



ANNUAL REPORT 2019

รายงานประจำปี 2562

บริษัท ศรีราชาคอนสตรัคชั่น จำกัด(มหาชน)

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED

WWW.SRICHA.COM

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Message from Chairman of the Board

During 2019, the global economy have been impacted by various factors, from the China-United States trade wars , the prolonged demonstration in Hong Kong which lasted for many months, hence the growth rate was at 3.0 percent. It is expected that in 2020, the global economy should be at 3.2 percent but the Covic-19 pandemic can worsen the world economic situations, for instance, it made the world's travel industries have plummeted which severely impacted to the related businesses, such as airlines, hotels & accommodation and export businesses during the first half of the year. However, it is anticipated that the fast-growing business emerged are medicine and medical supplies and hospitals. It is remarkably that India did not have much impact from Covic-19 pandemic, may be because its people have high immunity from eating herbal food and geographical advantage as it situated in the equator. Based on economic condition of India in 2019, its growth rate has expanded more than England and France and became the country with Top 5 largest economic countries in the world and it is expected that India may rank Top 3 ahead of Japan which have been severely impacted from this coronavirus pandemic, just like China, South Korea and Italy.

When looking back at the Thai economy in 2019, its growth was 2.8 percent and it is expected that in 2020, economy of Thailand should be expanded at 1.5-2.5 percent as a result of the Covic-19 pandemic which spread throughout the world. Such growth might be driven by investments from public sectors and domestic consumption to replace tourism sector which is lack of driving forces from the Chinese tourists. Anyway, it is hopeful that tourism situation will be on a rise during the 3Q and 4Q because we have strong point on modern hospitals and expertized doctors. Nonetheless, the important risk factor that everyone should monitor this year is whether the trade wars between the United States of America and China still persist and put pressure on the global economy or not. In addition, new and sudden threat which has tremendous impact to the growth of global economy is Covic-19 pandemic as it made the global tourism industry sluggish and caused Baht fluctuation which may continually impact to Thai Export sectors this year.

In 2020, the Company is going to participate in the bidding of Clean Fuel Project (CFP) which has project value of many billions baht. Some part of this project has commenced in 2019 and at the end of 2019, the Company has won some part which has total value of 828 million Baht. Moreover, in 2020, the Company has been contacted and invited from the customers to bid in foreign project. Based on the economic growth forecast in 2020 as mentioned above, the Company has adjusted its strategies and prepared readiness on workforce and personnel who have experiences, expertise and skills in energy business as well as readiness on location, assembling factory, complete and modern machineries and equipment to support for business expansion. The Company hopes to build up business growth by taking into consideration returns to all groups of shareholders and stakeholders under business operations with moral principle, ethics, honesty, adherence to overall social responsibilities including natural, environmental conservation and development of the surrounding communities pursuant to transparent business operations and good corporate governance principles.



Mr. Yiem Chundprasit

Chairman

Sriracha Construction Public Company Limited

Report on Responsibility of the Board of Directors on Financial Reporting

2019

The Board of the Directors of Sriracha Construction Public Co., Ltd. is responsible for financial statements of Sriracha Construction Public Co., Ltd. and its affiliate which has been prepared based on generally accepted accounting principles. The Board of Directors also considered on application of appropriated accounting policies and constantly adhered to such policies, including used careful judgment and pursuant to generally accepted accounting principles to ensure that important information has been completely and adequately disclosed in the notes to financial statement.

The Board of Directors also appointed the Audit Committee to supervise the accounting policy, quality of the financial reporting as well as to review and assess internal audit and internal control system, which is the independent unit and directly reports to the Audit Committee, to ensure that the Company and its affiliate have recorded accounting information correctly, completely, on timely manner as well as have good internal control system which can prevent wrongful behavior or abnormal operation. Opinions of the Audit Committee for operations in 2019 were presented in the Report of the Audit Committee in 2018 Annual Report. The Company also developed its human resources management system continually to increase capacity, efficiency and effectiveness of the management works.

The Board of Directors is confident that the financial statements of the Company and its affiliate as at December 31, 2019 were reliable and essences of financial position, performance and cash flow as well as notes to the financial statement were correctly presented as per the generally accepted accounting principles, which was corresponding to opinion of the auditor provided in the Report of the Auditor.



Mr.Yiem Chunprasit

Chairman

Sriracha Construction Public Company Limited

Report of Audit Committee for 2019

Attention The Shareholders

The Audit Committee of Sriracha Construction Public Company Limited consists of three (3) Independent

Directors, namely:

- | | | |
|----|------------------------|---------------------------------|
| 1. | Mr. Dusit Choopanya | Chairman of the Audit Committee |
| 2. | Mr. Narong Sooksawasdi | Audit Committee member |
| 3. | Mr. Trairak Tengtrirat | Audit Committee member |

The Audit Committee independently performed duties with the support from the Board of Directors pursuant to scope of duties and responsibilities and the Audit Committee's Charter including the notifications of the Office of Securities and Exchange Commission (SEC). In 2019, the Committee held 5 meeting where all members attended. The Audit Committee also collaborated with the management, Internal Audit Department and the auditor on the relevant agenda. Such operations performed could be summarized as follows:

1. Review of the financial statements: The Audit Committee reviewed the quarterly financial statement and the annual financial report of 2019 of the Company and its affiliate including the consolidated financial statements which have been correctly prepared with adequate information disclosure and of which the Auditor has opined opinion without any conditions in such report. The Audit Committee also attended the meeting with the auditor to discuss about independency on performing duty and expression of opinions including acknowledged observation including improvement guidelines beneficial to the Company.
2. Review the internal audit and internal control system. The Audit Committee reviewed the internal control system of the Company and its affiliate which covering accounting & finance, assets supervision, operation, monitoring and results on compliance with the laws and regulations. Internal Audit Department, which is an independent unit, has check and balance mechanism and has adequate efficiency on review to ensure that the Company has appropriated, adequate and efficient internal audit and internal control system.
3. Review the corporate governance: The Audit Committee reviewed on compliance with the implemented work systems to ensure that the Company operated business with ethics and complied with the laws on Securities and Stock Exchange as well as regulations of the Office of the Securities and Exchange Commission (SEC) and other relevant laws, and particularly on the connected transaction and the complaint process including notification of clue on wrongfully behavior of the Company. In addition, the Audit Committee also performed self-assessment, as a whole committee and as individually, pursuant to prudent practices of the Stock Exchange of Thailand.

4. Review on risk management. Performance of the management including work system inspection results have been monitored and brought into the joint meeting to prevent and mitigate risks incurred in the work systems. Moreover, risk management plan has been considered to incorporate in the audit plan of the Internal Audit Department to make it appropriated and consistent with each other.

5. Supervision on internal audit work. The Audit Committee reviewed and approved the annual internal audit plan and the operating results pursuant to the internal audit plan. The Committee has provided suggestions and followed up the corrective measures pursuant to the result of the review report in the significant issues for benefits of create good corporate governance including adequate and proper internal control. The Audit Committee deemed that the Company adhered to good corporate governance and important risk management was consistent with the company's policy and the internal control system was adequate and efficient to respond to the changes, both from internal and external factors.

6. Consideration on selection and appointment of the auditor for 2019. Selection criteria of the Company's auditor considered by the Audit Committee are based on independency on performing the work, quality, operating standards, and qualifications of the auditor as per specified by the Notification of the Stock Exchange of Thailand. The Audit Committee also considered about remuneration to propose to the Board of Directors to further request for approval from the 2019 Annual General Meeting of Shareholders. In this regard, the certified public accountants of AST Master Co., Ltd. and Office of Piti Sevi Co., Ltd. have been proposed to be appointed as the auditors of Sriracha Construction Public Co., Ltd. for 2019.

In conclusion, the Audit Committee has performed duties and responsibilities as per specified in the Audit Committee Charter which has been approved by the Board of Directors as well as used adequate knowledge, capacity, carefulness and independency for benefits of all stakeholders equally. The Audit Committee was of view that the financial report of the Company was correct, reliable and pursuant to the generally accepted accounting standards. In addition, the Company has adequate risk management, with appropriated, efficient internal audit and internal control system. All operations have been performed under corporate governance principles and they were fully complied with the laws relevant to business operations of the Company.



Mr. Dusit Choopunya

Chairman of Audit Committee

Board of Directors



1. Mr.Yiem Chundprasit

Chairman



2. Mr.Dusit Choopanya

Audit Committee /
Chairman of Audit Committee



3. Mr. Narong Sooksawasdi

Independent Director /
Audit Committee



4.. Mr.Trairak Tengtrairat

Independent Director / Audit Committee



5. Mr. Kamol Ratanachai

Independent Director



6. Mr.Boonkrua Khemapiratana

Director / Managing Director



7. Mr.Gridsada Potisomporn

Director / Deputy Managing Director



8. Mr.Chatmongkol Khemapirat

Director /
Assistant Managing Director in Operation



9. Mrs.Sudchinda Sethakulvichai

Director / Company Secretary



Mr.Yiem Chundprasit (Age 81 years)

Chairman

Director Details

- ❖ Appointed since April 22, 2014
- ❖ Director term 3 years

Family Relation with executive committee

- ❖ None

Shares Held at 31 December 2019

- ❖ None

Education & Training Background

- ❖ Master of Chemical Engineering, University of Kansas, USA Bachelor of Chemical Engineering, Chulalongkorn University
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)

Work Experiences

- ❖ CEO of Chemical Engineering,
The Engineering Institute of Thailand Under H.M. The King's Patronage 2008 – Present
- ❖ Juristic Person Manager, YC Engineering Consultants 2000 – 2010
- ❖ Executive Vice President, Thai Oil Public Company Limited 1995 – 1999

Being Director at Listed Company: 1 Company

- ❖ Chairman, Sriracha Construction Public Company Limited 2011 – Present



Mr.Dusit Choopanya (Age 81 years)

Audit Committee /Chairman of Audit Committee

Director Details

- ❖ Appointed since March 10,2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2019

- ❖ None

Education & Training Background

- ❖ Diploma in Aeronautical Engineering, First Class, Royal Aeronautical College, London
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)
- ❖ Certificate of Audit Committee Program (ACP), Class 38/2012, Thai Institute of Directors (IOD)

Work Experience

- ❖ Development Project Engineer, Thai Oil Public Company Limited 1963 – 1999

Being Director at Listed Company: 1 Company

- ❖ Independent Director and Chairman of Audit Committee,
Sriracha Construction Public Company Limited 2011 – Present



Mr. Narong Sooksawasdi (Age 79 years)

Independent Director / Audit Committee

Director Details

- ❖ Appointed since April 22, 2015
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2019

- ❖ None

Education & Training Background

- ❖ Diploma in Mechanical Engineering, Rajamangala University of Technology
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)
- ❖ Certificate of Audit Committee Program (ACP), Class 38/2012, Thai Institute of Directors (IOD)

Work Experience

- ❖ Process Manager TORC1 & 2, Thai Oil Public Company Limited 1995 – 2000

Being Director at Listed Company: 1 Company

- ❖ Independent Director and Audit Committee,
Sriracha Construction Public Company Limited 2011- Present



Mr. Trairak Tengtrairat (Age 52 years)

Independent Director / Audit Committee

Director Details

- ❖ Appointed since April 22, 2014

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2019

- ❖ None

Education & Training Background

- ❖ MBA Business and Management, Seattle University
- ❖ Bachelor in Business Administration, Chulalongkorn University

Work Experience

- | | |
|----------------------------------------------------------------------------------|----------------|
| ❖ Advisor to Minister of Finance (Khun Korn Chatikavaniji) | 2009 – 2010 |
| ❖ Director crystal football club Co., Ltd. | 2008 – Present |
| ❖ Managing Director, Head of Investment Banking and Equity Capital Markets Group | 2010 – Present |

Being Director at Listed Company: 4 Company

- | | |
|------------------------------------------------------------------------|----------------|
| ❖ Independent Director and Audit Committee, Sriracha Construction PLC. | 2014 – Present |
| ❖ Director, Phatra Securities Public Company Limited | 2014 – Present |
| ❖ Independent Director and Audit Committee verandaresort PLC. | 2017 – Present |
| ❖ Senior Executive Vice President , Corporate Credit , Kiatnakin PLC. | 2018 - Present |



Mr. Kamol Ratanachai (Age 53 years)

Independent Director

Director Details

- ❖ Appointed since April 28, 2015
- ❖ Director term 3 years

Family Relationship with Executives

- ❖ None

Shares Held at 31 December 2019

- ❖ None

Education & Certifications

- ❖ M.B.A., Bangkok University
- ❖ B.A.(Accounting), Bangkok University
- ❖ Certified Internal Auditor (CIA), The Institute of Internal Auditors, U.S.A.
- ❖ Certificate of Director Accreditation Program (DAP), Class 73/2008, Thai Institute of Directors
- ❖ Certificate of Audit Committee Program (ACP) Class 23/2008, Thai Institute of Directors
- ❖ Successful Formulation and Execution of Strategy (SFE) Class16/2012, Thai Institute of Directors
- ❖ How to Measure the Success of Corporate Strategy (HMS) 2013
- ❖ Anti-Corruption:The Practical Guid, Class 21/2015
- ❖ Certificate of Director Certification Program (DCP), Class 215/2016
- ❖ Risk Management Program for Corporate Leaders (RCL), Class 9/2017
- ❖ Ethical Leadership Program (ELP) 2019
- ❖ Corporate Governance for Executives (CGE) 2019

Work Experience

- ❖ Independent Director, Matching Entertainment Co., Ltd. 2012 - Present

| | |
|----------------------------------------------------------------------|----------------|
| ❖ Independent Director, Matching Studio Plus Co., Ltd. | 2012 – Present |
| ❖ Independent Director, Matching Broadcast Co., Ltd | 2012 - Present |
| ❖ Independent Director, Gear Head Co., Ltd. | 2012 – Present |
| ❖ Independent Director, The Studio Park(Thailand) Co., Ltd | 2012 - Present |
| ❖ Independent Director, Time Laps Co., Ltd. | 2014 - Present |
| ❖ Head of Internal Audit: Superrich Currency Exchange 1965 Co., Ltd. | 2018 - Present |

Being Director at Listed Company: 3 Companies

| | |
|--------------------------------------------------------------------------------------|----------------|
| ❖ Independent Director, Sriracha Construction PLC. | 2011– Present |
| ❖ Independent Director and Audit Committee Member, Matching Maximize Solution PLC | 2010 – Present |
| ❖ Independent Director and Audit Committee, Eastern Power Group PLC | 2014 - Present |



Mr.Boonkrua Khemapiratana (Age 78 years)

Director / Managing Director

Director Details

- ❖ Appointed since April 22, 2014
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Brother of Mrs. Boonlom Farkmitra (CFO)
- ❖ Father of Mr. Chatmongkol Khemapirat, Director and
- ❖ Father of Mrs. Sudchinda Sethakulvichai, Director and Company Secretary

Shares Held at 31 December 2019

- ❖ None

Education & Training Background

- ❖ High School, Wat Suthiwararam School
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)

Work Experience

- ❖ Managing Director, Sriracha Construction (1994) Co., Ltd. 1994 – 2011
- ❖ Director, Sriracha Holding Co., Ltd. 1994 - Present
- ❖ Director, SCC Maintenance and Services Co., Ltd. 1998 – Present
- ❖ Director,B K One Co., Ltd. 2004 - Present
- ❖ Director, Thai Taihei Co., Ltd. 2011 – Present

Being Director at Listed Company: 1 Company

- ❖ Director/Managing Director, Sriracha Construction PLC. 2011 – Present



Mr.Gridsada Potisomporn (Age 62 years)

Director / Deputy Managing Director

Director Details

- ❖ Appointed since April 10, 2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Share held at December 31, 2019

- ❖ Amount 4,288,300 shares

Education & Training Background:

- ❖ Civil of Engineering, University of Melbourne, Australia
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors (IOD)
- ❖ Certificate in Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors (IOD)

Work Experiences:

- ❖ General Manager, Sriracha Construction (1994) Company Limited 1994 – 2011

Being Director at Listed Company: 1 Company

- ❖ Director/Deputy Managing Director, Sriracha Construction PLC 2011 – Present



Mr.Chatmongkol Khemampirat (Age 51 years)

Director / Assistant Managing Director in Operation

Director Details

- ❖ Appointed since April 10, 2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Son of Mr.Boonkrua Khemampiratana (position : Director/Managing Director) Brother of Mrs.Sudchinda Sethakulvichai (position : Director/Company Secretary)

Shares held at December 31, 2019

- ❖ None

Education & Training Background:

- ❖ Master of Business Administration, Oklahoma City University, USA
- ❖ Bachelor of Business Administration, Faculty of Commerce and Accountancy, Chulalongkorn University
- ❖ Certificate in Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors (IOD)
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors (IOD)

Other Current Positions

- ❖ Managing Director of Teamwork Solution Company Limited
- ❖ Managing Director of Pattay.com company limited
- ❖ Managing Director of Chonburi108.com company limited
- ❖ Managing Director of Quickmedia company limited

Being Director at Listed Company: 1 Company

- ❖ Director and Assistant Managing Director in Operation Section

, Sriracha Construction PLC

2011 – Present



Mrs. Sudchinda Sethakulvichai (Age 49 years)

Director / Company Secretary

Director Details

- ❖ Appointed since April 26 , 2015
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Daughter of Mr. Boonkrua Khemapiratana (Director/Managing Director)
- ❖ Sister of Mr. Chatmongkol Khemapirat (Director/Asst. Managing Director)

Share held at December 31, 2019

- ❖ Amount 6,878,900 shares

Education & Training Background:

- ❖ Bachelor of Business Administration, International Business, Assumption University
- ❖ Master of Science in Procurement and Logistics, Golden Gate University, USA
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors
- ❖ Certificate in Financial Statements for Directors (FSD) Class 14/2011 Thai Institute of Directors
- ❖ Certificate in Effective Minute Taking (EMT) Class 18/2010 Thai Institute of Directors
- ❖ Certificate in Board Reporting Program (BRP) Class 4/2010 Thai Institute of Directors
- ❖ Certificate in Company Secretary Program (CST) Class 37/2010 Thai Institute of Directors
- ❖ Certificate in Advances for Corporate Secretaries (ACS) Class 2/2016 Thai Institute of Directors

Being Director at Listed Company: 1 Company

- ❖ Director/Company Secretary at Sriracha Construction PLC 2011 – present

Other Current Positions

- ❖ Director, SCC Maintenance and Services Company Limited



Mrs. Boonlom Farkmitra (Age 76 years)

Executive Committee / Assistant Managing Director of Finance & Account

Family Relation with Executives

- ❖ Sister of Mr. Boonkruea Khemapiratana, Director and Managing Director

Shares Held at 31 December 2019

- ❖ Amount 250,000 shares

Education & Certifications

- ❖ Mini MBA, Thammasat University
- ❖ Bachelor of Accounting, Thammasat University

Work Experience

- ❖ Financial Accounting Manager, (Thailand) Co., Ltd. 1968 – 2003
- ❖ Financial Accounting Manager, Sriracha Construction (1994) Co., Ltd. 2003 – 2011

Other Current Positions

- ❖ Executive committee/ Assistant Managing Director Finance & Account,
Sriracha Construction PLC. 2011 – Present

BUSINESS OPERATION

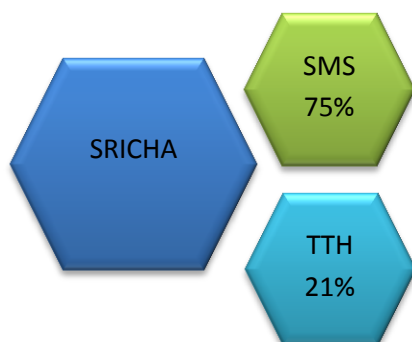
1. Policy and Overview of Business Operation

❖ Overview on Business Operation Policy of the Company and the Group of Companies

The company engages in steel structure construction business to the main contractor and the project owner directly. Main customer bases of the Company are customers in energy industry, i.e. oil refinery, power generation industry, petrochemical industry and mining industry. Engineering services rendered by the Company can be divided into:

1. Steel Structure. The Company will design details, procure materials, assemble and install steel structure of pipe bridge and pipe rack for transmission of liquids, including equipment and machineries in various industries, such as oil refinery, power generation industry, petrochemical industry, beverage industry as per specified by the customers
2. Piping. Fabrication, installation and connection of pipes used for transportation liquid and gas, such as oil and solvents and etc., to heavy industries, such as petrochemical plant, oil refinery and power plant.
3. Tanks, Equipment & Mechanical Installation and Modification. The Company provides services of fabrication, installation and modification of liquid tanks, equipment and materials including Heavy Lift Operation used in industrial factories, i.e., petrochemical plant, oil refinery, beverage manufacturing plant and etc.
4. Other Works apart from the above mentioned work, i.e. improvement and maintenance of machinery and equipment, which include moving of machinery, equipment and materials used in heavy industry, i.e. petrochemical plant, oil refinery, beer manufacturing plant, which requires specify expertise. Such work can be performed on live plant and area of new construction plant.

As at December 31, 2019, the Group of Companies consists of the Company, 1 affiliate and 1 joint-stock company, as follows:



1. **SCC Maintenance Services Co., Ltd. ("SMS")** - a affiliate, which engages in business of maintenance services for the machineries, annual overhaul or improvement of manufacturing unit in Eastern Seaboard areas, as well as construction work which has value less than 100 million baht in Rayong Province, Most of income derived from maintenance work in Rayong province, particularly in petrochemical plant, beverage

2. **Thai Taihei Co., Ltd.** – a joint-stock company. This company was established in 1990 by Taihei Denkyo Kaiza Co., Ltd. which was the construction company with proficiency in the design and construction of power plants. Taihei Co., Ltd. was established for construction of power plants business in Thailand. The Company joined as shareholder for the benefits of procurement of the power plants project. At present, Taihei Co., Ltd. does not have any significant project construction.

2. Mission and Objective

❖ Mission

To become one of the leadings company with world class standard that sustained the reliability and acceptability in mechanical and engineering construction from people in heavy industrialized business both domestic and international and to be known as one of the most reliable and acceptable construction company worldwide.

❖ Organization values :

To complete work within the specified time period.

To maintain the highest level of safety standard.

To submit work in accordance with customer's requirements.

To increase the competency of staffs, management system, information system with advances technologies system.

To Keep up with the World class Construction Standard.

To have a strong corporate social responsibilities.

❖ Objectives

The Company sets the clear vision to become one of the leadings company with world class standard that sustained the reliability and acceptability in mechanical and engineering construction from people in heavy industrialized business both domestic and international and to be the most reliable and acceptable construction company worldwide. In order to achieve such vision, the Company sets the objectives of 3 main aspects; to success in mechanical construction of heavy industrial business, to continue develop the capabilities of the staffs, and to work in transparency.

To success in mechanical construction of heavy industrialized business.

The Company focuses on developing the organization and increasing the potential in business operation in several aspects as follows:

To become the leader in construction business of heavy industrialized business

The Company focus on being the leader in mechanical, engineering construction and services of heavy industrialized business as the main business of the Company, The Company emphasizes on developing the competency of staffs, management, information system and advance technologies system so that the Company can gain the best in service qualities with world class standard and to complete the project in time.

Enhance the financial status

In conversion to public company limited and in registration with the Stock Exchange of Thailand, the company has a great chance to raise fund for business expansion in the future. It also enhances the company's profile that would also give a greater chance of acquiring a good project in the future from both domestic and international clients.

Create and maintain the business allies

Presently, the company has business allies who are the project executives or the main contractors in many international projects. The Company is generally accepted and well known for the best quality of work as from history the company has shown the competent in completing many projects that required good experiences, proficiency, highest safety standard and special expertise in the operation. The mentioned business alliance increased the opportunity to earn the big construction or services projects in foreign countries continuously. The Company has set the goal of creating more alliance both in the numbers and the relationship.

The objective in developing and maintaining the staffs

The Company is well aware that staff is one of the most crucial part for successful of the company. That's why there are the policies that enhance the development of staff in both management and operational levels, especially engineer which is considered to be the most important resources of the Company. The Company sets forth the plan to continually develop the knowledge and competence of staffs both in special fields and principle of project management as well as encouraging team work for exchanging the opinion and learning from others. There is also the development of efficiency in operation while maintain the competitiveness of work. Moreover, the company also planed to create the learning institute for developing the proficiency of all human resources of the company. The Company maintains valuable human resources by monitoring their needs and constantly assess their performance as to provide the benefit that match their ability. An increase in salaries, bonus and other benefit of the employee depends on individual work performance along with the financial status and work performance of the Company. Furthermore, the Company also issued an ESOP (Employee Stock option) to employees and key persons of the Company. The company believes that if employees' need and requirement are met, they will work happily and devote more to the company. These all enforce the Company to be able to maintain the staffs with quality and significance for the Company.

The objective in business operation with transparency

The Company sets the goal in operating with transparency, honesty, and efficiency. The policies are set for good governance that cover the important principle in the rights of shareholders, the treat with shareholders equally, the consideration on the roles of stakeholder, the sufficiently revelation of data for all related person and the responsibilities of committees. These will be the guidelines in operating the business to achieve the objectives and the goals set in the business operation following the correctness and transparency.

Background and significant development during the past period

Sriracha Construction PLC (“the Company”) operates business in Mechanical Engineering and Construction. Most tasks are complicated and require high proficiency, for example, Mechanical Construction, pipeline system construction, and large metal tanks including the installation of Machine and Equipment. The Company has a lot of experience in Detailed Engineering, Procurement, and Construction of industrialized business focusing on the specialty in the construction of heavy industrial factories.

The Company was established by Mr. Boonkrua Khemapiratana in 1994 with the registration capital of 10 million baht. After that, the registration capital was increased for serving the operational expansion in the future. At present, the registration capital of the Company is at 310 million baht. The Company is located in Chonburi Province near the location of industrial estates and industrial factories which are the main target groups of the company, for example, petroleum industrial factories, petrochemical industrial factories, energy industrial factories, power plants, and large food and agriculture industrial factories.

Earlier, most tasks were the civil construction and mechanical Construction. Especially for the Mechanical Construction, it could bring a lot of fame to the Company proven by the tasks both in the quality and the Track Record. The Company was also acceptable and well known among customers in the heavy industrial business both domestic and international. Therefore, the Company changes the strategy to focus more on Mechanical Construction which can create more profits and reduce the work of Civil construction which creates lower profits. The Company is well aware of the tendency for the continually increasing demand of the Mechanical Construction in heavy industrialized business on July 23rd 1997 the Company had increased the registration capital from 10 million baht to 50 million baht. The Par value was at 100 baht per share as to serve the expansion of the company which require an increasing capital. The Company was invited to participate in the expansion of production in the oil distillation factory of Esso (Thailand) Public Co., Ltd. The Foster Wheeler company was the administrator of the main project leading the fame to the Company including the acceptance from the project’s owner both in the construction operation with quality and in the punctual submission of tasks to be acceptable in the construction of heavy industrialized business, especially in the petroleum and petrochemical industries. The Company gained great reliability from construction contractor of oil distillation factories and other large industrial factories and become well known among customers ever since.

For more than 18 years, the Company has continually succeeded in the construction of several projects in the heavy industry, for example, petroleum, petrochemical industrial factories, energy industrial factories, power plant, mineral smelting factories, and food and beverage production factories. This results in the fame of the company to be reliable among customers for the standardized construction operation, the quality of work, the punctuality in work submission, and the highest safety during the operation. The successful and experience history made the Company to be able to enlarge the scope of service to cover the large construction for both domestic and international.

In 2008, the company was awarded the project with value over 7,000 million baht by the large construction company from foreign countries. Then the Company decided to increase the registration capital to 225 million baht in 2010 and to 310 million baht in 2011 respectively as to serve the rapid expansion of Company’s operation in the future. Presently, the Company has 3 factories based to support the construction in several projects, for example, factory of cutting and welding mechanical construction, factory of cutting and welding pipelines, and factory of sand

blasting and painting. The 3 factories have productivity in mechanical instruction and pipelines in the quantity of about 20,000 tons per year including the productivity in the welding of metal pipes of about 1,000,000 Diameter Bore/year.

The Company develops the organization to reach the international level by improving the organization structure, developing the operational process and internal control, and developing the knowledge and competence of personnel. The continual development causes the Company to reach international standard and receive several certificates, for example, the standard of ISO 9001:2008 for the mechanical construction and pipe assembly as well as the certificate of safety from the Main contractors of the world.

Business Structure

The revenue structure of the Company and the affiliates in 2017 - 2019 was classified and described as follows:

| Types of Income | | 2019 | | 2018 | | 2017 | |
|----------------------------------------------|-----|---------------|------------|---------------|------------|----------------|------------|
| | | Approved FS | | Approved FS | | Approved FS | |
| | | Value | % | Value | % | Value | % |
| | | | | | | | |
| 1. Steel Structure | | | | | | | |
| Domestic | SCC | 20.18 | 2.18 | 46.98 | 5.72 | 143.2 | 11.11 |
| International | SCC | - | - | - | - | - | - |
| 2. Piping and and installation | | | | | | | |
| Domestic | SCC | 216.22 | 23.34 | 134.10 | 16.36 | 427.9 | 33.3 |
| International | SCC | - | - | - | - | - | - |
| 3. Machine and equipment installation | | | | | | | |
| Domestic | SCC | 28.11 | 3.03 | 9.21 | 1.12 | 59.9 | 3.9 |
| International | SCC | - | - | - | - | - | - |
| 4. Installation and maintenance | | | | | | | |
| Domestic | SCC | - | - | 1.76 | 0.22 | 3.4 | 0.3 |
| Domestic | SMS | 307.06 | 33.15 | 246.72 | 30.10 | 212.2 | 16.5 |
| International | SCC | 306.27 | 33.06 | 371.51 | 45.33 | 410.4 | 32.0 |
| 5. Other income* | | | | | | | |
| Domestic | SCC | 48.49 | 5.23 | 9.36 | 1.15 | 25.4 | 2.0 |
| International | SCC | - | - | - | - | 1.6 | 0.1 |
| Total | | 926.33 | 100 | 819.58 | 100 | 1,284.1 | 100 |

Unit: million baht

Note: SCC = Sriracha Construction Public Co., Ltd. / SMS = SCC Maintenance Services Co., Ltd.

Our products and service can be classified into 4 types as follows:

❖ Steel Structure

The company works with fabrication and installation of steel structure for heavy industrial factories, by using steel plate and structural steel from both domestic and international as the main materials. Those steel structures will be prefabricating from our fabrication shop in order to reduce time consume and solving problem before deliver to site for installation. At present, the Company can produce the steel structure in the maximum of 20,000 tons per year. The constructions of steel structure mostly use in a large scale industrial, particularly, power plants, oil and gas, petrochemical and oil refinery.

❖ Piping

The company has high proficiency in piping installation. Most customers will usually provide pipe material for the company due to engineering design. Those pipes are imported from oversea due to high quality of pipe in which cannot produce domestically. Most of pipes are seamless with special diameter and thickness more than pipes used in other industries, For example, Carbon Steel, Stainless Steel and Alloy with and special metal such as titanium. Especially for the pipelines in petrochemical factories and oil refinery factories, those pipes are used for carrying chemical substance in the production process. The materials used in those industrial must be resistant to high pressure and heavy environmental conditions. Therefore, that type of work will need high accuracy in the construction. We have a very high experienced engineering team with proficiency in piping installation and fabrication along with the quality control of inspection.

❖ Tanks, Equipment & Mechanical Installation

The company provides the service of fabrication, installation and modification of liquid tanks, equipment, and materials including Heavy Lift Operation in industrial factories, for example, oil refinery factories, beverage manufacturing factories, plastic manufacturing factories and petrochemical factories, etc. The examples of this kind of work are the installation of metal tanks, compressors, big pumps, etc. We provide service from the material supply until complete installation or only installation depends on customer demand.

❖ Other operations; maintenance of machines

We provide maintenance service of machines and equipment in industrial factories for increasing the efficiency in the operation and for the expansion of capacity. The operation mostly consists of lifting, transferring, and installing machines and equipment in which requires special competence and experience construction team while those plant are running (Live Plant). Most of the operations are the projects with limited

duration and high regulation of safety. We provide service of maintenance mostly for petrochemical factories, oil refinery factories, beverage manufacturing plants, etc.

BOI Received

Currently, Sriracha Construction Co., Ltd. has been promoting in the investment of the Board of Investment (BOI) in the manufacture of Steel Structure equipment for industrial type 19.04: Fabrication Industry or repair Platform by benefits and conditions.

Marketing Conditions and Competition

❖ Marketing Strategies

In selecting a contractor for the construction project in most heavy industrial business, the owner/main contractor will consider mainly on the contractor's reputation and their past experience. This is because the failure, delay, or construction under-standard will vastly and directly effect on the operation of the owner/main contractor. As a result, the main strategies of the Company are to build a strong relationship with customers and maintain a good reputation of the company. The long term strategic plan for achieving the Company's objectives will be as follows:

❖ Operational Safety Standard

The safety at work is considerably important both for the owner/main contractor and the contractor. The occurring accident can directly affect the project possibly causing the project to delay or damage. Moreover, the occurrence of accident may affect the encouragement of the employees as well. Therefore, controlling the operation to have high level of safety standard is the most important factor in creating the reliability to the owner/main contractor and reputation of the Company. Before start construction a new project, the Company will do an analysis on the possibility of accident which may occur in each process as well as finding the preventive to reduce the risk from accident, training the employees to be aware of the possibility of accident, educate employees, and increase the carefulness. In each project, the Company provides adequate Personal Protection Equipment (PPE) to all employees in order to meet with international safety standard. The Company has excellent history in safety proven record as can be seen by various safety award certificates received from the customers (Please see section 4.5; Safety certificates and past construction record).

❖ Continual Improving High Quality of Work

The reputation of the quality construction work is the keys success factors in the construction industry. The company has long-lasting reputation and contains vast experience in the construction field. Our mission is to strengthen the quality of construction works which will be a strong point in supporting company growth in the future. The Company continually develops the competitiveness both in the employees, technologies, machinery, and operational process. For employees, the Company provides continual training for improving knowledge and skill in relation to their work field. The company also seeks to acquire new higher efficiency machinery and to improve the operational process. This is to ensure that the Company can continually improve the quality of work.

❖ Completion of Work On Time

The construction of steel structure in mechanical work requires long time planning and it is very importance to finish the work within the specified time period. The Company has reputation in complete the work on time. This is one of the successful factors in the construction business. The Company has the systematic planning in all processes for continually develop the competitiveness of the Company. This is to ensure that our operation will succeed within the specified time.

❖ **Contract Award Process**

The company provides construction services in mechanical areas both domestic and international. The main channels of the Company to be awarded the construction projects are 1) bidding directly from Project Owner and 2) bidding from the Main Contractor.

Bidding from Project Owner

The Company directly contacts the project owners for several projects. Most project owners which are the Company's customers are the leading companies in basic industry of the country and the industry group which has plan to expand the investment in order to increase productivity and/or improve the factories to operate with more efficiency, for example, oil and gas refinery plants, power plants, food industry, small and medium plastic plants and petrochemical plants, etc. Most customers have good relationship with the Company.

Bidding from Main Contractors

The Company has vast experienced in the construction for both domestic and international through international main contractors. The Company usually works as sub-contractor. The main contractors will have huge investment capital with internationally reputation. The main contractor will operate the bidding in the large construction projects or the entire project from the project owners. After that, the main contractor will divide the area and hire Sub-contractors to perform the construction work. The main contractors will select only the sub-contractors with the performance reputation of quality construction with international standard in the industry. The company continually receives the contract from a main contractor.

Group of Customers and Target Group

The target groups of customers can be classified into 4 groups as follows:

❖ **Petroleum and Petrochemical Industry**

The group of customers in the petroleum and petrochemical industry are oil and gas group and refinery industry group, for example, oil refinery plants, gas refinery plant, etc. which are the upstream industry and the product of petroleum industry, for example, olefin manufacturing factories used as the raw material in manufacturing plastic industry and other aromatic products, also to be used as the raw material in manufacturing Polyurethane and form and also the group of downstream products such as other petroleum products. The Company has proven

records in construction both green field and brown field from construction a new plant to expansion the existing plant. From previous construction work in the past, the Company has a potential to be the main contractor in the expansion project for Thai Oil PCL as well as being the contractor of oil refinery plant for international oil refinery in the world such as: Esso Standard (Thailand) Co., Ltd. and Caltex Oil (Thailand) Co.,Ltd. in which Caltex is renamed to Chevron (Thailand) Co.,Ltd., also is the affiliated to Chevron Corporation. The work experience continues in the oil refinery plants lead us a good reputation and to be accepted in the petrochemical industry which caused the Company to have a chance to be the contractor continually in petroleum and petrochemical industries.

❖ **Energy Industry**

The group of customers of the Company in the energy industry is power plants. Most operations of the Company are the construction of power plants, assembly and installation of gas and steam pipes including the maintenance of machines and equipment. Previously, the Company was the contractor for the construction of Bangpakong Power Plant by responsible for the construction of steel structure unit 3 and 4 of 4 units of power plant, also the construction of COCO Phase III Project of the Co-Generation Co., Ltd. (currently is Glow Energy PCL) which is the power plant from coals, and including construction Small Power Producer – SPP Projects.

❖ **Mining Industry**

The groups of customers in mining industry are manufacturing plants and processing plants; for instance, steel plant, aluminum plants, copper plant, etc. At present, the Company has finished the construction which submitted in early 2012 are the construction project of Ambatovy in Madagascar which the project was joint venture between Sherritt International Corporation (Canada), Sumitomo Corporation (Japan) and Kores (Korea). This project is considered to be the largest mining project with the total value about 7,500 million baht. The company is responsible for all construction works of steel structure, including assembly and installation gas pipelines, storage tanks, machinery and equipment installation.

❖ **Others Industry**

The Company's customers in others industry are in mechanical engineering such as: food processing manufacturing, large agricultural industrial factories and other processing plants. Previously, the Company was the contractor in the construction project of brewery plant in Kamphaengpetch Province of Beer Thai (1991) PCL owned by Thai Beverage Group PCL. This competence in continually operating the construction work with higher value contract indicates the success in competitiveness of the Company.

Industrial conditions and competition

Industrial condition of construction in heavy industry

As the customer of the company are heavy industry the growth of those heavy industry, for example, energy industry, petroleum and petrochemical industry, mine industry, and other heavy industries positively affect the Company's business. These heavy industries continually grow following the demand of energy usage and petrochemical products. Besides, the growth of Gross Domestic Products (GDP) of the world along with the economic and industrial growth at present are also likely to grow a lot indicate the increase of energy demand as well as the industrial expansion in energy and petrochemical industry. Moreover, the rapid economic growth of China and India is also the main factor in the

growth of world economy with the average growth rate (CAGR) 10.7% and 7.8%, respectively during 2001 to 2010. The rapid expansions of both countries lead to increase demand of consumption products of the world significantly. As a result the product prices are increasing due to the demand, for example, oil price and mineral price. Those are factors in increasing demand of construction in heavy industrial factories.

Competition in the mechanical construction

Most of the Mechanical Construction has slight competition as the customers always choose the reputation contractors from proven record in the field in order to ensure that the contractors can perform the construction work which meets the specified design and standard. This is due to the size of the project with mostly huge investment. The emerging of new born contractor is very difficult due to lack of trust from the owner and no proven record for the industry. From this reason, the competition is not a big issue as there are few of companies with proficiency and potential in the construction. Each contractor possesses some different strong points and different target group. The Company has strong points in the operation of construction with standard. The quality of work is reliable and the submission is also punctual. Besides, the competence in safety control during the operation with international standard also makes the company to be accountable and reliable in the field of Mechanical Construction throughout 18 years of experiences. The companies in which in same business in Thailand are STPI PCL, Shino-Thai Engineering and Construction PCL, and Watthanapaisan Engineering Co., Ltd. However, each company focuses differently. The Company focuses on the mechanical Construction with less proportion of engineering design and Procurement of raw materials compared to those above companies. For the construction in foreign countries, the Company received the construction work directly from the project owners or the main contractors.

Future Trend

The continual expansions of world economy and industry lead the construction in mechanical work are likely to increase. Moreover, the maintenance of machines and equipment in the industrial factories following the usage duration and the shutdown in production line for improving the efficiency of factories as well as the increase in productivity also lead the mechanical construction business likely to expand more in the future, especially for petroleum and petrochemical industry which is expected to have some investment in the new project and the maintenance of factories around the world of not less than 56,430 million US dollars and 63,875 million US dollars, respectively in 2011 and it is likely to gradually increase.

Those above factors increase the opportunity of the company in the construction in other countries. The Company has an alliance whose are the expert in the mechanical construction in the international level and are the leaders in the construction service of industrial factories which are internationally reliable among project owners. Therefore, the Company alliance has a project the company will have a chance to receive a construction work as well. For the previous projects in foreign countries which the Company has done the construction work, the project owners are confident in the quality and operation standard of the Company. As a result the company has many of contract amendment with high value continually.

For the construction in Thailand, although the expansion rate of investment in petroleum and petrochemical expansion slows down due to the fluctuation of oil price in the world market, the investment in the construction of new plant and/or the expansion of productivity in Thailand

still remain. The Company is well-known among business operators in the industry and is reliably in the quality of work leading the Company to have a construction work continually.

Procurement of Raw Material

The procurement process of raw materials for the mechanical construction seeks from several suppliers. The Company has no policy to buy from any single supplier. The raw materials procured for the Company's operation can be classied into 2 types as follows.

❖ Raw Materials

The Company specifies the properties of raw materials together with the customers and purchases the raw materials with the quality to meet the customer's demand/standard. The Company will check the price from several supplier and suppliers for comparing the price, quality, and conditions to be suitable before deciding to purchase in order to receive the raw materials with the highest quality and good price. Moreover, the Company also has the policy in not depending on any particular supplier or producer for reducing the risk in business operation and increasing the bargaining power to the company. Most raw materials are metal pipes, fitting, and several types of iron such as steel sheet, structural steel, etc.

❖ Machines and Equipment

At present, the Company has sufficient machines and equipment for the construction. In the case of the Company has to procure more machines and equipment, the Company will purchase and/or rent following the suitability. In the process of purchase or rental, the Company will consider the properties, price, and conditions from several suppliers before making final decision to purchase.

Environment Impact

The company objective is to operate our construction work without negative impact to environment. The Company sets the policies to following all environment regulations. Moreover, the Company has never received any complaint from the communication and has never prosecuted from the government agency.

Policy and Overview of Business Operation

Risk Factors for Company Operation

❖ The Risk of Revenue Fluctuation

The main revenues of the Company are from construction contracts and services. In the fiscal accounting period of 2010, 2011, and 2012, the estimated annual net revenue of construction contracts and services were 98.0%, 97.7%, and 94.2% of the company's total revenue respectively. The fluctuations in company's revenue depend on the business cycle of petroleum and petrochemical industries, energy industry, and mining industry. Over the past three years, demand for mechanical construction in petroleum and petrochemical industries, energy industry, and mining industry has been continually grown up. In addition, this growth rate depended on the demand of Commodity in which results from the growing demand of countries with have a lot of population such as China and India. However, the Company could not predict the future trend of the industry. In the event of global demand for petroleum products, petrochemical products, energy products and mining products decrease that could make entrepreneurs and project owners to delay or to terminate the production expansion project which possibly impacted to revenue and profits of the Company eventually. Moreover, earning revenue also depends on the Company's capabilities for bidding, the uncertainty of bidding project in which could be delay by itself. These impacted to the Company's revenue to be fluctuated by the uncertainties in quantities of awarded projects. Although, the Company attempts to maintain the company's revenue by producing the high quality and standards of performance, on time delivery, offering reasonable price, satisfying customers' needs, and building strong relation with the main contractors. However, the Company cannot assure that the above mentioned strategy for risk management will be able to assist the Company to maintain revenue and profits level continually. In the past, the Company's revenue had fluctuated significantly due to the Company was awarded on the very large, high- value projects.

❖ Risk Prevention and Reduction

The Risk of Human Resources Loss

The mechanical construction of steel structure in large-scale industry is requires special expertise and high proficiency in the field. Since this construction is to support the heavy industry. Therefore, the construction must support high pressure, high temperature, pH level, and also corrosion resistance which possibly occurring. If there is non-standard work, it could cause damage to the entire production processes. These constructions require the high competency engineering and technicians teams who have high experience and competency. Thus, losing these key human resources may cause the Company to loss in competitiveness and will greatly affect the company's future operating performance.

❖ Risk Prevention and Reduction

Personnel are defined as one of the main key factors that directly contributing to the achievement of business strategy, especially for the construction of large mechanical construction of steel structure, in which, the Company has high-level competence personnel with special proficiency and expertise in this field. To prevent and reduce the risk of losing valuable personnel, the Company set up the policy to keep these valuable personnel by consideration promotion and remuneration annually, including special remuneration based on skill and expertise.

❖ The Risk of Operation

The Risk of work complete out of time. For the construction companies, general contracts and agreement will specify the completion date and will have penalty item in case failure to deliver on time. The delay could occur from several causes; some causes could not control by the Company such as delay by subcontractor or other subcontractor. Even though the Company has never had any record of delay which leads to penalty fine but the Company cannot ensure that all future projects will be able to deliver on time. If the company unable to deliver the project on time which specified in the contracts, the company will have to pay a late penalty and will lead to an increase in operating costs which will reduce company's profits greatly. This might cause the company to lose its reputation for reliability among other customers and also impact the future business opportunities.

❖ Risk Prevention and Reduction

In order to prevent risk factors of a delayed delivery, the company has focused on the detail of agreement. Due to long-term experience, the Company found that most awarded construction contracts are the modification or Change Order /Decreasing in almost every projects, including some cases by other subcontractor which could cause delay. For these factors, the Company would make a concisely contract and some conditions to cover these risk factors every time. However, with business operations and management philosophy of the Company has clear goal to emphasize on quality. The Company also has focused on personnel potential and sufficient personnel resources to complete project on time and to achieve the defined goal.

❖ The Risk of Fluctuations of Raw Materials and Constructional Materials

The cost of raw material and constructional materials are the major cost of the Company's Operation which accounted for 30% of the total construction costs. Generally, the Company attempts to reduce the risk of fluctuation in the price of raw materials and constructional materials by negotiating with the customer that the price shall be adjusted as per the market price and/or by negotiating the customers to be responsible for procurement and/or purchasing with suppliers when the project is awarded. However, practically, the company may not be able to avoid the responsibility or put all the burden cost of raw materials to the customers and the Company could not purchase all raw materials on the date of award also. Consequently, the company still has the risk of fluctuation of raw materials and constructional materials price. If the price of raw materials and constructional materials is increased, it could increase the cost of construction also and impact to the Company's performance eventually.

❖ Risk Prevention and Reduction

The Company has developed raw material and constructional materials management system by maintaining the strong relationship with all distributors, also monitoring and tracking the raw materials price all the time, as well as opening for the competition among the distributors in order to create the most price advantage for the Company, then could use for planning and maintaining appropriate cost level and comply with current raw materials market pricing. Or, the Company could confirm the purchase order in order to fix the price in accordance with the bidding price.

❖ The Risk of the Political Situation

National political stability is one of the most important factors for investment decision making by foreign investor, especially high-value project with long-duration; for example, the investment in a new manufacturing plant to expand production bases. The instability of the politics situation may result in the change of policy and government regulations which can impact on the investment project.

❖ Risk Prevention and Reduction

In this case, the Company is closely monitoring the situation, including setting up plan to expand its service to overseas markets. This could help the Company to reduce the risk of the political instability but also increase business opportunities. However, over nearly 20 years of business operation, the Company had never served in any public service project and currently, there is no such policy.

The Risk of Managing and Administrating the Company Business.

❖ The Risk of Controlling the Votes at a Shareholder's Meeting by Majority Shareholders

Khemaphirat family including juristic persons (holding company), which this family has a larger portion of shares more than 55% of the paid-up capital after offering ordinary shares in this time contributes that the Khemaphirat family still in the position of executive management, and authorized person to sign on behalf of the Company. This makes them to be the major shareholder holding power in controlling the company's operations and management including the control of votes in shareholder's meeting for nearly the whole both in the nomination of committee or any resolution in other subjects which requiring majority votes from the shareholder's meeting except for the subjects specified by the law or company's regulations specifying that shall receive 3 of 4 votes of the shareholder's meeting. Therefore, it is very difficult for other shareholders to collect shareholders' votes for inspection and balancing consideration subjects proposed by the largest shareholder.

❖ Risk Prevention and Reduction

The Company attempts to develop a transparency and controllable system. The Company appoints five (5) Independent Committees in which three (3) of them serve as Audit Committee. There is also Internal Audit and Internal Control Department which report directly to the Audit Committee to be a mechanical for monitoring and inspection the Company's operation and management. Moreover, there are six (6) directors from nine(9) directors who are not in the Khemaphirat family which can balance the powers in proposing any subject for consideration to the general shareholder's meeting

The Risk of Unable to Pay Dividend

At present, although, the Company's Board of Directors has a dividend policy proposing to shareholders to pay dividend at least 50% of net profit before foreign exchange shown in financial statement under the conditions of the investment plans and any other relevant factors. Payment future dividend payment (if any) will depend on the discretion of the Company's Board of Directors as specified in the Public Company Limited Act B.E.2535 (and additional amendments) including other conditions; for example, actual cash flow, profits, financial status, demand for capital, and any other investment of the Company as well as any other factors that the board of directors

consider that it relevant to the company's business. The Company cannot guarantee that the Company will earn enough profit and pay out a dividend in any year. In spite of the Company may earn enough profit, it may not approve for paying dividends to shareholders. By the way, according to the Public Company Limited Act B.E.2535 (and additional amendments), if there is still accumulated losses, it is prohibited to pay dividend, no matter that the Company has the net profits in that year or not.

Operating Assets

Main Fixed Assets

As at December 31, 2019, the operating assets of the Company and its affiliate were as follows:

(Unit : Million Baht)

| Nature of Asset | Consolidated Financial Statement | | |
|--------------------------------|----------------------------------|--------------|-------------|
| | Nature of Ownership | Value | Encumbrance |
| Land and land improvement | Owner | 237,870,666 | Partial |
| Building and structure | Owner | 307,617,526 | None |
| Machinery and equipment | Owner | 273,060,637 | None |
| Furniture and office equipment | Owner | 11,278,715 | None |
| Computer and computer program | Owner | 51,464,150 | None |
| Vehicle | Owner | 55,986,682 | None |
| Total Value of Assets | | 635,524,918 | |
| Less Depreciation | | (41,160,478) | |
| Total Book Value - Net | | 594,364,440 | |

Details on location, utilization areas and objective on ownership of the important assets for business operation of the Group of Company could be summarized as follows:

Land of the Group of Companies

| Type of Asset | Location | Areas | Objectives on Ownership | Nature of Ownership | Encumbrance |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------|
| Land | No. 97 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 104807, 104808, 29038, 49488, 18809, 8347 | 30 Rai, 1 Ngan, 66 Sq. w. | Occupied as headquarter building, piping fabrication and construction plant and liquid tank fabrication and installation plant. | The Company is the owner. | None |

| | | | | | |
|------|-----------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------|------|
| Land | No. 153 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 156533 | 16 Rai, 3 Sq. w. | Occupied as steel structure fabrication plant | The Company is the owner. | None |
| Land | Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 13854, 156533 | 18 Rai, 2 Ngan, 45 Sq. w. | Occupied as steel structure temporary warehouse prior to installation and as sand blasting areas. | Rented from SCC Park Co., Ltd. | None |

Land of the Group of Companies (Cont'd)

| Type of Asset | Location | Areas | Objectives on Ownership | Nature of Ownership | Encumbrance |
|---------------|-------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------|---------------------------|-------------|
| Land | Makhamkoo Sub-district, Nikom Pattana District, Rayong Province. Title deed no. 1579-1580, 2178 | 64 Rai 22 Sq. w. | Occupied as office of SCC Maintenance Services Co., Ltd. at Rayong Province | The Company is the owner. | None |
| Land | Pananikom Sub-district, Ban Khai District, Rayong Province. Title deed no. 1963, 2521 | 48 Rai, 59.2 Sq. w. ๙๙ | To support for future business expansion | The Company is the owner. | None |

Building and Structure of the Group of Companies

| Asset | Location | Objectives on Ownership | Nature of Ownership | Encumbrance |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------|-------------|
| Headquarter building and plant - Headquarter – 1,120 Sq. m. - Office building – 468 Sq. m. - Warehouse – 228 Sq. m. - Piping and tank fabrication and construction plant – 7,204 Sq. m. - Canteen - 286 Sq. m. | No. 97 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province | Occupied as headquarter and piping and tank fabrication and construction plant and employees' canteen | The Company is the owner. | None |
| Office building and plant - Steel structure fabrication plant – 2,387 Sq. m. | No. 153 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province | Occupied as steel structure fabrication plant | The Company is the owner. | None |

Building and Structure of the Group of Companies (Cont'd)

| Asset | Location | Objectives on Ownership | Nature of Ownership | Encumbrance |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|-------------|
| Office building and equipment warehouse (Makhamkoo Sub-district) <ul style="list-style-type: none"> - Building 1 - 960 Sq. m. - Building 2 - 1,920 Sq. m. - Building 3 - 672 Sq. m. - Building 4 - 450 Sq. m. - Building 5 - 2,040 Sq. m. | Makhamkoo Sub-district, Nikom Pattana District, Rayong Province | Occupied as office of SCC Maintenance Services Co., Ltd. and equipment warehouse | Owned by the Company. | None |
| Clubhouse <ul style="list-style-type: none"> - 432 Sq. m. - Sandblasting Plant (Temporary) | Surasak Sub-district, Sriracha District, Chonburi | Occupied as sport complex for employees and sand blasting plant | Owned by the Company. | None |

Machineries, Tools and Equipment used in Construction Work

| Asset | Nature of Ownership | Encumbrance |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
| Tools and Equipment <ul style="list-style-type: none"> - Shearing Steel Machine - Welding Machine - Sand Blasting Machine | Owner | None |
| Vehicles <ul style="list-style-type: none"> - Crane - Crane with Aerial Device - Truck and Crane Truck | Owner | None |

Computer and Computer Program

| Asset | Nature of Ownership | Encumbrance |
|------------------------------------------------------------------------|---------------------|-------------|
| Computer System Program, software and Information technology | Owner | None |

General Data and other parties

| | | |
|-----------------------------|---|----------------------------------------------------------------------------------------------------------|
| Company's name | : | Sriracha Construction Public Co., Ltd. (SRICHA) |
| Business type | : | Mechanical Engineering and Construction |
| Location | : | 97 Moo3 Kao Kilo Rd., Surasak Sub-district, Sriracha District, Choburi Province 20110 Thailand |
| Company's registration | : | No. 0107554000305 |
| Telephone | : | +66 38 317 - 555 |
| Fax | : | +66 38 317 - 579 |
| website | : | www.sricha.com |
| Registration capital | : | 310,000,000.00 baht |
| Paid-up capital | : | 309,879,000 baht |
| Numbers of ordinary shares | : | 309,879,000 shares |
| Par value | : | 1 baht |
| <u>Securities registrar</u> | : | Thailand Securities Depository Co., Ltd. |
| Location | : | 93 Stock Exchange of Thailand Building Ratchadaphisek Rd., Klongteoy, Bangkok 10400 Thailand |
| Telephone | : | +66 2009 9000 |
| Fax | : | +66 2009 9991 |
| <u>Auditor</u> | : | AST Master Co., Ltd. |
| | | Mr.PraditRodloytuk License 218 |
| | | Ms. Nongram Laohaareedilok License 4334 |
| Location | : | 790/12 Thonglor Tower, Soi Thonglor 18, Sukhumvit 55 Rd., Klongtan Neau, Wattana, Bangkok 10110 Thailand |
| Telephone | : | +66 2714 8842-3, +66 2185 0342 |
| Fax | : | +66 2185 0225 |

Remaining work on hand

The remaining works which have not been submitted on 31 st December, 2019 hold the total value of 1,845.7 million baht. The total value of Backlog was 954.4 million baht.

| Customer's names/project's location | Project's features | Duration Time | Project value | Backlog |
|---------------------------------------|-------------------------------------------------------------|-------------------|----------------|--------------|
| Dynatec Madagascar | Maintenance Services | 3 Years | 821.4 | 143.6 |
| Thaioil PCL. /Thailand | Shutdown TEI-IN 2019 Project | 11Months | 100.4 | 0.7 |
| MKK Asian Co.,Ltd. /Thailand | TH1801:Piping Work, Equipment Work and Temporary Facilities | 11Months | 96.4 | 30.3 |
| CTCI (Thailand) Co.,Ltd. /Thailand | EPC Main Work for CFP Crude Oil Tank Project | 14Months | 205.0 | 172.8 |
| JGC Corporation /Thailand | Harmony Project | 2Years 7Months | 593.5 | 583.2 |
| Thaioil PLC. /Thailand | CFP Concurrent Work Project Package III | 7Months | 29.0 | 23.8 |
| Total | | | 1,845.7 | 954.4 |

Financial Statement



Independent Auditor's Report

To the Board of Directors and Shareholders of

Sriracha Construction Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of **Sriracha Construction Public Company Limited and its subsidiary** (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of **Sriracha Construction Public Company Limited** for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Sriracha Construction Public Company Limited and its subsidiary** and of **Sriracha Construction Public Company Limited** as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants 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 the matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter and how audit procedures respond is described below.

Revenue recognition from construction services

The Group recognized its revenue from rendering service on construction contract, which is performance obligation satisfied over time of performance construction by measuring the progress towards complete satisfaction of that performance obligation based on input method. This method measures the progress of performance construction based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. I focused on this area because the recognition of revenue on construction contracts involved significant judgement and assumption in estimating the progress of construction service.

My procedure in relation to management's assumptions used in recognition of revenue on construction contract included:

- understood and assessed the estimated total contract cost prepared by management, in particular, the key assumptions including the expected recovery, the historical financial performance and forecast out-turn against budget of other contracts of a similar nature and size. Tested internal controls over the construction budgeting process relating to the estimated total construction contract costs and revisions thereto and verified estimated costs by interviewing the project engineer and random inspecting the supporting evidences;
- tested the internal controls over revenue and receivable cycle and purchase and payable cycle for construction projects;
- inspected client acceptance certificates, correspondence and minutes of meetings between the Group and customers. Inspected selected signed contracts for key clauses to identify relevant contractual mechanisms such as variations to the contract requested by the customer, sharing of cost overruns or efficiencies with the customer, contractual damages and success fees and assessed whether these key clauses were appropriately reflected in the amounts included in the forecasts;
- compared gross profit from the start of projects up to now for analysis and assessment for the appropriateness of estimated project costs;
- performed site visit for significant projects, inquired the progress of projects from engineers and compared and assessed the appropriateness of the progress of construction projects with the progress measuring using input method.
- checked actual costs against supporting documents, tested the calculation of the progress of work based on actual construction costs incurred, and compared the analysis of the progress as evaluated by the project engineer to the progress based on actual construction costs incurred.

Revenue recognition from services

The Group's revenue from rendering manpower and maintenance services are considered as a material amount and have direct impact to the Group's profit or loss and it is a key indicator of operating results and to which financial statements

users pay attention, including the size and volume of transactions. There is therefore a risk with respect to the amount and timing of revenue recognition. As a result, I focused on this matter.

I have examined the revenue recognition of the Group by assessing and testing the internal controls with respect to the revenue cycle, and with special consideration giving to expanding the scope of the testing which respond to the accuracy and revenue recognition period in the financial statements of the Group. Applying a sampling method to select service revenues transactions to assess whether revenue was accurate and appropriate recognized in consistence with the conditions stipulated in relevant document and in compliance with the Group's revenue recognition policy. On a sampling basis, examining supporting documents for actual revenue recognition occurring during the year and near the end of the accounting period. Reviewing credit notes that the Group issued after the period-end. Performing analytical procedures to detect possible irregularities in revenues transactions throughout the accounting period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 do 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 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 of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.

NONGRAM LAOHAAREEDILOK

Certified Public Accountant

Registration No. 4334

AST Master Co., Ltd.

25 February 2020

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

| | | In Baht | | | |
|--------------------------------------|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| <u>ASSETS</u> | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6 | 744,219,469 | 630,481,295 | 696,838,821 | 620,961,935 |
| Current investments | 7 | 5,825,624 | 29,862,346 | 5,825,624 | 29,862,346 |
| Trade and other receivables | | | | | |
| Trade receivables | 8 | 171,827,665 | 250,900,410 | 82,196,051 | 163,192,345 |
| Other receivables | 9 | 77,081,705 | 81,342,417 | 74,029,233 | 79,340,055 |
| Unbilled receivables | 10 | 43,841,743 | 26,872,478 | 43,841,743 | 26,872,478 |
| Supplies | 11 | 18,730,720 | 17,601,050 | 12,480,436 | 11,346,340 |
| Total Current Assets | | 1,061,526,926 | 1,037,059,996 | 915,211,908 | 931,575,499 |
| NON-CURRENT ASSETS | | | | | |
| Fixed deposits pledged as collateral | 12 | 136,849,184 | 114,213,874 | 136,849,184 | 114,213,874 |
| Investment in subsidiary | 13 | - | - | 4,972,619 | 4,972,619 |
| Investment in associated company | 14 | - | - | - | - |
| Property, plant and equipment | 15 | 557,508,369 | 573,914,992 | 546,747,613 | 564,907,235 |
| Intangible assets | 16 | 9,587,946 | 11,366,697 | 7,118,147 | 8,853,851 |
| Deferred income tax assets | 17 | 15,019,940 | 8,720,421 | 12,037,032 | 6,812,874 |
| Other non-current assets | | 471,295 | 324,095 | 363,095 | 303,095 |
| Total Non-current Assets | | 719,436,734 | 708,540,079 | 708,087,690 | 700,063,548 |
| TOTAL ASSETS | | 1,780,963,660 | 1,745,600,075 | 1,623,299,598 | 1,631,639,047 |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

| | | In Baht | | | |
|----------------------------------------------------|-------|-----------------------------------|---------------|-------------------------------|---------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | | | | | |
| Trade payables | 19 | 27,125,849 | 17,891,316 | 15,544,473 | 12,039,543 |
| Other payables | 20 | 69,629,089 | 57,984,824 | 61,736,058 | 51,793,172 |
| Current portion of liabilities under | | | | | |
| finance lease agreements | 21 | 1,660,758 | 1,086,873 | 974,621 | 740,326 |
| Advance received from customers | 10 | 33,909,905 | 1,561,512 | 33,909,905 | 1,561,512 |
| Deferred construction revenues | 10 | 10,188,363 | - | 3,142,126 | - |
| Accrued income tax | | 854,811 | 3,534,944 | - | 3,534,944 |
| Total Current Liabilities | | 143,368,775 | 82,059,469 | 115,307,183 | 69,669,497 |
| NON-CURRENT LIABILITIES | | | | | |
| Liabilities under finance lease agreements | 21 | 2,500,545 | 246,525 | 1,745,611 | - |
| Employee benefit obligations | 22 | 105,112,671 | 74,505,524 | 88,455,182 | 63,210,302 |
| Total Non-current Liabilities | | 107,613,216 | 74,752,049 | 90,200,793 | 63,210,302 |
| TOTAL LIABILITIES | | 250,981,991 | 156,811,518 | 205,507,976 | 132,879,799 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 310,000,000 common shares, Baht 1 par value | | 310,000,000 | 310,000,000 | 310,000,000 | 310,000,000 |
| Issued and paid-up share capital | | | | | |
| 309,879,000 common shares, Baht 1 par value | | 309,879,000 | 309,879,000 | 309,879,000 | 309,879,000 |
| Premium on share capital | | 1,187,139,623 | 1,187,139,623 | 1,187,139,623 | 1,187,139,623 |
| Retained earnings | | | | | |
| Appropriated for legal reserve | | 31,000,000 | 31,000,000 | 31,000,000 | 31,000,000 |
| Unappropriated | | 63,940,992 | 117,797,362 | (19,060,098) | 51,416,825 |
| Other components of shareholders' equity | | (91,166,903) | (80,676,200) | (91,166,903) | (80,676,200) |
| Total equity holders of the parent | | 1,500,792,712 | 1,565,139,785 | 1,417,791,622 | 1,498,759,248 |
| Non-controlling interests | | 29,188,957 | 23,648,772 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 1,529,981,669 | 1,588,788,557 | 1,417,791,622 | 1,498,759,248 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,780,963,660 | 1,745,600,075 | 1,623,299,598 | 1,631,639,047 |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

| | | In Baht | | | |
|----------------------------------------------------------|----------------------------------------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | | Consolidated financial statements | | Separate financial statements | |
| Notes | | 2019 | 2018 | 2019 | 2018 |
| REVENUES | | | | | |
| | Revenue from construction services | 304,113,307 | 188,024,400 | 274,691,718 | 188,024,400 |
| | Revenue from services | 607,959,795 | 622,194,587 | 333,715,496 | 389,200,355 |
| | Dividends income | 5.3 | - | 15,000,000 | 24,750,000 |
| | Other income | 14,257,013 | 9,364,737 | 13,601,359 | 8,328,965 |
| | Total revenues | 926,330,115 | 819,583,724 | 637,008,573 | 610,303,720 |
| EXPENSES | | | | | |
| | Cost of construction services | 286,530,388 | 189,406,174 | 261,611,412 | 189,406,174 |
| | Cost of services | 414,212,322 | 398,513,017 | 194,367,946 | 195,908,966 |
| | Administrative expenses | 256,385,386 | 252,430,265 | 251,423,487 | 247,426,554 |
| | Loss from the reduction in project value | 10 | - | 65,478,330 | - |
| | Finance costs | 130,160 | 120,885 | 70,215 | 80,592 |
| | Total expenses | 957,258,256 | 905,948,671 | 707,473,060 | 698,300,616 |
| | Loss before income tax income (expense) | (30,928,141) | (86,364,947) | (70,464,487) | (87,996,896) |
| | Income tax income (expense) | 26 | (6,487,590) | (7,461,247) | 4,187,132 |
| | Loss for the periods | (37,415,731) | (93,826,194) | (66,277,355) | (90,389,520) |
| Other comprehensive income | | | | | |
| Other comprehensive income to be reclassified | | | | | |
| to profit or loss in subsequent periods: | | | | | |
| | Differences on the translating of the financial statements | (10,542,168) | (2,705,234) | (10,542,168) | (2,705,234) |
| | Gain on change in fair value of available-for-sale investments | 64,331 | 42,619 | 64,331 | 42,619 |
| | <u>Less : Tax effect</u> | 26 | (12,866) | (8,524) | (12,866) |
| Other comprehensive income not to be reclassified | | | | | |
| to profit or loss in subsequent periods | | | | | |
| | Remeasurements of post-employment benefit obligations | | | | |
| | Actuarial loss | 22 | (7,375,568) | - | (5,249,460) |
| | <u>Less : Tax effect</u> | 26 | 1,475,114 | - | 1,049,892 |
| | Other comprehensive income for the year | (16,391,157) | (2,671,139) | (14,690,271) | (2,671,139) |
| | Total comprehensive income for the year | (53,806,888) | (96,497,333) | (80,967,626) | (93,060,659) |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

| | | In Baht | | | |
|----------------------------------------------------|--------------------------------------------------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| Notes | | 2019 | 2018 | 2019 | 2018 |
| Profit (loss) attributable to: | | | | | |
| | Equity holders of the parent | (48,381,137) | (99,154,526) | (66,277,355) | (90,389,520) |
| | Non-controlling interests | 10,965,406 | 5,328,332 | - | - |
| | | <u>(37,415,731)</u> | <u>(93,826,194)</u> | <u>(66,277,355)</u> | <u>(90,389,520)</u> |
| Total comprehensive income attributable to: | | | | | |
| | Equity holders of the parent | (64,347,073) | (101,825,665) | (80,967,626) | (93,060,659) |
| | Non-controlling interests | 10,540,185 | 5,328,332 | - | - |
| | | <u>(53,806,888)</u> | <u>(96,497,333)</u> | <u>(80,967,626)</u> | <u>(93,060,659)</u> |
| Basic loss per share | | | | | |
| | Loss attributable to equity holders of the parent (Baht per share) | <u>(0.156)</u> | <u>(0.320)</u> | <u>(0.214)</u> | <u>(0.292)</u> |

The notes to financial statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| In Baht | | | | | | | | | | |
|------------------------------|--|--|--|--|--|--|--|--|--|--|
| Equity holders of the parent | | | | | | | | | | |
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The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| In Baht | | | | | | | | |
|-----------------------------------------|------|----------------------------------------|--------------------------------|-----------------------------------|---------------------|---------------------------------------------|----------------------------------------------------------------|-------------------------------------|
| | Note | Retained earnings | | | | Other components of shareholders' equity | | |
| | | Issued and paid-up share capital | Premium on share capital | Appropriated for legal reserve | Unappropriated | Other comprehensive income | | Total of shareholders' equity |
| | | | | | | Premium on revaluation of investments | Exchange differences on translating financial statements | Total shareholders' equity |
| Balance as at 1 January 2018 | | 309,879,000 | 1,187,139,623 | 31,000,000 | 203,782,145 | 158,015 | (78,163,076) | 1,653,795,707 |
| Dividends paid | 23 | - | - | - | (61,975,800) | - | - | (61,975,800) |
| Loss for the year | | - | - | - | (90,389,520) | - | - | (90,389,520) |
| Other comprehensive income for the year | | - | - | - | - | 34,095 | (2,705,234) | (2,671,139) |
| Total comprehensive income for the year | | - | - | - | (90,389,520) | 34,095 | (2,705,234) | (93,060,659) |
| Balance as at 31 December 2018 | | <u>309,879,000</u> | <u>1,187,139,623</u> | <u>31,000,000</u> | <u>51,416,825</u> | <u>192,110</u> | <u>(80,868,310)</u> | <u>1,498,759,248</u> |
| Balance as at 1 January 2019 | | 309,879,000 | 1,187,139,623 | 31,000,000 | 51,416,825 | 192,110 | (80,868,310) | 1,498,759,248 |
| Loss for the year | | - | - | - | (66,277,355) | - | - | (66,277,355) |
| Other comprehensive income for the year | | - | - | - | (4,199,568) | 51,465 | (10,542,168) | (14,690,271) |
| Total comprehensive income for the year | | - | - | - | (70,476,923) | 51,465 | (10,542,168) | (80,967,626) |
| Balance as at 31 December 2019 | | <u>309,879,000</u> | <u>1,187,139,623</u> | <u>31,000,000</u> | <u>(19,060,098)</u> | <u>243,575</u> | <u>(91,410,478)</u> | <u>1,417,791,622</u> |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | In Baht | | | |
|-------------------------------------------------------------------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before income tax income (expense) | (30,928,141) | (86,364,947) | (70,464,487) | (87,996,896) |
| Adjustments to reconcile loss to net cash provided by (used in) operating activities | | | | |
| Unrealized loss on exchange rate | (6,091) | 304,769 | (6,091) | 304,769 |
| Depreciation | 53,330,829 | 54,302,626 | 50,649,283 | 51,970,017 |
| Amortization | 2,956,418 | 2,892,782 | 2,307,037 | 2,320,186 |
| Loss on obsolescence of supplies | - | 5,455,354 | - | 5,455,354 |
| Loss from disposal and written-off of assets | 313,812 | 126,025 | 313,812 | 126,025 |
| Loss from written-off of intangible assets | - | 61,679 | - | 61,679 |
| Loss from the reduction in project value | - | 65,478,330 | - | 65,478,330 |
| Employee benefit obligations | 25,630,582 | 8,522,374 | 21,952,042 | 6,707,057 |
| Interest income | (5,774,891) | (5,171,851) | (5,617,843) | (4,888,834) |
| Dividends income from subsidiary | - | - | (15,000,000) | (24,750,000) |
| Interest expenses | 130,160 | 120,885 | 70,215 | 80,592 |
| Profit (loss) from operating activities before change in operating assets and liabilities | 45,652,678 | 45,728,026 | (15,796,032) | 14,868,279 |
| (Increase) decrease in operating assets | | | | |
| Trade receivables | 79,078,836 | 101,323,759 | 81,002,385 | 122,632,955 |
| Other receivables | 15,159,827 | 100,903,674 | 16,207,237 | 101,011,918 |
| Unbilled receivables | (16,969,265) | 11,555,619 | (16,969,265) | 11,555,619 |
| Supplies | (1,129,670) | 20,218,383 | (1,134,096) | 19,961,673 |
| Other non-current assets | (147,200) | 252,500 | (60,000) | 240,000 |
| Increase (decrease) in operating liabilities | | | | |
| Trade payables | 9,234,533 | (63,579,842) | 3,504,930 | (63,499,424) |
| Other payables | 11,644,987 | (17,496,833) | 9,943,606 | (17,520,484) |
| Advance received from customers | 32,348,393 | (10,827,800) | 32,348,393 | (10,827,800) |
| Deferred construction revenues | 10,188,363 | - | 3,142,126 | - |
| Employee benefit obligations paid | (2,399,003) | (1,597,228) | (1,956,622) | (1,597,228) |
| Cash received from operating activities | 182,662,479 | 186,480,258 | 110,232,662 | 176,825,508 |
| Income tax paid | (24,769,401) | (16,722,830) | (14,299,349) | (7,720,516) |
| Net cash provided by operating activities | 157,893,078 | 169,757,428 | 95,933,313 | 169,104,992 |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

| | In Baht | | | |
|-----------------------------------------------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| (Increase) decrease in current investments | 24,101,053 | (212,843) | 24,101,053 | (212,843) |
| (Increase) decrease in fixed deposits pledged as collateral | (22,635,310) | (216,762) | (22,635,310) | (216,762) |
| Proceeds from disposals of equipment | 2,370,373 | 489,776 | 2,370,373 | 489,776 |
| Cash paid for acquisition of plant and equipment | (35,152,740) | (9,420,373) | (32,062,550) | (8,406,628) |
| Cash paid for acquisition of intangible assets | (1,177,667) | (2,333,140) | (571,333) | (477,289) |
| Proceeds from interest income | 5,640,182 | 5,131,230 | 5,485,835 | 4,843,754 |
| Dividends income from subsidiary | - | - | 15,000,000 | 24,750,000 |
| Net cash provided by (used in) investing activities | (26,854,109) | (6,562,112) | (8,311,932) | 20,770,008 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payment for liabilities under finance lease agreements | (1,627,746) | (1,925,232) | (1,131,391) | (1,495,051) |
| Interest paid | (130,160) | (120,885) | (70,215) | (80,592) |
| Dividends paid to non-controlling interests | (5,000,000) | (8,250,000) | - | - |
| Dividends paid | (721) | (61,969,086) | (721) | (61,969,086) |
| Net cash used in financing activities | (6,758,627) | (72,265,203) | (1,202,327) | (63,544,729) |
| Exchange differences on translating financial statements | (10,542,168) | (2,705,234) | (10,542,168) | (2,705,234) |
| Net increase in cash and cash equivalents | 113,738,174 | 88,224,879 | 75,876,886 | 123,625,037 |
| Cash and cash equivalents, beginning of year | 630,481,295 | 542,256,416 | 620,961,935 | 497,336,898 |
| Cash and cash equivalents, end of year | <u>744,219,469</u> | <u>630,481,295</u> | <u>696,838,821</u> | <u>620,961,935</u> |

SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash transactions

| | | | | |
|--------------------------------------------------------|-----------|---------|-----------|-------|
| Increase in liabilities under finance lease agreements | 4,455,651 | 367,248 | 3,111,296 | - |
| Increase (decrease) in accrued dividends | (721) | 6,714 | (721) | 6,714 |
| Increase in accrued interest income | 134,710 | - | 132,008 | - |

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Sriracha Construction Public Company Limited is a public company incorporated and domiciled in Thailand. The Company engages in construction business, rendering manpower services and maintenance service. The major shareholder of the Company is Sriracha Holding Co., Ltd. which holds 47% shares. The registered addresses are as follows:

Head Office is located at 97 Moo 3, Surasak Sub-district, Sriracha District, Chonburi.

Branch Office 1 is located at 153 Moo 3, Surasak Sub-district, Sriracha District, Chonburi.

Madagascar Branch is located at LOT VA 46 TSIADANA AMPASANIMALO - 101 ANTANANARIVO - MADAGASCAR.

2. BASIS FOR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Thailand Federation of Accounting Professions ("TFAC"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. All financial information presentation has been rounded to Baht unless other misstated.

The consolidated financial statements included the accounts of subsidiary that the Company being influence over the control is as follow:

| Company name | Country of incorporation | The date of commencing control | Percentage of holding by company |
|--------------|--------------------------|--------------------------------|----------------------------------|
|--------------|--------------------------|--------------------------------|----------------------------------|

Subsidiary

| | | | |
|------------------------------------|----------|-----------|----|
| SCC Maintenance Services Co., Ltd. | Thailand | Year 2002 | 75 |
|------------------------------------|----------|-----------|----|

Outsourcing maintenance service business

Significant transactions with subsidiary in the consolidated financial statements have been eliminated.

“The Company” represents “Sriracha Construction Public Company Limited” while “The Group” represents “Sriracha Construction Public Company Limited and its subsidiary”.

Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within shareholders’ equity in the consolidated statement of financial position.

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial Reporting Standards that became effective in the current period

During the year, the Group has adopted a number of revised financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 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 Group’s financial statements.

However, as the Group has initially adopted TFRS 15 “Revenue from Contracts with Customers”, which replaced TAS 18 “Revenue”, TAS 11 “Construction Contracts” and related interpretations, these resulted in the difference in accounting policies being adopted for preparation of the financial statements for the years 2019 and 2018, as follows:

Under TFRS 15 “Revenue from Contracts with Customers”, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model. Whereas, under TASs 18 “Revenue” and 11 “Construction contracts” and related interpretations, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. However, such change in accounting policy has no material impacts on the financial statements of the Group.

3.2 Thai Financial Reporting Standards which will be effective for the financial statements with the fiscal years beginning on or after 1 January 2020.

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 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

following new financial reporting standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRI 16 Hedges of a Net Investment in a Foreign Operation

TFRI 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 amortised 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.

The management of the Group and its subsidiaries expect that the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group are to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit - impaired event to have occurred. The Group apply simplified approach to consider impairment of trade and other receivables.

The management of the Group is currently evaluating the impact of those standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes 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 recognise 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 Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets and liabilities by approximately Baht 5.76 million.

4. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below;

4.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non - current assets in the statement of financial position.

4.2 Current investments

Current investments consists of 3 - 12 months fixed deposit and investment in mutual fund which are stated at fair value, determined from their net asset value.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net receivable value less allowance for doubtful accounts based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

4.4 Supplies

Supplies are stated at the lower of cost or net realizable value. Cost is determined by the average method.

4.5 Construction contracts

A Construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

The Group recognizes revenue from construction contracts over time only if the Group can reasonably measure its progress towards complete satisfaction of the construction performance obligation. In the case that the Group is unable to reasonably measure the outcome of a construction performance, but the Group expects to recover the costs incurred in satisfying the performance obligation. The Group recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Measuring progress has been determined using input method which is calculated as a proportion of the actual completed construction costs to total budget costs.

When it is probable that total construction costs will exceed total construction revenue, the expected loss is recognised as an expense immediately.

When measuring progress, the Group excludes from the measure of progress any goods or services for which the Group does not transfer control to a customer. Conversely, the Group includes in the measure of progress any goods or services for which the Group transfers control to a customer when satisfying that performance obligation.

The Group's construction contracts typically are fixed price which payments from customers are based on a monthly billing schedule according to construction progress. Therefore, the Group recognizes trade receivables (including accrued income) when the Group has the right to receive payments according to such billing schedule indicated in the contracts.

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer which determined by costs incurred plus recognised profits (less recognised losses) exceed progress billings and presented as unbilled completed works.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue. The Group's contract liabilities consists of deferred construction revenues which is determined as progress billings exceed costs incurred plus recognised profits (less recognised losses) and advance received for construction work which is the amount received before the related work is performed and will gradually be settle net with the payments of progress billing from customers.

4.6 Investment in subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains (losses) on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, respectively.

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the

subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.7 Investment in associated company

Associates are those companies in which the Company has significant influence over the associates that is the Company has power to participate in determining relating to the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associated are stated by equity method in consolidated financial statements. In case of the associates have capital deficiencies the recognition of Company's portion on such investments will be equal to zero only.

Investments in associates are accounted for in the separate financial statement using the cost method net of allowance for loss on diminution in value (if any).

4.8 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets, except for land, are stated at historical cost less accumulated depreciation.

Depreciation of plant and equipment is calculated on the straight-line method over their estimated useful lives are as follows:

| | <u>No. of Years</u> |
|-------------------------------|---------------------|
| Land improvement | 10 |
| Building and structure | 10 - 20 |
| Machinery and equipment | 5 - 10 |
| Fixtures and office equipment | 5 |
| Vehicles | 5 - 10 |
| Computer | 5 |

When assets are sold or retired, the Group will eliminate their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Work in progress are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

4.9 Intangible asset

Intangible asset is right to use a computer program that looks at a specific purchase recorded as an asset when the cost of acquisition and action to a particular computer program used accompanied by a request. It is amortized using the straight-line method over the estimated useful life of 5 - 10 years.

4.10 Impairment of assets

The Group reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an assets selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses in the profit or loss. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

4.11 Translation of foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

4.12 Translation of foreign currency financial statements

The financial statements of a branch in foreign country have been prepared in the currency of the Malagasy Ariary. The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

4.13 Accounting for leases - where the Group is the lessee

Long-term agreements for lease assets not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Lease of assets transferring all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance

outstanding by considering each lease agreement separately. The outstanding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the lower of the asset's useful life or the lease period.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

4.15 Provision

Provision are recognised when the Company has a present legal or constructive obligation as a result of the past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provision will not be recognised any obligation of the future events.

4.16 Revenue and cost recognition

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties for example value added tax or other output taxes and is after deduction of any trade discounts and volume rebates.

Revenue from construction service

For construction contract, which mutually agreed before commencing related work, the customer controls assets under construction as which the Group's performance creates. Therefore, revenues have been recognized over time of construction using input method (Note 4.5) for measuring progress of construction. This method measures construction progress as a proportion of the actual completed construction costs to total budget costs. The Group determines that input method is able to reasonably depict the Group's performance in transferring control of goods or services promised to a customer

Revenue from rendering manpower services and maintenance service

The Group recognizes revenue from rendering manpower services and maintenance service throughout the service period as the customers simultaneously receive and consume the benefits as the Group provides the services. The Group recognizes revenue in the amount to which the Group has a right to invoice.

Interest income is recognized using the effective interest method. Other income are recognised by accrual basis. Dividend income is recognised on the date the Group's right to receive payments is established.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable 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 income tax

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

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

technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

4.19 Critical accounting estimates, assumption and judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand also requires the Group's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

The judgements and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Estimates, assumption and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements and estimates are as follows;

Property plant and equipment

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 estimate 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 records impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations to transfer goods or services to a customer, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- The Group's performance creates an asset that the customer controls as the asset is created; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Where the above criteria are not met, The group recognizes revenue at a point in time, the management is required to use judgement when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation, measuring based on a proportion of the actual completed construction costs to total budget costs.

Estimated of construction project costs

The Group estimate 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, including labour costs, construction overheads, other direct costs and indirect systematically allocated costs to be incurred to completion of construction, taking into account the direction of the movement in these costs. Estimates are reviewed regularly when there is change in scope of work or whenever actual costs differ significantly from the figures used in the original estimate.

Leases

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

Deferred tax assets

Deferred tax assets are recognised 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 utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques by using the Projected Unit Credit Method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4.20 Related parties

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 closed 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.

4.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by the Company's shareholders

5. TRANSACTIONS WITH RELATED PERSONS AND COMPANIES

5.1 Relationships and pricing policies

The relationship and pricing policies among the Company with related persons and companies are as follows:

| | Relationships |
|------------------------------------|----------------------------------------------|
| <u>Parent company</u> | |
| Sriracha Holding Co., Ltd. | The Company's shareholder and directorship |
| <u>Associated company</u> | |
| Thai Taihei Co., Ltd. | The Company owns 21% and directorship |
| <u>Subsidiary</u> | |
| SCC Maintenance Services Co., Ltd. | Shareholding by the Company and directorship |
| <u>Related companies</u> | |
| SCC Park Co., Ltd. | Directorship |
| B.K.One Sriracha Co., Ltd. | Directorship |

Related Persons

| | |
|------------------------|----------------------------------------|
| Boonkrua Khemapiratana | The Company's director and shareholder |
| Gridsada Potisomporn | The Company's director and shareholder |

Pricing policies for significant transactions

Transactions

| | |
|-----------------------------|-------------------------------------------------------|
| Revenue from services | At price which had been agreed upon. |
| Revenue from sales | At normal business prices, as same as other entities. |
| Rental income | At contract prices. |
| Purchase of materials | At normal business prices, as same as other entities. |
| Rental and service expenses | At contract prices. |
| Administrative expenses | At normal business prices, as same as other entities. |
| Acquisition of assets | At cost plus margin. |
| Consultant fee | At contract prices. |

5.2 Balances of transactions with related companies

Balances of transactions with related companies as at 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|------------------------------------|----------------------|---------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables (Note 8) | | | | |
| SCC Maintenance Services Co., Ltd. | - | - | 3,527,180 | 3,546,189 |
| Trade payables (Note 19) | | | | |
| SCC Maintenance Services Co., Ltd. | - | - | 11,991 | 10,871 |
| Other payables (Note 20) | | | | |
| SCC Park Co., Ltd. | 542,490 | 492,490 | 542,490 | 492,490 |

5.3 Revenues and expenses with related persons and companies

Significant transactions with related persons and companies for the years ended 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|--------------------------------------------|----------------------|------------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Revenues from services | | | | |
| SCC Maintenance Services Co., Ltd. | - | - | 24,715,235 | 11,132,814 |
| Property rental income | | | | |
| SCC Maintenance Services Co., Ltd. | - | - | 2,542,100 | 1,140,000 |
| Dividend income | | | | |
| SCC Maintenance Services Co., Ltd. | - | - | 15,000,000 | 24,750,000 |
| Service expense | | | | |
| SCC Maintenance Services Co., Ltd. | 45,000 | - | 893,413 | 335,244 |
| Rental expense | | | | |
| SCC Park Co., Ltd. | 5,959,880 | 5,909,880 | 5,959,880 | 5,909,880 |
| B.K.One Sriracha Co., Ltd. | 106,105 | 112,842 | 106,105 | 112,842 |
| Total | 6,065,985 | 6,022,722 | 6,065,985 | 6,022,722 |
| Directors and management's benefits | | | | |
| Short-term employee benefits | 26,506,755 | 13,215,107 | 26,506,755 | 13,215,107 |
| Post-employment benefits | 2,007,738 | 258,538 | 2,007,738 | 258,538 |
| Total | 28,514,493 | 13,473,645 | 28,514,493 | 13,473,645 |

6. CASH AND CASH EQUIVALENTS

| | In Baht | | | |
|---------------------------------------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash | 520,297 | 407,246 | 430,297 | 317,246 |
| Current deposits | 69,673,880 | 39,948,914 | 49,475,299 | 31,191,144 |
| Saving deposits | 550,279,060 | 497,016,420 | 523,457,932 | 496,614,300 |
| Fixed deposits, maturity less than 3 months | 123,746,232 | 93,108,715 | 123,475,293 | 92,839,245 |
| Total | 744,219,469 | 630,481,295 | 696,838,821 | 620,961,935 |

The interest rates of deposits at financial institutions as at 31 December 2019 were 0.37% to 1.45% per annum. (31 December 2018: 0.37% to 1.30% per annum).

7. CURRENT INVESTMENTS

| | Interest rates (%) | | In Baht | |
|----------------------------------------------|--------------------|------|------------------------------------------------|------------|
| | | | Consolidated and separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| 12-months fixed deposits | - | 0.9 | - | 24,101,053 |
| Mutual fund - Available- for-sale securities | - | - | 5,825,624 | 5,761,293 |
| Total | | | 5,825,624 | 29,862,346 |

The value of mutual fund as at 31 December 2019 and 2018 are as follows:

| | In Baht | |
|--------------------------------------|------------------------------------------------|-----------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Available-for-sale securities | | |
| Cost | 5,521,158 | 5,521,158 |
| Changes in fair value of mutual fund | 304,466 | 240,135 |
| Fair value | 5,825,624 | 5,761,293 |

Movement of fair value of mutual fund for the year ended 31 December 2019 and 2018 are as follow:

| | In Baht | |
|-----------------------|-------------------------------|-----------|
| | Available-for-sale securities | |
| | 2019 | 2018 |
| Beginning of the year | 5,761,293 | 5,718,675 |
| Changes in fair value | 64,331 | 42,618 |
| Ending of the year | 5,825,624 | 5,761,293 |

8. TRADE RECEIVABLES

| | In Baht | | | |
|---------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - related company (Note 5.2) | - | - | 3,527,180 | 3,546,189 |
| Trade receivables - other companies | 126,644,631 | 107,681,179 | 54,426,648 | 60,410,525 |
| Accrued income | 45,183,034 | 143,219,231 | 24,242,223 | 99,235,631 |
| Total | <u>171,827,665</u> | <u>250,900,410</u> | <u>82,196,051</u> | <u>163,192,345</u> |

Aging of trade receivables as at 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|-------------------------------------|----------------------|--------------------|----------------------|-------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - related company | | | | |
| Within credit terms | - | - | 3,492,405 | 3,123,383 |
| Less than 3 months | - | - | 34,775 | 422,806 |
| Total trade receivables | | | | |
| - related company | <u>-</u> | <u>-</u> | <u>3,527,180</u> | <u>3,546,189</u> |
| Trade receivables - other companies | | | | |
| Within credit terms | 116,625,974 | 91,142,760 | 48,405,397 | 48,966,483 |
| Less than 3 months | 10,018,657 | 12,574,049 | 6,021,251 | 7,479,672 |
| 3 - 6 months | - | 3,964,370 | - | 3,964,370 |
| Total trade receivables | | | | |
| - other companies | <u>126,644,631</u> | <u>107,681,179</u> | <u>54,426,648</u> | <u>60,410,525</u> |

9. OTHER RECEIVABLES

| | In Baht | | | |
|---------------------------------|--------------------------------------|------------|----------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Retention receivables | 4,802,026 | - | 4,802,026 | - |
| Receivable - Revenue Department | 42,170,930 | 31,379,692 | 40,529,591 | 31,379,692 |
| Prepaid foreign income tax | 22,822,930 | 28,790,200 | 22,822,930 | 28,790,200 |
| Other receivables | 7,285,819 | 21,172,525 | 5,874,686 | 19,170,163 |
| Total | 77,081,705 | 81,342,417 | 74,029,233 | 79,340,055 |

10. UNBILLED RECEIVABLES / DEFERRED CONSTRUCTION REVENUES

10.1 Unbilled receivables

| | In Baht | |
|------------------------------------------------------|---------------------------------------------------|-----------------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Value of signed construction contracts | 903,285,220 | 1,365,684,338 |
| <u>Less</u> Loss from the reduction in project value | - | (65,478,330) |
| Total value of signed construction contracts - net | 903,285,220 | 1,300,206,008 |
| Construction revenues recognized to date | 123,457,653 | 1,311,230,343 |
| <u>Less</u> Loss from the reduction in project value | - | (65,478,330) |
| Construction revenues recognized to date - net | 123,457,653 | 1,245,752,013 |
| <u>Less</u> Installments due to date | (79,615,910) | (1,218,879,535) |
| Unbilled receivables | 43,841,743 | 26,872,478 |
| Advance received from customers | 30,392,897 | 1,561,512 |

10.2 Deferred construction revenues

| | In Baht | | | |
|------------------------------------------|----------------------|------|---------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Value of signed construction contracts | 261,781,887 | - | 196,781,887 | - |
| Construction revenues recognized to date | 195,200,163 | - | 165,778,574 | - |
| <u>Less</u> Installments due to date | (205,388,526) | - | (168,920,700) | - |
| Unbilled receivables | (10,188,363) | - | (3,142,126) | - |
| Advance received from customers | 3,517,008 | - | 3,517,008 | - |

As at 31 December 2019 and 2018, the Group has transactions from construction contracts in the statements of financial position as follows:

| | In Baht | | | |
|---------------------------------|----------------------|------------|---------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Current assets | | | | |
| Unbilled receivables | 43,841,743 | 26,872,478 | 43,841,743 | 26,872,478 |
| Current liabilities | | | | |
| Advance received from customers | 33,909,905 | 1,561,512 | 33,909,905 | 1,561,512 |
| Deferred construction revenues | 10,188,363 | - | 3,142,126 | - |

During 2018, the Company recognized the loss from the reduction in project value in the amount of Baht 65.48 million in the statement of comprehensive income for 2018 because the employer negotiated to reduce the value of the project (2019: None).

The aggregate amount of the transaction price of construction contracts allocated to the performance obligation that are unsatisfied as at 31 December 2019 is approximately Baht 846 million. The management estimates that revenues will be recognized according to the transfer of the construction contracts in 2020 and 2021-2022 of approximately Baht 533 million and Baht 313 million, respectively.

11. SUPPLIES

| | In Baht | | | |
|-------------------------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cost | 19,851,390 | 23,056,404 | 13,601,106 | 16,801,694 |
| <u>Less</u> allowance for obsolescence of supplies | (1,120,670) | (5,455,354) | (1,120,670) | (5,455,354) |
| Supplies - net | 18,730,720 | 17,601,050 | 12,480,436 | 11,346,340 |

During the current year, the Group write-off an allowance for obsolescence of supplies by Baht 4.34 million due to sales such supplies during the year.

12. FIXED DEPOSITS PLEDGED AS COLLATERAL

| | In Baht | | | |
|--------------------------|--------------------|-------------|---------------------------------------------------|-------------|
| | Interest rates (%) | | Consolidated and separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| 3-months fixed deposits | 0.65 | 0.65 - 1.00 | 2,639,764 | 5,344,167 |
| 12-months fixed deposits | 0.75 - 0.90 | 0.95 | 134,209,420 | 108,869,707 |
| Total | | | 136,849,184 | 114,213,874 |

Such deposits were pledged as collateral against credit facilities from the financial institutions (Notes 18 and 32.2)

13. INVESTMENT IN SUBSIDIARY

Separate financial statements

| Company name | Paid-up capital (In Baht) | Holdings (%) | At cost (In Baht) | |
|------------------------------------|---------------------------------|--------------|-------------------|-----------|
| | | | 2019 | 2018 |
| SCC Maintenance Services Co., Ltd. | 1,000,000 | 75 | 4,972,619 | 4,972,619 |

The movements in investment in non-controlling interests are as follow:

| Company name | In Baht | | | | | | | |
|------------------------------------|--------------------------------------------------------------------|------|--------------------------------------------------|------------|--------------------------------------------------------------------|-----------|--------------------------------------------|-----------|
| | Proportion of equity interest held by on-controlling interests (%) | | Accumulated balance of non-controlling interests | | Profit/loss allocated to non-controlling interests during the year | | Dividend paid to non-controlling interests | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| SCC Maintenance Services Co., Ltd. | 25 | 25 | 29,188,957 | 23,648,772 | 10,965,406 | 5,328,332 | 5,000,000 | 8,250,000 |

14. INVESTMENT IN ASSOCIATED COMPANY

| Company name | In Baht | | | | | |
|----------------------------------------------------|--------------|------|-----------------------------------|------|-------------------------------|-----------|
| | Holdings (%) | | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | At equity method | | At cost | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Thai Taihei Co., Ltd. | 21 | 21 | - | - | 606,600 | 606,600 |
| <u>Less</u> Allowance for impairment of investment | | | - | - | (606,600) | (606,600) |
| Net | | | - | - | - | - |

Thai Taihei Co., Ltd. was incorporated in Thailand and engages in business of consultant for the construction services and had not commenced any significant operation.

15. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements

| | In Baht | | | | | | | |
|--------------------------------------------------------|------------------------------|---------------------------|----------------------------|-------------------------------------|-------------------|-------------------|------------------------------------------|--------------------|
| | Land and land improvement | Building and structure | Machinery and equipment | Fixtures and office equipment | Vehicles | Computer | Building and Machinery in progress | Total |
| As at 1 January 2018 | | | | | | | | |
| Cost | 233,290,625 | 321,461,931 | 294,375,037 | 17,141,983 | 68,137,779 | 42,002,655 | 36,166,298 | 1,012,576,308 |
| <u>Less</u> Accumulated depreciation | (5,230,588) | (95,695,273) | (207,247,778) | (12,693,161) | (49,409,202) | (23,254,508) | - | (393,530,510) |
| Net book value | <u>228,060,037</u> | <u>225,766,658</u> | <u>87,127,259</u> | <u>4,448,822</u> | <u>18,728,577</u> | <u>18,748,147</u> | <u>36,166,298</u> | <u>619,045,798</u> |
| Transactions during the year ended 31 December 2018 | | | | | | | | |
| Opening net book value | 228,060,037 | 225,766,658 | 87,127,259 | 4,448,822 | 18,728,577 | 18,748,147 | 36,166,298 | 619,045,798 |
| <u>Add</u> Acquisitions | 1,307,618 | - | 2,648,482 | 772,000 | 1,429,542 | 639,795 | 2,990,184 | 9,787,621 |
| Transfer in (out) | 33,036,415 | 2,551,863 | - | 578,020 | - | - | (36,166,298) | - |
| <u>Less</u> Disposals and write off assets | - | - | (56,160) | (26,494) | (529,348) | (3,799) | - | (615,801) |
| Depreciation | (4,198,815) | (25,867,370) | (14,019,393) | (1,619,313) | (5,162,867) | (3,434,868) | - | (54,302,626) |
| Closing net book value | <u>258,205,255</u> | <u>202,451,151</u> | <u>75,700,188</u> | <u>4,153,035</u> | <u>14,465,904</u> | <u>15,949,275</u> | <u>2,990,184</u> | <u>573,914,992</u> |
| As at 31 December 2018 | | | | | | | | |
| Cost | 267,634,658 | 324,013,794 | 295,443,843 | 17,797,391 | 67,515,785 | 41,794,446 | 2,990,184 | 1,017,190,101 |
| <u>Less</u> Accumulated depreciation | (9,429,403) | (121,562,643) | (219,743,655) | (13,644,356) | (53,049,881) | (25,845,171) | - | (443,275,109) |
| Net book value | <u>258,205,255</u> | <u>202,451,151</u> | <u>75,700,188</u> | <u>4,153,035</u> | <u>14,465,904</u> | <u>15,949,275</u> | <u>2,990,184</u> | <u>573,914,992</u> |

Consolidated financial statements

| | In Baht | | | | | | | Total |
|-----------------------------------------------------|---------------------------|------------------------|-------------------------|-------------------------------|-------------------|-------------------|------------------------------------|--------------------|
| | Land and land improvement | Building and structure | Machinery and equipment | Fixtures and office equipment | Vehicles | Computer | Building and Machinery in progress | |
| Transactions during the year ended 31 December 2019 | | | | | | | | |
| Opening net book value | 258,205,255 | 202,451,151 | 75,700,188 | 4,153,035 | 14,465,904 | 15,949,275 | 2,990,184 | 573,914,992 |
| <u>Add</u> Acquisitions | - | - | 4,481,856 | 500,676 | 10,192,957 | 1,027,771 | 23,405,131 | 39,608,391 |
| Transfer in (out) | 1,893,861 | 5,170,329 | - | - | - | - | (7,064,190) | - |
| <u>Less</u> Disposals and write off assets | - | - | (1,691,424) | (9,217) | (983,544) | - | - | (2,684,185) |
| Depreciation | (4,166,453) | (25,275,473) | (14,720,001) | (1,496,297) | (4,600,006) | (3,072,599) | - | (53,330,829) |
| Closing net book value | <u>255,932,663</u> | <u>182,346,007</u> | <u>63,770,619</u> | <u>3,148,197</u> | <u>19,075,311</u> | <u>13,904,447</u> | <u>19,331,125</u> | <u>557,508,369</u> |
| As at 31 December 2019 | | | | | | | | |
| Cost | 269,528,519 | 329,184,123 | 288,213,549 | 18,188,373 | 72,181,641 | 42,822,216 | 19,331,125 | 1,039,449,546 |
| <u>Less</u> Accumulated depreciation | (13,595,856) | (146,838,116) | (224,442,930) | (15,040,176) | (53,106,330) | (28,917,769) | - | (481,941,177) |
| Net book value | <u>255,932,663</u> | <u>182,346,007</u> | <u>63,770,619</u> | <u>3,148,197</u> | <u>19,075,311</u> | <u>13,904,447</u> | <u>19,331,125</u> | <u>557,508,369</u> |

As at 31 December 2019, the Group had vehicle acquired under finance lease agreements, with net book value amounting to approximately Baht 8.20 million (2018: Baht 4.27 million).

Separate financial statements

| | In Baht | | | | | | | |
|--------------------------------------------------------|------------------------------|---------------------------|----------------------------|-------------------------------------|-------------------|-------------------|------------------------------------------|--------------------|
| | Land and land improvement | Building and structure | Machinery and equipment | Fixtures and office equipment | Vehicles | Computer | Building and Machinery in progress | Total |
| As at 1 January 2018 | | | | | | | | |
| Cost | 233,290,625 | 317,176,287 | 277,042,836 | 15,349,475 | 59,210,745 | 39,992,424 | 36,166,298 | 978,228,690 |
| <u>Less</u> Accumulated depreciation | (5,230,588) | (94,677,727) | (193,301,110) | (11,243,067) | (43,138,905) | (21,550,868) | - | (369,142,265) |
| Net book value | <u>228,060,037</u> | <u>222,498,560</u> | <u>83,741,726</u> | <u>4,106,408</u> | <u>16,071,840</u> | <u>18,441,556</u> | <u>36,166,298</u> | <u>609,086,425</u> |
| Transactions during the year ended 31 December 2018 | | | | | | | | |
| Opening net book value | 228,060,037 | 222,498,560 | 83,741,726 | 4,106,408 | 16,071,840 | 18,441,556 | 36,166,298 | 609,086,425 |
| <u>Add</u> Acquisitions | 1,307,618 | - | 2,012,220 | 698,998 | 900,000 | 497,608 | 2,990,184 | 8,406,628 |
| Transfer in (out) | 33,036,415 | 2,551,863 | - | 578,020 | - | - | (36,166,298) | - |
| <u>Less</u> Disposals and write off assets | - | - | (56,160) | (26,494) | (529,348) | (3,799) | - | (615,801) |
| Depreciation | (4,198,815) | (25,438,805) | (13,079,300) | (1,500,686) | (4,446,659) | (3,305,752) | - | (51,970,017) |
| Closing net book value | <u>258,205,255</u> | <u>199,611,618</u> | <u>72,618,486</u> | <u>3,856,246</u> | <u>11,995,833</u> | <u>15,629,613</u> | <u>2,990,184</u> | <u>564,907,235</u> |
| As at 31 December 2018 | | | | | | | | |
| Cost | 267,634,658 | 319,728,150 | 277,475,380 | 15,931,881 | 58,059,209 | 39,642,029 | 2,990,184 | 981,461,491 |
| <u>Less</u> Accumulated depreciation | (9,429,403) | (120,116,532) | (204,856,894) | (12,075,635) | (46,063,376) | (24,012,416) | - | (416,554,256) |
| Net book value | <u>258,205,255</u> | <u>199,611,618</u> | <u>72,618,486</u> | <u>3,856,246</u> | <u>11,995,833</u> | <u>15,629,613</u> | <u>2,990,184</u> | <u>564,907,235</u> |

Separate financial statements

| | In Baht | | | | | | | |
|--------------------------------------------------------|------------------------------|---------------------------|----------------------------|-------------------------------------|-------------------|-------------------|------------------------------------------|--------------------|
| | Land and land improvement | Building and structure | Machinery and equipment | Fixtures and office equipment | Vehicles | Computer | Building and Machinery in progress | Total |
| Transactions during the year ended 31 December 2019 | | | | | | | | |
| Opening net book value | 258,205,255 | 199,611,618 | 72,618,486 | 3,856,246 | 11,995,833 | 15,629,613 | 2,990,184 | 564,907,235 |
| <u>Add</u> Acquisitions | - | - | 3,173,142 | 423,780 | 7,311,991 | 859,802 | 23,405,131 | 35,173,846 |
| Transfer in (out) | 1,893,861 | 5,170,329 | - | - | - | - | (7,064,190) | - |
| Less Disposals and write off assets | - | - | (1,691,424) | (9,217) | (983,544) | - | - | (2,684,185) |
| Depreciation | (4,166,453) | (24,846,908) | (13,726,126) | (1,378,703) | (3,580,710) | (2,950,383) | - | (50,649,283) |
| Closing net book value | <u>255,932,663</u> | <u>179,935,039</u> | <u>60,374,078</u> | <u>2,892,106</u> | <u>14,743,570</u> | <u>13,539,032</u> | <u>19,331,125</u> | <u>546,747,613</u> |
| As at 31 December 2019 | | | | | | | | |
| Cost | 269,528,519 | 324,898,479 | 268,936,373 | 16,245,966 | 59,844,098 | 40,501,830 | 19,331,125 | 999,286,390 |
| <u>Less</u> Accumulated depreciation | (13,595,856) | (144,963,440) | (208,562,295) | (13,353,860) | (45,100,528) | (26,962,798) | - | (452,538,777) |
| Net book value | <u>255,932,663</u> | <u>179,935,039</u> | <u>60,374,078</u> | <u>2,892,106</u> | <u>14,743,570</u> | <u>13,539,032</u> | <u>19,331,125</u> | <u>546,747,613</u> |

As at 31 December 2019, the Company had vehicle acquired under finance lease agreements, with net book value amounting to approximately Baht 5.78 million (2018: Baht 3.04 million).

16. INTANGIBLE ASSETS

Movement in intangible assets during the year is as follows:

| | In Baht | |
|------------------------------------------------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| As at 1 January 2018 | | |
| Cost | 34,146,785 | 31,714,785 |
| <u>Less</u> Accumulated amortization | (22,158,767) | (20,956,358) |
| Net book value | 11,988,018 | 10,758,427 |
| Transactions during the year ended 31 December 2018 | | |
| Opening net book value | 11,988,018 | 10,758,427 |
| <u>Add</u> Acquisitions | 2,333,140 | 477,289 |
| <u>Less</u> Written-off | (61,679) | (61,679) |
| <u>Less</u> Amortization | (2,892,782) | (2,320,186) |
| Closing net book value | 11,366,697 | 8,853,851 |
| As at 31 December 2018 | | |
| Cost | 36,394,325 | 32,106,475 |
| <u>Less</u> Accumulated amortization | (25,027,628) | (23,252,624) |
| Net book value | 11,366,697 | 8,853,851 |
| Transactions during the year ended 31 December 2019 | | |
| Opening net book value | 11,366,697 | 8,853,851 |
| <u>Add</u> Acquisitions | 1,177,667 | 571,333 |
| <u>Less</u> Amortization | (2,956,418) | (2,307,037) |
| Closing net book value | 9,587,946 | 7,118,147 |
| As at 31 December 2019 | | |
| Cost | 37,571,992 | 32,677,808 |
| <u>Less</u> Accumulated amortization | (27,984,046) | (25,559,661) |
| Net book value | 9,587,946 | 7,118,147 |

17. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The gross movement and the deferred income tax account is as follow:

| | In Baht | | | |
|-------------------------------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| At 1 January | 8,720,421 | 7,565,741 | 6,812,874 | 6,032,995 |
| Charge (credited) to profit or loss | 4,837,271 | 1,163,204 | 4,187,132 | 788,403 |
| Charge (credited) to other comprehensive income | 1,462,248 | (8,524) | 1,037,026 | (8,524) |
| At 31 December | 15,019,940 | 8,720,421 | 12,037,032 | 6,812,874 |

The movement in deferred tax assets and liabilities during the year is as follow:

| | In Baht | | | |
|---------------------------------------------------|-------------|----------------|----------------------|-------------|
| | At 1 | Charged | Charged | At 31 |
| | January | (credited) to | to other | December |
| | 2019 | profit or loss | comprehensive income | 2019 |
| <u>Consolidated financial statement</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Employee benefit obligations | 15,220,552 | 4,326,868 | 1,475,114 | 21,022,534 |
| Liabilities under finance lease agreements | 45,425 | (26,626) | - | 18,799 |
| Total | 15,265,977 | 4,300,242 | 1,475,114 | 21,041,333 |
| <u>Deferred tax liabilities</u> | | | | |
| Depreciation | (6,497,529) | 537,029 | - | (5,960,500) |
| Unrealised gain of available-for-sale-investments | (48,027) | - | (12,866) | (60,893) |
| Total | (6,545,556) | 537,029 | (12,866) | (6,021,393) |
| Deferred tax - net | 8,720,421 | 4,837,271 | 1,462,248 | 15,019,940 |
| <u>Separate financial statement</u> | | | | |
| <u>Deferred tax assets</u> | | | | |
| Employee benefit obligations | 12,961,506 | 3,679,638 | 1,049,892 | 17,691,036 |
| Liabilities under finance lease agreements | 33,089 | (25,624) | - | 7,465 |
| Total | 12,994,595 | 3,654,014 | 1,049,892 | 17,698,501 |

Deferred tax liabilities

| | | | | |
|---------------------------------------------------|-------------|-----------|-----------|-------------|
| Depreciation | (6,133,694) | 533,118 | - | (5,600,576) |
| Unrealised gain of available-for-sale-investments | (48,027) | - | (12,866) | (60,893) |
| Total | (6,181,721) | 533,118 | (12,866) | (5,661,469) |
| Deferred tax - net | 6,812,874 | 4,187,132 | 1,037,026 | 12,037,032 |

In Baht

| | At 1 January 2018 | Charged (credited) to profit or loss | Charged (credited) to other comprehensive income | At 31 December 2018 |
|--|-------------------------|--------------------------------------------|--------------------------------------------------------------|---------------------------|
|--|-------------------------|--------------------------------------------|--------------------------------------------------------------|---------------------------|

Consolidated financial statement**Deferred tax assets**

| | | | | |
|--------------------------------------------|------------|-----------|---|------------|
| Employee benefit obligations | 13,516,075 | 1,704,477 | - | 15,220,552 |
| Liabilities under finance lease agreements | 45,634 | (209) | - | 45,425 |
| Total | 13,561,709 | 1,704,268 | - | 15,265,977 |

Deferred tax liabilities

| | | | | |
|---------------------------------------------------|-------------|-----------|---------|-------------|
| Depreciation | (5,956,465) | (541,064) | - | (6,497,529) |
| Unrealised gain of available-for-sale-investments | (39,503) | - | (8,524) | (48,027) |
| Total | (5,995,968) | (541,064) | (8,524) | (6,545,556) |
| Deferred tax - net | 7,565,741 | 1,163,204 | (8,524) | 8,720,421 |

In Baht

| | At 1 January 2018 | Charged (credited) to profit or loss | Charged (credited) to other comprehensive income | At 31 December 2018 |
|--|-------------------------|--------------------------------------------|--------------------------------------------------------------|---------------------------|
|--|-------------------------|--------------------------------------------|--------------------------------------------------------------|---------------------------|

Separate financial statement**Deferred tax assets**

| | | | | |
|--------------------------------------------|------------|-----------|---|------------|
| Employee benefit obligations | 11,620,095 | 1,341,411 | - | 12,961,506 |
| Liabilities under finance lease agreements | 33,605 | (516) | - | 33,089 |
| Total | 11,653,700 | 1,340,895 | - | 12,994,595 |

Deferred tax liabilities

| | | | | |
|---------------------------------------------------|-------------|-----------|---------|-------------|
| Depreciation | (5,581,202) | (552,492) | - | (6,133,694) |
| Unrealised gain of available-for-sale-investments | (39,503) | - | (8,524) | (48,027) |
| Total | (5,620,705) | (552,492) | (8,524) | (6,181,721) |
| Deferred tax - net | 6,032,995 | 788,403 | (8,524) | 6,812,874 |

The financial position of deferred tax assets and liabilities is as follow:

| | In Baht | | | |
|----------------------------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred income tax assets | 21,041,333 | 15,265,977 | 17,698,501 | 12,994,595 |
| Deferred income tax liabilities | (6,021,393) | (6,545,556) | (5,661,469) | (6,181,721) |
| Deferred income tax assets - net | 15,019,940 | 8,720,421 | 12,037,032 | 6,812,874 |

18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at 31 December 2019 and 2018, the Company has credit facilities for short-term loans and other facilities from financial institutions totaling Baht 505.4 million. Such loans are guaranteed by deposits at financial institutions (Note 12).

19. TRADE PAYABLES

| | In Baht | | | |
|----------------------------------|----------------------|------------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade payables - related company | | | | |
| (Note 5.2) | - | - | 11,991 | 10,871 |
| Trade payables - other companies | 27,125,849 | 17,891,316 | 15,532,482 | 12,028,672 |
| Total trade payables | 27,125,849 | 17,891,316 | 15,544,473 | 12,039,543 |

20. OTHER PAYABLES

| | In Baht | | | |
|------------------------------------------------|----------------------|------------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accrued expenses | 58,141,345 | 40,093,893 | 51,416,712 | 35,281,737 |
| Payable - Revenue Department | 8,136,488 | 14,867,024 | 6,968,090 | 13,487,528 |
| Other payables - related company (Note 5.2) | 542,490 | 492,490 | 542,490 | 492,490 |
| Other payables - other companies | 2,808,766 | 2,531,417 | 2,808,766 | 2,531,417 |
| Total other payables | 69,629,089 | 57,984,824 | 61,736,058 | 51,793,172 |

21. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

The Group entered into the financial lease agreements for vehicle with the lease period of 3 - 4 years with the amount of minimum installments and the present values for liabilities under financial lease agreements as follows;

| | In Baht | | | |
|-------------------------------------------------|----------------------|-----------|------------------------------|-----------|
| | Minimum installments | | The present value of minimum | |
| | amount | | installments amount | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Consolidated financial statements</u> | | | | |
| Within 1 year | 1,859,436 | 1,123,746 | 1,660,758 | 1,086,873 |
| Over 1 to 5 years | 2,625,131 | 255,269 | 2,500,545 | 246,525 |
| | 4,484,567 | 1,379,015 | 4,161,303 | 1,333,398 |
| <u>Less</u> Deferred interest | (323,264) | (45,617) | - | - |
| | 4,161,303 | 1,333,398 | 4,161,303 | 1,333,398 |
| <u>Separate financial statements</u> | | | | |
| Within 1 year | 1,124,559 | 753,182 | 974,621 | 740,326 |
| Over 1 to 5 years | 1,848,332 | - | 1,745,611 | - |
| | 2,972,891 | 753,182 | 2,720,232 | 740,326 |
| <u>Less</u> Deferred interest | (252,659) | (12,856) | - | - |
| | 2,720,232 | 740,326 | 2,720,232 | 740,326 |

22. EMPLOYEE BENEFIT OBLIGATIONS

The movement of employee benefit obligation related to post-employment compensation are as follows:

| | In Baht | | | |
|-----------------------------|--------------------------------------|------------|----------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Defined benefit obligations | 74,505,524 | 67,580,378 | 63,210,302 | 58,100,473 |
| Included in profit or loss: | | | | |
| Current service costs | 7,936,907 | 7,046,303 | 5,961,019 | 5,434,932 |
| Past service costs | 15,549,116 | - | 14,168,747 | - |
| Current interest costs | 2,144,559 | 1,476,071 | 1,822,276 | 1,272,125 |
| Total | 25,630,582 | 8,522,374 | 21,952,042 | 6,707,057 |

Included in other comprehensive income:

Actuarial loss (profit) arising from

| | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|
| Financial assumptions changes | 8,145,565 | - | 6,789,016 | - |
| Demographic assumptions changes | (769,997) | - | (1,539,556) | - |
| Total | 7,375,568 | - | 5,249,460 | - |
| Benefit paid by the plan | (2,399,003) | (1,597,228) | (1,956,622) | (1,597,228) |
| Defined benefit obligations | 105,112,671 | 74,505,524 | 88,455,182 | 63,210,302 |

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

| | In Baht | | | |
|-------------------------------|--------------------------------------|-----------|----------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cost of construction services | 14,667,150 | 916,571 | 14,667,150 | 916,571 |
| Cost of services | 3,678,540 | 1,815,317 | - | - |
| Administrative expenses | 7,284,892 | 5,790,486 | 7,284,892 | 5,790,486 |
| Total | 25,630,582 | 8,522,374 | 21,952,042 | 6,707,057 |

The Group expect to pay Baht 18.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 15.7 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 12.6 years

Principal actuarial assumptions at the reporting date

For the year ended 31 December 2019 and 2018.

| | Consolidated and Separate financial statements | |
|------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| | 2019 | 2018 |
| Discount rate | 1.71 % per annum | 2.6% per annum |
| Salary increase rate | 3.0 - 8.0% | 3.0 - 8.0% |
| Employee turnover rate | Scale related to Age ranging from 0 - 45.0% | Scale related to Age ranging from 0 - 45.0% |
| Mortality rate | According to Thailand TMO 2017 Estimated adjusted death rate from 3.0% per annum. | According to Thailand TMO 2017 Estimated adjusted death rate from 3.0% per annum. |

Sensitivity analysis

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

| | In Baht | | | |
|-------------------------------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation at 31 December 2019 | | | | |
| Discount rate (1% movement) | (7,954,099) | 9,223,287 | (6,651,003) | 7,700,021 |
| Future salary growth (1% movement) | 10,012,228 | (8,806,410) | 8,366,071 | (7,369,340) |
| Turnover rate (20% movement) | (4,584,633) | 5,655,794 | (3,623,336) | 4,446,453 |
| Mortality rate (1% movement) | 334,866 | (370,231) | 278,883 | (307,991) |
| Defined benefit obligation at 31 December 2018 | | | | |
| Discount rate (1% movement) | (5,103,834) | 5,863,098 | (4,363,726) | 5,010,450 |
| Future salary growth (1% movement) | 6,359,198 | (5,622,611) | 5,431,626 | (4,804,169) |
| Turnover rate (20% movement) | (3,138,603) | 3,873,243 | (2,570,975) | 3,154,745 |
| Mortality rate (1% movement) | 188,891 | (207,148) | 161,069 | (176,598) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Amendments to the law relating to the legal severance pay rates

On 5 April 2019, the Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a

post-employment benefits plan amendment and the Group and the Company have additional long-term employee benefit liabilities of Baht 15.55 million and Baht 14.17 million, respectively. The Group reflected total effect of the change by recognising past service costs as expenses in the statement of comprehensive income for the second quarter of current year.

23. DIVIDENDS PAID

| | | Dividend | | |
|------------------------|-----------------------------------------------------------------------------|----------------|------------------|-------------|
| | | Dividend | per share | Date of |
| Dividend | Approved by | (Million Baht) | (Baht per share) | payment |
| Dividend for year 2017 | At the Company's Ordinary Shareholders Meeting dated 27 April 2018 | 61.98 | 0.20 | 25 May 2018 |

24. LEGAL RESERVE

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year after deduction of the deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

25. PROVIDENT FUND

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund was approved by the Ministry of Finance. Under the plan, employees must contribute 3 percent of their basic salary, with 3 percent of the employees' basic salary based on employees' service years to be matched by the Company. The Company appointed an authorised fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Acts B.E. 2530.

For the year ended 31 December 2019 and 2018, the Group's contribution to the provident fund recorded in the financial statements is Baht 2.29 million and 2.24 (Separate financial statements: In 2019 Baht 1.89 million and in 2018 Baht 1.87 million).

26. INCOME TAX

Income tax expenses (income) for the years ended 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|----------------------------------------------------------------------------------|----------------------|-------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Current income tax | | | | |
| Income tax for the period | 11,324,863 | 9,109,500 | - | 3,668,541 |
| Overstatement of income tax of previously period | - | (485,049) | - | (487,514) |
| Total current income tax | 11,324,861 | 8,624,451 | - | 3,181,027 |
| Deferred income tax | | | | |
| Relating to origination and reversal of temporary differences | (4,837,271) | (1,163,204) | (4,187,132) | (788,403) |
| Income tax expenses (income) presented in the statements of comprehensive income | 6,487,590 | 7,461,247 | (4,187,132) | 2,392,624 |
| Income tax recognised in other comprehensive income | | | | |
| Gain on change in value of available-for-sale investments | 12,866 | 8,524 | 12,866 | 8,524 |
| Actuarial loss | (1,475,114) | - | (1,049,892) | - |
| Total | (1,462,248) | 8,524 | (1,037,026) | 8,524 |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|-------------------------------------------------|----------------------|--------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting loss before income tax | (30,928,141) | (86,364,947) | (70,464,487) | (87,996,896) |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Income tax | (6,185,628) | (17,272,989) | (14,092,897) | (17,599,379) |
| Effects of: | | | | |
| Tax losses | 13,658,090 | 25,233,530 | 13,658,090 | 25,233,530 |
| Non-deductible expenses | 5,233,427 | 2,917,892 | 4,470,655 | 2,524,491 |
| Additional expenses deductible for tax purposes | (1,381,028) | (1,768,933) | (1,035,848) | (1,540,101) |
| Income not subject to tax | - | - | (3,000,000) | (4,950,000) |
| Additional income tax of prior years | - | (485,049) | - | (487,514) |
| Current income tax expenses | 11,324,861 | 8,624,451 | - | 3,181,027 |

| | In Baht | | | |
|----------------------------------------------------------------------------------------|--------------------------------------|-------------|----------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Changes of temporary differences | (4,837,271) | (1,163,204) | (4,187,132) | (788,403) |
| Income tax expenses (income) presented in the statements of comprehensive income | 6,487,590 | 7,461,247 | (4,187,132) | 2,392,624 |

Information about deferred tax further disclosed in Note 17.

As at 31 December 2019, the Group has not recognized deferred tax assets in respect of loss as follows:

| | In Million Baht | |
|--------------------|---------------------------------------------------|------|
| | Consolidated and Separate financial statements | |
| | 2019 | 2018 |
| Loss carry forward | 289 | 231 |

27. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2019 and 2018 are as follows:

| | In Baht | | | |
|-------------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Purchase of materials and consumable used | 94,842,635 | 113,536,056 | 57,708,506 | 89,000,674 |
| Staff costs | 555,266,064 | 471,633,527 | 411,921,765 | 346,281,168 |
| Subcontractors costs | 112,238,624 | 68,924,727 | 73,029,062 | 35,630,857 |
| Rental land, equipment and vehicles | 23,074,086 | 13,337,904 | 16,289,000 | 10,112,276 |
| Depreciation | 53,330,829 | 54,302,626 | 50,649,283 | 51,970,017 |
| Amortization | 2,956,418 | 2,892,782 | 2,307,037 | 2,320,186 |

28. 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. The segment information in the management internal report classify the group business operation to construction service business and maintenance service business, it also classifies by the location of customer (Geographical) to local and oversea business.

The financial information is classified by business operation of the Group and geographical segment which manner consistent with the management internal reports for the years ended 31 December 2019 and 2018 are as follows:

Consolidated financial statements

| | In Million Baht | | | | | |
|------------------------------------|-----------------|-------|----------|-------|-------|-------|
| | Domestic | | Overseas | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue from construction services | 304 | 188 | - | - | 304 | 188 |
| Revenue from services | 302 | 249 | 306 | 373 | 608 | 622 |
| Total revenues | 606 | 437 | 306 | 373 | 912 | 810 |
| Cost of construction services | (287) | (189) | - | - | (287) | (189) |
| Cost of services | (249) | (213) | (165) | (186) | (414) | (399) |
| Total cost | (536) | (402) | (165) | (186) | (701) | (588) |
| Segment operating gross profit | 70 | 35 | 141 | 187 | 211 | 222 |
| Other income | | | | | 14 | 9 |
| Profit before expenses | | | | | 225 | 231 |
| Administrative expenses | | | | | (256) | (318) |
| Loss before income | | | | | (31) | (87) |
| Income tax | | | | | (6) | (7) |
| Loss for the years | | | | | (37) | (94) |

Other information

As at 31 December 2019 and 2018

| | | | | | | |
|---------------------------------------------------|-----|-----|---|---|-----|-----|
| Property, plant and equipment | 558 | 574 | - | - | 558 | 574 |
| Liabilities which cannot be classified by segment | | | | | 248 | 157 |

The Group's total revenues from operations derived from two domestic and foreign customers equivalent to 51% of total revenues, one of which revenue from construction services (equivalent to 18% of total revenues) and one of which revenue from services (equivalent to 33% of total revenues) (2018: two customers equivalent to 68% of total revenues, one of which revenue from construction services (equivalent to 22% of total revenues) and one of which revenue from services (equivalent to 45% of total revenues).

29. PROMOTIONAL PRIVILEGES

By virtue of the provisions of Industrial Investment Promotion Act B.E. 2520, the investment promotion certificate No. 59-0060-0-00-1-0, the Company were granted certain privileges on their Manufacture of metal structures and equipment for industrial applications as follows;

- Exemption of corporate income tax on the profit for five years from the date of earning operating income from promoted activity.
- In case of loss from operation during the exemption period, it can deduct from the profit beyond the exemption period for five years.
- Exemption of import duty on raw materials and the need to import from abroad for use in manufacturing for export for a period of one year from the date of first import.
- Exemption of income tax on dividends paid from the profit of the promoted activity throughout the promoted period.

As a promoted industry, the Company must comply with certain conditions and restrictions provided for the promotional certificate.

Revenues from construction services classified as promoted and non-promoted business for the years ended 31 December 2019 and 2018 of the Company are summarized as follows:

Separate financial statements

| | | In Million Baht | | | |
|-------------------------------------|--|-----------------|----------|----------|----------|
| | | 2019 | | 2018 | |
| | | Non- | | Non- | |
| | | Promoted | promoted | Promoted | promoted |
| | | business | business | business | business |
| | | Total | | Total | |
| Revenues from construction services | | 85 | 189 | 73 | 115 |
| | | 275 | | 188 | |

30. FAIR VALUE HIERARCHY

As at 31 December 2019 and 2018, the Group had the assets that were measured at fair value using different levels of inputs as follow:

(Unit: Million Baht)

| | | Consolidated Financial Statements | | | |
|-------------------------------------------|---|-----------------------------------|---------|---------|-------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | | |
| As at 31 December 2019 | | | | | |
| Mutual fund-Available-for-sale securities | - | 5.83 | - | 5.83 | |
| As at 31 December 2018 | | | | | |
| Mutual fund-Available-for-sale securities | - | 5.76 | - | 5.76 | |

31. FINANCIAL INSTRUMENTS

As at 31 December 2019 and 2018, the Group is not engaged in the trading of any derivative financial instruments for speculative purposes.

31.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

31.2 Interest Rate Risk

The Group is exposed to interest risks because it held deposits with financial institutions. However, The Group believed that the future fluctuation on market interest rate would not provide significant effect to their operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

31.3 Foreign currency risk

The Company have exposure to foreign currency risk relating to their monetary assets and liabilities. However, the Company do not expect to incur significant risk from the exchange rates.

31.4 Credit Risk

The Group is exposed to credit risks mainly relating to their trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with their receivables.

31.5 Fair Value of Financial Instruments

The financial assets and liabilities include cash and cash equivalents, short-term investments, trade accounts receivable, accrued income, unbilled completed works, retention receivable, trade accounts payable, other payable, retention payables and expenses. Their carried values approximate to their fair values.

32. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2019, the Group and the Company have commitments and contingent liabilities as follows:

32.1 The Company has commitment under the lease and service agreements, as follows:

| | In Baht |
|---------------------------|---------------------------------------------------|
| | Consolidated and separate financial statements |
| <u>Paid within</u> | |
| Within 1 year | 5,909,880 |
| 1 to 5 years | 40,000 |
| Total | 5,949,880 |

During the years ended 31 December 2019, the Company had lease expenses recognized in the statement of comprehensive income totaling Baht 5.91 million.

32.2 The Company has contingent liabilities in relation to letter of guarantees issued by the banks for performance guarantee in the service contracts with customers amounting to Baht 96.70 million and letters of guarantee issued for electricity amounting to Baht 2.20 million. These letters of guarantees are pledged by deposits at financial institutions (Note 12).

32.3 The Company has capital commitment to purchase machinery amounting to U.S. Dollars 0.40 million.

33. CAPITAL MANAGEMENT

The primary objective of the Company's and subsidiary capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2019, debt to equity ratio in the consolidated financial statement is 0.16: 1 (the separate financial statement: debt to equity ratio is 0.14: 1).

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on 25 February 2020.

Management Discussion & Analysis (MD&A)

Overview on Performance of the Company and the Affiliate

The Company operates business on rendering steel structure construction services to the main contractor and the project owner directly. Main customer bases of the Company are customers in energy industry, i.e. oil refinery, power generation industry, petrochemical industry and mining industry which are regarded as heavy mechanical construction industrial groups. Most of the works are complicated and required high expertise, for instance fabrication of steel structure, pipe rack, pipelines and large steel tank including installation of large industrial machineries. The Company has experiences on detailed engineering work, procurement and integrated construction but the specialized field of expertise is the heavy mechanical construction. Main strategies of the Company are to enhance confidence to the customer groups and maintain good reputations of the Company in the long term. Factors leading to such achievement are to control quality of work and costs, manage construction projects as planned and complete the works within the specified period. Revenues of the Company depend on the acquisition of works awarded by the customers from bidding process so uncertainty of the bidding project and delay of the project may cause the Company's revenue fluctuate pursuant to the amount of work bid, despite the Company tries to maintain continuity of revenues.

There are a few competitors in the heavy mechanical construction industry, so the competition is not intense and each competitor has different strength. The Company mainly focuses on mechanical construction in heavy industry with a fewer ratio in detailed engineering work and raw materials procurement when compared with other competitors. They are constantly projects on construction and expansion of production capacity in Thailand.

In 2019, the operations of the Company and its affiliate emphasized on management of the existing projects which comprised of the followings:

- Machinery control and maintenance project under Ambatovy Project in Madagascar with value of 9.82 USD/year or approximately 294.51 million baht/year. This project has commenced since 2012 and up to at present, the Company has operated this project for more than 7 years.
- TOP Crude Oil Tank Project : Thai Oil PCL, with contract value of 288.57 million baht.
- Site Preparation for ERU Construction of CEP Project (PLOT X) : Thai Oil PCL, with contract value of 75.78 million baht.
- Shutdown TEI-IN 2019 Project : Thai Oil PCL, with contract value of 100.43 million baht.
- TH1801: Piping Work, Equipment Work and Temporary Facilities Project: MKK Asia Co., Ltd., with contract value of 96.37 million baht.
- EPC Main Work for CFP Crude Oil Tank Project : CTCI (Thailand) Co., Ltd., with contract value of 205 million baht.
- Harmony Project : JGC Corporation, with contract value of 593.5 million baht.
- CFP Concurrent Work Project Package III, with contract value of 29 million baht.

As at December 31, 2019, remaining value of the Company's backlogs totaled 954.40 million baht which comprised of the following projects:

- Shutdown TEI-IN 2019 Project, 0.66 million baht.
- TH1801: Piping Work, Equipment Work and Temporary Facilities Project, 30.33 million baht.
- EPC Main Work for CFP Crude Oil Tank Project, 172.82 million baht.
- Harmony Project, 583.17 million baht.
- CFP Concurrent Work Project Package III, 23.84 million baht.
- Ambatovy Project in Madagascar, 143.58 million baht.
- Each year the Company's affiliate realized revenue in machinery maintenance projects averaged 330 million baht per year.

Operating results of the Company and its affiliate as at ended December 31, 2019 and 2018 are as follows:

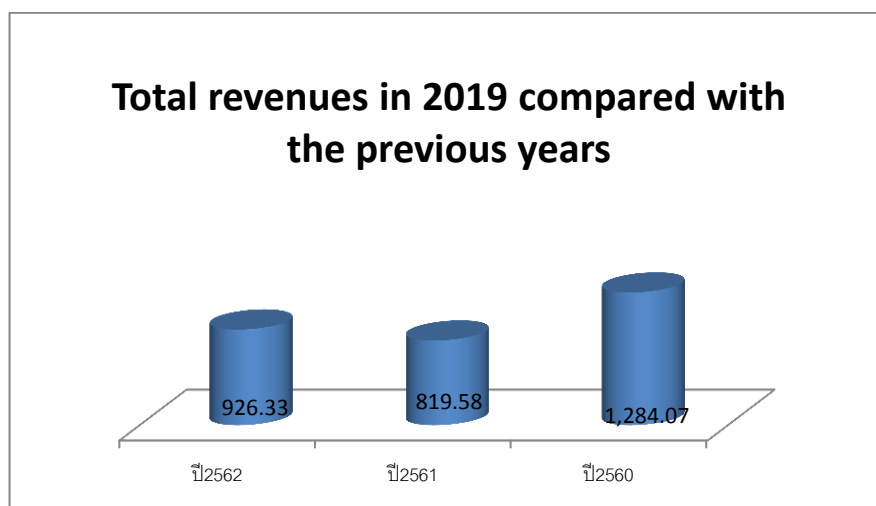
(Unit : Million Baht)

| Operating Results | For the Year ended December 31 | | | |
|-------------------------------------------------------------|-----------------------------------|----------------|---------------------|----------------|
| | Consolidated Financial Statements | | Increase (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Revenue from construction | 304.11 | 188.02 | 116.09 | 61.74 |
| Revenue from services | 607.96 | 622.20 | (14.24) | (2.29) |
| Other revenues | 14.26 | 9.36 | 4.90 | 52.35 |
| Cost of construction | (286.53) | (189.41) | 97.12 | 51.28 |
| Cost of services | (414.21) | (398.51) | 15.70 | 3.94 |
| Administrative expenses | (256.39) | (317.91) | (61.52) | (19.35) |
| Finance cost | (0.13) | (0.12) | 0.01 | 8.33 |
| Income tax | (6.49) | (7.46) | (0.97) | (13.00) |
| Net loss | (37.42) | (93.83) | (56.41) | (60.12) |
| Net loss attributable to equity holder of the parent | (48.38) | (99.15) | (50.77) | (51.21) |

In 2019, the Company's net loss decreased by 50.77 million baht, or 51.21 percent when compared with 2018. Revenue from construction increased by 116.09 million baht, or accounting for 61.74 percent because there were additional construction projects in 2019. Revenue from service decreased by 14.24 million baht, or 2.29 percent due to the decreased volume of overseas works. Revenue from construction of the construction business shall be recorded in percentage of the completed construction works.

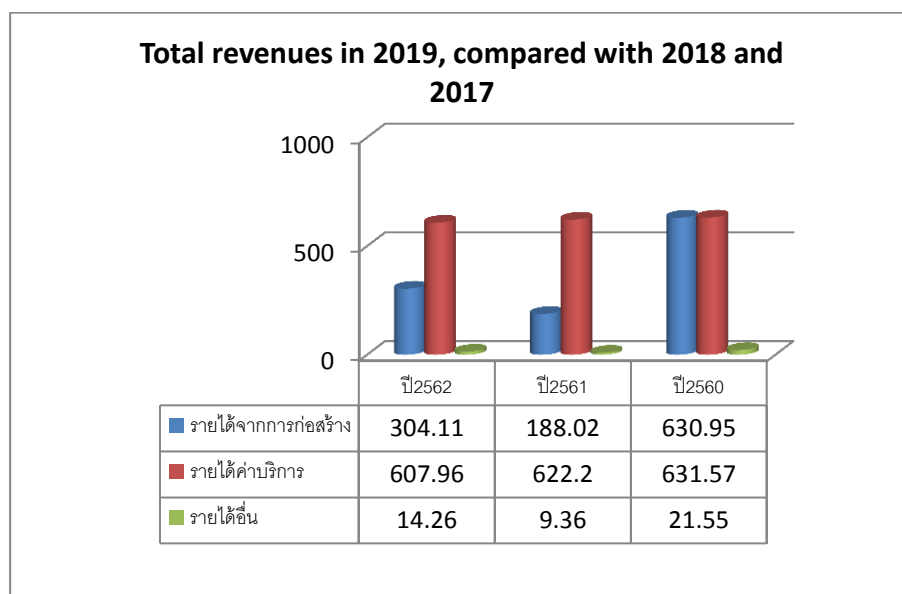
In overall, revenues from construction and services in 2019 was 912.07 million Baht, an increase by 101.85 million baht, or 12.48 percent from the year 2018 which was 810.22 million baht. Other revenues increased by 4.90 million baht, or 52.35 percent. Cost of construction increased by 97.12 million baht, or 51.28 percent pursuant to increased ratio of revenue from construction. Cost of service increased by 15.70 million baht, or 3.94 percent which was in line with the increased ratio of revenue from services. Administrative expenses decreased by 61.52 million baht or 19.35 percent. Income tax decreased by 0.97 million baht, or 13 percent.

Analysis on Operating Results



Operating Revenue

Revenues classified by main products which comprised of revenues from construction, revenues from service and other revenues.



Revenues for the year ended on December 31, 2019

| Type of Revenue | Unit : Million Baht | % of Total Revenue |
|---------------------------------|---------------------|--------------------|
| 1. Revenue from construction | 304.11 | 32.83% |
| 2. Revenue from services | 607.96 | 65.63% |
| 3. Other revenues | 14.26 | 1.54% |
| Total Operating Revenues | 926.33 | 100.00% |

Revenues for the year ended on December 31, 2019 and 2018 classified by each type as follows:

| Type of Revenue | Consolidated Financial Statements | | | |
|---------------------------|-----------------------------------|---------------|----------------------|--------------|
| | Unit : Million Baht | | Increase /(Decrease) | |
| | 2019 | 2018 | Amount | % |
| Revenue from construction | 304.11 | 188.02 | 116.09 | 61.74 |
| Revenue from services | 607.96 | 622.20 | (14.24) | (2.29) |
| Other revenues | 14.26 | 9.36 | 4.90 | 52.35 |
| Total | 926.33 | 819.58 | 106.75 | 13.02 |

Revenue from construction is revenue the Group received from providing construction services to the customers, i.e. steel structural work, fabrication & installation of piping system and installation of machinery & equipment, while revenue from services is revenue the Group received from provision of services under Machinery and Equipment Maintenance Contract, both domestically and abroad.

Revenue from Construction

| Type of Revenue | Consolidated Financial Statements | | | |
|----------------------------------------|-----------------------------------|---------------|-----------------------|--------------|
| | Unit : Million Baht | | Increase / (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Revenue from construction | 304.11 | 188.02 | 116.09 | 61.74 |
| Total revenue from construction | 304.11 | 188.02 | 116.09 | 61.74 |

In fiscal year 2019, the Company's revenue from construction was 304.11 million baht, increasing by 116.09 million baht, or 61.74 percent when comparing with 2018. Revenue from construction accounted for 32.83 percent of total revenues of the Company. Revenue from construction comprises of revenues from the following projects:

- TOP Crude Oil Tank Project
- Site Preparation for ERU Construction of CEP Project (PLOT X)
- Shutdown TEI-IN 2019 Project
- TH1801: Piping Work, Equipment Work and Temporary Facilities Project
- EPC Main Work for CFP Crude Oil Tank Project
- Harmony Project : JGC Corporation
- CFP Concurrent Work Project Package III

Increase or decrease of amount of works in each type depends on work of each customer because the Company's operations are mainly in the form of projects and ratio of the work in each project comprise of different products of the Company.

Revenue from Services

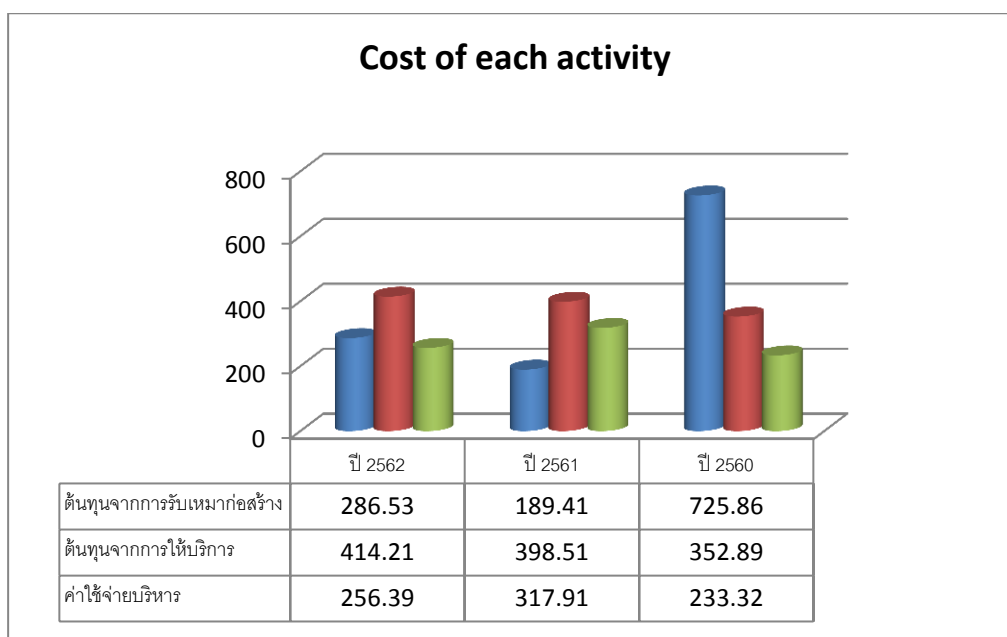
| Type of Revenue | Consolidated Financial Statements | | | |
|------------------------------------|-----------------------------------|---------------|-----------------------|---------------|
| | Unit : Million Baht | | Increase / (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Revenue from services | 607.96 | 622.20 | (14.24) | (2.29) |
| Total revenue from services | 607.96 | 622.20 | (14.24) | (2.29) |

Revenue from services in 2019 was 607.96 million baht, decreasing by 14.24 million baht, or 2.29 percent when compared with 2018. Revenues from services accounted for 65.63 percent of total revenues. Revenue from services on control and maintenance of machinery under Ambatovy Project in Madagascar and revenue from providing maintenance service of machinery and equipment of SCC Maintenance Services Co., Ltd. were 330 million baht, or 54.28 percent of revenue from services.

Other Revenues

| Type of Revenue | Consolidated Financial Statements | | | |
|-----------------------------|-----------------------------------|-------------|---------------------|--------------|
| | Unit : Million Baht | | Increase (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Other revenues | 14.26 | 9.36 | 4.90 | 52.35 |
| Total other revenues | 14.26 | 9.36 | 4.90 | 52.35 |

Other revenues in 2019 increased by 4.90 million baht, or 52.35 percent, when compared with 2018. Majority of other revenues was revenues from interest received, gains from asset disposition and gains from exchange rate. Other revenues accounted for 1.54 percent of total revenues.



Cost and expenses for the year ended December 31, 2019

| Type of Expenses | Consolidated Financial Statements | | | |
|-----------------------------------|-----------------------------------|---------------|---------------------|-------------|
| | Unit : Million Baht | | Increase (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Cost of construction | 286.53 | 189.41 | 97.12 | 51.28 |
| Cost of services | 414.21 | 398.51 | 15.70 | 3.94 |
| Cost of construction and services | 700.74 | 587.92 | 112.82 | 19.19 |
| Administrative expenses | 256.39 | 317.91 | (61.52) | (19.35) |
| Total | 957.13 | 905.83 | 51.30 | 5.66 |

Main expenses of the Company are cost of construction and cost of services, which comprise of materials supply, labor cost and production overhead. In fiscal year of 2019, cost of construction and services totaled 700.74 million baht, or accounting for 73.21 percent of total expenses, which was increased by 51.30 million baht, or 5.66 percent, when compared with the year 2018. These expenses can be classified by structure of products as follows:

Cost of construction was 286.53 million baht, increasing by 97.12 million baht, or 51.28 percent, comparing with 2018. Cost of construction accounted for 94.22 percent of revenue from construction of the Company, or accounting for 40.89 percent of total cost.

Cost of services was 414.21 million baht, increasing by 15.70 million baht, or 3.94 percent, comparing with 2018. Cost of services accounted for 68.13 percent of revenue from services or 59.11 percent of total cost.

Administrative expenses. Main administrative expenses were employees' salary, expenses related to employees, depreciation, and etc. In fiscal year of 2019, administrative expenses were 256.39 million baht, decreasing by 61.52 million baht, or 19.35 percent, when comparing with 2018. Reduction of administrative expenses was because in 2017, there was loss item from reduction of project value of 65 million baht.

Gross Profit (Loss) and Net Profit

Gross profit (loss) and gross profit margin, divided into profit from construction and profit from services

| | 2019 | | 2018 | | Increase (Decrease) | |
|---------------------------------------|----------------|--------------|----------------|--------------|---------------------|---------------|
| | Profit | | Profit | | Gross Profit | Profit |
| | Gross Profit | Margin | Gross Profit | Margin | Profit | Margin |
| | (Million Baht) | (%) | (Million Baht) | (%) | (Million Baht) | (%) |
| Gross profit (loss) from construction | 17.58 | 5.78 | (1.39) | (0.74) | 18.97 | 1,364.75 |
| Gross profit from service | 193.75 | 31.87 | 223.69 | 35.95 | (29.94) | (13.38) |
| Total gross profit | 211.33 | 23.17 | 222.30 | 27.44 | (10.97) | (4.93) |

Total gross profit in fiscal year 2019 was 211.33 million baht or accounted for total gross profit margin of 23.17 percent, a decrease by 10.97 million baht, or 4.93 percent, when comparing with the year 2018.

In 2019, the Company recorded gross profit from construction at 17.58 million baht, or accounted for gross profit margin of 5.78 percent of revenue from construction, which was increased by 18.97 million baht, or 1,364.75 percent, when comparing with the year 2018. Reason for the increased gross profit was because the Company has additional projects in 2019 and gross profit margin of the works was higher than the previous year.

In 2019, gross profit from services of the Company was 193.75 million baht, or accounted for gross profit margin of 31.87 percent of revenue from services, a reduction of 29.94 million baht, or 13.38 percent from 2018. Reason for reduction of gross profit was because amount of services works were less than the previous year.

Net Loss

| | 2019 | | 2018 | | Increase (Decrease) | |
|---------------------------------------------------|----------------|--------|----------------|---------|---------------------|---------|
| | (Million Baht) | (%) | (Million Baht) | (%) | (Million Baht) | (%) |
| Loss before finance cost and income tax | (30.80) | (3.32) | (86.24) | (10.52) | (55.44) | (64.29) |
| Net loss attributable to equity holders of parent | (48.38) | (5.22) | (99.15) | (12.10) | (50.77) | (51.21) |

As at December 31, 2019, loss before finance cost and income tax was 30.80 million baht, a decrease by 55.44 million baht and net loss attributable to equity holders of the parent was 48.38 million baht, a decrease by 50.77 million baht, when compared with 2018. Such loss impacted the Company's net loss per share (LPS) as it decreased from (0.15) baht to (0.32) baht. Return on Equity (ROE) was (3.16) percent, a decrease from the previous year which was 47.56 percent. Return on Assets (ROA) was (1.75) percent, a decrease from 2018 which was at 62.10 percent, while Asset Turnover was 0.53 time, an increase from the last year which was 19.96 percent.

Analysis on Financial Position

As some particulars in the balance sheet are specifically used in mechanical construction business only, so we would like to clarify about such specific particulars and nature of construction business.

When the Company enters into a long-term construction contract, the Company shall negotiate with the Employer on making of advance payment, so that the Company shall have fund for purchasing construction supplies (i.e. steel and other equipment). Ratio of such advance payment of each construction project shall not be fixed amount but it depends on negotiation between the Company and the Employer. The Company shall record such advance payment in "advance payment from customer" account. Balance of this account shall be gradually reduced in proportion with progress of the project or percentage of completion.

When the Company commences the project construction, it shall evaluate progress of work and calculate percentage of completion to be used to recognize revenue in each accounting period. The work which has been completed (revenue is

recognized) but invoice has not been issued to collect money from the customer shall be recorded in “accrued revenue” or “unbilled completed work”. In case the Company submitted invoice and waited for payment from the customers, such accrual balance shall be recorded as “trade account receivable”. At the same time, if the Company collects money before commencing the work, such money shall be recorded as “advanced revenue” together with revenue recognition. The Company shall recognize construction cost based on completion of work and cost estimation which has been assessed by the engineers and the management of the Company. Cost of construction materials which have already been paid but not yet recognized as construction cost shall be recorded as “construction in progress”.

After the project construction has been completed and delivered to the customer, some project’s customers may retain some money (i.e. 10% of project value) to warrantee the work. Such money shall be retained for some time (i.e. 1 year) which is called warrantee period. The customer shall return such money to the Company after the end of warrantee period. Ratio of retention and warrantee period of each project shall not be the same, depending on negotiation of the Company and the customer. In case such project has many phases, money shall be retained after completion of each phase and the customer shall gradually return retention in each phase after the end of warrantee period. In addition, the Company usually negotiates with the customers to expedite return of retention by submitting a letter of credit to the customer instead. In this regard, the Company’s deposit account shall be used as collateral for such letter of credit.

| Balance Sheet | Consolidated Financial Statements | | | |
|-----------------------------------|-----------------------------------|-----------------|---------------------|---------------|
| | (Unit : Million Baht) | | Increase (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Assets | | | | |
| Current assets | 1,061.53 | 1,037.06 | 24.47 | 2.36 |
| Non-current assets | 719.43 | 708.54 | 10.89 | 1.54 |
| Total Assets | 1,780.96 | 1,745.60 | 35.36 | 2.03 |
| Liabilities | | | | |
| Current liabilities | 143.37 | 82.06 | 61.31 | 74.71 |
| Non-current liabilities | 107.61 | 74.75 | 32.86 | 43.96 |
| Total Liabilities | 250.98 | 156.81 | 94.17 | 60.05 |
| Shareholders’ Equity | | | | |
| Equity attributable to parent | 1,500.79 | 1,565.14 | (64.35) | (4.11) |
| Non-controlling interests | 29.19 | 23.65 | 5.54 | 23.42 |
| Total Shareholders’ Equity | 1,529.98 | 1,588.79 | (58.81) | (3.70) |

Material changes of assets, liabilities and shareholders’ equity of the Company as of December 31, 2019 when compared with the balance as of December 31, 2018 were as follows:

Assets

As at December 31, 2019, total assets of the Company and its affiliate were 1,780.96 million baht, increasing from the previous year by 35.36 million baht or 2.03 percent, due to the following reasons:

Current assets increased by 24.47 million baht or 2.36 percent, mainly due an increase of cash and cash equivalents of 113.74 million baht, a decrease of trade account receivables of 79.07 million baht, a decrease of other receivables of 4.26 million baht and an increase of unbilled receivables of 16.97 million baht.

Non-current assets increased by 10.90 million baht, or 1.54 percent, due to an increase of fixed deposits as collateral of 22.63 million baht, a reduction of property, plant and equipment of 16.41 million baht and an increase of deferred tax assets of 6.30 million baht.

Liabilities

As at December 31, 2019, liabilities of the Company and its affiliate were 250.98 million baht, increasing by 94.17 million baht or 60.05 percent from 2018, mainly due to the following reasons:

Current liabilities increased by 61.31 million baht, or 74.71 percent. Primary reasons were due to the increase of trade account payables amounted to 9.23 million baht, other payables amounted to 11.64 million baht, advance payment from the employer of 32.35 million baht, advanced revenue from construction of 10.19 million baht and accrued expenses. However, such particulars did not cause the Company to incur any interest burden.

Non-current liabilities increased by 32.86 million baht, or 43.96 percent, reason for such increase was due to provision of employee benefit liabilities of 30.61 million baht.

The Company's Debt to Equity (D/E) Ratio was 0.16 time, an increase from 2018 which was at 0.10 time.

Shareholders' equity

As at December 31, 2019, shareholders' equity of the Company and its affiliate was 1,529.98 million baht, decreasing by 58.81 million baht or 3.70 percent from 2018. In 2019, retained earnings decreased by 10.49 million baht due to the loss from operating results of the Company and its affiliate in 2019.

Analysis of Liquidity

Liquidity of the Company and its affiliate for the year ended December 31, 2019: Net cash flow has increased by 113.74 million baht. The Company and its affiliate have net cash carried forward from 2018 amounted to 542.26 million baht, increased by 88.22 million baht, which made outstanding net cash at the ending period equaled to 630.48 million baht. Details of sources of cash flow from and used in each activity were as follows:

| Type of Cash Flow | Consolidated Financial Statements | | | |
|------------------------------------------------------|-----------------------------------|---------------|---------------------|--------------|
| | (Unit : Million Baht) | | Increase (Decrease) | |
| | 2019 | 2018 | Amount | % |
| Cash flow from operating activities | 157.89 | 169.76 | (11.87) | (6.99) |
| Cash flow from investing activities | (26.85) | (6.56) | 20.29 | 309.30 |
| Cash flow from financing activities | (6.76) | (72.27) | (65.51) | (90.65) |
| Currency translation differences increase (decrease) | (10.54) | (2.71) | 7.83 | 288.93 |
| Net cash and cash equivalents increase (decrease) | 113.74 | 88.22 | 25.52 | 28.93 |
| Cash and cash equivalents as at January 1 | 630.48 | 542.26 | 88.22 | 16.27 |
| Cash and cash equivalents as at December 31 | 744.22 | 630.48 | 113.74 | 18.04 |

Net cash flow from operating activities decreased by 11.87 million baht which came from loss attributable to the parent pursuant to income statement amounting to 30.93 million baht adjusted with reconciliation of net profit of cash received (paid) from operating activities. Major items which resulted in the increase of cash flow were trade account receivables of 79.08 million, depreciation of 53.33 million baht and provision of employee benefit liabilities of 32.35 million baht. Major items which resulted in a decrease of cash flow were advance payment from the employer of 32.35 million baht, advanced revenue from construction 10.19 million baht and income tax paid of 24.77 million baht.

Net cash flow from investing activities increased by 20.29 million baht, mainly due to increased current investment of 24.10 million baht and payment for acquisition of building and equipment of 35.12 million baht.

Net cash flow from financing activities was in deficit of 6.76 million, mainly came from non-controlling interest of 5 million baht.

Cash cycle of the Company and its affiliate increased from 102 days to 71 days in 2019 due to average collection period of the Company and its affiliate equaled to 82 days which was lower than last year (132 days) and it was during normal collection period of the Company, while payment period equaled to 11 days.

Even though cash and cash equivalents as at ending of 2019 of the Company and its affiliate were 744.22 million baht, increased by 113.74 million baht from the previous year (cash and cash equivalents in 2018 were 630.48 million baht) but it did not pose any liquidity problem at all. As it can be seen that liquidity ratio was 7.40 times, which was higher than 1 time, and it decreased from the previous year which was at 8.23 times. In addition, quick ratio equaled 6.43 times, which was regarded as good criteria with capability to pay total liquidity liabilities from total liquidity assets. From analysis of current asset structure at as ending of the year, it showed that receivables from operations amounted to 171.83 million baht, other receivables amounted to 77.08 million baht and unbilled receivables amounted to 43.84 million baht. Current liabilities were 143.37 million baht, increased from the previous year which was at 82.06 million baht. Such amounts comprised of trade account payables and other payables amounting to 96.75 million baht and advance payment from the employer amounting to 33.91 million baht. This advance payment did not have any impact or decrease liquidity in 2019 as but it did not only make the Company do not have to

invest in purchase of raw material by its own in advance, but it could also guarantee that the Company can collect some partial payment of the works. The Company expected that it is quite confident to have adequate reserve fund to expand the works and accept the works with high values in 2020.

Dividend Policy

The Company's Policy

The Board of Directors will consider from the company's performance each year and see if the company has earned enough profit to pay dividend and has yet remained the substantial Capital fund to accommodate growth and business expansion. However the company must reserve the legal amount of 31,000,000 baht which is 10% of registered capital in accordance with the law and AOA article 59 of the company. The Dividend policy of the company is to pay dividend at no less than 50% of net profit which is stated and shown in the approved company financial statement each year. The Board of Directors will propose for approval from shareholder in annual general meeting each year. The Board of Directors also has the right to approve an interim dividend if there is enough profit to spare. However, if there is an accumulation loss, the dividend shall not be paid. The affiliates of the Company sets the policy to pay dividend of not less than 50.0% of net profits from financial statements of the affiliates after the deduction of corporate income tax, legal reserves, and all necessity reserves by considering together with cash flow, financial status, liquidity, and investment plan in each period.

The affiliate policy

The dividend policy of the affiliate company will pay at no less than 50% of net profit which is stated and shown in the approved financial statement of each year. The company will take Cash Flow, Liquidities and retained earning into consideration as well.

Detail of Dividend for the past 3 years.

| | 2019 | 2018 | 2017 |
|----------------------|---------|------|------|
| Dividend per share | | | |
| 3.1 interim dividend | - | - | - |
| 3.2 annual dividend | Waiting | - | 0.20 |
| Total Dividend | Waiting | - | 0.20 |

Company Board of Director's Structure

For the year 2019, The company is consist of 4 Boards set which are The Company Board of Director, The Audit Committee, the Executive Committee and the Nominated and Remuneration Committee in which each group has different scope of duties and responsibilities as shown in the details below ;

The Board of Directors

The Board of Directors consists of 9 persons full with qualification, competence, and work experiences. At present, the Board of Directors consists of 9 persons who are 4 directors and 5 independent directors. An independent director means being the director without any participation in company's management. They do not held any position as the executives or the permanent employees of the Company as well as not having any authorization in signing following the Company's regulations. The executives director mean the director who participate greatly in the Company's management or be the permanent employees who receive regular salaries as well as having an authorization in signing following the Company's regulations.

On 31st December, 2019 the Company's Committees consist of 9 committees as follows:

| No. | Name | Position |
|-----|-------------------------------|------------------------------------------------------|
| 1. | Mr. Yiem Chundprasit | Chairman |
| 2. | Mr. Dusit Choopanya | Independent director and chairman of Audit Committee |
| 3. | Mr. Narong Sooksawasdi | Independent director and Audit Committee |
| 4. | Mr. Trairak Tengtrairat | Independent director and Audit Committee |
| 5. | Mr. Kamol Ratanachai | Independent Director |
| 6. | Mr. Boonkrua Khemapiratana | Director/Managing Director |
| 7. | Mr. Gridsada Potisomporn | Director/Deputy Managing Director |
| 8. | Mr. Chatmongkol Khemapirat | Director/Asst. Managing Director in operation |
| 9. | Mrs. Sudchinda Sethakulvichai | Director/Company Secretary |

Authorized Director who have the power of signing on behalf of the Company and the affiliates Sriracha Construction Public Co., Ltd.

Mr.Boonkrua Khemapiratana, Mr.Chatmongkol Khemapirat and Mrs.Sudchinda Sethakulvichai are directors with authorization to sign on behalf of the company and two directors must sign together along with the company seal.

SCC Maintenance Services Co., Ltd. Either Mr. Boonkrua Khemapiratana or Mr. Chatmongkol Khemaphirat or Mrs.Sudchinda Sethakulvichai has the authorization to sign on behalf of the company along with company seal.

Board of Directors Detail

The Board of Directors consists of 9 persons with 4 executive directors and 5 independent directors. All directors are qualified fully according to related law or official regulations. The Board of Directors meeting must consist of no less than half of the board to attend the meeting.

Scope of duties and responsibilities

1. Provide overall business Strategies and Tactics including setting up the policy, direction, vision, plan, guidance and budget etc. of the executive board then supervise and control the company to go as directed.
2. Supervise and manage the Company to operate in accordance with law, objectives, and Company's regulations as well as the resolution of shareholder's meeting with honesty, loyalty, and carefulness in maintaining the Company's benefits
3. Having the financial and accounting report that present the real status of the Company's Finance statement that follows the accounting standard and to propose to the shareholder's meeting for consideration and approval
4. Consider the nomination of directors, audit committees and/or other sub-committees following the suitability and necessity for supervising and managing system together with internal control to be in accordance with specified policies as well as nominating the suitable top executives management for supervising the Company's operation assigned by the Board of Directors including the consideration and specification on the remuneration of Top management.
5. Consider the suitability in assigning and specifying the scope of duties of sub-committees
6. Manage to receive enough information from management team in order to work fully and accordingly with the scope of work and responsibilities as stated.
7. Manage to have the good corporate governance as a general practice of the company.
8. Consider and propose for the nomination of auditor and fixing the suitable remuneration before proposing to the shareholder for the approval
9. Consider the approval of operational expense within the financial budget under the authorization of managing director, executive board, and other sub-committees
10. Perform other operations related to the business operation in comply with the law, regulations, and

resolution of the shareholder's meeting of the Company

The Board of Directors Meeting

The Company specifies the meeting schedule of committee in advance causing the committee to be able to manage their time for attending the meeting. Except for the case of special occasion, the Chairman or directors in numbers specified by the law can hold the meeting following necessity. The board of directors specifies normal meeting in every 3 months. The Office of Managing Director and Company's Secretary will send the invitation letter for the meeting along with the agenda and supplementary documents to the board members for at least 7 days in prior of the meeting date in order to allow sufficient time to the board of directors to study all information.

Each meeting, Chairman will carefully supervise the consideration of each agenda and allow every director to express their opinion freely and mutually discuss. The top executives are required to attend the meeting for explaining the information as directly related persons to the operation before the resolution is passed in each agenda. Moreover, the minute of meeting is also conducted in written form and carefully stored for the audit as well. In 2019, the Company held the meetings and the board members attended as follows:

Meeting of the Board of Directors in the past year

| No. | | Name | Numbers of attendance in 2019 |
|-----|-----------------|----------------|-------------------------------|
| 1. | Mr. Yiem | Chundprasit | 4/4 |
| 2. | Mr. Boonkrua | Khemapiratana | 4/4 |
| 3. | Mr. Dusit | Choopanya | 4/4 |
| 4. | Mr. Narong | Sooksawasdi | 4/4 |
| 5. | Mr. Trairak | Tengtrairat | 3/4 |
| 6 | Mr. Kamol | Ratanachai | 4/4 |
| 7.. | Mr. Gritsada | Potisomporn | 3/4 |
| 8. | Mr. Chatmongkol | Khemapirat | 3/4 |
| 9. | Mrs. Sudchinda | Sethakulvichai | 4/4 |

Audit Committee

On 31st December, 2019, the Audit Committee of the Company consists of 3 persons who are independent directors with diverse abilities in each field of occupation for both engineering, and Finance Account. They are responsible for considering and approving of the company's financial statements and the affiliates, verifying the internal audit and internal control, holding the meeting with the auditor, assistant managing director in financial and accounting department and considering the referential details. The Audit Committees consist of:

| No. | Name | Position |
|-----|-------------------------|-----------------------------|
| 1 | Mr. Dusit Choopanya | Chairman of Audit Committee |
| 2 | Mr. Narong Sooksawasdi | Audit Committee |
| 3 | Mr. Trairak Tengtrairat | Audit Committee |

Mrs.Sudchinda Sethakulvichai is the secretary of Audit Committee

The Audit Committee term is 3 years except resignation case following the Company's regulation. They can be re-elected to return to the position again.

Elements of Audit Committee

Among 3 audit committee, there must be at least 1 Auditing Committee with proficiency in accounting or financial management of the Company. The meeting of Audit Committee consists of no less than two third to attend the meeting.

Scope of duties and responsibilities of Audit Committee – in internal audit

1. Verify the Company to have correct, complete, sufficient, and reliable financial report
2. Verify the Company to have sufficient, suitable, and effective internal control and internal audit systems. Consider the independence of internal audit department and consider approving the nomination, transfer and dismiss the head of internal audit department
3. Verify that the company works in comply with the related law and regulation.
4. Consider recruiting or nominating the persons to be independently responsible for the auditor of the Company and propose the remuneration of such persons as well as attending the meeting with the auditor without the participation of management department for at least once a year
5. Openly conduct the report of the Audit Committee in the annual report of the Company. The mentioned report must be signed by the Chairman of Audit Committee and must consist of the following data:
 - 1) Opinion on the correctness, completeness, and reliability of financial report of the Company
 - 2) Opinion on the sufficiency of internal control system of the Company
 - 3) Opinion on the conformity to the law related to the Company's business
 - 4) Opinion on the suitability of auditor
 - 5) Opinion on the details possibly related party transaction.
 - 6) Other details which the shareholders should be acknowledged under the scope of duties and responsibilities assigned by the Board of directors.
6. Report the operation of the Audit Committee to the Board of Directors for at least four times a year.
7. Be responsible for the duties of Audit Committee. The Audit Committee has authorization in holding the meeting with the executives or employees to request for necessary data being use by the Audit Committee.
8. If the Audit Committee find or be doubtful in any detail or activity which may significantly affect the financial status or operational performance of the Company, the Audit Committee must report the Board of Directors to verify such detail or activity immediately
9. Perform other things following the assignment of the Board of Directors and the approval of the Audit Committee

Scope of duties and responsibilities of Audit Committee– in risk management

1. Consider the policies and guidelines in the risk management of the Company covering several kinds of risks, for example, financial risk, the risk affecting the Company's reputation, for proposing to the approval of the Board of Directors.
2. Specify the guidelines in the risk management of the Company to be in accordance with the policy of risk management by assessing, observing, and supervising the amount of risk of the Company to be in the of the Company suitable level
3. Supervise and observe the conformity to the policy of risk management under the guidelines and policies approved by the Board of Directors.
4. Provide the assessment and analysis on the damage possibly occurring systematically and continually for assuring that the risk survey covers all processes of business operation
5. Specify the criteria and limit of risk which is acceptable by the Company
6. Support and develop the risk management to continually occur throughout the whole Company
7. Review the sufficiency of policies and system of risk management including the effectiveness of the system and the conformity to the specified policies
8. Regularly report the operational performance to the Board of Directors on the operation and status of risk of the Company as well as to propose to the Board of Directors for considering the improvement and correction on the Company's operation in order to agree with the specified policies and strategies of risk management.

Meeting of Audit Committee in the past year

| No. | Name | | Numbers of attendance in 2019 |
|-----|-------------|-------------|-------------------------------|
| 1. | Mr. Dusit | Choopanya | 4/4 |
| 2. | Mr. Narong | Sooksawasdi | 4/4 |
| 3. | Mr. Trairak | Tengtrairat | 3/4 |

Board of Executive Committee

On 31st December, 2019, the Executive Committees consist of 5 committees as follows:

The Executive committee with management power and authorization consists of not less than 5 persons appointed by the Board of directors. The meeting of Executive Committee shall consist of no less than half of the whole committee to attend the meeting.

Scope of duties and responsibilities for Board of Executive Committees are as follows:

1. Plan and set the policies, direction, strategies, financial plan, budget, and other managements to meet with the economic conditions and competitive conditions of market and to propose to the Board of Directors for the approval
2. Study the possibility for new projects. Consider the approval to participate in bidding as well as supervise and control the current project to go as directed.
3. Inspect and observe the operation following the policies and guidelines in the management specified by the Company efficiently for facilitating the business operation and report the operational result to the meeting of Company's Committee
4. Give some advice and consultation. Specify the policies and authorization of managing director and committees for supporting the business of the Company
5. Consider the approval of authorization in the management and business operation to the executives

following the Company's regulations

6. Consider the approval of payment for the management and business operation in the part over the financial budget of managing director following the approval announced at that time. Report to the Company's Committee is required in the first meeting of Company's Committee from the date of approval
7. Operate others following the policies assigned by the Company's Committee

The aforementioned authorization to the Executive Committees must be under the regulation of law and Company's rules. In the case that any operation with or possibly with the benefits or stakes of Executive Committees and/or persons possibly with conflict, the Executive Committees and/or assigned persons do not have authorization in approving the mentioned operation. This must be proposed to the Company's Committee for the consideration later.

Meeting of Executive Committee

| No. | Name | | Numbers of attendance in 2019 |
|-----|----------------|----------------|-------------------------------|
| 1. | Mr.Boonkrua | Khemapiratana | 3/3 |
| 2. | Mr Gridsada | Potisomporn | 3/3 |
| 3. | Mr.Chatmongkol | Khemapirat | 3/3 |
| 4. | Mrs.Sudchinda | Sethakulvichai | 3/3 |
| 5. | Mrs.Boonlom | Farkmitra | 3/3 |

Nomination and Remuneration Committee of the Company

As at December 31, 2019, the Company's Nomination and Remuneration Committee comprised of 3 independent directors who have various knowledge and capability in different professions. Duties of this Committee are to nominate and select the directors in case of resignation or retire on rotation of any directors as well as to consider on appropriated remuneration of each Committee. List of the

| | Name | Position |
|---|------------------------|-------------------------------------------------------|
| 1 | Mr. Narong Sooksawasdi | Chairman of the Nomination and Remuneration Committee |
| 2 | Mr. Dusit Choopanya | Member of the Nomination and Remuneration Committee |
| 3 | Mr. Trairak Tengtrirat | Member of the Nomination and Remuneration Committee |

Nomination and Remuneration

Committee are as follows:

The Nomination and Remuneration Committee shall hold office for a term of 3 years each. The director who is retired on rotation pursuant to the Company's Article of Association may be re-appointed.

Components of the Nomination and Remuneration Committee

In order to constitute the quorum during the meeting, the number of the Nomination and Remuneration Committee must not be less than two thirds.

Scope of Power and Responsibility of the Nomination and Remuneration Committee

Scope of power, duties and responsibility of the Nomination and Remuneration as per specified by the Board of Directors are as follows:

Duties and responsibilities regarding the nomination

To consider an appropriateness of the organizational structure including components of the Board of Directors and the Committees of Sriracha Construction Public Co., Ltd.

To consider guideline and criteria on appropriated qualifications of the Board of Directors, the Committee, the Executive Committee, the Managing Director and High-level Executives as well as criteria on recruitment of the appropriated personnel to hold such positions.

To perform other works as per assigned by the Board of Directors.

Duties and responsibility related to remuneration consideration

To consider fair and reasonable remuneration criteria for the Board of Directors, the Committees, the Executive Committee, Managing Directors and High-level Executives who have been appointed by the Company's Board of Directors.

To consider other remuneration criteria, i.e. reward, meeting allowance, pension, bonus and other benefits of the Board of Directors and the Committees including the Executive Committee, and high-level executives who have been appointed by the Board of Directors, and propose to the shareholders' meeting for consideration and approval

The Board of Directors may assign the Nomination and Remuneration Committee to perform other tasks related to remuneration and other benefits of the high-level executives in order to achieve the company's objectives, as follows:

To determine and operate pursuant to the policy as well as the Human Resources Department for the high level executives to be in the same direction of the Company's business objectives.

To strengthen confidence that remuneration including benefits of the high-level executives are on par with other business operators in the same industry.

To maintain qualified and appropriated personnel in the high-level executives to work for the Company.

Meeting of the Nomination and Remuneration Committee

The meeting should be held at least once a year and the management or the executive or the relevant employees or the person deemed necessary may attend the meeting or provide related or necessary information to the meeting. In addition, the Nomination and Remuneration Committee may specify the number of the meeting, as it deems appropriated.

In order to constitute the quorum during the meeting, the number of the Nomination and Remuneration Committee must not be less than two thirds and to consider all remuneration of the people currently holding the position.

The Nomination and Remuneration Committee who has interests in the matter considered must not vote for such matter, except in the case of considering about the remuneration for the whole Board of Directors.

In case of vote, each member of the Nomination and Remuneration Committee can have 1 vote, in case of tie vote, the Chairman of the Nomination and Remuneration Committee shall cast the vote.

Meeting of the NRC for the year 2019

| No. | Name | | Numbers of attendance in 2019 |
|-----|------------|-------------|-------------------------------|
| 1. | Mr.Narong | Sooksawasdi | 2/2 |
| 2. | Mr.Dusit | Choopanya | 2/2 |
| 3. | Mr.Trairak | Tengtrairat | 2/2 |

Remuneration

Remuneration for Board of Directors and others sub-committee

The remuneration of the Board of Directors, Audit Committee, and Executive Committee are as follows:

(Unit : baht)

| Position | Meting allowance/time | Operational remuneration | |
|-----------------------------|-----------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Monthly | Annual |
| Chairman | 15,000 | 50,000 | The remuneration of all Directors in total is no less than 0.1% but not greater than 0.5% of gross revenue stated in Financial Statement that has been approved by shareholders in the Annual General Meeting. |
| Directors | 15,000 | 25,000 | |
| Chairman of audit Committee | 20,000 | - | |
| Audit Committee | 10,000 | - | |
| Chairman of NRC Committee | 15,000 | | |
| NRC Committee | 10,000 | | |
| Chief Executive Officer | - | 10,000 | |
| Executive Officer | - | 5,000 | |

Monthly remuneration and meeting allowance

The criteria of remuneration of Company's Committee, Auditing Committee, NRC Committee and Executive Committee are as mentioned above.

Annual remuneration

The Board of Directors receive remunerations in total of all members is between 0.1 - 0.5 percent of the total revenue of the Company's annual financial statements that have been approved by shareholders at the Annual General Meeting of shareholders. The annual bonus allocation shall be determined, considered and approved each year by the Board of Directors depending on the operation performance of the company.

Social Responsibility

The Company operates business with responsibilities to communities and society and has specified the operating guidelines to build up consciousness on social responsibility and environmental conservation of everyone in the Company continually. The Company undertakes activities to create better society, community and environment constantly in order to make the communities that the Company situated in have a better quality of life. The Company also undertakes businesses which have the least unfavorable effect to society, environment and quality of the people including promptly and effectively responds to incident which impacts environment and communities as a result from the Company's operations by providing full cooperation to the relevant government officials and agencies.

Respect for Human Rights and Fair Treatment of Labor

The Company supports and respects for human rights, both within and outside of the organization, by specifying as practices in the Business Ethics on topic of Respect for Human Rights and Fair Treatment of Labor. The Company supports and respects compliance with laws and regulations relevant to the employees, including the international principles on fundamental human rights, without distinction of any kind, such as race, gender, color, religion, language, political or other opinion, impairment or disability or any other status which is not directly relevant to the operations. For the past period, no claim on violation of human rights has been lodged.

Employee participation for sustainable peacefulness in the organization

The Company has appointed the labor relations officers to oversee welfares and increased communication channels between the employees and the Company, both via intranet and via opinion boxes installed in the designated points, in order to listen to any beneficial recommendations, such as provision of welfares. They also serve as communication channels for the employees to give any suggestion and complaint on frustration relevant to the work or inconvenience/cleanliness relevant to hygiene and well-being in the workplace with aim to make the employees happily working in the workplace. All suggestions shall be considered by the Welfare Committee, the employees' representatives, who shall consider with the employer on provision of other welfares suitable with the organization apart from those specified by the law, provided that the appropriateness, reasonableness and concordance with the laws and regulations shall be taken into consideration. Solution method shall be jointly considered for benefits of all parties and for strengthening good working relationship together. For the past period, no report or petition on violation of human rights or unfair treatment of labor had been lodged at all.

Conservation of Environment

The Company is well aware that environment, such as water, sea, mountain and air, plays a vital role for livelihood including health and sanitation of the people. Hence, in 2017, the Company has initiated a campaign to encourage the employees in the organization to pay attention on usage of resources which are necessary for the living. The Company, as the organization which uses

enormous energy for its business operations, has formulated social responsibility policy which emphasized on environmental conservation, reduction on creation of greenhouse gas from usage of air-conditioners, fuel/coal, natural gas used in power generation, reduction of garbage as burning of garbage can cause smoke. Consequently, measures on reduction of energy and paper usage measures have been stipulated in various dimensions as follows:

Reduction of Electricity Usage within the Office

In 2019, the Company also applied the energy saving measures continually from 2018, for instance, the employees were urged to switch off electricity and air-conditioners during lunch break, to set screen saver when computers are not in use, to change fluorescent lamps to LED lamps and to clean air-conditioners every 3 months. As a result, electricity usage in 2019 has tendency to decrease as per the following summary table:

| | 2019 | 2018 | Amount decreased |
|------------------------------------|---------|---------|------------------|
| Electricity consumption (Unit) | 129,000 | 130,400 | 1,400 |
| Electricity charge decreased(Baht) | 516,000 | 521,600 | 5,600 |

Reduction of Paper Used in the Office

In 2019, the Company still arranged a campaign to use 2-sided paper and reuse document files for the works which were not much important in order to save cost, reduce trees cutting and amount of waste.

Policy on Political Contributions, Corporate Philanthropy and Supporting Fund

Political Contributions

The Company has a policy to conduct business with political neutrality and it will not support any specific politician or any political party. The Company will not provide any monetary support or supplies to any political party, politician or political candidate with political contribution objective as per the meaning in paragraph one. The Company's employee has liberty and freedom of the person to participate in any activity but he/she must not claim for being the Company's employee or usage of any of the Company's asset, equipment or tool for benefits in any political movement.

Corporate Philanthropy

Corporate philanthropy may pose risk to the Company because it involves money spending without any tangible return and it may be used as an excuse or a means for corruption. Therefore, in order to prevent hidden agenda of corporate philanthropy, the Company has specified policy, criteria, review process and control details of corporate philanthropy as follows:

- 1) It must be able to be proven that such corporate philanthropy is for the project's activity which actually exists and truly for charitable purpose and there are operations to support the achievement of the project's objective. Donation can truly benefit the society or pursuant to operation's objectives on corporate social responsibility (CSR).

- 2) It must be able to be proven that such corporate philanthropy does not involve in reciprocity with any person or any agency, except it is for general customary practices, for instance, logo or name of Sriracha Construction Public Co., Ltd. has been displayed or announced in the event venue or in the media for public relations purposes and etc.

Supporting Fund

Supporting fund is one of the public relations means to publicizing the Company's business which is different from corporate philanthropy. It may be done with objective for publicizing business, brand or reputation of the Company. However, it also has risk because it is the fund spent for service or benefit which is difficult to measure or monitor results. Supporting fund may also be linked with bribery. Hence, the Company has specified policy, criteria, review process and control details on supporting fund as follows:

- 1) It must be able to be proven that the person asking for supporting fund has actually arranged the activity pursuant to the said project and it is for supporting the achievement of the said project including truly benefit the society or pursuant to the operations' objectives on corporate social responsibility (CSR).
- 2) It must be able to be proven that the supporting fund or other benefits provided can be monetary calculated, for instance, provision of accommodation and food, and etc., and it does not involve in reciprocity with any person or any agency, except it is for general customary practices.
- 3) Before provision of supporting fund, there must be an application requesting for such fund and name of the person who will receive the fund and objective for such support must be specified, and all supporting document must be attached. After that, it will be proposed to the Company's authorized person for consideration and approval as per the Company's approval authorization level.

Corporate Social Responsibility Policy (CSR)

Sriracha Construction Public Co., Ltd. and its affiliate have strong intention to develop the business to grow prosperously and become strong and sustained organization by operating business with transparency, honesty and morality based on corporate governance principles with sustainable social and environmental responsibilities as well as consideration of benefits of all stakeholder groups under the concept of "Respect", "Care" and "Share". The objective, which is part of the Company's business ethics, is to make the industrial sectors live peacefully and in harmony with the communities and the societies including to jointly uplift the society to prosper simultaneously. Hence, in order to act in keeping with such intention and concept, the Company has specified the corporate social responsibility policy as follows:

- 1) To operate business with transparency, honesty, fairness and accountability by focusing on the growth of the Company together with development of quality of life of employees and communities, quality of society and environment in all dimensions as well as to take care benefits of all stakeholder groups pursuant to the Company's vision and mission.

- 2) To promote and provide knowledge on society and environment to the Company's employees at all levels and it will be used as common guidelines for development and supervision on social and environmental responsibility throughout the organization.
- 3) To support social and environmental activities or projects by applying the Company's potentials and resources, so that they will achieve targets and objectives worthily and efficiently.
- 4) To arrange two-way communications and public relations on social and environmental activities or projects to communities, society and stakeholders as well as to allow the stakeholders to participate in such project or activity, as appropriated.
- 5) The Company supports the regime of government with democracy system and has political neutrality policy.
- 6) The management of all business units must cooperate and encourage the employees to jointly and successfully compliance with this policy.

Support the People with Disabilities and the Youth

The Company prioritizes on taking care of communities and societies because it realizes that one of the factors that contributed to growth of the Company nowadays derived came from support and cooperation of the communities, with regards to labor and public utilities. Thus, the Company puts emphasis on potential development of the local people to lay foundation for development of society and communities for better and sustainable quality of life. Moreover, The Company also gives importance to the people with disabilities because the Company perceives that the people with disabilities have similar capability as the normal people, but they are lack substantial assistance. The Company has provided fund to support the people with disabilities since 2014 including up to the present day. The Company also gives them career opportunity, by encouraging them to use their knowledge, capability, skill and expertise, for instance, the Company employed the blind to be the lecturers in the schools to teach English language, traditional Thai massage as well as employed the people with disabilities who can travel and have skills in foreign languages and computer to be the Company's employees in various positions, i.e. public relations officer and etc.

In addition, the Board of Directors realizes that education of the youth is very crucial to the society and the country because if the employees come from mentally and physically happy family, they can work with efficiency and happiness and their children will have good education and quality of life. When their children grow up, they can help and develop their society, community and environment. When the Company is surrounded with good communities, it can support the Company's operations and can contribute to objectives achievement easily.

In 2019, the Company's social activities focused on activities for the youth, for instance, provision of scholarships to the schools located surrounding the Company, namely, Wat Pra Prathanporn School, Baan Chak Yai Chine School and Matthayom Sammajivasil Bangpra School (under the Patronage of His Holiness the Supreme Patriarch). The Company also supported the Children Day's activities on January 11, 2019, provided fund to support activities for development of the autistic children at the Life Skill Development Center for the Autistic, Chonburi Province and donated 1 water cooler to Wat Pra Prathanporn School including arranged lunch for school students at Pattaya Redemptorist School for the Blind.

Anti-corruption

The Company, as a member of the Thailand's Private Sector Collective Action Coalition on Anti-Corruption (CAC), arranges campaign and public relations continually to communicate understandings and practices for being the organization with corporate governance and responsibility to societies and all stakeholders to the directors, the executives and the employees. Whistle blowing channel has been provided via the Company's website: www.sricha.com for a whistle-blower to notify any suspicious or corruption behaviors and there is measure to protect the whistle-blower in place. Annual training plan has been arranged to introduce knowledge on compliance with the anti-corruption policy to the new employees by adding contents and curricular in the new employee orientation session. In addition, training plan on CAC measures to the directors, executives and employees has been organized to communicate best practices against corruption, such as declination from accepting gift, gratuity or all kinds of services from the stakeholders, refusal to provide political contribution to avoid a vested interest. Internal and external communication channels have also been specified for the stakeholders which including directors, executives and employees. There are processes to analyze risk, opportunity and impact caused by corruption in the business process of the organization. Risk management guidelines and responsible person have been specified to monitor results, take precaution, prevention and development into corporate culture since day one of the new employees.

In 2019, the Company speeded the works on communication and urged the employees to be well aware and to create working culture in order to maintain membership status of Thailand's Private Sector Collective Action Coalition on Anti-Corruption (CAC) which has been certified on February 12, 2018 and training course to the supported employees has been arranged on April 25, 2019. Everybody in the organization has been communicated to make them understand about practices for being the organization with corporate governance and responsibility to the societies and all stakeholders, by starting from provision of whistle blowing channel via the Company's website: www.sricha.com for a whistle-blower to notify any suspicious or corruption behaviors and there is measure to protect the whistle-blower in place. Annual training plan has been arranged to introduce knowledge on compliance with the anti-corruption policy to the new employees by adding contents and curricular in the new employee orientation session. In addition, training plan on CAC measures to the directors, executives and employees has been organized to communicate best practices against corruption, such as declination from accepting gift, gratuity or all kinds of services from the stakeholders, refusal to provide political assistance to avoid a vested. Internal and external communication channels have also been specified for the stakeholders which including directors, executives and employees. There are processes to analyze risk, opportunity and impact caused by corruption in the business process of the organization. Risk management guidelines and responsible person have been specified to monitor results, take precaution, prevention and development into corporate culture since day one of the new employees. Moreover, the Company has assigned the internal auditor and specified the audit plan to review workflow and compliance process on anti-corruption for the 2nd year.
