	50,750	-	25,375	-
Total							25,375	-

Olive Technology Co.,Ltd.

On December 11, 2019, the Board of Directors' Meeting No. 10/2019 had a resolution to approve the Company entered into a joint venture agreement with Xsense Information Service Co.,Ltd. to conduct the business in providing research and development of inspection systems controlled through IOT system. It is currently in the process of establishing the company registration.

At Energy Solution Company Limited

On August 14, 2019, the Board of Directors' Meeting No.8/2562 had a resolution to approve the company in signing the joint-venture agreement with Asia Green Energy (Public) Company Limited and Appliance Technology Supply Co., Ltd. to operate energy production and distribution business which represents 45%, 45% and 10% shareholding, respectively. The Company was registered and established on August 14, 2019 with the registered capital Baht 1 million. The investment amount is Baht 449,900. Later on November 27, 2019, At Energy Solution Co.,Ltd. has increased the registered capital from Baht 1 million to Baht 200 million with paid-up capital of Baht 50.75 million. The Company has invested amounted of Baht 25.38 million.

ASEAN Potash Chaiyaphum Public Company Limited

In accordance with the concession agreements with the Department of Primary Industries and Mines, Ministry of Industry, in January 2015, the associate has an obligations to pay a special state benefits for concession in 8 equal installments, each of Baht 433 million plus interest at the rate of 6.5% per annum, or a total of Baht 569 million, commencing from 2018. The associate is also committed to pay various funds each year throughout the concession period. The associate received a demand letter from Chaiyaphum Provincial Industry Office to pay the first installment of special state benefits of Baht 569 million, together with a fine at 15% per annum, within 90 days from the receipt date of the letter which is due in August 2018. Otherwise the license may be revoked in accordance with Section 128 of the Minerals Act B.E. 2560.

In April 2018, the associate approved the first increase of paid up capital for not exceeding 29 million ordinary shares which will be allocated to the existing shareholders at the offering price of Baht 68.43 per share. The period for subscription and settlement was by the end of July 2018. Upon the ending of the period for new shares subscription and settlement, none of the shareholders subscribed for the new shares.

Such associate is still unable to pay the special state benefit No.1 under the special benefit agreement as it is in the process to secure the funding from the capital increase from the shareholders and/or applying for credit approval from commercial banks. In November 2018, an associate was informed to make the payment of the 2nd installment of special state benefit of Baht 569 million within January 15, 2019. In case of overdue, the Company has to pay the fine at 15% per annum of the special state benefit. Presently, the Company still cannot comply with the agreement to pay special state benefits.

On April 26, 2019, the Annual General Shareholders' Meeting 2019 of the associate company approved for the amendment of a share offering price from Baht 68.43 per share to Baht 15.00 per share and offer approval for called up ordinary share No.1 in the amount by allotment not over 35 million by sale offering to the existing shareholders at a ratio of 4 existing shares to 5 new shares at the offering price of Baht 15.00 per share or totaling Baht 526 million and period for subscription and settlement during May 27 - 31 and June 3 - 7, 2019.

On June 4, 2019, Board of Directors' Meeting No. 2/2019 of the associate company had a resolution to extend the subscription period and payment of the capital increase shares from May 27 - 31 and June 3 - 7, 2019 to May 27 - 31 and June 4 - August 5, 2019.

Upon the ending of the period for new shares subscribing and settlement during May 27 - 31 and June 4 - August 5, 2019, it appears that five shareholders have paid for the share capital increase in the amount of Baht 18.38 million. However, the amount of payment for the ordinary share capital increase from the allocation of this ordinary share capital increase did not follow the operation plan set forth. As a result, the Company cannot continue its operation in accordance with the plan. The Company has refunded the payment amount for the ordinary share capital increase back to the shareholders on September 9, 2019.

On February 12, 2019, the meeting No. 3/2019 of the Company's Executive Committee passed its resolution not to involve in any further investment in the associate, including not to be awarded any construction services from the associate unless there will be the promising source of funds for its project development. The Committee also approved the subsidiaries' recording of a full allowance for impairment of its investment, amounting to Baht 1,361 million, since the associate situation contains various uncertainties, such as the obligation to pay two installments of the special state benefits for concession which may cause the revocation of the concession. There is also the uncertainty to acquire the source of funds for potash project development both in the aspect of the capital investment which there is no progress made in finding new investors, both government and private sector, and in the aspect of credit facilities approval from the commercial banks. Consequently, causing the financial liquidity problem to the associate which delay the progress of its project. In addition, the Company has had to recognise substantial losses of the associate under the equity method for several consecutive years. Moreover, the amounts of the losses recognised will increase in the future because of the recognition of fines imposed due to the associate's inability to make payment of the special state benefits that it is required to pay each year. Furthermore, the associate's current liabilities substantially exceeded its current assets. Even though the Company has set up a full provision for loss on assets related to Potash Mining Project, it still has a duty and responsibility to use its best efforts to recover the value of those assets. If, in the future, the value of the assets is recovered, the Company may be able to reverse excess provision and recognise profit in the future to compensate the losses from provisions set aside in the current year.

14.2 Share of loss

During the year, the Company has stop recognised its share of loss from investments in ASEAN Potash Chaiyaphum Public Company Limited in the consolidated financial statements as the share of loss in that ASEAN Potash Chaiyaphum Public Company Limited has the value equal or over the value of the interest of the ASEAN Potash Chaiyaphum Public Company Limited.

During the year, the Company did not include share of profit (loss) on investment in AT Energy Solution Company Limited because the effect of these transactions on the financial statement is immaterial.

Company's name	In Thousand Baht			
	Share of loss from investments in associate		Share of other comprehensive income from investments in associate	
	For the year ended December 31,			
	2019	2018	2019	2018
ASEAN Potash Chaiyaphum Public Company Limited	-	47,389	-	1,117
Total	-	47,389	-	1,117

14.3 Summary of significant financial information on associate

ASEAN Potash Chaiyaphum Public Company Limited

Summary of information about financial position as at December 31, 2019 and 2018

	In Million Baht	
	2019	2018
Current assets	6	23
Non-current assets	6,846	6,871
Current liabilities	(2,700)	(1,928)
Non-current liabilities	(3,003)	(3,459)
Net assets	1,149	1,507
Shareholding percentage (%)	25.13	25.13
Share of net assets	289	379
Elimination entries	-	(13)
Goodwill	847	847
Total	1,136	1,213
Less : Allowance for loss on impairment of investment	(1,213)	(1,213)
Carrying amounts of associate based on equity method	(77)	-

Summary of information about comprehensive income for the year ended December 31, 2019 and 2018

	In Million Baht	
	2019	2018
Revenue	15	7
Profit (loss)	(359)	(186)
Other comprehensive income	-	4
Total comprehensive income	(359)	(182)

15. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures in the consolidated financial statements which use the equity method are as follows:

Company's name	Business type	In Thousand Baht					
		Shareholding percentage (%)		Cost (Thousand Baht)		Carrying amounts based on equity method	
		As at December 31, 2019	2018	As at December 31, 2019	2018	As at December 31, 2019	2018
Held by the Company							
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	-	-
Held by Sahakarn Wisavakorn Company Limited							
SH Crossing Company Limited	Construction service	51	51	20,400	20,400	-	-
Total				22,776	22,776	26,238	24,623

Investments in joint ventures in the separate financial statements which use the cost method are as follows:

Company's name	Business type	In Thousand Baht					
		Shareholding percentage (%)		Cost method		Allowance for loss	
		As at December 31, 2019	2018	As at December 31, 2019	2018	As at December 31, 2019	2018
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	-	-
Total				2,376	2,376	-	-

On March 20, 2018, the Board of Directors' Meeting of SH Crossings Co., Ltd. had the resolution to collect the outstanding capital increase of Baht 30 million or 75%. The share payment was made on April 30, 2018.

15.1 Share of profit (loss)

During the year, the Company has recognised its share of profit (loss) from investments in joint ventures in the consolidated financial statements as follows:

Company's name	In Thousand Baht			
	Share of profit (loss) from investments in joint ventures		Share of other comprehensive income from investments in joint ventures	
	For the years ended December 31,			
	2019	2018	2019	2018
SH Crossings Company Limited	1,615	1,963	-	-
Total	1,615	1,963	-	-

The consolidated financial statements for the years ended December 31, 2019 and 2018 do not include share of profit (loss) on investment in Sinopec-TRC Joint Venture because the effect of these transactions on the financial statements is immaterial.

15.2 Summary of significant financial information on joint venture

SH Crossings Company Limited

Summary information about financial position

	In Million Baht	
	2019	2018
Cash and cash equivalent	9	2
Other current assets	77	127
Non-current assets	14	15
Current liabilities	(53)	(100)
Net assets	47	44
Shareholding percentage (%)	51	51
Share of net assets	24	22

Summary information about comprehensive income

	In Million Baht	
	For the years ended December 31,	
	2019	2018
Revenue	152	138
Depreciation and amortization	(3)	(2)
Income tax expense	(1)	(1)
Profit (loss)	3	4
Other comprehensive income	-	-
Total comprehensive income	3	4

16. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (In Thousand Baht)					
	Balance as at January 1, 2019	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2019
Cost					
Land	142,062	-	-	-	142,062
Building	293,748	164	-	7,928	301,840
Tools and equipment	561,462	28,711	(4,130)	10,011	596,054
Furniture, fixtures and office equipment	98,978	1,182	(1,637)	-	98,523
Vehicles	97,937	2,992	(12,527)	-	88,402
Construction in progress	15,214	37,084	-	(17,939)	34,359
Total cost	1,209,401	70,133	(18,294)	-	1,261,240
Accumulated depreciation					
Building	(35,295)	(11,419)	-	-	(46,714)
Tools and equipment	(368,478)	(84,784)	2,845	-	(450,417)
Furniture, fixtures and office equipment	(78,471)	(9,872)	1,582	-	(86,761)
Vehicles	(85,851)	(7,276)	12,031	-	(81,096)
Total accumulated depreciation	(568,095)	(113,351)	16,458	-	(664,988)
Less : Allowance for impairment	(344)	-	-	-	(344)
Property, plant and equipment	640,962				595,908

Consolidated financial statements (In Thousand Baht)

	Balance as at January 1, 2018	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2018
Cost					
Land	142,062	-	-	-	142,062
Building	285,984	761	-	7,003	293,748
Tools and equipment	502,704	39,511	(12,019)	31,266	561,462
Furniture, fixtures and office equipment	97,657	5,353	(4,775)	743	98,978
Vehicles	97,907	30	-	-	97,937
Construction in progress	31,121	23,640	-	(39,547)	15,214
Total cost	1,157,435	69,295	(16,794)	(535)	1,209,401
Accumulated depreciation					
Building	(24,558)	(10,737)	-	-	(35,295)
Tools and equipment	(303,285)	(75,691)	10,498	-	(368,478)
Furniture, fixtures and office equipment	(69,924)	(13,198)	4,651	-	(78,471)
Vehicles	(74,924)	(10,927)	-	-	(85,851)
Total accumulated depreciation	(472,691)	(110,553)	15,149	-	(568,095)
Less : Allowance for impairment	-	(344)	-	-	(344)
Property, plant and equipment	684,744				640,962

Separate financial statements (In Thousand Baht)

	Balance as at January 1, 2019	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2019
Cost					
Land	140,472	-	-	-	140,472
Building	293,715	164	-	7,928	301,807
Tools and equipment	418,276	25,862	(2,930)	10,011	451,219
Furniture, fixtures and office equipment	87,961	1,012	(1,599)	-	87,374
Vehicles	76,725	2,992	(9,553)	-	70,164
Construction in progress	15,214	37,084	-	(17,939)	34,359
Total cost	1,032,363	67,114	(14,082)	-	1,085,395
Accumulated depreciation					
Building	(35,293)	(11,417)	-	-	(46,710)
Tools and equipment	(257,321)	(73,675)	2,504	-	(328,492)
Furniture, fixtures and office equipment	(68,404)	(9,439)	1,549	-	(76,294)
Vehicles	(65,571)	(6,768)	9,130	-	(63,209)
Total accumulated depreciation	(426,589)	(101,299)	13,183	-	(514,705)
Property, plant and equipment	605,774				570,690

Separate financial statements (In Thousand Baht)					
	Balance as at January 1, 2018	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2018
Cost					
Land	140,472	-	-	-	140,472
Building	285,951	761	-	7,003	293,715
Tools and equipment	379,463	38,068	(7,547)	8,292	418,276
Furniture, fixtures and office equipment	85,886	4,859	(3,527)	743	87,961
Vehicles	76,725	-	-	-	76,725
Construction in progress	12,817	18,970	-	(16,573)	15,214
Total cost	981,314	62,658	(11,074)	(535)	1,032,363
Accumulated depreciation					
Building	(24,558)	(10,735)	-	-	(35,293)
Tools and equipment	(197,792)	(65,506)	5,977	-	(257,321)
Furniture, fixtures and office equipment	(59,316)	(12,500)	3,412	-	(68,404)
Vehicles	(55,586)	(9,985)	-	-	(65,571)
Total accumulated depreciation	(337,252)	(98,726)	9,389	-	(426,589)
Property, plant and equipment	644,062				605,774

In Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Depreciation charged to the statements of comprehensive income				
Cost of sales and services	57,388	66,285	47,979	61,005
Administrative expenses	55,963	44,268	53,320	37,721
Total	113,351	110,553	101,299	98,726

As at December 31, 2019 and 2018, the Company and its subsidiary's certain equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation of those assets, amounted to approximately Baht 245 million and Baht 204 million, respectively. (The company only : 155 million and 117 million, respectively)

As at December 31, 2019 and 2018, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 13 million and Baht 10 million, respectively. (The company only : 9 million and 8 million, respectively)

As at December 31, 2019 and 2018, the Company has mortgaged land and building which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the bank.

17. INTANGIBLE ASSETS

Consolidated financial statements (In Thousand Baht)					
	Balance as at January 1, 2019	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2019
Cost					
Computer software	26,521	82	(363)	-	26,240
Total cost	26,521	82	(363)	-	26,240
Accumulated amortisation					
Computer software	(13,548)	(2,096)	151	-	(15,493)
Total accumulated amortisation	(13,548)	(2,096)	151	-	(15,493)
Intangible assets	12,973				10,747

Consolidated financial statements (In Thousand Baht)					
	Balance as at January 1, 2018	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2018
Cost					
Computer software	24,076	1,910	-	535	26,521
Total cost	24,076	1,910	-	535	26,521
Accumulated amortisation					
Computer software	(11,229)	(2,319)	-	-	(13,548)
Total accumulated amortisation	(11,229)	(2,319)	-	-	(13,548)
Intangible assets	12,847				12,973

Separate financial statements (In Thousand Baht)					
	Balance as at January 1, 2019	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2019
Cost					
Computer software	25,682	57	-	-	25,739
Total cost	25,682	57	-	-	25,739
Accumulated amortisation					
Computer software	(13,152)	(2,020)	-	-	(15,172)
Total accumulated amortisation	(13,152)	(2,020)	-	-	(15,172)
Intangible assets	12,530				10,567

Separate financial statements (In Thousand Baht)					
	Balance as at January 1, 2018	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2018
Cost					
Computer software	23,237	1,910	-	535	25,682
Total cost	23,237	1,910	-	535	25,682
Accumulated amortisation					
Computer software	(10,916)	(2,236)	-	-	(13,152)
Total accumulated amortisation	(10,916)	(2,236)	-	-	(13,152)
Intangible assets	12,321				12,530

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Amortisation charged to the statements of comprehensive income				
Cost of sales and services	8	14	7	14
Administrative expenses	2,088	2,305	2,013	2,222
Total	2,096	2,319	2,020	2,236

18. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

18.1 Deferred tax assets and deferred tax liabilities are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2562	2561	2562	2561
Deferred tax assets	30,638	14,997	14,560	10,639
Deferred tax liabilities	(1,666)	(1,997)	(1,193)	(2,094)
	28,972	13,000	13,367	8,545

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2019 and 2018, were as follows:

	In Thousand Baht				
	Consolidated financial statements				
	Balance as at December 31, 2018	Recognized in Profit and Loss		Recognized in Other Comprehensive Income	Balance as at December 31, 2019
		Additions	Utilized/ Reversal		
Deferred tax assets resulted from					
Allowance for decline in value in inventories	476	-	-	-	476
Employee benefit obligations	11,291	3,694	-	-	14,985
Other provision	3,230	11,947	-	-	15,177
Total	14,997	15,641	-	-	30,638
Deferred tax liabilities from					
Financial lease	(1,997)	331	-	-	(1,666)
Total	(1,997)	331	-	-	(1,666)
Net	13,000	15,972	-	-	28,972

In Thousand Baht					
Consolidated financial statements					
	Balance as at December 31, 2017	Recognized in Profit and Loss		Recognized in Other Comprehensive Income	Balance as at December 31, 2018
		Additions	Utilized/ Reversal		
Deferred tax assets resulted from					
Allowance for decline in value in inventories	476	-	-	-	476
Employee benefit obligations	9,849	1,442	-	-	11,291
Other provision	3,349	(119)	-	-	3,230
Unused tax loss	228	(228)	-	-	-
Total	13,902	1,095	-	-	14,997
Deferred tax liabilities from					
Financial lease	(1,507)	(490)	-	-	(1,997)
Total	(1,507)	(490)	-	-	(1,997)
Net	12,395	605	-	-	13,000

In Thousand Baht					
Separate financial statements					
	Balance as at December 31, 2018	Recognized in Profit and Loss		Recognized in Other Comprehensive Income	Balance as at December 31, 2019
		Additions	Utilized/ Reversal		
Deferred tax assets resulted from					
Allowance for decline in value in inventories	476	-	-	-	476
Employee benefit obligations	9,569	3,096	-	-	12,665
Other provision	594	825	-	-	1,419
Total	10,639	3,921	-	-	14,560
Deferred tax liabilities from					
Financial lease	(2,094)	901	-	-	(1,193)
Total	(2,094)	901	-	-	(1,193)
Net	8,545	4,822	-	-	13,367

	In Thousand Baht				
	Separate financial statements				
	Balance as at December 31, 2017	Recognized in Profit and Loss		Recognized in Other Comprehensive Income	Balance as at December 31, 2018
		Additions	Utilized/ Reversal		
Deferred tax assets resulted from					
Allowance for decline in value in inventories	476	-	-	-	476
Employee benefit obligations	8,552	1,017	-	-	9,569
Other provision	2,411	(1,817)	-	-	594
Total	11,439	(800)	-	-	10,639
Deferred tax liabilities from					
Financial lease	(1,623)	(471)	-	-	(2,094)
Total	(1,623)	(471)	-	-	(2,094)
Net	9,816	(1,271)	-	-	8,545

19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of :

In Thousand Baht					
	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
		2019	2018	2019	2018
Bank overdrafts	7.12% (2561 : 6.87%)	-	1,804	-	-
Trust receipts	5.25%	36,565	-	36,565	-
Promissory note	3.00% - 5.25% (2561 : 3.00% - 4.60%)	436,486	580,000	212,486	480,000
Total		473,051	581,804	249,051	480,000

20. TRADE AND OTHER PAYABLES

Trade and other payables were as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Trade accounts payable - related party	14,414	44,072	-	-
Trade accounts payable - unrelated parties	426,323	434,822	208,549	234,976
Advances from related parties	-	-	3,852	5,792
Fixed assets payable	3,585	17,717	3,074	17,702
Accrued interest expense - related parties	-	-	2,369	5,689
Accrued expenses - unrelated parties	64,315	247,520	47,882	232,509
Total trade and other payables	508,637	744,131	265,726	496,668

As at 31 December 2018, the Company has outstanding accrued expenses amounting to Baht 157.8 million from recording of expenses and commitments relating to construction services provided to the associate.

21. PROVISION FOR LIABILITIES UNDER CONSTRUCTION PROJECTS

Provision for liabilities under construction projects were as follows:

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	Warranties	Loss on construction	Total	Warranties	Loss on construction	Total
As at January 1, 2019	21,977	2,554	24,531	3,797	2,554	6,351
Increase during the year	9,957	68,736	78,693	7,537	8,563	16,100
Decrease from occurrence of actual expense	(12,918)	(11,117)	(24,035)	(3,233)	(11,117)	(14,350)
Reversal of provisions	(2,297)	-	(2,297)	-	-	-
As at December 31, 2019	16,719	60,173	76,892	8,101	-	8,101

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	Warranties	Loss on construction	Total	Warranties	Loss on construction	Total
As at January 1, 2018	18,774	876	19,650	14,962	-	14,962
Increase during the year	40,768	2,554	43,322	20,650	2,554	23,204
Decrease from occurrence of actual expense	(32,339)	(876)	(33,215)	(30,394)	-	(30,394)
Reversal of provisions	(5,226)	-	(5,226)	(1,421)	-	(1,421)
As at December 31, 2018	21,977	2,554	24,531	3,797	2,554	6,351

22. DEBENTURES

The Company has issued unsubordinated and unsecured debentures without a debentureholders' representative in the name-registered, as detailed below.

					In Thousand Baht	
					Consolidated / Separate financial statements	
					As at December 31,	
Debentures	Interest rate	Interest payment schedule	Terms	Due date	2019	2018
Debentures 1/2018	4.80%	Quarterly, starting from March 17, 2018	2 years 2 days	March 17, 2020	30,000	180,000
Total debentures - at face value					30,000	180,000
Less : Unamortised portion of deferred transaction costs					-	(250)
Debentures - net					30,000	179,750
Less : Current portion					(30,000)	(179,750)
Debentures - net of current portion					-	-

Under the rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of interest bearing debt to equity ratio and EBITDA to interest ratio at the rate prescribed in the agreements along with debentures periods debts mean only interest bearing loans.

The Company has considered under conservative approach to set up provision for loss at the significant amount in 2018 on assets related to Potash Mining Project. As a result, as at December 31, 2018, the Company could not maintain EBITDA to interest ratio at the rate prescribed in the agreement, which resulted in the debenture becoming payable on demand. Therefore, the Company classified such debenture as current liabilities. However, in February 2019, the Company has offered to redeem the debenture prior to the maturity date from all debenture's holders. The classification of such liabilities to be current is in accordance with financial reporting standards.

Later, the Company paid to the debentureholder who intends to redeem before the maturity on March 29, 2019.

23. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

As at December 31, 2019 and 2018, the Company and its subsidiary have liabilities under financial lease agreement as leasing of tools and motor vehicles. The payment details are as follows :

Consolidated financial statements (In Thousand Baht)						
	2019			2018		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	2,291	112	2,403	4,211	204	4,415
After one year but within five years	1,582	108	1,690	1,765	23	1,788
Total	3,873	220	4,093	5,976	227	6,203

Separate financial statements (In Thousand Baht)						
	2019			2018		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	526	89	615	-	-	-
After one year but within five years	1,582	108	1,690	-	-	-
Total	2,108	197	2,305	-	-	-

The Company and its subsidiary have entered into the finance lease agreements with leasing companies for rental of tools and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Under the term of the lease agreement referred to above, the Company shall have to comply with certain conditions and restrictions as specified in the lease agreements.

Liabilities under finance lease agreements for the portion due within one year are presented under “current liabilities” in the statement of financial position.

24. OTHER CURRENT LIABILITIES

Other current liabilities were as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Undue output VAT	32,971	29,696	26,448	26,505
VAT payable	121	1,044	-	-
Others	6,625	3,488	1,629	1,631
Total	39,717	34,228	28,077	28,136

25. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

25.1 Movements in the provision for long-term employee benefits are as follows:

	Consolidated Financial Statements (In Thousand Baht)					
	2019			2018		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	50,865	5,589	56,454	44,806	4,619	49,425
Past service cost and Interest cost						
- Change a considered a past employment plan amendment	10,052	-	10,052	-	-	-
Current service cost and Interest cost	11,642	1,728	13,370	8,815	1,493	10,308
Benefits paid during the year	(3,783)	(971)	(4,754)	(2,756)	(523)	(3,279)
Defined benefit obligation at end of year	68,776	6,346	75,122	50,865	5,589	56,454

Separate Financial Statements (In Thousand Baht)						
	2019			2018		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	43,131	4,714	47,845	38,794	3,966	42,760
Past service cost and Interest cost						
- Change a considered a past employment plan amendment	8,862	-	8,862	-	-	-
Current service cost and Interest cost	9,632	1,425	11,057	7,093	1,253	8,346
Benefits paid during the year	(3,783)	(654)	(4,437)	(2,756)	(505)	(3,261)
Defined benefit obligation at end of year	57,842	5,485	63,327	43,131	4,714	47,845

25.2 Expenses recognized in the statement of comprehensive income for the year ended December 31, 2019 and 2018 are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
The statement of comprehensive income				
Recognized in profit or loss				
Past service cost and interest	10,052	-	8,862	-
Current service cost and interest				
- Cost of sales	4,569	4,529	3,315	3,422
- Administrative expenses	8,801	5,779	7,742	4,924
Total	23,422	10,308	19,919	8,346

25.3 The main assumptions in the assessment financial assumptions

	Percentage			
	Consolidated Financial Statement		Separate Financial Statement	
	2019	2018	2019	2018
For the year ended December 31				
Discount rate (% per annum)	2.28 - 2.43	2.28 - 2.43	2.28	2.28
Salary increase rate (% per annum)	5.00	5.00	5.00	5.00
Employee turnover rate (% per annum)	0 - 20.00	0 - 20.00	0 - 20.00	0 - 20.00
Gold price (Baht)	20,600	20,600	20,600	20,600

The Company and its subsidiaries expect to pay Baht 5 million of long-term employee benefits during the next year (the Company only: Baht 4 million) (2018: Baht 5 million, the Company only: Baht 5 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (the Company only: 9 years) (2018 : 9 years, the Company only: 9 years).

25.4 Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 are summarized below :

	In Thousand Baht							
	Consolidated Financial Statements				Separate Financial Statements			
	2019		2018		2019		2018	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Discount rate (Changing 1%)	(5.2)	5.9	(4.0)	4.6	(4.3)	5.0	(3.3)	3.8
Future salary increase rate (Changing 1%)	7.5	(6.6)	4.8	(4.3)	6.3	5.5	4.0	(3.6)
Employee turnover rate (Changing 1%)	(5.5)	1.8	(4.3)	1.6	(4.6)	1.6	(3.6)	1.4
Gold price (1,000 Baht)	0.2	(0.2)	0.2	(0.2)	0.1	(0.1)	0.1	(0.1)

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change is recognized past service costs as expenses in the income statement.

26. SHARE CAPITAL

The change in the number of ordinary shares, paid-up capital and premium of ordinary shares of the Company is as follows:

Transaction	Number of shares (thousand shares)	Amount (thousand Baht)	Share premium (thousand Baht)	Registered date with Ministry of Commerce
Registered ordinary shares				
Beginning year	6,163,178	770,397		
Deduction during year	(12)	(1)		June 27, 2019
Addition during year	3,423,981	427,997		June 28, 2019
Ending year	9,587,147	1,198,393		
Issued and paid-up shares				
Beginning year	6,163,166	770,396	1,041,740	
Addition during year	3,423,981	427,997	-	July 25, 2019
Deduction from compensation of accumulated loss	-	-	(1,041,740)	
Ending year	9,587,147	1,198,393	-	

June 21, 2019, the Extraordinary Shareholders' Meeting No. 1/2019 of the Company has approved the significant resolution as follows:

- 26.1 To approve the reduction of the registered capital of the Company from Baht 770,397,245.00 to Baht 770,395,728.12 dividing into 6,163,165,825 ordinary shares at par value of Baht 0.125 each by cancelling 12,135 ordinary shares that have not been sold. The Company has registered for capital reduction with the Ministry of Commerce on June 27, 2019.
- 26.2 To approve the transfer of legal reserve at Baht 73,371,224.63 and share premiums at Baht 1,041,739,823.00 to compensate the accumulated loss of the Company.
- 26.3 To approve the increase of registered capital of the Company in the amount of Baht 427,997,626.63 dividing into 3,423,981,013 new ordinary shares at par value of Baht 0.125 each from the previous registered capital Baht 770,395,728.12 to Baht 1,198,393,354.75 dividing into 9,587,146,838 ordinary shares at Baht 0.125 to the existing shareholders. The Company has registered for the capital increase with the Ministry of Commerce on June 28, 2019. Later, on July 25, 2019, it has registered for capital increase that was issued and paid up with the Ministry of Commerce in the amount of Baht 1,198,393,354.75 for 9,587,147 shares.
- 26.4 To approve the allocation of 3,423,981,013 capital increase shares at par value of Baht 0.125 each to the existing shareholders at 9 existing shares per 5 new shares at the offering price of Baht 0.125.

27. PREMIUM ON ORDINARY SHARES

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

28. LEGAL RESERVE

Company

Section 116 of the Public Companies Act B.E. 2535 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.

Local subsidiaries

according to the Thai civil and commercial code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

Overseas subsidiaries

according to the civil and commercial code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least 10% of its net profit until such reserve reach one-third of the company’s capital.

29. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 are as follow:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salary and wages and other employee benefits	504,108	484,114	376,621	421,705
Depreciation	113,351	110,553	101,299	98,726
Amortisation expenses	2,096	2,318	2,020	2,236
Construction materials and consumables used and subcontractors costs	2,323,505	1,515,632	888,175	846,768
Rental expenses from operating lease Agreements	110,970	109,301	85,069	88,065
Gain (loss) on exchange rate	-	10,874	-	(111)

30. INCOME TAX EXPENSE (INCOME)

30.1 Major components of tax expense (income)

For the years ended December 31, 2019 and 2018 consisted of:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Income tax expense (income) shown in profit or loss :				
Current tax expense :				
Income tax expense for the year	9,865	32,904	-	-
Deferred tax expense (income) :				
Changes in temporary differences relating to the original recognition and reversal	(15,972)	(605)	(4,822)	1,271
Total	(6,107)	32,299	(4,822)	1,271

30.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2019 and 2018 which are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit (loss) for the period	(301,194)	(2,010,131)	(285,079)	(2,327,417)
The applicable tax rate (%)	12% - 20%	12% - 20%	20%	20%
Tax expense (income) at the applicable tax rate	(65,669)	(342,790)	(57,016)	(465,483)
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:	2,747	1,778	-	-
Tax effect of intercompany transactions				
- Expenses not allowed as expenses in determining taxable profit	(4,715)	261,964	16,738	377,751
- Expenses allowed increase in determine taxable	(2,819)	(2,819)	(2,812)	(2,812)
- Share of loss investment in associate	-	9,478	-	-
- Share of (gain) loss from investment in joint venture	(323)	(393)	-	-
- Unused tax losses which may net utilise	64,672	105,081	38,268	91,815
Total reconciliation items	59,562	375,089	59,194	466,754
Total tax expense (income)	(6,107)	32,299	(4,822)	1,271

30.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2019 and 2018 are summarized as follows:

	Consolidated financial statements			
	2019		2018	
	Tax amount (In Thousand Baht)	Tax rate (%)	Tax amount (In Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	(301,194)		(2,010,131)	
Tax expense (income) at the applicable tax rate	(65,669)	12% - 20%	(342,790)	12% - 20%
Reconciliation items	59,562	19.78	375,089	18.66
Tax expense (income) at the average effective tax rate	(6,107)	2.03	32,299	1.61

	Separate financial statements			
	2019		2018	
	Tax amount (In Thousand Baht)	Tax rate (%)	Tax amount (In Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	(285,079)		(2,327,417)	
Tax expense (income) at the applicable tax rate	(57,016)	(20.00)	(465,483)	(20.00)
Reconciliation items	52,194	18.30	466,754	20.05
Tax expense (income) at the average effective tax rate	(4,822)	(1.70)	1,271	0.05

Corporate income tax of overseas subsidiaries company is calculated at the rate 12% on taxable profit in excess of 30,000 Omani Rial.

As at December 31, 2019, the Company and its subsidiaries has deductible temporary differences totaling Baht 2,208 million (the Company only: Baht 2,207 million) (2018: Baht 2,142 million, the Company only: Baht 2,137 million), on which deferred tax assets have not been recognised as the Company believes that it may not utilise the temporary differences in the future.

As at December 31, 2019, the Company and its subsidiaries have unused tax losses totaling Baht 200 million, USD 42 million and Omani Rial 2 million (the Company only: Baht 200 million) (2018: USD 9 million and Omani Rial 1 million, the Company only: Baht 459 million) will expire by 2023.

31. EARNINGS PER SHARE

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend.

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

	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit (loss) for the year (Thousand Baht)	(293,284)	(2,040,573)	(280,257)	(2,328,688)
Weighted average number of ordinary shares (Thousand shares)	7,709,188	6,163,166	7,709,188	6,163,166
Earnings per share (Baht per share)	(0.038)	(0.331)	(0.036)	(0.378)

32. CONTRACTS IN PROGRESS

As at December 31, 2019, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company and its subsidiaries was approximately Baht 10,211 million (the Company only: Baht 5,368 million) (2018 : Baht 12,416 million, the Company only: Baht 8,716 million), gross amounts due from customers for contracts in progress were approximately Baht 1,219 million (the Company only: Baht 485 million) (2018 : Baht 1,071 million, the Company only: Baht 643 million), and gross amounts due to customers for contracts in progress were approximately Baht 987 million (the Company only: Baht 387 million) (2018 : Baht 300 million, the Company only: Baht 25 million).

33. PROVIDENT FUND

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 8 million (Separate financial statements: Baht 5 million) (2018 : Baht 8 million, Separate financial statements: Baht 7 million) were recognised as expenses.

34. SEGMENT INFORMATION

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

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have four reportable segments as follows:

- Pipeline system construction segment
- Engineering system installation and factory construction for energy and petrochemical business segment
- Civil work construction segment
- Sales and other services

No operating segments have been aggregated to form the above reportable operating segments.

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

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

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended December 31, 2019 and 2018, respectively.

In Thousand Baht							
For the year ended December 31, 2019							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	958,599	388,572	2,017,505	13,783	3,378,459	-	3,378,459
Revenues from subsidiary	-	-	-	-	-	-	-
Revenues from associate	-	-	-	-	-	-	-
Depreciation	(72,043)	(29,203)	(9,135)	(4,393)	(114,774)	1,423	(113,351)
Administrative expense	(191,854)	(77,769)	(53,138)	(1,079)	(323,840)	3,551	(320,289)
Segment profit (loss)	(145,031)	(139,238)	(51,411)	2,891	(332,789)	13,824	(318,965)
Other income							46,487
Interest revenue							1,664
Interest expense							(31,562)
Bad debt and doubtful debt							(433)
Share of profit from investments in joint ventures							1,615
Loss before income tax expense							(301,194)
Income tax expense							6,107
Loss for the year							(295,087)

In Thousand Baht

For the year ended December 31, 2018

	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	1,007,816	420,157	812,256	5,725	2,245,954	-	2,245,954
Revenues from subsidiary	-	-	-	370	370	(370)	-
Revenues from associate	-	-	16,420	-	16,420	-	16,420
Depreciation	(68,686)	(29,179)	(10,775)	(3,404)	(112,044)	1,491	(110,553)
Administrative expense	(164,768)	(70,155)	(37,115)	(5,448)	(277,486)	3,372	(274,114)
Segment profit (loss)	82,554	(86,700)	(411,417)	(6,102)	(421,665)	14,521	(407,144)
Other income							41,312
Interest revenue							837
Interest expense							(21,289)
Bad debt and doubtful debt							(365,689)
Loss from impairment on investment in associate							(1,212,731)
Share of loss from investment in associate							(47,389)
Share of profit from investments in joint ventures							1,963
Loss before income tax expense							(2,010,130)
Income tax expense							(32,299)
Loss for the year							<u>(2,042,429)</u>

Geographic information

The Company and its subsidiaries operated in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2019, the Company and its subsidiaries have revenue from two major customers in amount of Baht 665 million and Baht 676 million, respectively arising from pipeline system segment and engineering system segment (2018 : Baht 863 million and Baht 256 million, two major customers from pipeline system segment and civil work segments).

35. COMMITMENTS AND CONTINGENT LIABILITIES

35.1 Purchase construction materials and subcontracted work commitments

As at December 31, 2019, the Company and the subsidiary have outstanding commitments of Baht 5,070 million, EUR 2 million and USD 1 million, in respect of purchase construction materials and subcontracted work (the Company only: Baht 690 million, EUR 2 million and USD 1 million) (December 31, 2018 : Baht 2,683 million and USD 1 million, the Company only: Baht 167 million and USD 1 million).

35.2 ing lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of land, machines, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

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

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Payable :				
In up to 1 year	14	19	12	17
In over 1 and up to 5 years	8	10	7	9

35.3 Service agreement commitments

The Company and its subsidiary have entered into service agreements in respect of the consultant and security. The terms of the agreements are generally between 1 and 2 years.

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

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Payable :				
In up to 1 year	3	1	2	1

35.4 Bank guarantees

As at December 31, 2019 and 2018, bank guarantees issued by banks on behalf of the Company and the subsidiary in respect of certain performance bonds as required in the normal course of business were as follows.

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2019	2018	2019	2018
Guarantee of construction contract and bidding	Baht 1,605 million -	Baht 1,746 million EUR 1 million	Baht 729 million -	Baht 583 million -
Guarantee of advance payment bond and retention	Baht 1,417 million	Baht 734 million	Baht 407 million	Baht 142 million
Guarantee of others	Baht 6 million	Baht 7 million	Baht 5 million	Baht 6 million
Total	Baht 3,028 million -	Baht 2,487 million EUR 1 million	Baht 1,141 million -	Baht 731 million -

As at December 31, 2019, the Company and its subsidiaries had the obligations from related parties to use the letter of guarantee of the Company and its subsidiaries amounted Baht 2 million (December 31, 2018 : Baht 2 million).

35.5 Guarantees

- As at December 31, 2019, the Company has commitments from guarantee of credit facilities of the subsidiary amounting to Baht 695 million (December 31, 2018 : Baht 800 million) and guarantee of liabilities under finance lease agreements of the subsidiary amounting to Baht 23 million (December 31, 2018 : Baht 23 million).
- As at December 31, 2019, the Company and its subsidiary have commitment from cross guarantee of credit facilities of the Company and its subsidiary amounting to Baht 3,380 million (December 31, 2018 : Baht 3,268 million).

36. LITIGATIONS

- On December 6, 2011, a government agency sent a letter to a bank asking to hold the bank guarantee of Baht 20 million that the Company deposited as the mortgage since the said agency claimed that the Company failed to perform according to the contract.

On December 29, 2011, the Company filed the abovementioned agency and its parties to the Central Administrative Court for the sentence of releasing the captioned bank guarantee with the compensation charge in total Baht 27.5 million plus the interest rate of 7.5 % per annum including any related fee from the next day of filing date until completion of payment since the Company considered that such a claim was not caused by the Company's fault. on the contrary, the Company could not perform according to the contract due to the law of restricted areas.

On May 20, 2015, the Central Administrative Court had rendered judgement and ordered the government agency to return the Baht 20 million bank guarantee dated 31 August 2007 to the Company under the condition that both the Company and bank jointly shared the responsibility to pay the total of Baht 10 million plus the interest rate of 7.5 % per annum from the next day of filing date (29 December 2011) until completion of payment or within 60 days starting from the date of final judgement whereas all remaining parts to be dismissed.

On June 19, 2015, the government agency made an appeal to the Central Administrative Court and later on October 16, 2015, the Company made an appeal clarification to the court. Presently, the Central Administrative Court is considering the appeal clarification. However, the Company has already recorded the contingent liabilities of Baht 20 million arisen in the financial statements.

- 36.2 On May 24, 2011, a private company (litigant) filed the case to the Commercial Court against the subsidiary claiming that the subsidiary has defaulted on the contract claiming damage of Baht 17.5 million plus the interest rate of 7.5 % per annum starting from the filing date until completion of payment.

On September 21, 2011, the subsidiary submitted the clarification statement to the Commercial Court by refusing the accusation of the litigant and requested the court for dismissal and also to order the litigant to pay the completed work charge of Baht 10.9 million, according to the contract, to the subsidiary.

On July 21, 2014, the Civil Court made a sentence for the subsidiary to pay to the litigant the penalty charge of Baht 11 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment and cost of execution of Baht 0.1 million for the litigant.

However, the fact for litigation, the subsidiary then submitted an appeal for the Civil Court's judgement to the court.

On July 8, 2015, the subsidiary submitted a request to place the guarantee as per the Civil Court's judgement to waive the judgement execution and the Court of first Instance later ordered on July 21, 2015 that the subsidiary had placed the guarantee as per the report dated July 8, 2015 consisting of a deposit account book and confirmation letter of deposited amount of Baht 15.4 million at Kasikorn Bank Plc. and the title deed and certificate of utilisation of land (Nor Sor 3) located at Nongkradorn Sub-district, Muang Nakhonsawan District, Nakhonsawan Province, totaling 7 plots of 102 rai, 9 ngan and 289 square wah with the certificate of land appraisal issued by Nakhonsawan Land Office dated July 3, 2015, totaling Baht 3.1 million. The Court of first Instance therefore, restrained the judgement execution temporarily until the Appeal Court shall issue an order for the request to suspend the execution of the sentence.

On October 20, 2015, the Appeal Court sentenced to vacate judgement of the Civil Court to dispose of the case in order for both plaintiff and defendant to settle their dispute through institutional arbitration and the executing officer later issued the withdrawal order of sequestration on October 28, 2015.

On November 12, 2015, the court ordered to return the guarantee and pay the appeal fee of Baht 0.2 million including the related cost of execution fee of Baht 0.3 million to the subsidiary.

On November 19, 2015, the litigant submitted a petition whereas on January 28, 2016, the subsidiary also submitted a petition to the Supreme Court, respectively. On September 13, 2016, the Supreme Court rendered judgement to dismiss the lawsuit since the Commercial Court had no authority to consider and also advised the plaintiff to proceed the dispute through institutional arbitration.

On January 16, 2017, the litigant had submitted the requirement to the arbitral institution for claiming that the subsidiary to compensate for the breach of contract with the damage amount of Baht 24.4 million.

On April 7, 2017, the subsidiary filed an objection against the requirement of the litigant and later on April 20, 2017, the institutional arbitration accepted the subsidiary's objection and proceeds to submit the objection to the litigant.

On March 21, 2018, the arbitral institution ordered the subsidiary and the Party to define the dispute and scheduled the date for witness investigation to be during June to November 2018.

On April 30, 2019, the subsidiary was ordered from the Arbitrator who ruled that the subsidiary to return the retention money of Baht 3.04 million with interest 7.5% per annum from March 9, 2010 to the counterparty. Other claim is terminate and expired.

On July 15, 2019, the subsidiary and counterparty agreed to enter into a memorandum to compromise and reduce the debt amount of the judgment decision to Baht 5 million and agreed to forego the rights on other claims. On the same day, the subsidiary paid Baht 5 million to the counterparty.

- 36.3 On December 4, 2007, the subsidiary filed a suit to the Central Administrative Court against a government agency (litigant) in order for payment of a penalty charge of Baht 13.4 million for termination of construction contract by deducting the advance payment of Baht 7.7 million as per the contract and the total of penalty charge to be paid Baht 6.1 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment. However, the litigant submitted its pleading to the Central Administration Court on August 20, 2008 claiming that the amount of the penalty charge was overrated and the third resolution of the Compensation Committee was made on July 16, 2008 to order the government agency to pay the compensation of Baht 0.8 million to the subsidiary whereas ordered the subsidiary to return the amount of Baht 6.8 million to the government agency, respectively.

After that, several amendments to the petition and pleadings of both parties were made.

On April 20, 2010, the litigant submitted its latest amended pleadings to the Central Administrative Court about the fee of the advance payment bank guarantee of Baht 0.1 million and the litigant asked the court for dismissal and order the subsidiary to return the litigant the advance amount of Baht 7.7 million in order to proceed as per the employment contract.

The subsidiary submitted its latest amended pleadings to the Central Administration Court on January 24, 2012 requesting the court to render judgement ordering the litigant to offset the compensation amount of Baht 19.4 million with the amount of Baht 7.7 million advanced to the subsidiary to proceed as per the employment contract as well as paying the damage amount of Baht 12.5 million to the subsidiary plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment.

The litigant submitted its refusal pleadings and asked the court for dismissal and returning of the aforementioned advance payment amount as well.

On July 31, 2012, the court rendered judgement ordering the subsidiary to receive Baht 3.3 million and also return Baht 4.4 million to the litigant. The subsidiary then submitted its appeal for the judgement to the Supreme Administrative Court on August 29, 2012.

Since the outcome of the case is not final, the subsidiary has not yet recorded in financial statements.

36.4 On April 24, 2008, a private company and its partner (litigant) filed suit to the Administrative Court of First Instance against the Company and its partner on violation against the contract and sued for damages of Baht 6 million plus the interest rate of 7.5% per annum starting from the filing date until completion of payment.

On May 29, 2012, the court rendered judgement of dismissal but later on June 20, 2013, the litigant appealed to the Supreme Administrative Court and on August 9, 2013, the Company submitted an amendment of appeal requesting for the dismissal.

Since this case remains under the consideration of the Supreme Administrative Court and since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in the financial statements.

36.5 On September 14, 2015, the plaintiff (the litigant) filed a lawsuit against a government agency and 8 co-defendants to the Administrative Court for compensation of damages from loss of income of Baht 87.5 million. The Company is sued as the fifth defendant. On March 11, 2016, the Company filed an objection against the plaintiff's request to waive the court fee. Later, on October 28, 2016, the Company filed a statement to fight the case to the Administrative Court.

On January 12, 2017, the Company has just submitted the statement of defence to the court and the court ordered the Company to submit the additional statement within 30 days.

During February 7, 2017 to March 31, 2017 the Company had requested to extend the submission of the additional clarification to the Administration Court. Later on April 4, 2017, the Administrative Court had ordered the Company to submit the additional clarification within May 12, 2017. On June 12, 2017, the Company submitted the additional statement to the Administration Court.

On January 9, 2019, the Administrative Court ordered the date of January 31, 2019 is the last day of investigation.

On April 29, 2019, the Administrative Court had ordered to cancel the ending date for seeking facts and had ordered to set May 13, 2019 as the new ending date for seeking facts.

Since this case has been remained under consideration of the Administrative Court, the Company's management is confident that the company will not gain any significant loss (if any) from this litigation. Any provision of liabilities then have not yet been recorded in the financial statements.

36.6 On December 6, 2017, the co-contractor of the Company's construction project had filed a lawsuit to the arbitrator requesting the Company to return the collateral held at the amount of SGD 1.6 million or equivalent to Baht 39.4 million with interest rate of 7.5% per annum starting from the filing date until completion of payment. On June 21, 2018, the arbitration Institution had announced the appointment of the chairman of arbitration. On July 17, 2018, the Company and the Party were present before the arbitrator for determination of the dispute and set the date for witness investigation.

On November 22, 2018, the witness examination was completely made by the arbitration and both parties.

On January 23, 2019, both parties submitted their closing statements within the due date for final decision of the arbitration.

On July 9, 2019, the arbitrator had a meeting to explain the opinion on the case. The 2 arbitrators had an opinion to return the sum under the guarantee letter of SGD 1.6 million with an interest rate 7.5% per annum from December 6, 2017 to the Party and 1 arbitrator had an opinion for the company not to return the

money of the full amount in the guarantee letter to the Party. If both parties do not agree with any opinion, a petition should be prepared to explain a reason to support within 30 days from such date.

On August 7, 2019, the Company submitted a petition to explain the opinion of the company to the arbitrator explaining and giving opinion on issues that they do not reach agreement with the arbitrator's explanation.

On September 4, 2019, the arbitrator institute notified the opinion of the arbitrator by standing on the explanation that was informed to every party.

On November 13, 2019, both parties have agreed to enter into a compromise agreement to pay in accordance with the award of the arbitrator by offsetting the debt. The outstanding amount of principal and interest from the date of lawsuit to October 31, 2019 that the Company has to pay to the claimant is totaled SGD 1,726,706.70 or approximate Baht 38.89 million by dividing into 2 installments: November 15, 2019 amount of Baht 36.25 million and February 28, 2020 amount of Baht 2.64 million, respectively.

- 36.7 On February 5, 2018, the supplier for the Company's construction project had filed a lawsuit to the Commercial Court requesting for payment of outstanding amount of Baht 23.5 million with interest rate of 7.5% per annum starting from filing date until completion of payment. On May 16, 2018, the Company submitted the testimony to the Court and the mediation was conducted on August 28, 2018 but could not come to an agreement. On October 1, 2018, the Court ordered the Company and the Party to determine the dispute and scheduled the date for witness investigation from both parties in March 2019.

Later, on March 5 - 7, 2019, both parties were conducting the witness examination of each party but the witness examination of the Company was not finished. Therefore, the Court had ordered for the appointment of additional witness examination on April 26, 2019.

Later on April 26, 2019, the Company was conducting the witness examination but the process was not finished. Therefore, the Court had ordered for the appointment of witness examination on May 29, 2019.

Later on May 29, 2019, the Company was conducting the witness examination but the process was not finished. Therefore, the Court had ordered for the appointment of witness examination on July 12, 2019.

Later on July 12, 2019, the Company has proceeded with the witness examination. Both parties announced to finish the witness investigation. The Court ordered to prepare an announcement for closing the case to be filed to the Court within August 15, 2019.

On October 9, 2019, the Court ordered the Company to pay the outstanding amount for goods in the amount of Baht 23.5 million with interest rate 7.5% per annum from February 6, 2018 until settlement is completed.

However, the Company still has facts that can defend with the parties. The Company has proceeded to appeal the judgment of the Court of First Instance. The Company has recorded in the financial statements as the case is under the process of appeal filing by the Company and staying the execution of a sentence and unpaid goods in such amount. Therefore, the Company is not necessary to set the provision of contingent liabilities.

- 36.8 On October 16, 2017, the Nakhon Ratchasima Administrative Court accepted a case between a litigant and the government agencies, requesting the Court to issue an order as relating to the following;

- 1) Requesting that the government agencies revoke the permission to use the water from a reservoir that had been granted to the associate.

- 2) Requesting the revocation of the Environmental Impact Assessment Report for potash and rock salt mining, and
- 3) Requesting the revocation the report on changes in project details and the associate's environmental impact prevention and amelioration measures and environmental impact inspection measure.

On January 15, 2018, the Nakhon Ratchasima Administrative Court issued a summons to the associate and the associate submitted a plea statement to the Court. On October 19, 2018, the litigant filed an objection against the plea statement with the Nakhon Ratchasima Administrative Court. On November 2, 2018 the Nakhon Ratchasima Administrative Court ordered the associate to lodge an additional plea statement. On November 28, 2018, the associate had submitted additional plea statement to the Court request extension of the term for additional plea statement by 30 days from the original due date.

On December 27, 2018, the associate had submitted the additional statement to the Nakhon Ratchasima Administrative Court. At present, the case is under consideration of the Court. If the Court considers the evidence documents to be insufficient, the Court may order the plaintiff or the defendant to provide additional documents otherwise the court shall issue the appointment warrant to identify the disputes and determine the judgement date.

The management of the associate, by the internal legal counselor comment, realised that the associate has proceeded in full compliance with the principles, procedures and conditions stipulated by the law and therefore believes that the case will not have any material impact to the business of the associate.

- 36.9 On June 28, 2018, the Nakhon Ratchasima Administrative Court had ordered to accept the complaint between a litigant and government agencies, requesting the Court to issue an order to revoke the environmental impact assessment report for the Cogeneration Power Plant for the associate's Potash and rock salt project.

On October 11, 2018, the associate had submitted the claim to be the disputant in order to declare the fact to the Court regarding the litigation between the litigant and the government agencies. The Court had an opinion on November 1, 2018 that the associate's claim is not complete. The Court had ordered the associate to rectify the claim. The associate had already submitted the revised claim to the Court on November 28, 2018. On February 7, 2019, the associate had received the notice of court order to amend the claim again. On March 1, 2019, the associate had followed the Court's order and the Court had allowed the claim to be the disputant as a joint prosecution. This prosecutor was set to be the case No.6 and it had the same right as the original prosecutor.

Later on September 26, 2019, the Company received the letter notifying of the court order. The case complainer has objected the testimony and the court ordered to receive the objection to such testimony on September 19, 2019. If the company intends to check and make a copy of the objection to the testimony, the court gave permission. If the company intends to give additional testimony specific to the related area, it has to inform the court within 30 days from the court order letter receiving date. The associate has filed a petition to process making a copy of the objection to the testimony and filed additional testimony to court on October 4, 2019. Presently, it is under court consideration and to issue an instruction order requiring the period of time for the associate to prepare further testimony.

The management of the associate, by the internal legal counselor comment, realised that the associate

has proceeded in full compliance with the principles, procedures and conditions stipulated by the law and therefore believes that the case will not have any material impact to the business of the associate

- 36.10 On August 1, 2019, the subsidiary is the plaintiff suing the case against 2 government units as defendant No.1 and No.2 civil court as the black court case Por. 4156/2562 to pay for the surcharge, expense, and damage due to breach of agreement of a construction project of the subsidiary in the amount Baht 28.6 million with interest 7.5% per annum of the principal Baht 26.8 million from the suing date onwards until payment is complete. The court scheduled for plaintiff witness investigation or day of settlement of issues to October 21, 2019.

On November 25, 2019, the Company has received the testimony from the parties. As the case is quite complicated in defending, therefore, the Court has given the subsidiary the opportunity to fully defend the case, to examine the testimony, to prepare the witness and documents. The case of the Company is under investigation and document collecting for the testimony.

- 36.11 On October 16, 2019, the trade payable of the Company's construction project has filed a lawsuit with the Civil Court in violation of the employment agreement by paying the debt and damages amounted Baht 10.50 million with interest rate 7.5% per annum, onwards until the case is settled. The Court has determined the submission of a defense case by February 12, 2020.

The Company has recorded some outstanding liabilities in financial statements as the case in under investigation and collecting documents for the testimony by the Company. Therefore, the Company is not necessary to set the provision of contingent liabilities in the financial statements for the difference from the outstanding liabilities.

- 36.12 On November 20, 2019, the contractor payables of the construction project of a subsidiary have filed a lawsuit with the Civil Court in violation of the employment agreement, unpaid wages and claiming damages amounted to Baht 1.25 million with interest rate 7.5% per annum, onwards under the case will be settled. The Court has ordered the witness examination appointment on January 21, 2020.

Later on, the Court has ordered to postpone the examination of witness and testimony to February 5, 2019 because the parties have submitted the request to extend the time for investigation and document collection.

As the case is under investigation and document collection for the testimony, therefore, the Company is not necessary to set the provision of contingent liabilities in the financial statements.

37. FAIR VALUE HIERARCHY

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

In Million Baht								
Consolidated Financial Statements								
2019				2018				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Liabilities for which fair value are disclosed								
Debtentures	-	30.0	-	30.0	-	180.3	-	180.3

In Million Baht								
Separate Financial Statements								
2019				2018				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Liabilities for which fair value are disclosed								
Debtentures	-	30.0	-	30.0	-	180.3	-	180.3

38. FINANCIAL INSTRUMENTS

Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, accounts receivable/payable - retention, loans to/from, restricted deposits at banks, trade and other payables, liabilities under finance lease agreements, and debtentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to its deposits at banks, loans to/from, liabilities under finance lease agreements and debtentures. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at December 2019 and 2018, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

In Million Baht						
Consolidated Financial Statements						
As at December 31, 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	180	2	182	0.13 - 1.20
Trade and other receivables	-	-	-	700	700	-
Accounts receivable - retention under construction contracts	-	-	-	216	216	-
Restricted deposits at banks	1	-	10	-	11	0.45 - 1.30
	1	-	190	918	1,109	
Financial liabilities						
Bank overdrafts and short-term loans from banks	473	-	-	-	473	3.00 - 7.12
Trade and other payables	-	-	-	509	509	-
Accounts payable - retention under construction contracts	-	-	-	101	101	-
Liabilities under finance lease agreements	2	2	-	-	4	4.75
Debentures	30	-	-	-	30	4.80
	505	2	-	610	1,117	

In Million Baht						
Consolidated Financial Statements						
As at December 31, 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	80	2	82	0.10 - 1.30
Trade and other receivables	-	-	-	715	715	-
Accounts receivable - retention under construction contracts	-	-	-	103	103	-
Restricted deposits at banks	1	-	15	-	16	0.45 - 1.30
	1	-	95	820	916	
Financial liabilities						
Bank overdrafts and short-term loans from banks	582	-	-	-	582	3.00 - 6.87
Trade and other payables	-	-	-	744	744	-
Accounts payable - retention under construction contracts	-	-	-	45	45	-
Liabilities under finance lease agreements	4	2	-	-	6	5.02 - 5.03
Debentures	179	-	-	-	179	4.80
	765	2	-	789	1,556	

In Million Baht						
Separate financial statements						
As at December 31, 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	93	1	94	0.13 - 1.20
Trade and other receivables	-	-	-	471	471	-
Accounts receivable - retention under construction contracts	-	-	-	69	69	-
	-	-	93	541	634	
Financial liabilities						
Bank overdrafts and short-term loans from banks	249	-	-	-	249	3.00 - 7.12
Trade and other payables	-	-	-	266	266	-
Accounts payable - retention under construction contracts	-	-	-	13	13	-
Short-term loans from related parties	748	-	-	-	748	2.50 - 5.50
Liabilities under finance lease agreements	1	2	-	-	3	4.75
Debentures	30	-	-	-	30	4.80
	1,028	2	-	279	1,309	

In Million Baht						
Separate financial statements						
As at December 31, 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	6	1	7	0.10 - 1.25
Trade and other receivables	-	-	-	484	484	-
Accounts receivable - retention under construction contracts	-	-	-	49	49	-
	-	-	6	534	540	
Financial liabilities						
Bank overdrafts and short-term loans from banks	480	-	-	-	480	3.00 - 4.60
Trade and other payables	-	-	-	497	497	-
Accounts payable - retention under construction contracts	-	-	-	10	10	-
Short-term loans from related parties	510	-	-	-	510	2.50 - 4.50
Liabilities under finance lease agreements	179	-	-	-	179	4.80
Debentures	1,169	-	-	507	1,676	

Foreign currency risk

The Company and its subsidiary's exposure to foreign currency risk arises mainly from buying and services transactions and borrowings that are denominated in foreign currencies. In certain circumstances, the Company and its subsidiaries enter into forward exchange contracts when it considers appropriate.

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

Consolidated financial statements						
Foreign currency	Financial assets as at December 31,		Financial liabilities as at December 31,		Average exchange rate as at December 31,	
	2019	2018	2019	2018	2019	2018
	Thousand)	Thousand)	Thousand)	Thousand)	(Baht per 1 foreign currency unit)	
US dollar	5	610	50	504	30.1540	32.4498
Euro	2	2	90	126	33.7311	37.1252

Separate financial statements						
Foreign currency	Financial assets as at December 31,		Financial liabilities as at December 31,		Average exchange rate as at December 31,	
	2019	2018	2019	2018	2019	2018
	Thousand)	Thousand)	Thousand)	Thousand)	(Baht per 1 foreign currency unit)	
US dollar	34	638	50	504	30.1540	32.4498
Euro	1	1	90	90	33.7311	37.1252

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value of financial instrument

The Group uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

The following table shows the carrying amounts and fair values of financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated Financial Statements (In Million Baht)				
	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial liability not measured at fair value				
- Debentures	-	30.0	-	30.0

Consolidated Financial Statements (In Million Baht)				
	Level 1	Level 2	Level 3	Total
As at December 31, 2018				
Financial liability not measured at fair value				
- Debentures	-	180.3	-	180.3

Separate financial statements (In Million Baht)				
	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial liability not measured at fair value				
- Debentures	-	30.0	-	30.0

Separate financial statements (In Million Baht)				
	Level 1	Level 2	Level 3	Total
As at December 31, 2018				
Financial liability not measured at fair value				
- Debentures	-	180.3	-	180.3

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

Valuation techniques on fair value and inputs for Level 2 valuations

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the net assets value per unit as announced by the fund managers.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

Consolidated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans from financial institutions	581,804	(108,753)	-	473,051
Debentures	179,750	(150,000)	250	30,000
Liabilities under a finance lease agreements	5,976	(5,113)	3,010	3,873
Total	767,530	(263,866)	3,260	506,924

Consolidated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2018	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2018
Short-term loans from financial institutions	70,358	511,446	-	581,804
Short-term loans from other parties	30,000	(30,000)	-	-
Debentures	300,000	(121,080)	830	179,750
Liabilities under a finance lease agreements	17,215	(11,239)	-	5,976
Total	417,573	349,127	830	767,530

Separated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans from financial institutions	480,000	(230,949)	-	249,051
Short-term loans from related parties	510,000	238,000	-	748,000
Debentures	179,750	(150,000)	250	30,000
Liabilities under a finance lease agreements	-	(901)	3,009	2,108
Total	1,169,750	(143,850)	3,259	1,029,159

Separated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2018	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2018
Bank overdrafts and short-term loans from financial institutions	70,358	409,642	-	480,000
Short-term loans from related parties	98,000	412,000	-	510,000
Long-term loans from other parties	30,000	(30,000)	-	-
Debentures	300,000	(121,080)	830	179,750
Liabilities under a finance lease agreements	7,233	(7,233)	-	-
Total	505,591	663,329	830	1,169,750

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

40. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the separate statement of financial position as at December 31, 2019 Group has the debt to equity ratio 3.43 : 1 (as at December 31, 2018 : 3.35 : 1) and the Company only has the debt to equity ratio 2.94 : 1 (as at December 31, 2018 : 3.88 : 1)

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors on February 24 , 2020.



TRC CONSTRUCTION PLC

บริษัท ทีอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)

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