

ANNUAL REPORT รายงานประจำปี

SCI Electric Public Company Limited
บริษัท เอสซีไอ อิเล็คทริก จำกัด (มหาชน)

sci
2019



31 December 2019

2017

2018

2019

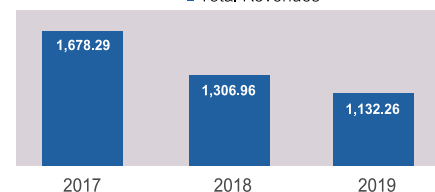
| Statement of Income (Million Baht) | | | |
|-------------------------------------|----------|----------|----------|
| Sales Revenues | 1,293.19 | 1,274.15 | 1,067.15 |
| Service Revenues | 366.54 | 10.85 | 35.52 |
| Total Revenues | 1,678.29 | 1,306.96 | 1,132.26 |
| Total Costs | 1,443.58 | 1,152.36 | 1,263.11 |
| Gross Profit | 216.15 | 132.64 | 89.19 |
| Selling and administrative expenses | 183.62 | 183.99 | 225.53 |
| Net Profit | 20.50 | (45.47) | (134.83) |

| Statement of Financial Position (Million Baht) | | | |
|---|----------|----------|----------|
| Total Assets | 3,312.75 | 3,213.88 | 2,968.37 |
| Total Liabilities | 1,404.49 | 1,395.41 | 1,340.77 |
| Shareholders Equity | 1,898.46 | 1,809.94 | 1,622.22 |
| Shares and Fully Paid-up Share Capital (Million Shares) | 750.00 | 750.00 | 750.00 |

| Key Financial Ratios | | | |
|---------------------------------|--------|--------|---------|
| Gross Margin (%) | 13.02% | 10.32% | 8.09% |
| Net Profit Margin (%) | 1.22% | -3.48% | -11.91% |
| Return on Equity (ROE) (%) | 1.07% | -2.45% | -7.86% |
| Return on Total Asset (ROA) (%) | 1.39% | -1.21% | -3.66% |
| Debt to Equity (D/E) (Times) | 0.74 | 0.77 | 0.83 |
| Earnings per Share (EPS) (Baht) | 0.03 | (0.06) | (0.18) |

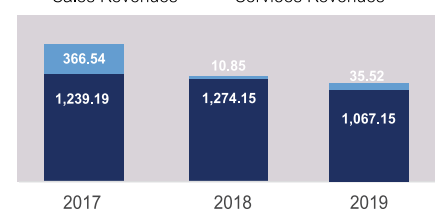
REVENUES (MB)

■ Total Revenues



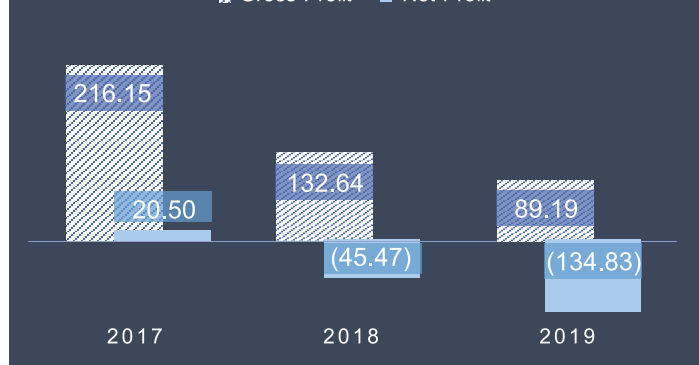
REVENUES (MB)

■ Sales Revenues ■ Services Revenues



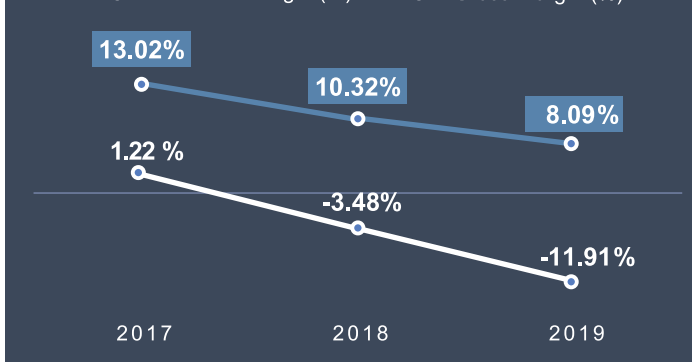
PROFIT (MB)

▨ Gross Profit ■ Net Profit



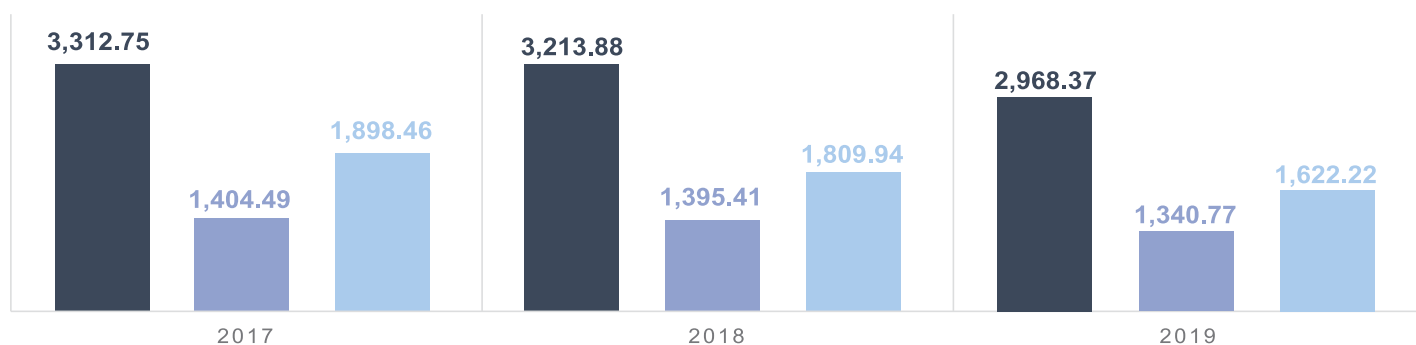
MARGIN

○ Net Profit Margin (%) ○ Gross Margin (%)



STATEMENT OF FINANCIAL POSITION (MB)

■ Total Assets ■ Total Liabilities ■ Shareholders Equity



สารบัญ

| | |
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▶ Message from ▶ The Chairman

The substantially strong Baht compared to other currencies over the past year 2019 had consequently resulted in the export and tourism sectors to have a continual downward trend. Many factories in the manufacturing sector had to close their businesses; more people have become unemployed; spending has been prudentially thought of, coupled with the trade wars of the superpowers are all factors affecting Thailand's economic growth, which is lower than expected despite the fact that the government has already implemented the economic stimulus measures to its fullest capacity.

The aforementioned circumstances have indeed affected SCI Electric Public Company Limited as well, whether it is a matter of a higher competition in bidding, the management of raw materials in production as well as the maintaining of the quality standards to be consistent with the needs of our customers, etc., thus, necessitating the Company to make adjustments in several dimensions along with risk protection to minimize potential impacts in the future.

On the Company's present business expansions to neighboring countries, due to the fact that we have accepted the deal on the construction of the transmission lines in Lao PDR in which more concrete progress is expected to be seen this year.

In Myanmar, as the country has just begun on the developments of its financial status, so, the financial matter is still limited eventually resulting in a much slower on investments in the infrastructure than initially planned. It also has a factor in the regulatory and legal requirements that are being updated within Myanmar, causing the Company to be unable to achieve the business objectives as set. However, we still believe that Myanmar is a major market that has the potential to conduct the business in the future.

On the aspect of the renewable energy, which is likely to expand, the Company plans to invest through a joint venture both domestically and abroad to increase the potential of consistent long-term revenue under the assessable risk framework in accordance with the established standards.

Finally, I, on behalf of the Company, would like to express my appreciation to all shareholders for continuously good trust in the Company's business operations. Please rest your assurance on us that we shall carry on our operations with a commitment to the goal of achieving sustainable growth alongside morality and ethics.

Mr. Noppol Milinthanggoon
Chairman & Independent Director



➤ Board of Directors



01 ➤



02 ➤



03 ➤



04 ➤



05 ➤



06 ➤



07 ➤



08 ➤



09 ➤



10 ➤

1. Mr. Sumeth Chailertvanitkul : Chairman of the Nomination and Remuneration Committees / Independent Director
2. Mrs. Pranee Phasipol : Chairman of Audit Committees / Nomination and Remuneration Committee / Independent Director
3. Mrs. Chattong Tippayakalin : Audit Committee / Independent Director
4. Ms. Chaovana Viwatpanachati : Audit Committee / Independent Director
5. Ms. Aunada Phruttinarakorn : Nomination and Remuneration Committee / Director / Chairman of Executive Committees
6. Mr. Kriangkrai Pheanvitayaskul : Director / Chief Executive Officer
7. Mr. Thanawat Yanisrangkul : Director / Chief Financial Officer
8. Mr. Sirichai Phruttinarakorn : Director / Chief Operation Officer
9. Mr. Vichai Yanisrangkul : Director / Chief Operation Officer
10. Mrs. Wanida Phruttinarakorn : Company Secretary*



กิจกรรมตามแนวทางองค์กรแห่งความสุข

Activities in accordance with the guidelines of Happy Workplace

ส่งเสริมด้านสุขภาพร่างกาย
(Happy Body)



ส่งเสริมทักษะความรู้
(Happy Brain)



ส่งเสริมให้รู้จักการเป็นผู้ให้ มีน้ำใจ และเสียสละ
(Happy Heart)



สร้างความผ่อนคลาย (Happy Relax)



ส่งเสริมความรัก ความสามัคคี และความเอื้อเฟื้อเผื่อแผ่
(Happy Society)



ส่งเสริมให้ยึดหลักศีลธรรมในการดำเนินชีวิต
(Happy Soul)

Business Information



VISION, MISSION AND GOALS

Vision

Aim to be an ASEAN leading company in producing, constructing High Voltage Transmission Line System and Electricity Distribution System, as well as investing in public utility and renewable energy prospects.

Core Values (S.H.A.R.E))

| | | |
|----------|------------------|--|
| S | = Superb | Total Quality Continuous Development |
| H | = Honesty | Trust Integrity |
| A | = Attitude | Ownership Teamwork |
| R | = Responsibility | Social & Environmental Community Relationship |
| I | = Experience | Professional Sincere Service |

Mission

- Join partnership with leading alliance for expanding production base and investment both domestically and internationally by adhering to the principle of honesty and reliability as the philosophy of business operation.
- Develop personnel potentials to increase their knowledge and capabilities for enhanced competitiveness in international level under changing environment and fierce competition.
- Strictly maintain the quality of products and services as well as customer satisfaction.
- Firmly be committed to create optimal and sustainable returns to all shareholders and interested persons.
- Manage by the principle of good corporate governance as well as social and environmental responsibility and Anti- Corruption

Main Organization Goals

- Increase investments in renewable energy power plants both domestic and overseas.
- Expand production base to Regional Level to back up the growth of ASEAN country group.
- Cooperate with allies in order to take jobs in Regional Level in order to expand customer bases.
- Issue new products in order to back up business expansion in the future and customers' diversified needs.
- Retaining the brand and the products of the company to be reliable and trusted by customers.
- Personnel must be able to work professionally.

Company General Information

| | | |
|----------------------------|---|--|
| Company Name | : | SCI Electric Public Co., Ltd. ("SCI") |
| Principal Office | : | 107/1, Village No. 1, Bang Na-Trat Road, KM. 27, Bang Phriang Sub-district, Bang Bo District, Samut Prakan Province, 10560 |
| Telephone | : | 02-338-1414-9 |
| Facsimile | : | 02-708-0326-7 |
| Investor Relations | : | 02-361-8014-7 (IR@sci-groups.com) |
| Website | : | http://www.sci-mfgr.com |
| Business Type | : | Manufacturing and distributing switchboards, cable trays and support system : Manufacturing and distributing transmission towers, telecommunication towers, general steel fabrication and hot-dip galvanized services under subsidiary company : Renewable energy power plant business (Presently, the Company has a small sized hydro-power plant), under subsidiary company : Contracting service business on installing high voltage transmission line system and power distribution system |
| Year of Establishment | : | 1987 |
| Juristic Person | : | 0107558000202 |
| Registration | | |
| Registered Capital | : | 750,000,000 Baht |
| Paid-up Capital | : | 750,000,000 Baht |
| Date of listing on the | : | 13 October 2015 |
| Stock Exchange of Thailand | | |
| Registrar | : | Thailand Securities Depository Co., Ltd. No. 93, Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok Metropolis, 10400 Telephone : 02-009-9999 |
| Auditor | : | AST Master Co., Ltd. No. 790/12, Thonglor Tower, Thonglor 18 Alley, Sukhumvit 55 Road, Khlong Tan Sub-district, Vadhana District, Bangkok Metropolis Telephone : 02-714-8842 |

BUSINESS OPERATIONS

Nature of Business

The Company's business can be divided into 3 natures as follows:

1. Sales Business

1.1 Manufacturing and distributing switch boards, cable trays and support systems:

- Switch Board; or it may be called MDB (Main Distribution Board) and other Control Boards by accepting the work in designing the switch boards in accordance with the electrical circuit pattern. The characteristic of the switch board is a sizable electric distribution panel which is generally-used in medium sized buildings to the large sized ones and industrial factories using large amount of the power.
- Cable Trays and Support Systems; The Company manufactures cable trays all along with the manufactures of switch boards. The cable trays are used both in the buildings and factories as well as electric train projects, large sized industrial projects such as petrochemical, constructions, real estate projects that all need to use electricity and that it is necessary to have cable trays as a part in installing electrical systems. Presently, the Company has a capacity of manufacturing 1,500 switch boards and approximately 5,500 tons of cable trays, respectively, per year

1.2 Transmission Tower, Telecommunication Tower and Hot-Dip Galvanized Steel Structure Manufacturing and Distribution Work:

- Transmission Tower and Substation Steel Structure; The Company can manufacture transmission towers for electrical voltage of 69 kilovolt to 115 kilovolt, 230 kilovolt and 500 kilovolt with the tower height from 30-100 meters. Presently, the Company's manufacturing capacity is approximately 20,000 tons per year by distributing the products to the customer groups being the contractors winning the bids for work of the government organizations (such as Electricity Generating Authority of Thailand, Provincial Electricity Authority) or organizations undertaking transactions principally on electric energy group both in country and overseas. On the part of the Substation Steel Structure, the Company designs and manufactures the Substation Steel Structure in many different forms according to the size of the voltage such as 115 kV, 230 kV, 500 kV.
- Telecommunication Tower; It is the high tower designed for installing communication equipment in telecommunication system in: such as; audio and video broadcasting system, mobile telephone signal transmission system. The telecommunication towers manufactured by the Company are hot-dip galvanized steel structures. Presently, the Company's manufacturing capacity is approximately 2,000 towers per year. The Company usually accepts the manufacturing jobs from contractors of government and private sector, e. g. Mobile Operators such as TRUE Corporation Public Co., Ltd., (TRUE), Total Access Communication Public Co., Ltd., (DTAC) and Advance Info Service Public Co., Ltd., (AIS), etc.
- General Steel Fabrication and Hot-Dip Galvanized Service: The Company accepts the jobs of manufacturing general galvanized steel fabrication according to the requirements of customers. General steel fabrication manufactured by the Company consist of many types such as steel structure in steel structure panel for setting up solar cell panel, steel bridges over railroads, steel railroad sleepers. The Company's customers are contractor groups taking mainly contracting works in the form of Turn Key from project owners which EGAT, State Railways of Thailand (SRT), companies generating power from solar energy, etc. Work volumes will depend mainly on quantity of the projects and purchase orders from the contractors.

In addition, the Company provides hot-dip galvanized services to the third persons (if the hot-dip capacity should have remained left over after the product hot-dip in the Company group was accomplished first). The Company's hot-dip capacity is approximately 2,000 tons per month or 24,000 tons per year. The hot-dip galvanized products which the Company is capable to do are transmission towers, telecommunication towers, cable trays, steel bridges, guard rails, electric poles, road sign poles, building and store structures, etc.

2. Service Business

The Company provides services on designing, surveying, procurement, construction and installing electrical engineering work system both on electrical high voltage and power distribution systems in the form of Turn Key by

taking the jobs from foreign customers both of the government and private sectors. In this respect, the Company will be the main contractor taking the jobs directly from employers and subcontract or outsource the jobs to trading partner skillful in various fields such as Consultant for Project Administration and Technique or Engineering, Contractor for the Constructions or Supplier of Raw Materials. The nature of works will thoroughly cover the providing of services and installing of electrical systems as follows:

- 2.1 **High Voltage Transmission Line System;** It is the high voltage transmission line system connected from power generating system which will be transmitted to a power station or from a point of a power station to a point of another power station through high voltage transmission lines and high voltage transmission towers which are constructed to be able to take electrical voltage ranging from 69 Kilovolt (kV), 115 kV, 230 kV up to 500 kV
- 2.2 **Substation;** It is the structural and system construction work within the substation that takes the power from power generation plant before being distributed to household families or industrial districts. In this connection, the Company will supply products which are steel structures of the substation in conjunction with its allies skillful in installing and constructing the substation and procure other equipment for use in the substation.
- 2.3 **Power Distribution System;** It is the construction work on electrical distribution wiring system of 400 volt up to 22 kilovolt together with rehabilitating the distribution system by installing equipment in the system for more efficiency in the system. The Company places the importance on adopting the advanced technology for use in controlling and monitoring follow-ups on the functions of the power distribution system which, in this connection, electrical voltage and efficiency on the power distributions will be reported to be aware of by the operator, thus, in the case where any point of the power distribution system has run into a problem or sustained a damage, the system will report the result back to the Control Center, resulting in the subsequently remedial actions to be able to expeditiously respond to the situation that would help reduce problem arising from the distribution system which may affect the revenues on the power distributions.

3. Project Development and Investment Business

The Company had foreseen the potentials and growth of power business from renewal energy, thus, prompting it to begin putting the investments on power generation from a small scale hydropower which was 3.2 megawatt Tad Salen Hydropower Plant in Xepone, Savannakhet Province, Lao PDR. In 2008, Tad Salen Power Co., Ltd., ("Tad Salen" or "TAD"), the Company's subsidiary signed the Power Purchase Agreement with Laos State Enterprise (EDL). The dam construction began in 2010 and was complete in 2012. The Company conducted the pretests on the function before making formal distributions of the power to EDL with the concessionary period of 30 years.

Company Group Structure

Business under SCI Electric Public Co., Ltd., including its affiliates consists of 4 main groups as follows:

1. Manufacturing and distributing switchboards, cable trays and support system.
2. Manufacturing and distributing transmission towers, telecommunication towers, general steel fabrication and hot-dip galvanized services.
3. Renewable energy power plant business. (Presently, the Company has a small sized hydro-power plant).
4. Contracting service business on installing high voltage transmission line system and power distribution system.

As of 31 December 2019, the Company invests and/or joint venture in 7 affiliates as follows:

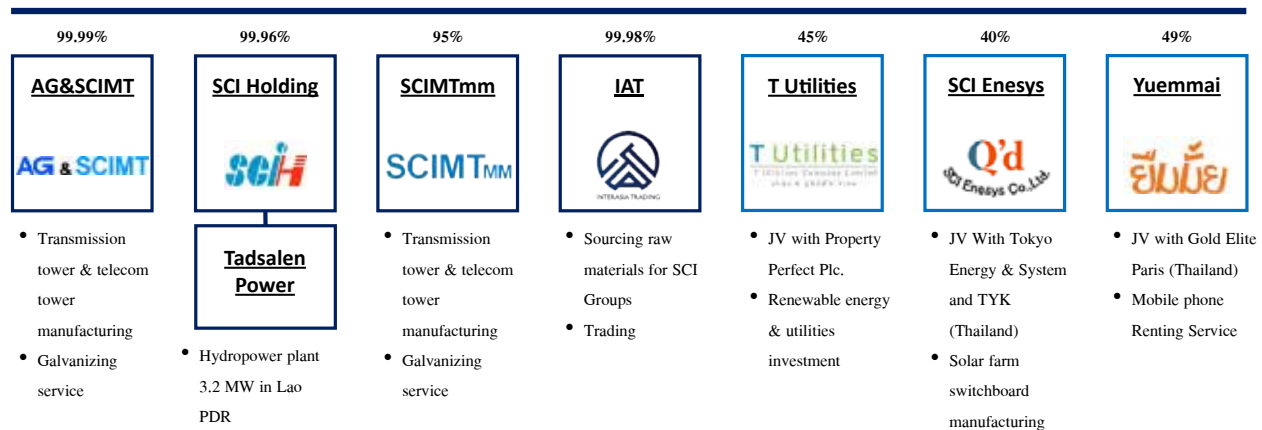
| Company | Nature of Business | Hold Shares (Percent) |
|--|--|-----------------------|
| SUBSIDIARIES | | |
| Ajikawa & SCI Metal Tech Co.,Ltd. (AG&SCIMT) | Manufacturing and distributing Transmission Line Tower, Telecom Tower and Galvanized Steel Structure | 99.99 |
| SCI Holding Co., Ltd. (SCIH) | Investing in renewable energy business (Presently, investing in Hydropower Plant in Laos named Tad Salen Hydropower Plant "TAD") | 99.96 |
| SCI Metal Tech (Myanmar) Co., Ltd. (SCIMTMM) | Manufacturing and distributing Transmission Line Tower, Telecom Tower and Galvanized Steel Structure (in Myanmar) | 95.00 |
| Interasia Trading Co., Ltd. (INTERASIA) | Procurement of raw materials, tools and equipment including various supplies | 99.99 |

| Company | Nature of Business | Hold Shares (Percent) |
|----------------------------|--|-----------------------|
| JOINT VENTURES | | |
| T Utilities Co., Ltd. (TU) | Investing in Energy and Infrastructure Business | 45.00 |
| SCI Enesys Co., Ltd. (SE) | Distributing Connecting Box, Switch Board, Cable Tray and Support Systems | 40.00 |
| Yuemmai Co., Ltd. (YM) | Trade and rent Mobile phone Including spare parts for all kinds of mobile phones | 49.00 |



SCI ELECTRIC PLC.

- Switchboard and cable tray manufacturing
- EPC project management in overseas



The Company's superiority points are: (1) Business; it has carried out is in diversifications ranging from manufacturing and distributing switchboards, cable trays and support systems to high voltage towers, telecommunication towers and general steel fabrication, hot-dip galvanized services including providing service work on designing, surveys, procurements, constructions and installing electrical engineering work systems as well as high voltage transmission line systems and power distribution systems comprehensively, eventually making the Company being able to spread the risk and generate revenues from many ways of businesses, (2) The Company has good allies in working together no matter whether it is a company providing services on various system laying, a construction contracting company as well as supplier, (3) That the Company has been established for a long time and has earned its reputation and popularity in business circle for more than 20 years which its achievements are acceptable to organizations of both government and private sectors.

Revenue Structure

The Company generates revenues from carrying out the core business which consists of

| Revenue Structure*** | Operated by | Consolidated Financial Statement | | | |
|--|--------------------|----------------------------------|---------------|-----------------|---------------|
| | | 2019 | | 2018 | |
| | | MB | Percent | MB | Percent |
| Revenue from sales : | | | | | |
| 1. Switchboard and cable tray manufacturing business | SCI | 399.40 | 35.27 | 336.05 | 25.71 |
| 2. High voltage and communication tower manufacturing, general steel fabrication and hot-dip galvanized service business | AG&SCIMT + SCIMTMM | 639.44 | 56.48 | 906.41 | 69.35 |
| 3. Hydro-power plant (small size) business | TAD | 19.89 | 1.76 | 31.69 | 2.42 |
| Total Revenues from Sales | | 1,058.73 | 93.51 | 1,274.15 | 97.49 |
| 4. Project work service business | SCI | - | - | 10.85 | 0.83 |
| 5. Contracting & Bridge repairing business | AG&SCIMT | 35.52 | 3.14 | - | - |
| Total Revenues from Services | | 35.52 | 3.14 | 10.85 | 0.83 |
| Total Revenues from Sales and Services | | 1,094.25 | 96.65 | 1,285.00 | 98.32 |
| Other revenues** | | 38.00 | 3.35 | 21.95 | 1.68 |
| Grand Total | | 1,132.25 | 100.00 | 1,306.95 | 100.00 |

Remarks: ** Other revenues are profits derived from sales of properties, interest receivable, profits from sales of investment and profits from exchange rate, etc.

Projects under Operations as of 31 December 2019

Switchboard, Cable Tray and Support System Manufacturing and Distributing Work

As of 31 December 2019, number of the Projects where the work under which have been accepted for carrying out by the Company and the manufacturing being underway account for the total value of 439.43 million Baht which can be detailed as follows:

| Product Catagory | Work Pending for delivery (Million Baht) | Estimated Time of Delivery |
|----------------------------------|---|-------------------------------|
| Switchboard Work | 226.06 | Quarter 2/20-21 |
| Cable Tray & Support System Work | 213.37 | Quarter 2-3/21 |
| Total | 439.43 | |

High Voltage and Communication Tower and Hot-dip Galvanized Steel Fabrication Manufacturing and Distributing Work

As of 31 December 2019, number of the Projects where the work under which have been accepted for carrying out by the Company and the manufacturing being underway account for the total value of 160 million Baht. which can be detailed as follows:

| Product Category | Work Pending for delivery (Million Baht) | Estimated Time of Delivery |
|---|---|-------------------------------|
| High voltage tower work | 100.00 | Quarter 1/20 |
| Substation steel fabrication tower work | 60.00 | Quarter 1-2/20 |
| Telecommunication tower work | - | - |
| General steel fabrication work | - | - |
| Total | 160.00 | |

Industrial And Competitive Situation

Industrial Situation and Switchboard Competition

In 2019, the switchboard and cable tray business turnover slightly improved consequently as a result of the expansions of the construction works from both public and private sectors, especially, the public investments in infrastructures and the acceleration on the development of the Eastern Economic Corridor (EEC).

The construction works in 2019 accounted for a growth from 2018 with both public and private constructions. The main factor derived from the constructions of many sizable infrastructure projects of the state-owned enterprises being the ongoing projects such as the Pink Line and Yellow Line electric train projects, which have currently been under the gradual constructions; and the supporting factors from the construction of large-scale projects in the Eastern Economic Corridor (EEC) that continued from the previous year.

Private-sector construction has grown slightly due to the constructions of non-residential buildings, such as commercial buildings and factory buildings, while the residential constructions in Bangkok and its vicinity accounted for a decrease as a result of the Loan to Value (LTV) measures, thus, necessitating the entrepreneurs to release the existing stock and delay their new investments in construction projects. Nevertheless, the private-sector construction was still receiving benefits from the government's acceleration on the development of the EEC area and the incentive measures to induce investors to make more investments in the EEC area resulting in the increase of the constructions of the industrial factories, warehouses, and residences.

The overall construction works during the year 2020 - 2021 still has a trend likely to continuously expand. The public-sector investments in the infrastructures have still remained a major factor contributing to the growth, which are the ongoing constructions of large-scale infrastructure projects of state-owned enterprises such as the Pink Line, Yellow Line and Orange Line electric trains that still underway in 2020; the new projects that the bidding and construction will begin to take place in 2020; the Suvarnabhumi Airport development project; and the large-scale infrastructure investment in the EEC area, including the high-speed train project connecting 3 airports, U-Tapao Airport, and Laem Chabang Port Phase 3, etc., as well as the constructions of industrial plants and warehouses in the EEC area.

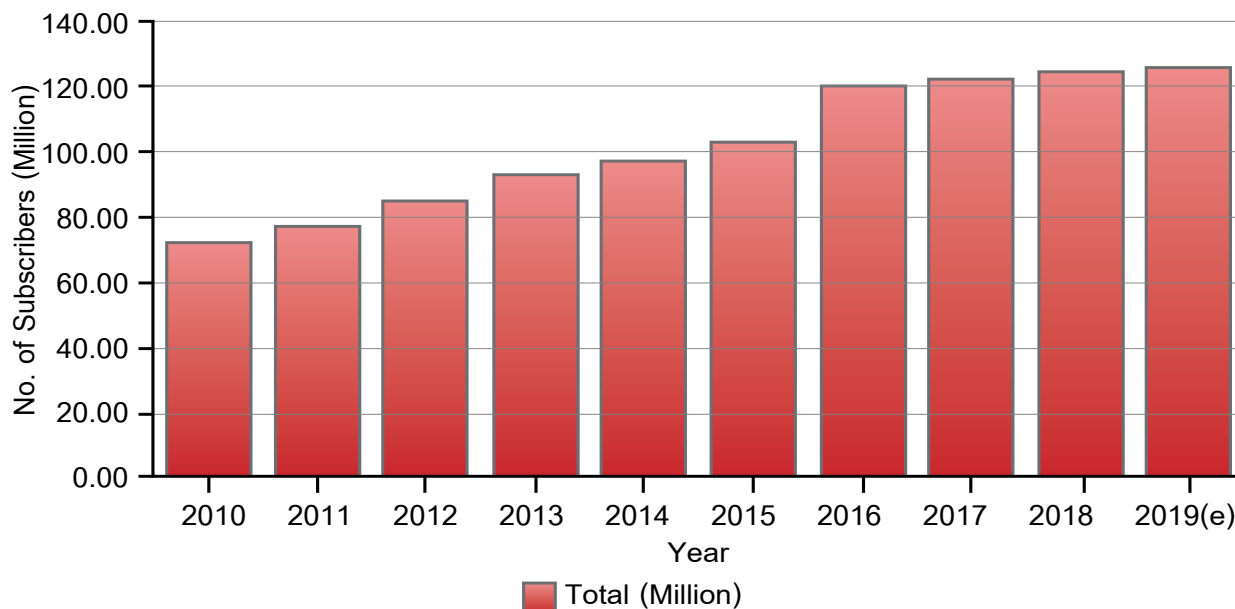
As the volume of domestic construction works in both public and private sectors is likely to continue expanding in the next 2-3 years, the Company is of the view that the switchboard and the cable tray business will grow over the next 2-3 years as well due to the demand of the products is increasing, especially in the industrial sector.

Telecommunication Industry Situation

On the telecommunications industry situation, the adjustment has continuously been ongoing with the readiness to cope with the coming of 5G technology. The 5G technology will create a tremendous adjustment, not only in a user-level, such as a typical personal telephone user, but also to cover the modifications at the business level as well. The 5G technology aims to create the connections, support for communication and access to human-centric communications, including the machine-centric communications in the various sectors of the economy, which are the industrial, transportation, financial and even media sector, etc. The 5G technology consists of 3 major elements as follows:

- High speed gigabit per second (Gbps) data transmission where the use under this type can respond to the continually growing demand for data transmissions and receptions.
- A connection with many devices in the same area. 5G technology is ideally suitable for the devices in the group of the Internet of Things (IoT).

- Very stable data transmission with time delay, thus, making it ideal for critical application technologies such as remote surgery, factory machine controls or unmanned vehicle controls, etc.
(Reference: 5G Technology for the Development of related Industries of the NBTC on 19 July 2019).
Additionally, the latest scenario of mobile telephone users with actual movement in monthly usage is also growing.
(Eastern Economic Corridor: EEC)

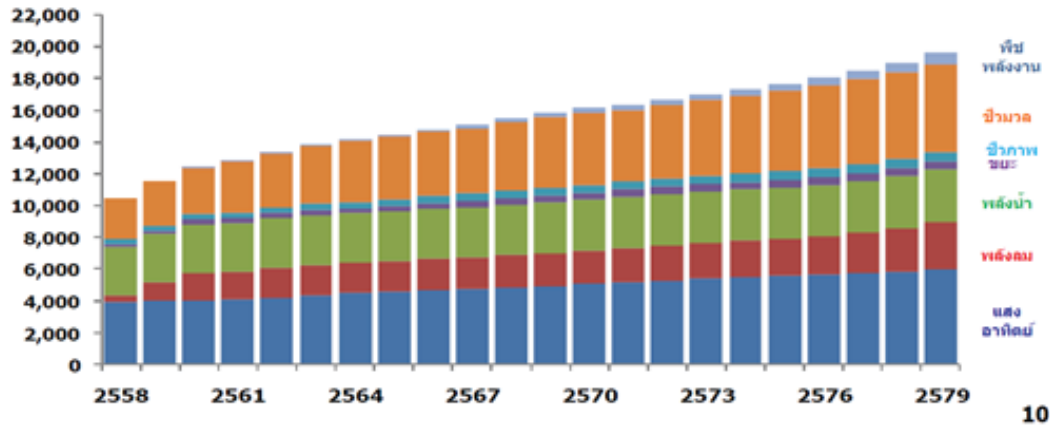


หมายเหตุ : จำนวน Subscriber ของผู้ให้บริการโทรศัพท์เคลื่อนที่ที่เป็นเลขหมายที่มีผู้ใช้บริการจริงในตลาด
และมีการเดินบัญชีผู้ใช้บริการจริงในตลาดและมีการเดินบัญชีใช้งานอย่างต่อเนื่อง
ซึ่งอาจแตกต่างจากจำนวนเลขหมายที่มีการรายงานเพื่อวัตถุประสงค์อื่นๆ

Power Production Industry Situation

The present Power Development Plan is the Country Power Development Plan, B. E. 2555-2573 (2012-2030) (PDP 2010), Revision No. 3. However, Ministry of Energy has drafted a new Power Development Plan which is the Power Development Plan of Thailand, B. E. 2558-2579 (2015-2036) (PDP 2015), approved by a resolution of National Energy Commission (NEC) on 14 May 2015. In drafting PDP 2015, the assumption on Gross Domestic Product (GDP), 2013-2036, at the average of 3.94% per year is used in comparison with the original plan at 4.41% per year. Any rate, PDP 2015 places the importance on the stability of power system in the country by reiterating the diversifications on the sources and type of fuel fuels for use in the power productions. Such new PDP will reduce the proportion of dependability on natural gas down to remain to not exceed 40% in 2036 from 65% of the present maximum power requirement quantity. In addition, the power productions from clean coals will be increased from approximately 19% to 20%-25% and the proportion on the purchase of hydropower from neighboring country increased to 15%-20%. Moreover, the draft of PDP 2015 places the importance on the promotion of power production from biomass fuel and biogas in order to create the advantages jointly with farmers and communities in solving enormously excessive garbage by increasing the power production proportion from renewable energy or circulating energy from approximately 8% to 15%-20%. (Source: Ministry of Energy, Krungthep Turakij Newspaper).

| Type | Garbage | Biomass | Biogas | Hydropower | Wind Power | Solar Cell | Energy Plant | Total |
|---------------|---------|---------|--------|------------|------------|------------|--------------|--------|
| Capacity 2014 | 48 | 2,199 | 226 | 3,016 | 220 | 1,570 | - | 7,279 |
| Capacity 2036 | 501 | 5,570 | 600 | 3,282 | 3,002 | 6,000 | 680 | 19,635 |



Draft of Power Development Plan of Thailand, B. E. 2558-2579 (2015-2036) lays out a new power production capacity during the period from 2015-2036 which can be concluded as follows:

| Power Production Capacity | Megawatt |
|--|----------|
| As at the end of 2014 | 37,612 |
| + New production Capacity during the period from 2015-2036 | 57,467 |
| - Capacity discharged from the system during the period from 2015-2030 | (24,669) |
| Total capacity as at the end of 2036 | 70,410 |

The new power production capacity during the period from 2015-2036 is equal to 57,467 megawatt classified by the category of power plants as follows:

| Power Production Capacity | Megawatt |
|-----------------------------------|----------|
| 1. Renewable energy plants | 12,250 |
| 2. Pumped-storage plants | 2,101 |
| 3. Clean coal plants | 7,365 |
| 4. Natural Gas Plants | 17,478 |
| 5. Nuclear energy plants | 2,000 |
| 6. Gas turbine plants | 1,250 |
| 7. Cogeneration plants | 4,052 |
| 8. Purchased from foreign country | 11,016 |
| Total | 57,467 |

Based on the present Power Production Capacity Development Plan, related organizations and business enterprises eventually map out their plans to procure power energy and increase their power production capacity in order to back up the growing needs of the power energy consequently resulting in the power production industry to expand; power plant development, the needs of high voltage stations, transmission cables, high voltage towers and general steel fabrications for substations to substantially increase. From 2012 to 2014, length of the transmission cables and number of high voltage stations in the country had a trend of an increase all along in accordance with the needs of power and the more increasing power productions.

At present, EGAT is under the process of the transmission cable system development in Northeastern Region to be the size of 500 kV from the original size of 230 kV in 3 Projects; to wit: 1) Transmission cables to back up Xayaboury Project, 2) Transmission cables to back up Nam Ngum Project, 3) Transmission cables to link up Eastern Seaboard with Lower Northeastern Region where the construction of which is expected to gradually complete during the period of 2018 and 2019 and that the power of 2,000 megawatt can be additional received. All constructions will be complete approximately 2024. For the reason that EGAT's responsible areas (throughout the country except Bangkok and its perimeter) are beyond the capability of the transmission cables to take power from renewable energy which would be only 2,000 megawatt within 2018, the additional investment is therefore necessarily possible. In this connection, the draft of PDP 2015 contains the plan on the electrical system infrastructure investments in which the transmission and power distribution system to back up ASEAN Economic Community or AEC and Greater Mekong Sub-region as well as Smart Grid Network in order that the power management can be more efficiently handled will be developed and ready to take the renewable energy at higher proportion. (Source: Ministry of Energy, Krungthep Turakij newspaper, Prachachart Thurakit newspaper)

Engineering, Procurement and Construction (EPC) and Renewable Energy Power Plants in Lao PDR

Lao PDR government has formulated a guideline policy to allow their own country to become either "The Energy Source of ASEAN" or the "Battery of Asia" within 2020. The government of Lao PDR therefore places the importance on the energy projects, especially, hydro-power electricity and expeditiously accelerates the development of energy sources for domestic consumptions and exports. In this connection, 80% of the produced electric energy is exported for sales to neighboring countries, thus, resulting in the income generated from the electricity exports of Lao PDR to be the main income of the country which, in each year, has accounted for a higher average rate continuously. The energy business is therefore considered yet another main business that generates a significant income for Lao PDR.

By 2021, Lao PDR will have the power generating sources up to 100 projects with the total installed power of over 13,000 megawatts that can generate electricity of 67,000 million kilowatts/hour/year divided into 61 existing power production sources with the installed power of 7,200 megawatts and 39 projects with a combined installed power of 5,900 megawatts under the construction where most of which are scheduled to be completed in 2020-2021. Eighty-five percent (85%) of the total generated power represents the volume to be sold abroad, especially, to Thailand that has agreed to purchase the electricity from Lao PDR in the quantity of 9,000 megawatts.

In 2019, the Electricity Generating Authority of Thailand (EGAT) imported electricity from Lao PDR in the total value of Baht 48,238 million or USD 1,462 million, which accounted for twenty-three percent (23%) when compared to 2018, while Laos PDR imported electricity from Thailand worth a total of Baht 1,330 million to meet the use in areas where the power grid of the Lao Electricity Authority has not yet been reached. At present, the transmission line system has reached more than 1 million families or ninety percent (90%) of the total household families. Meanwhile, only over 122,800 families have still been without electricity from the system. Respective to the electricity consumption of Lao PDR, it was increased to 1,579 megawatts in 2018 and in 2019, the electricity consumption in Lao PDR saw the increase to more than 2,100 megawatts. Under such situation, it is expected that Lao PDR's electricity consumption will increase to 2,862 megawatts by 2020 and more than 7,200 megawatts by 2030.

Nevertheless, the Company has still viewed that the investments in the renewable energy electricity and the business of engineering, procurement and construction (EPC) in Lao PDR are still potentially worthwhile which can be evident by the continuous investments of Thai and foreign investors in hydro-power plants. However, the Company expects that the dam constructions in Lao PDR will begin to decline because many projects have already been constructed which will gradually be completed within 2-3 years. At any rate, Lao PDR will generate more revenue from electricity sales. Therefore, the project for the transmission line network investment is considered an important and necessary project for Lao PDR in order to pass the electricity to various areas in country that lack electricity including the exports for sales to Thailand and other neighboring countries eventually causing EDL to accelerate the development of the electricity transmission line network to support the connections in a timely manner. Hence, the Company expects that the business of engineering, procurement and construction (EPC) in Lao PDR will still continue to grow because the government of Laos will have to accelerate investment in

the transmission line network, especially, the backbone transmission line network in order to support the trading of electricity with Thailand and other countries.

High Voltage Transmission Tower and Telecommunication Tower Manufacturing in Myanmar

Investments in Myanmar have still been continuously changing since the opening of the country, investment promotions from the public sector, and the entering to become the Asian Economic Community (AEC) member. In addition, the new civilian government regime took the helm of a full administration of the country during 2018 and 2019 eventually created more confidence for foreign investors. The government itself also clearly promoted the investments, which was evident by the implementation of the Myanmar Promotes Foreign Investment with a Secure Plan (MIPP) all along together with building up the banking and financial confidence to support foreign investments as quoted by U Thaung Tun, Chairman of the Myanmar Investment Commission and Union Minister that the investments have continuously been promoted consequently resulting in the GDP to continuously grow at nine point two percent (9.2%) in the present.

(reference: https://blog.happioteam.com/myanmar-promotes-foreign-investment-with-a-secure-plan-mipp/?gclid=EAlaIQobChMI2Zug-lqt5wIWWK6WCh1YDAk6EAAAYASAAEgJ6o_D_BwE)

The success can be evidenced by the expansions of the Industrial Estates of foreign countries, namely:

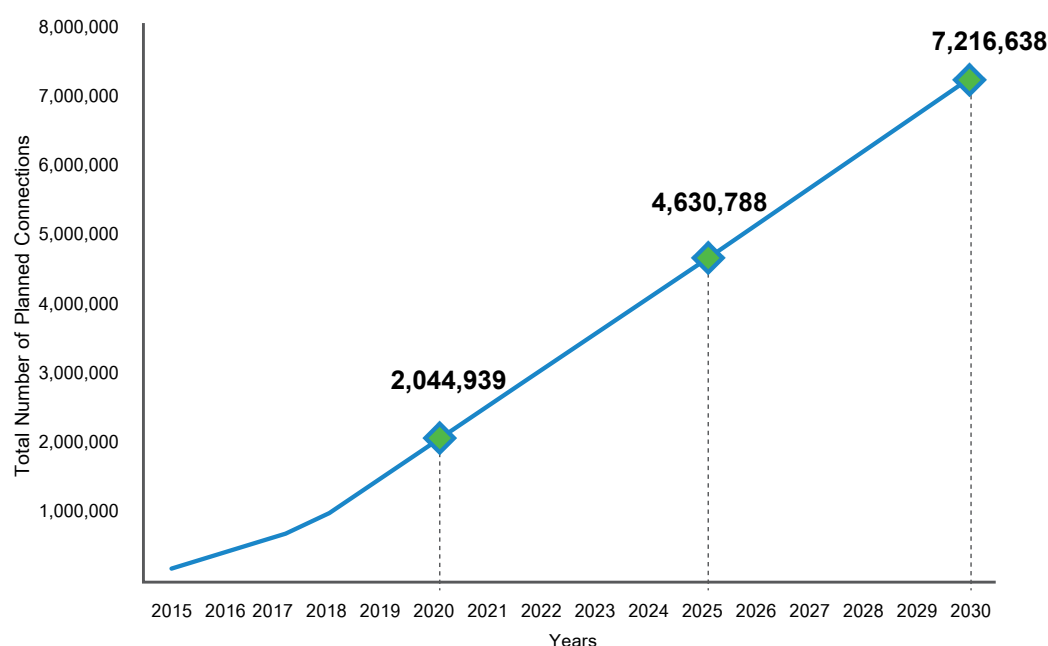
1. Thilawa Special Economic Zone,
2. Dala Industrial Estate, the new Industrial Estate from Korea,
3. Amata Industrial Estate, the new Industrial Estate from Thailand.

Besides, Myanmar has a great trading and investment potential due to its strategic location between two major markets of China and India with a large number of working populations. It is also the center of the regional and inter-regional links and a part of the 21st Century Silk Route or Belt and Road Initiative (BRI). Thailand and Myanmar are Natural Strategic Partners, which the Thai government has a policy to promote trades and investments with Myanmar for jointly sustainable developments. In addition, the Myanmar government has plans for the infrastructure development, including the improvements of the roads and expressways, co-operations with ADB and JICA, the increase in the electric power for another 3,000 megawatts through various projects such as hydro-power and solar-power plants within 3 years as well as the opening of a new round of the bids on onshore and offshore gas exploration around the end of 2018.

(reference: <https://forbesthailand.com/commentaries/thought-leaders/%E0%B9%80%E0%B8%A8%E0%B8%A3%E0%B8%A9%E0%B8%90%E0%B8%81%E0%B8%B4%E0%B8%88-%E0%B9%84%E0%B8%97%E0%B8%A2-%E0%B9%80%E0%B8%A1%E0%B8%B5%E0%B8%A2%E0%B8%99%E0%B8%A1%E0%B8%B2.html>)

In order to promote the said investments, Myanmar itself has continuously invested in the development of the energy infrastructure for energy security such as the roadmap to create access to electricity and electrical stability according to the Myanmar National Electrification Program (NEP) Roadmap and Investment Prospectus.

Figure 1.1 : Roadmap to 100 percent Electrification in Myanmar



Source : Castalia and E1 estimates

Corporate Governance



MANAGEMENT STRUCTURE

Board

The Management Structure of the Company consists of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Executives, details as follows:

Board of Directors

The Company's Board of Directors consists of 10 members as follows:

| Name | Position |
|-----------------------------------|---|
| 1. Mr. Noppol Milinhanggoon | Chairman of the Board / Independent Director |
| 2. Mrs. Pranee Phasipol | Chairman of the Audit Committee / Independent Director / Nomination and Remuneration Committee |
| 3. Mrs. Chattong Tippayakalin | Audit Committee / Independent Director |
| 4. Ms. Chaovana Viwatpanachati | Audit Committee / Independent Director |
| 5. Mr. Sumeth Chailertvanitkul | Chairman of the Nomination and Remuneration Committee / Independent Director |
| 6. Ms. Aunada Phruttnarakorn | Director / Nomination and Remuneration Committee |
| 7. Mr. Kriangkrai Pheanvitayaskul | Director |
| 8. Mr. Thanawat Yanisrangkul | Director |
| 9. Mr. Sirichai Phruttnarakorn | Director |
| 10. Mr. Vichai Yanisrangkul | Director |

** Mrs. Wanida Phruttnarakorn, served as Secretary of the Company

Authorized Directors

Name of director authorized to affix signature to bind the company is two of the three directors: Ms. Aunada Phruttnarakorn, Mr. Sirichai Phruttnarakorn, and Mr. Kriangkrai Pheanvitayaskul, to jointly sign along with the common seal of the company.

Qualifications of Directors:

1. The Company Directors must be the persons who are knowledgeable, capable, honest with ethics in carrying out business operations and shall have sufficient time to devote their knowledge, abilities and perform duties for the Company.
2. The Company Directors shall possess qualifications and not being subjected to any prohibitions under the Law on Public Limited Company and other related Laws nor any characteristics suggesting the lack of suitability to be entrusted to manage the publicly-held share business as specified under Section 89/3 of the Securities and Exchange Act, (No. 4), B.E. 2551 (A.D. 2008).
3. The Company Directors are eligible to hold the position of a director in other companies provided, however, that in being the director of such company, it must not hinder the performance of the Company's Director and must be compatible with the guidelines set out by Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

An Independent Director must meet the qualification requirements as follows:

1. Holding shares not exceeding zero-point five percent (0.5%) of the total number of shares with voting rights of the Company, parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, including the shareholding by related persons of such Independent Director.
2. Neither being nor used to being a director participating in work management, employee, staff, advisor drawing a regular salary, or controlling person of the Company, parent company, subsidiary companies, associated companies, subsidiary companies of the same hierarchy, major shareholder, or controlling person of the Company unless otherwise the aforementioned status have come to an end for a period of not less than 2 years. Provided, however, that such prohibitions shall not include the case where an Independent Director used to be a government official or an advisor to a government organization being the major shareholder or controlling person of the Company.
3. Not being a person related by blood or by legal registration in a manner of being a parent, spouse, sibling and child, including spouse of child, executive, major shareholder, controlling person, or person who will be nominated

as an executive or controlling person of the Company or its subsidiary companies.

4. Neither having nor used to having a business relationship with the Company, parent company, subsidiary companies, associated companies, major shareholder, or controlling person of the Company in a manner that may obstruct his independent judgment; and neither being nor used to being an implicitly significant shareholder or a controlling person of the person having the business relationship with the Company, parent company, subsidiary companies, associated companies, major shareholder, or controlling person of the Company unless otherwise the aforementioned status have come to an end for a period of not less than 2 years.
5. Not being a Director appointed as a representative of the Company's Directors, major shareholder, or share holders who is related to the major shareholder.
6. Neither operating a business of the same nature and in a manner likely to be an implicit competition with the business of the Company or subsidiary companies; nor being an implicitly significant partner in a partnership, or being a director participating in work management, employee, staff, advisor drawing a regular salary, or holding shares exceeding zero-point five percent (0.5%) of the total number of shares with voting rights of other companies carrying out business of the same nature and in a manner likely to an implicitly significant competition with the business of the Company or its subsidiary companies.

Scope of Duties and Responsibilities of Company Board of Directors:

The Company Board of Directors has the authorities, duties and responsibilities to manage the Company in compliance with the law, the Company's Objectives and Regulations with the Duty of Care and the Duty of Loyalty. Their main authorities, duties and responsibilities can be summarized as follows:

1. Organizing the Annual Ordinary Shareholders' Meeting within 4 months after the Company's accounting period ends.
2. Organizing the Board of Directors Meeting once every 3-month, at least, and that in order to conform to the Principle of Good Corporate Governance, the Company has scheduled the Board of Directors Meetings 6 times a year, at least, and the Board of Directors Meeting without any Executive Directors in attendance once a year.
3. Preparing Balance Sheets and Profit and Loss Statements of the Company as at the ending date of the accounting period of the Company, which shall be submitted onto the Shareholders Meeting for consideration and approval after they have already been audited by the auditor.
4. Setting the goals, guidelines, policies, work plans and budgets of the Company; monitoring controls over and overseeing the managements of the Executive Committees to be in line with the policy as assigned; making follow-ups on result of the operations to ensure the conformity with the plans and budgets in continuation except in the following matters that the Board of Directors must obtain the approval of the Shareholders' Meeting first before proceeding with any relevant actions, which are the matters defined by law that the Board of Directors must obtain the approval of the Shareholders' Meeting such as capital increment, capital decrement, debenture issuance, sales or transfers of the Company's significant business, wholly or partially, to other persons, or a purchase or an acceptance of a business transfer of other companies to belong to the Company, and amendment of the Memorandum of Association or Regulations, etc.

In addition, the Board of Directors also has a duty to oversee the company to comply with the Law on the Securities and Exchange and SET Requirements such as Connected Transaction Executions and Buying or Selling Important Assets in accordance with SET Regulations or Laws relevant to the Company's business.

5. Defining the organizational structure and making consideration on the management structure; appointing the Executive Committees, Managing Director, and other committees as appropriate. Designating authorities and duties for various Sub-committees such as the Audit Committee and Nomination and Remuneration Committee for efficient operations and benefits of the shareholders.
6. The Board of Directors may empower the Executive Committees with the authorities in performing various duties where details of the empowerment shall be in accordance with the scope of the authorities of the Executive Committees provided, however, that such empowerment must not be in a manner likely to enable the Executive Committees or the Appointee to consider and approve the transactions in which the Executive Committees or the Appointee or related persons have any interest or any other conflict of interest with the Company or its subsidiary companies, save it is the approval of a transaction being in line with the policy and criteria having already been considered and approved by the Board of Directors provided that it shall be in accordance with the law.
7. Making considerations on the appointment of Chief Executive Officer (CEO), Executive Chairman and Executive Committee including the empowerment to Executive Chairman in prescribing the power on the approvals and considerations on the amendments of such power for the suitability.
8. Empowering one or several Director(s) or any other persons to take any actions under the control of the Board of Directors or may empower such persons to have a power as it deems appropriate and within the expedient

period of time. The Board of Directors may cancel, revoke, change in, or alter the Appointee or such power as it deems appropriate. In this respect, no power shall be given to any person(s) who may have conflicts of interest in the operations.

9. Defining, implementing, and complying with the Corporate Governance Policy, Business Ethics, Code of Conduct, Anti-Corruption Policy as well as various Company-related Practical Guidelines, which are made in writing, and regularly reviewing the Policies and the implementations in compliance with said Policies at least once a year, including encouraging all Directors, Executives and staff to get to understanding and complying with the Laws, Regulations, Business Ethics, Code of Conduct, Anti-Corruption Policy as well as various Company-related Practical Guidelines.
10. Supervising and overseeing subsidiary companies by considering the suitability of the person to be appointed as a Director in the subsidiary companies in order to monitor controls over the management to conform with the Company's policy and various transactions to be legal in accordance with the Law on the Securities and Exchange and SET Notifications.
11. Approving the opening/closing of all types of deposit accounts with banks or financial institutions together with defining conditions on money withdrawals or conducting juristic acts on said deposit accounts.
12. Approving the important investment expenditures as specified in the Annual Expense Budget.
13. Overseeing and giving supervisions to ensure that the Company has a suitable and effective Risk Management System and Internal Control.
14. Providing supports on and promoting the creations of innovation and making use of the innovation and technology to create added value for the business as well as monitoring controls over the management of information technology to be in compatibility with the Company's requirements.
15. Providing proper channels of communication with the shareholders and stakeholders while also ensuring that the shareholders are involved in making important company decisions.
16. Arranging for the preparation of the Succession Plan for the preparedness in the event that a high-level Executive is unable to perform his or her duty.
17. Providing clear guidelines for those who wish to blow a whistle on any matters or stakeholders via the website or report directly to the Company by setting up a channel for the whistle blowing through the Company's Audit Committee, and giving instructions that the information shall be verified in accordance with the process defined by the Company and report to the Board of Directors.
18. Reporting their own interests or interests of related persons, whether directly or indirectly, being involved with business management of the Company or its subsidiary companies for the transparency of operations.

Audit Committee

The Audit Committee shall consist of, at least, 3 persons; all of whom are Independent Directors and, at least, one person shall be well-versed in accountancy with adequate experience to perform duty to review the reliability of Financial Statements. The Audit Committee shall also assist the Company in monitoring controls over the carrying out of the Company's business operations to be in accordance with the Principle of Good Corporate Governance as prescribed by Security Exchange Commission (SEC) and Stock Exchange of Thailand (SET) including to have the scope of power and duties as assigned by the Company's Board of Director by having Miss Romklao Muangyunnan¹ serving as the Secretary to the Audit Committee.

| | |
|-------------------------|--|
| 1./ Highest education | : Bachelor of Business Administration (Finance), Bangkok University |
| Professional Experience | : Present – Audit Section Chief, SCI Electric Public Co., Ltd. |
| Training | : - Internal Audit Diploma, Class 14, (Federation of Accounting Professions) - COSO Internal Control System Guideline Frame, Class 2/2016 (Federation of Accounting Professions) - Fraud Audit (The Institute of Internal Auditors of Thailand) |

Qualifications of Audit Committee

The Company's Audit Committee has the independency in accordance with the definition of the independency of the Independent Directors by

1. Holding shares of not over 1% of the total number of the voting shares of the Company, proprietary company, subsidiary companies, associated companies or juristic persons which may have conflict with one another by counting in the shares held by related persons, as well;
2. Not becoming a Director participating in the administration of work/ staff/ employees/ consultant drawing regular salary /person having controlling power of the Company, proprietary company, subsidiary companies, associated companies, subsidiary companies of the same sequent order, or juristic persons which may

- have conflict with one another (at present and over the past 2 years before being appointed);
3. Having no blood relation nor relation by way of legitimate registration in a manner likely to be parents, spouse, sibling, child including child's spouse with the Executive, major shareholders, person having controlling power or the person to be nominated as the Executive or person having controlling power over the Company or its subsidiaries;
 4. Having no business relation with the Company, proprietary company, subsidiary companies, associated companies or juristic persons which may have conflict in a manner that may obstruct the use of own independent discretions nor being a major shareholder, a Director not being an Independent Director nor an Executive of a person having business relation with the Company, proprietary company, subsidiary companies, associated companies or juristic persons which may have conflict;
 5. Not being the auditor of the Company, proprietary company, subsidiary companies, associated companies or juristic persons which may have conflict in a manner which may obstruct the use of own independent discretions nor being a major shareholder, a Director not being an Independent Director nor an Executive of a person having business relation with the Company, proprietary company, subsidiary companies, associated companies or juristic persons which may have conflict;
 6. Not being a person providing any professional services nor legal nor financial consultancy receiving service charges in excess of two million Baht per year from the Company, proprietary company, subsidiary companies, associated companies or a juristic person which may have conflict nor being a major shareholder, a Director not being an Independent Director, an Executive nor managing partner of the professional service provider;
 7. Not being a Director appointed to be a representative of the Company's Directors, major shareholder or shareholders having connections with the Company's major shareholder;
 8. Not having any other characteristics attributable to the condition preventing the auditor from being able to express opinion independently;
 9. Not being a Director assigned by the Company's Board of Directors to make decisions in carrying out business operations of the Company, proprietary company, subsidiary companies, associated companies, subsidiary companies in the same sequent order or a juristic person which may have conflict nor a Director of registered company being the proprietary company, subsidiary companies, associated companies, subsidiary companies of the same sequent order;
 10. Having duty of the same nature as set forth under The Stock Exchange of Thailand Regulation on Qualifications and Scope of Operations of Audit Committee.

Scope of Duties and Responsibilities of Audit Management Committee:

Scope of the Audit Committee's duties and responsibilities can be summarized as follows:

1. Conduct reviews to ensure that the Company's Financial Report is accurately and adequately prepared;
2. Conduct reviews to ensure that the Company has suitable and effective internal control and internal audit and make consideration on the independency of the Internal Audit Unit as well as giving approvals on the considerations on the appointments, transfers, and employment termination of Internal Audit Unit Chief or any other Units responsible for matters in relation to internal audit;
3. Conduct reviews to ensure that the Company has complied with the Law on Securities and The Stock Exchange of Thailand and the Laws relating to the Company's business;
4. Conduct reviews and consults with the Management in relation to Company's critical risk and measure implemented by the Management in monitoring follow-ups and controls over such risk;
5. Make considerations on the selection and nomination for the appointment of an independent person to perform duty as the Company's auditor and proposes remuneration for such person as well as participating in the meeting with the auditor without the Management members taking part in, at least, once a year;
6. Make considerations on connected transactions or transactions which may have a conflict of interest that they are undertaken in accordance with the pertinent Law and Requirements of The Stock Exchange of Thailand and to ensure that they are reasonable and optimally beneficial to the Company;
7. Prepare the Audit Committee Report by disclosing it in the Company's Annual Report. Such Report shall be duly signed by the Chairman of the Audit Committee and must consist of, at least, the following information:
 - (a) Opinions on the accuracy and completeness in respect of the reliability of the Company's Financial Report;
 - (b) Opinions on the sufficiency of the Company's internal control system;
 - (c) Opinions on the compliances with the Law on Securities and The Stock Exchange of Thailand, Requirements of The Stock Exchange of Thailand or Laws relating to the Company's business;
 - (d) Opinions on the suitability of the auditor;
 - (e) Opinions on the transactions which may have the conflict of interest;

- (f) The number of the Audit Committee's meetings and meeting participations of each Audit Committee member;
 - (g) The overall opinions or observations received by the Audit Committee from duty performances in accordance with the Charter; and
 - (h) Other transactions which are in view that the shareholders and investors, in general, should know of, provided that the disclosures of such transactions shall be under the Committee's scope of duties and responsibilities as assigned by the Company's Board of Directors.
8. Perform any other duties as assigned by the Company's Board of Directors with the approval of the Audit Committee;
 9. In performing duties of the Audit Committee, if anything should be discovered or should there be any doubts that there are transactions or performances of any acts as follows which may materially affect the Company's financial condition and turnovers, the Audit Committee shall report such occurrence to the Company's Board of Directors to undertake remedial actions within the period of time it deems to be reasonable:
 - (a) Transactions giving rise to the conflict of interest;
 - (b) Fraudulent act or an irregularity or critical defect in internal control system;
 - (c) Violation of the Law on Securities and The Stock Exchange of Thailand, Requirements of The Stock Exchange of Thailand or Laws relating to the Company's business.

If the Company's Board of Directors or the Executives should fail to undertake remedial actions to make correction or improvement accordingly within the period of time prescribed under paragraph one, the Audit Committee is compellingly required to report such failure to Office of SEC or SET within the period of time prescribed by Law.
 10. The Audit Committee may, in performing its duties, asks for advices from Independent Advisors or Experts in the other fields of professions if the Committee deems it necessary and appropriate which, in this connection, the Company shall be the party responsible for all related expenses incurred consequently as a result of such duty performances of the Audit Committee abovementioned. The Audit Committee is subject to take responsibility directly to the Company's Board of Directors and that the Company Board of Directors is still responsible for carrying out the Company's business operations respective to the third persons.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 Members, at least, and 2-thirds of its total number, at least, must be Independent Members and that an Independent Member shall chair the Nomination and Remuneration Committee to be responsible for setting out the rules and policy on the selecting and determining the remunerations for Directors of the Board and Subcommittee Members including the scrutiny, selections and nominations of suitable persons to hold positions of the Company's Board of Directors and determining the remunerations of the Directors.

Scope of Duties and Responsibilities of Nomination and Remuneration Committee.

Recruitment

1. Review the structure of Board of Directors to compatibly suit with the strategic necessity of the Company;
2. Set out the rules and procedures on the scrutiny and selections of persons to hold positions of Directors of the Board, Members in the Subcommittees, Executive Director Chairman, Executive Directors, Chief Executive Officer, High Level Executives and Company Secretary for nominations to the Company Board of Directors and/or submission to Shareholders Meeting for approval, as the case may be;
3. Consider, scrutinizes and screens list of names and personal background of persons to be nominated to be Directors of the Board, Members in the Subcommittees, Executive Director Chairman, Executive Directors, Chief Executive Officer, High Level Executives and Company Secretary in the case of a vacancy for submission to the Company Board of Directors Meeting for making considerations on the approval;
4. Disclose the policy and details of scrutiny process in the Company Annual Report;
5. Set out the rules on performance evaluation of the Company Board of Directors and Chief Executive Officer regularly every year for reporting to the Company Board of Directors;
6. Conduct performance evaluation of the Company Board of Directors and Chief Executive Officer regularly every year and report result of the evaluation to the Company Board of Directors;

7. Conducts its self-executed performance evaluation regularly every year and reports result of the valuation to the Company Board of Directors.

Remuneration Consideration:

1. Set out the express and transparent policy and rules on the payments of remuneration and other fringe benefits of the Company Board of Directors, Subcommittees and high level Executives for submission to the Company Board of Directors Meeting and/or Shareholders Meeting for consideration on the approval, as the case may be;
2. Propose recommendations on the remuneration of the Company Board of Directors, Subcommittees and high level Executives with the return reasonably suitable to their duties and responsibilities;
3. Initiate actions on the scrutiny and nominates names of persons suitably qualified to hold positions of Directors for the first time and considers work achievements, qualifications and suitability of Directors vacating office on normal expiration of term in office who are suitable for re-elections for submission to the Company Board of Directors for consideration on the approval and onto the Shareholders Meeting for further appointments;
4. Make consideration and give recommendation to the Company's Board of Directors as well as conduct monitoring controls and follow ups over the operations relating to the visions and strategy on the aspects of human resources of the Company including the Company Executive Development Work Plan;
5. Assess the Company's turnover in order to set out the procedural guidelines on giving bonus and annual salary increase of the Company by using the suitably industrial standard basis to support the considerations;
6. Propose recommendations on the Company's salary structure including other fringe benefits.

Executive Committee

The Executive Committee, the body that helps the Company in carrying out the operations with flexibility, consists of 10 persons, having the scope of authorities and duties as assigned by the Company Board of Directors which consists of;

| Name | Position |
|-----------------------------------|------------------------------------|
| 1. Ms. Aunada Phruttnarakorn | Chairman of Executive Committee |
| 2. Mr. Kriangkrai Pheanvitayaskul | Chief Executive Officer |
| 3. Mr. Thanawat Yanisrangkul | Chief Financial Officer |
| 4. Mr. Sirichai Phruttnarakorn | Chief Operating Officer (SCI) |
| 5. Mr. Vichai Yanisrangkul | Chief Operating Officer (AG&SCIMT) |
| 6. Mr. Kuniyochi Mito | Director of Planning and Design |
| 7. Ms. Pornpip Asavachatchanchai | Accounting Manager |
| 8. Mrs. Wanida Phruttnarakorn | Finance Manager |
| 9. Mr. Phanuphan Jesrichai | Sales and Business Manager |
| 10. Ms. Orajid Pheanvitayaskul | Marketing Manager |

Remarks : All Directors in the Executive Committee are counted in under the definition of the "Management" of the Company for the purpose of business good corporate governance practice. In this connection, the Executives under such definition are Ms. Aunada Phruttnarakorn, Mr. Kriangkrai Pheanvitayaskul, Mr. Thanawat Yanisrangkul, Mr. Sirichai Phruttnarakorn, and Mr. Vichai Yanisrangkul.

Roles and Responsibilities of the Executive Committees

The main roles and responsibilities of the Executive Committees involve the usual operations and managements, the specification of policies, plans, budget, management structure and the administration, as well as the operational rules that are required to conform with the economic conditions. The final role of the board is to present the provided responsibilities to other members during the Board Meeting for the consideration and approval and/or suggest the comments if needed. Additionally, the directors must revise and follow up the operation of the company and make sure if it follows the specified policies. The main role and responsibilities of the Board of Directors could be inferred as follows;

General Policy

1. Manage and administrate the company following to the company's goals, regulations, policies, practices, orders, and resolutions agreed at the Board Meeting, and/or the Extraordinary General Meeting. The meeting management shall rely on the practices and regulations of the Board Meeting;
2. Examine and specify the company's policies, guidelines, strategies, managements, business and financial plans, budget plans, human resource managements, methods of funding and investment, expansion methods, and public relations conforming to the guidelines approved by the Board, as well as control and manage the operations of other nominated sectors with the purpose of fulfilling the achievements;
3. Examine the annual budget plan allocated by the management team before forwarding to the Board for the consideration and approval. The responsibilities include consider, approve, and revise the annual budget plan during the period that the Board Meeting could not be held. However, the representatives shall present the budget plan at the next meeting;
4. Examine the agenda of all the departments before sending for an approval of the Board.

Authority

5. Possess the authority to approve the transaction, employment, and contract with the credit line not over than 50 million baht (fifty million baht);
6. Possess the authority to approve the transaction of equipments or fixed assets for the regular usage in the business with the credit line not over than 30 million baht (thirty million baht);
7. Possess the authority to approve the bidding and transaction, and the regular operations of the company and chained companies, including the approval of bidding, transaction, and employment that are for the regular usage of the company and chained companies with the credit line not over than 200 million baht (two hundred million baht);
8. Possess the authority to approve the loaning money, the provision of credit, the issue of debt securities, over draft contract, other bank credits or other financial institutions' or other people under the regular conditions of the company or other juristic persons involved in the business with the credit line not over than 50 million baht (fifty million baht), including the authority to get the payment guarantee letter for the company's interests with the credit line not over than 50 million baht (fifty million baht);
9. Possess the authority to approve the mortgage and pawning of the company's existing or nearly-existing assets for the loan guarantee with the credit line not over than 50 million baht (fifty million baht).

General Administration

10. Work as a consultant responsible for the financial management, marketing management, human resource, and other operations within the business;
11. Possess the necessary authority to approve the designation of general consultants, including the financial and tax consultants, as well as the authority to specify the appropriate consideration for these employees with the credit line specified on the lists of the transaction, employment and contract above.
12. Possess the authority to appoint the project consultant as appropriate with the credit line not over than 10 million baht (ten million baht); however, the investment and budget plans would be approved by the Board;
13. Specify the company's structures and administration, including the designation, employment, translocation, wage, consideration, bonus of the administrative officers, and dismissal assigned by the Board, as well as examine the appropriate employee's fringe benefits conforming to the conditions, traditions, and legal regulations (the administrative officers could be defined as the employees working under the authority of the board);
14. Perform other responsibilities assigned by the Board.

The directors could not examine and approve any performances involved with the interests of the company, except for the approval conforming with the policies and regulations of the Board, the extraordinary general members and legal regulations. Nonetheless, the Board could cancel, ignore, and revise their authority as appropriate.

Moreover, the executive managing directors, chief executive officer or other employees are approved by the board to perform duties conforming with the specified regulations of the board. Nonetheless, the delegation of authority is considered as successful if the authorized representatives are not against the company's interests.

At the Extraordinary General Meeting 1/2015 on April 22nd, 2015, the authorities and responsibilities of the Chairman of Executive Committees and Chief Executive Officer were concluded and approved as follows;

Roles and Responsibilities of the Chairman of Executive Committees

General Administration

1. Control and approve the regular operations of the company, as well as assign authority to the Chief Executive Officer, administrators, or other employees performing the regular duties within the company to be authorized to represent as the Chairman for some issues under the control and the period that the Chair of Executive Board assigns. Nonetheless, the authority could be ignored, revised, and cancelled by the Chair;
2. Perform duties following to the policies, plans, and budget plans assigned by the committees and/or the Board;
3. Administrate the operations as an authorized representative, with the awareness of the targets, regulations, policies, commands, resolutions obtained by the Extraordinary General Meeting, and/or meeting Executive Meeting;
4. Possess the authority to assign particular authority and/or duties towards other employees, which is limited to the regular authority of the Chairman and/or depends on the company's practices, regulations, or commands of the Board, and/or the regulations settled by the company. The Board has to regularly follow up and evaluate the company's operations in order to protect risks gained by internal and external factors.

Authority

5. Possess the authority to approve the regular transaction of the regular usage in the business with the credit line not over than 25 million baht (twenty-five million baht);
6. Possess the authority to approve the transaction of equipments or fixed assets for the regular usage in the business with the credit line not over than 10 million baht (ten million baht), and movable properties with the credit line not over than 10 million baht (ten million baht);
7. Approve the transaction, regular services and other services of the company, such as the approval of sales, employment contracts for the regular and irregular duties with the credit line not over than 150 million baht (one hundred and fifty million baht);
8. Approve the loaning money, the provision of credit, the issue of debt securities, overdraft contract, other bank credits or other financial institutions' or other people under the regular conditions of the company or other juristic persons involved in the business with the credit line not over than 40 million baht (forty million baht), including the authority to get the payment guarantee letter for the company's interests with the credit line not over than 40 million baht (forty million baht);
9. Regularly perform other responsibilities assigned by the Board and Committees.

The Chairman of Executive Committees could not examine and approve any performances involved with the interests of the company, except for the approval conforming with the policies and regulations of the Board, the extraordinary general members and legal regulations. Nonetheless, the Board could cancel, ignore, and revise their authority as appropriate.

Roles and Responsibilities of the Chief Executive Officer

General Administration

1. Administrate the regular operations and managements of the company;
2. Perform duties following to the policies, plans, and budget plans assigned by the committees and/or the Board and/or the Chairman of Executive Committees;
3. Administrate the operations as an authorized representative, with the awareness of the targets, regulations, policies, commands, resolutions obtained by the Extraordinary General Meeting, and/or Executive Meeting and/or Chairman of Executive Committees' Meeting;
4. Possess the authority to assign particular authority and/or duties towards other employees, which is limited to the regular authority of the Chair and/or depends on the company's practices, regulations, or commands of the Board, and/or the regulations settled by the company. However, the authority assignation is not considered as successful if the authorized representatives are against the company's interests;
5. Follow up and evaluate the company's operations in order to protect risks gained by internal and external factors;
6. Examine the contracts involved in the company's business and interests, including specify the procedures and methods of the contract management processes with the purposes of present to the Board and/or Committees and/or Chairman of Executive Committees;

Authority

7. Possess the authority to approve the regular transaction of the regular usage in the business with the credit line not over than 10 million baht (ten million baht);
8. Possess the authority to approve the transaction of equipments or fixed assets for the regular usage in the business with the credit line not over than 5 million baht (five million baht);
9. Approve the transaction, regular services and other services of the company, such as the approval of sales, employment contracts for the regular and irregular duties with the credit line not over than 100 million baht (one hundred million baht);

Internal Control

10. Examine and allocate the pension, bonus, and other rewards to the employees, laborers and other staff involved in the business, along with the approval of the committees;
11. Possess the authority to deliberate on the employment, nomination, translocation of positions, sections, departments, and dismissal, as well as salary/bonus/reward/benefit specification of all employees, except for executive officers;
12. Possess the authority to specific regulations, practices, declarations, and notices in order to fulfill the policies and interests of the company, as well as maintain the organization within the company;
13. Regularly perform other responsibilities assigned by the Committees and the Board.

The Chief Executive Officer could not examine and approve any performance that they are involved with the interests of the company, except for the approval conforming with the policies and regulations of the Board, the extraordinary general members and legal regulations. Nonetheless, the Board could cancel, ignore, and revise their authority as appropriate.

Moreover, the executive managing directors may assign authority towards employees to perform duties conforming with the approved regulations of the board. Nonetheless, the delegation of authority is considered as successful if the authorized representatives are not against the company's interests.

Company Secretary

At the Extraordinary General Meeting 1/2015 on April 22nd, 2015, it was unanimously resolved that Miss Wanida Phrutinarakorn was nominated as the company secretary responsible for administrating the operations of committees, and cooperate with other departments to follow the committees' resolutions. The main roles and responsible required for the company secretary are as follows;

- Consult with the committees about regulations, rules, and practices of the company, as well as follow up with the operations and ensure that they were followed strictly, along with informing any corrections to the committees;
- Arrange the Extraordinary General Meetings, and Committee Meetings with the awareness of legal regulations, practices and other regulations settled by the company;
- Record the minutes of the Extraordinary General Meetings and Board Meetings, including follow up with the resolutions settled by these meetings;
- Ensure that the company's data and information reports could be revealed conforming to the practices and regulations of the Stock Exchange and Securities and Exchange Commission;
- Arrange and coordinate with other departments for the committees' activities, including the Board-Committee Orientation;
- Be responsible for the necessary documents, including committee registration form, executive meeting invitation, minutes of committee meetings, annual reports, extraordinary general meeting invitation and interest reports of committees and the Board.

* Highest Education Level: Faculty of Accountancy, Dhurakij Pundit University
 Work Experiences: Presently working as a finance manager/ executive director and company secretary.
 Attended the Company Secretary Program Training 54/2013 (CSP) arranged by the Thai Institute of Directors;
 Attended the Executive Financial Management Training 25/2012 arranged by the Faculty of Economics, Chulalongkorn University.

Remuneration of Directors

In 2018 and 2019, the Company paid remuneration in the form of attendance fees to the Board of Directors as follows; -

| Name-Surname | 2018 | | | | | 2019 | | | | |
|------------------------------------|---|--|--|-----------------------------------|-----------------------|---|--|--|-----------------------------------|-----------------------|
| | Board of Directors Meeting (frequency)*** | Board of Directors Meeting (Independent Directors only) (frequency)*** | Audit Committee Meeting (frequency)*** | Nomination Meeting (frequency)*** | Attendance fee (Baht) | Board of Directors Meeting (frequency)*** | Board of Directors Meeting (Independent Directors only) (frequency)*** | Audit Committee Meeting (frequency)*** | Nomination Meeting (frequency)*** | Attendance fee (Baht) |
| 1. Mr. Noppol Milinthanggoon | 6/6 | 1/1 | - | - | 315,000 | 9/9 | 1/1 | - | - | 450,000 |
| 2. Mr. Sumeth Chailertvanitkul | 6/6 | 1/1 | - | 2/2 | 190,000 | 9/9 | 1/1 | - | 2/2 | 250,000 |
| 3. Ms. Aunada Phruttnarakorn* | 6/6 | - | - | 2/2 | - | 9/9 | - | - | 2/2 | - |
| 4. Mr. Kriangkrai Pheanvitayaskul* | 6/6 | - | - | - | - | 9/9 | - | - | - | - |
| 5. Mr. Thanawat Yanisrangkul* | 6/6 | - | - | - | - | 9/9 | - | - | - | - |
| 6. Mr. Sirichai Phruttnarakorn* | 6/6 | - | - | - | - | 6/6 | - | - | - | - |
| 7. Mr. Vichai Yanisrangkul* | 6/6 | - | - | - | - | 9/9 | - | - | - | - |
| 8. Mrs. Pranee Phasipol | 6/6 | 1/1 | 6/6 | 2/2 | 330,000 | 9/9 | 1/1 | 6/6 | 2/2 | 390,000 |
| 9. Mrs. Chattong Tippayakalin | 6/6 | 1/1 | 6/6 | - | 260,000 | 9/9 | 1/1 | 6/6 | - | 320,000 |
| 10. Ms. Chaovana Viwatpanachati | 6/6 | 1/1 | 6/6 | - | 260,000 | 7/9 | 1/1 | 6/6 | - | 280,000 |

In 2019 the Company paid monthly remuneration to the Board of Directors as follows; -

| Name-Surname | 2018 | | 2019 | |
|------------------------------------|-------------------|---------------|-------------------|---------------|
| | Frequency (month) | Amount (Baht) | Frequency (month) | Amount (Baht) |
| 1. Mr. Noppol Milinthanggoon | 12 | 300,000 | 12 | 300,000 |
| 2. Mr. Sumeth Chailertvanitkul | 12 | 240,000 | 12 | 240,000 |
| 3. Ms. Aunada Phruttnarakorn* | - | - | - | - |
| 4. Mr. Kriangkrai Pheanvitayaskul* | - | - | - | - |
| 5. Mr. Thanawat Yanisrangkul* | - | - | - | - |
| 6. Mr. Sirichai Phruttnarakorn* | - | - | - | - |
| 7. Mr. Vichai Yanisrangkul* | - | - | - | - |
| 8. Mrs. Pranee Phasipol | 12 | 240,000 | 12 | 240,000 |
| 9. Mrs. Chattong Tippayakalin | 12 | 180,000 | 12 | 180,000 |
| 10. Ms. Chaovana Viwatpanachati | 12 | 180,000 | 12 | 180,000 |

Remarks: 1. monthly Remuneration of Directors, considered paying only to the highest position.
2. Remuneration of Directors, excluded Executive Directors.

Remuneration of the Management

| List | 2018 | 2019 |
|--|----------------|----------------|
| Number of the senior executive officers | 10* | 10* |
| Remuneration of the senior executive officers (Baht) | 22,801,494 | 23,792,404 |
| Remuneration Form | Salary / Bonus | Salary / Bonus |

Shareholders Structure

List of top 10 shareholders at the book closure as date of November 06, 2019

| | List of Shareholders | Number of Shares | Percent |
|----|--------------------------------|--------------------|---------------|
| 1 | Mr. Sirichai Phruttinarakorn | 115,356,300 | 15.40 |
| 2 | Mrs. Wanida Phruttinarakorn | 88,621,200 | 11.80 |
| 3 | Ms. Rasamee Phruttinarakorn | 86,686,800 | 11.60 |
| 4 | THAI NVDR CO., LTD. | 63,939,466 | 8.50 |
| 5 | Ms. Aunada Phruttinarakorn | 62,336,286 | 8.30 |
| 6 | Mrs. Prammika Phruttinarakorn | 27,872,786 | 3.70 |
| 7 | A G AJIKAWA CORPORATION | 26,404,400 | 3.50 |
| 8 | Mr. Kriangkrai Pheanvitayaskul | 18,703,000 | 2.50 |
| 9 | Mr. Thanawat Yanisrangkul | 13,400,000 | 1.80 |
| 10 | Ms. Orajid Pheanvitayaskul | 12,162,024 | 1.60 |
| 11 | Others | 234,517,738 | 31.30 |
| | Total | 750,000,000 | 100.00 |

Corporate Governance

The Company recognizes the importance of being in line with Corporate Governance Policy in the business operation. Therefore, the Company's Board of Directors is entitled to set up Corporate Governance Policy to be in line with the good principles and guidelines for directors which are consistent with the Code of Best Practices for Directors of Listed Company that comply with the regulations of the Stock Exchange of Thailand. In order to ensure real practice, it is also established various provisions. Moreover, the Company has conducted good corporate governance to guide the policy development that covers the rights and equitable treatment of shareholders and other stakeholders, structures, roles, responsibilities and independence of the Board of Directors, disclosure and transparency, control and risk management, as well as Business Ethics in order to make the administration and the Company's business operation run with an efficient and transparent. The corporate governance was reviewed and approved at the Board of Directors' Meeting 4/2019 which was held on June 28th, 2019, encompassed five major principles as follows:-

The Rights of Shareholders

The Company is well aware and places importance on the rights of the shareholders; not taking any action that would violate or deprive the rights of shareholders as well as encouraging shareholders to use their rights. The basic rights of shareholders include rights to trade or transfer their shares; the rights to receive dividends; the rights to adequately access the Company's information; the rights to attend shareholders' meetings to remove members of the board or to appoint auditor; and the rights to join in deciding on important matters that will have an impact on the Company such as dividend allocation, the amendment of the memorandum or articles of association of the Company, the increment or decrement of capital, and the approval of important business transactions, etc.

In addition, the Company manages to support and facilitate the shareholders' right exercise as follows:-

- The Company assigns the Board of Directors to arrange Shareholders' Meetings invitation letters together with meeting agenda and related documents with adequate facts for the shareholders to consider at least 7 days prior to the meeting date or to comply with the Securities and Exchange Commission and the Stock Exchange of Thailand.
- During shareholders' meetings, chairman or secretary of the meeting will clarify the rules for the meeting including the process of voting and allocate sufficient time for the meeting.
- The Company provides shareholders to submit comments, suggestions, and questions prior to the shareholders' meetings date.
- The Company provides equal opportunities for the shareholders to make enquiries, to express their views or suggestions. Therein, all the Company's directors and relevant management are present to answer the questions that are raised. Every question-and-answer issue and all the significant opinions are recorded in the minutes of meeting to facilitate the shareholders' scrutiny.
- In the case where shareholders are unable to attend the meeting in person, the Company allows him/her to assign an independent director or any person to attend the meeting on his/her behalf by filling in one of the proxy forms attached with the meeting invitation letter.

The Equitable Treatment of Shareholders

The Company will treat every single shareholder equally and fairly whether the shareholders' are executives, shareholders who are not executives, foreign shareholders, and minor shareholders. The Company performed the following principles:

- The Board of Directors will not unnecessarily conduct un-informed agenda to the meeting without prior notifying to the shareholders, especially, the significant agenda that the shareholders need some times to make a prudent study before making a decision.
- Independent directors are assigned by the Company to be responsible for looking after the minor shareholders. The minor shareholders are entitled to propose any suggestions, comments or complaints to the independent directors. The independent directors will conduct an investigation and determine appropriate remedies, including such significant ones as connected transactions, acquisition or disposition of the Company's assets, independent directors will propose such matters at the next shareholders' meetings in order to consider and determine the agenda for the shareholders' meetings.
- Encourage shareholders to use the proxy forms as an alternative for shareholders to appoint one of the directors to attend the meeting as their proxy and vote on their behalf.

Encourage the use of voting on the significant major shareholders' meeting agenda such as the relevant transactions operation, the acquisition or disposition of assets and so on, in order to ensure transparency and accountability, in case of there is a dispute thereafter.

- Provide opportunity to the shareholders to exercise the right in appointment directors individually.
- Encourage to exercise the rights such as provide opportunity for minor shareholders to propose agenda items in advance for the meeting, provide opportunity for minor shareholders to propose persons to be appointed as director in advance at appropriate time, together with information of qualifications for consideration and the consent of the nominees.
- At a shareholders' meeting, directors and executives will disclose information about their interests on each agenda, so the Board can consider the transactions that may have a conflict of interest and can decide the overall benefit of the Company. However, a director or executive who has interests in the matter under consideration shall not join the meeting and abstain from voting.
- Establish guidelines in writing regarding the keeping and protecting of inside information and inform such guidelines to employees of all levels. And the directors and executives are required to report holdings of securities to comply with the laws and handling such reports to the Board of Directors.
- The Company has set up measure to prevent "Insider Trading" by relevant persons who are directors and executives related to the inside information (including their spouses and minors). In case that staffs or executives discloses or makes use of the Company's inside information for seeking his/her own personal interests. Heavy penalty, and firing or dismissal, will be considered.

The Role of Stakeholders

The Company places importance on all stakeholder groups and the Company's policy. The treatment of each group of stakeholders can be summarized as follows:

| | | |
|--------------------------------|---|--|
| Shareholders | : | The Company is committed to conducting its business effectively with full knowledge and ability in any cases, transparency to major and minor shareholders, in order to increase to overall shareholders' value, including transparent and honest information disclosure. |
| Employees | : | The Company has set an appropriately salary and benefit to employees. In addition, the Company places importance on caring for the working environment, the safety of employees' life and property, and is committed to continuously developing its employees' potential, in compliance with laws and regulations relating to the staff strictly, as well as avoid any action that is not justified which can affect the stability of the functions of the employees, along with treating them with courtesy and respect the dignity of being human. |
| Customers | : | The Company is committed to providing quality products and standard services at reasonable prices, seriously and consistently treating the customers' information as confidential, unceasingly seeking channels to maximize the benefits to our customers continuously, and strictly complying with the conditions provided to customers. |
| Trading Partners and Creditors | : | The Company has the policy to treat both the counterparts and creditors fairly and is committed in compliance with the trading conditions to creditors strictly whether it is the purpose of using the money, the repayment, the care of collateral quality, and any terms in mutual contracts to enhance good business relationship, beneficial to all parties. |
| Competitors | : | The Company operates its business with integrity and professionalism, with out any legal or ethical wrongdoings. The Company does not seek its competitors' trade secrets or information through illegal nor inappropriate means, and does not try to discredit its rivals by accusing the unfounded impurity. |
| Community and Public | : | The Company will not take any action that would harm society, natural resources and environment. It is also need to seek for social supporting activities, foster social responsibility among employees at all levels continuously and seriously along with strictly operation or controlling required by laws and regulations which issued by regulatory sectors. |

The Disclosure and Transparency

The Company places importance on the disclosure of the Company-related information to be accurate, complete, transparent, and timely in conformity with the regulations stipulated by the Securities and Exchange

Commission (“SEC”) and the Stock Exchange of Thailand. Additionally, it discloses other general information as well as significant information which may affect the price of the Company's securities which in turn impacts on the decision of the Company's investors and stakeholders. In order to provide fair information to all parties, the information that was already disclosed to the SEC and SET was also posted on the Company's website www.sci-mfgr.com.

The Company Board of Directors is well aware that the correctness, completeness, reality and rationality of the information under the Financial Report are the responsibility of the Board. The Company's consolidated Financial Statements are prepared in accordance with generally accepted accounting standard. As such, suitable accounting policy is selected for use. The accounting information recording is accurately and completely made sufficiently to maintain the assets and to know of the weak point in order to prevent the fraudulent and irregularity acts in material substance from occurrence. Such practice is regularly performed including the sufficient disclosure of important information in Notes to Financial Statements. In addition, the Board has appointed the members of the Audit and Risk Management Committee to check the Financial Report, inter transactions and internal control system which, in this respect, the Audit and Risk Management Committee will report the same to the Board in every Board of Directors Meeting. In this respect, Report of the Board of Directors, Audit and Risk Management Committee and Auditor are apparently detailed in the Annual Report.

In respect of the work on the Investor Relations, the Company has assigned the Investor Relations Section to perform duties on the co-ordinations and communications as well as giving accurate information to the shareholders, analysts and related parties with transparency.

Responsibility of the Board of Directors

(1) Board of Directors

The Company's Board of Directors consists of Directors knowledgeable, competent and experienced in carrying out business operations beneficial to the Company. The Board is appointed by the Shareholders Meeting consisting of 10 Directors; 5 of whom are Independent Directors, having each term in office for a period of 3 years and that the Independent Directors should have their term in office of not over 9 years consecutively.

The Company's Board of Directors must have the qualifications and must not possess any prohibitions set out under the Law on Public Company Limited including the characteristics manifesting the lack of suitability to be entrusted on the carrying out of the management of the business where the shares in which are held by the public as prescribed by Securities and Exchange Commission and The Stock Exchange of Thailand.

Chairman of the Company Directors shall be an Independent Director and must not be the same person chairing the Executive Committee and Chief Executive Officer in order to cause the rising of a balance on the reviews of the work management. In this respect, the Company has expressly set out the scope of the powers, duties and responsibilities of the Company Directors, Executive Directors, Executive Director Chairman and Chief Executive Officer in order to prevent them from having the executive power and power to approve unlimited amount of money.

The directors is able to hold the position of director in other companies, however, being a director of that company must not be an obstacle to the performance of the company's board of directors. A director may hold directorship positions in no more than five listed companies without exception.

Leadership and Vision

The board is independent in making decisions. The company grants all rights and equality to all directors in their decisions. In which the company has clearly separated duties between the board of directors and the executive board. In this regard, the Board of Directors does not have a duty to manage the company's routine work but will have the duty as required by the law and attend the meeting to consider the management of the company's business according to the specified agenda or as the chairman of the board deems appropriate for ;

1. Define or approve the company's mission, strategy, goals, policies, business plans and budgets.
2. Regularly supervise and monitor the performance of the management in order to meet the business goals and plans.
3. To ensure that there is a good internal control system and appropriate risk management measures.

(2) Subcommittees

The Company's Board of Directors appointed the Subcommittees to help the Board in monitoring controls over the business as follows:

- The Audit Committee consists of at least 3 Members; all of whom are Independent Members, but, at least 1 of them must be well-versed in accountancy and experienced sufficiently to review the reliability of the Financial Statements. The Audit and Risk Management Committee helps the Board in monitoring controls over the carrying out of the Company business operations to be in accordance with the Principle of Good Corporate Governance as prescribed by Office of SEC and SET including the scope of powers and duties as assigned by the Company Board of Directors.
- The Nomination and Remuneration Committee consists of 3 Members, at least, and 2-thirds of its total number, at least, must be Independent Members and that an Independent Member shall chair the Nomination and Remuneration Committee to be responsible for setting out the rules and policy on the scrutiny and fixing the remunerations for Directors of the Board and Subcommittee Members including the scrutiny, selections and nominations of suitable persons to hold positions of the Company's Board of Directors and fixing the remunerations of the Directors.
- The Executive Committee of Directors consists of a total of 10 persons who help the performances of duties to be flexible, having the scope of powers and duties as assigned by the Company's Board of Directors.
- Risk Management Committee consists of 7 Members and Management being the representatives from various units with Chief Executive Officer being Chairman of the Committee. The Committee performs duties in monitoring controls over the overall risk management process to keep it under a suitable level in accordance with the Principle of Good Corporate Governance as prescribed by Office of SEC and SET. The Risk Management Committee must be assured that the Company has the effective Risk Management Plan thoroughly covering all risks including the classification of, assessment on and reduction in the risk, monitoring follow ups on the risk and reporting the risk to Audit Committee on a regular basis every quarter.

However, the Company may, in the future, make scrutiny and select the other Subcommittee to perform the assigned duties in order to help release burdens on work administration of its Board.

(3) Duty and Responsibility of Directors

The Company's directors have to perform their duty with utmost care and integrity in specifying policy, vision, strategy, goal, objective, mission, business plan and budget as well as monitoring the Company's business operations to be efficient and effective as prescribed by law, objective and regulations of the Company, including shareholders' resolution. The Company's directors have established the following :

3.1 Business Codes of Conduct

The Company has set its business codes of conduct as operational guidelines for directors and the Audit and Risk Management Committee as well as every employee. The Company has strongly emphasized on confidentiality of information, integrity and loyalty, compliance with laws and regulations, respect of equal rights, resources conservation as well as environmental concern. The emphasis on the Company's codes of conduct helps facilitate its business operation and internal control to be more efficient as well as strengthen trust and credibility among investors.

3.2 Policy Regarding Conflict of Interest

The Company has established policy regarding conflict of interest on the basis that every employee must perform their duty for the utmost benefits of the Company. Any action or decision must not be affected by personal interest as well as interest of their family member, relative or any other persons. The Company has set its policy emphasizing on 2 major issues as follows:

- Related transactions: The Company will consider the appropriateness of every related transaction, including price specification and condition of such transactions similar to those made with the external party (arm's length basis) The Company must appoint the Audit and Risk Management Committee to consider its related transactions and such transactions were specified according to the Notice of the Board of Stock Exchange of Thailand with regard to information disclosure and the operation of Listed Company in managing related transactions as well as the Notice of Capital Market Supervisory Board with regard to criteria of related transactions. The Company shall handle such transactions based on criteria, conditions and methods as indicated in the Notice.

- Moreover, the Company shall also disclose such transactions in its annual report 56-1 Form to ensure its transparency and to solve any problems resulting from possible conflicts of interest.
1. General investment The Company must not allow any of its employees who are also shareholders or any employee who benefit from the Company's competitor or any vendor with whom the Company has business transaction to participate in any decision making with regard to business relation unless the Company gain prior approval from the Board of Directors.
 2. Gift receiving Employees at every level must not receive any gifts, tickets, sports tickets or any vacation or hotel vouchers as well as other personal offers if such offer may cause damage or loss to the Company or make the Company lose its benefits.
 3. Academic offer, public service duty, lecturer or any other position offer for every employee of the Company must receive prior approval from the director of related department or unit. Nevertheless, employees are allowed to take part in academic institution, public service duty, lecture or any executive position which helps broaden the Company's vision and experience of the employee. However, such employee must not use the Company's name or his/her position for his/her own benefits without prior approval of the Company.

3.3 Internal Control System

The Company provides the internal audit system in order to create confidence in the investors that we have carried out our business operations with effectiveness and add reliability to our Financial Statements. In respect thereof, an Independent Internal Audit Unit consisting of knowledgeable and experienced members was formed up to continue working all along with the Internal Auditor originally hired by the Company to conduct internal audit for a certain period of time in order to monitor controls and follow ups over the performances in accordance with the internal audit system and assess the sufficiency of various systems and report result of controls and follow ups as well as the improvements and remedial actions in accordance with the result of monitoring controls and report given to Audit Committee regularly every quarter. And in order to make the internal audit system of the Company achieve the maximum benefit, we contract the outsource consultant to evaluate the Company's internal control system.

(4) Meeting of the Board of Directors

In order to make our business operations being in accordance with the Principle of Good Corporate Governance, the Board of Directors Meetings have been scheduled to take place, at least, 6 times per year and the Board of Directors Meeting without Directors being the Executives to participate in to take place once a year. In the case where there is an important matter requiring to be reported or to obtain an approval of the Board, an additional meeting will be held in order to enable the Board to monitor controls over the performances of the Management continuously and in a timely manner. In this respect, letters of invitation to the Meeting will be forwarded to the Directors for considerations, at least, 7 days prior to the Meeting. In the case of necessity or urgency and in order to preserve the rights or benefits of the Company, Directors may request for additionally necessary information from the Company Secretary.

Chairman and Chief Executive Officer will jointly make considerations on the Meeting Agendas by providing the opportunity to the Directors to propose matters for incorporating with the Meeting Agendas, which in the related Agendas, high level Executives may take part in the Meeting, as well, to give additional information in details.

Each Director is advised that he/she should attend the Meeting of not less than 75% of all number of the Company Board of Directors Meetings held during the year.

In 2019, 10 Company Board of Directors Meetings (9 of the Board of Directors Meeting and 1 of the Board meeting without executive directors), 6 Audit Committee Meetings and 2 Nomination and Remuneration Committee Meetings were held. Details of the Directors' Meeting attendances are as follows:

| Name-Surname | Board of Directors Meeting | Audit Committee Meeting | Nomination Meeting |
|------------------------------------|----------------------------|-------------------------|--------------------|
| | 2019 | 2019 | 2019 |
| 1. Mr. Noppol Milinthaggoon | 10/10 | - | - |
| 2. Mr. Sumeth Chailertvanitkul | 10/10 | - | 2/2 |
| 3. Ms. Aunada Phruttinarakorn* | 10/10 | - | 2/2 |
| 4. Mr. Kriangkrai Pheanvitayaskul* | 10/10 | - | - |
| 5. Mr. Thanawat Yanisrangkul* | 10/10 | - | - |
| 6. Mr. Sirichai Phruttinarakorn* | 10/10 | - | - |
| 7. Mr. Vichai Yanisrangkul* | 10/10 | - | - |
| 8. Mrs. Pranee Phasipol | 10/10 | 6/6 | 2/2 |
| 9. Mrs. Chattong Tippiyakalin | 10/10 | 6/6 | - |
| 10. Ms. Chaovana Viwatpanachati | 8/10 | 6/6 | - |

(5) Annual Report of the Board of Directors:

The Audit Committee performs its duty to review Financial Report with the Accounting and Finance Department and the auditor jointly taking part in the Meeting and that the Financial Report shall be submitted to the Company's Board of Directors every quarter. The Board shall be the party responsible for the consolidated Financial Statements that they are prepared in accordance with the generally accepted accounting standard and audited by the auditor approved by Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) by selecting to use the suitable and acceptable Accounting Policy with practical performance regularly. In addition, due caution is exercised in using the discretion on the preparations and control is monitored to ensure that the important information is sufficiently disclosed in Notes to Financial Statements including financial information (Report on the Responsibility of the Board for Financial Report and other Information) appearing in the Annual Report in order to make it in conformance with the Principle set out by SEC and SET.

(6) The Remuneration

The Company has specified the remuneration for the Audit Committee in a level that can encourage them to perform their duty with the highest effort. The rate of remuneration will be equivalent with that provided within the same industry and is comparable with the Company's business performance. The Company will ask for the Board's approval on remuneration in the Board meeting.

The remuneration of the Chairman, CEO and senior executives will be identified based on their responsibility as well as criteria and policy established by the Board for the utmost benefit of the Company. Furthermore, salary, bonus and long-term compensation will be specified in compliance with the Company's and each executive's performance.

(7) Development Plan for the Company's Directors and Executives:

The Company's Board of Directors enhances and provides supports and facilitations to cause the trainings to be held and knowledge passed onto related persons involved in the business governance system of the Company such as Company Directors, Audit Committee Members, other Subcommittee Members and Executives, etc., in order that duty performances can be improved continuously. Such trainings and passing of knowledge may be conducted internally within the Company premises or that the service of the external institute may be used.

Every time whenever there is a replacement of a Director, the Company Secretary will provide documents containing information useful to the new Director in performing his/her duty including organizing the session for the introductions on nature of the business and guidelines on the carrying out of business operations to the new Director.

Self Performance Evaluation of Directors

The Company's Board of Directors shall cause to be provided the Annual Performance Evaluation on the Board, Subcommittees both by group and by individual which shall be in the form of self-evaluation method in order that result of such evaluation can be used in the development of duty performances.

Self Assessment Evaluation Form consists of ; Structure and Qualification of the Board of Directors | Roles, duties and responsibilities of the Board | The Board Meeting | Acting Director | Relationship with Management | Self Development of directors and executive development.

The evaluation criteria are as follows.

- More than 85% = Excellent
- More than 75% = Very Good
- More than 65% = Good
- More than 50% = Fair
- Lower than 50% = Should be improved

A summary result of the director's overall assessment. Most actions are average 96.8%.

Self Assessment Evaluation Form Of each individual directors ; The results of the performance appraisal of individual directors for the year 2019 are summarized as follows:

The majority of the directors are able to allocate the full time to perform their duties as directors. In terms of participation in the determination of operational guidelines and strategic goals, there is a clear separation of roles and responsibilities between the board and management, the manifestation of mutual trust. Can express freely. There is good progress in the financial review process. The Company has adequate internal control system. The Company regularly reviews internal audits. Fully implemented the rules of the Stock Exchange of Thailand. In the connected transaction and Conflict of interest. The Code of Business Conduct has been defined and supervised, with a clear, transparent and appropriate recruitment process. In line with business performance and industry compensation.

Specification of an Individual Responsible for Good Corporate Governance

| Topic | Person in charge |
|--|--|
| Person in charge with the annual revision of good corporate governance | CEO presenting the policy to the Board of Directors |
| Board meetings and shareholder meetings | The Company Secretary |
| Maintenance and prevention of the use of internal information in a written document | The Company Secretary |
| Director and executive responsible for holding security as prescribed by law | Director and executive The Company Secretary will keep all documents. |
| Information disclosure via the Company's website | The Company Secretary |
| Providing information to shareholders, analysts and any related persons (investor relations) | CEO/ Investor Relations unit |
| Monitoring related transactions and transactions in conflict with the Company's interests | Chief Financial Officer |
| Monitoring internal control system | Internal auditor / External auditor |
| Preparing financial report | Accounting manager |
| Preparing annual report | Accounting manager and the Company Secretary |
| Coordinating with stock market and transmitting data via Elcid system | The Company Secretary |

As the Securities and Exchange Commission ("SEC") has established CG Code 2017 for listed companies, which will be used instead of the 2012 Good Corporate Governance for listed companies.

At the Board of Directors' Meeting No. 4/2019, the Board of Directors reviewed the 2019 company operations including its subsidiaries that the principles of CG Code 2017 has been appropriately applied in the company business and its subsidiaries, including development and monitoring.

Dividend Payment Policy

The Company has a policy to pay to the shareholders the dividends of not less than 40% of net profits after deductions of corporate tax and reserve in accordance with the law for the Company's specific financial statements. Nevertheless, such dividend payment is subject to change which, in this respect, it will be dependable on the investment plan, liquidity, necessity and other suitability in the future. In addition, the resolution of the Company Board of Directors approving the dividend payment must as well be submitted for the approval of the shareholders meeting except the interim dividend payment on which the Company Board of Directors has the power to approve which, in this respect, a report accordingly must be reported to the shareholders in the succeeding shareholders meeting.

Protection against abuse of inside information

The Company realizes and recognizes the importance of governing the use of inside information in accordance with the principles of corporate governance. By adhering to the principles of good governance. Honesty, integrity and ethics in business. And to ensure that Shareholders of the company have received reliable information that fairly and promptly. The company has set the rules governing the use of inside information and regulations of the stock trading of the Company's Directors, Executives and staff as follows :

1. Educating Directors including Executives of various Departments relating to their duties to submit reports on the possessions of securities of themselves, their spouses, underage child or children to Securities and Exchange Commission and Stock Exchange of Thailand in accordance with Section 59 and Office of SEC Notification No. Sor.Jor. 12/2552, Re: Preparation and Disclosure of Report on the Possession of Securities of a Director, an Executive and Auditor and Penalty under Section 275 of Securities and Exchange Act, B. E. 2535 (1992).
 - Report on the First Possession of Securities (Form 59-1) within 30 days from the date of appointment to hold the post of a Director or an Executive.
2. The Company directs the Directors and Executives to make reports to the Securities and Exchange Commission on the change in the possessions of securities in accordance with Section 59 of Securities and Exchange Act, B. E. 2535 (1992) and Office of SEC Notification No. Sor.Jor. 12/2552, Re: Preparation and Disclosure of Report on the Possession of Securities of a Director, an Executive and an Auditor in order to enable the Company to check the securities trading of all Directors and Executives.
 - Report on the Change in the Possession of Securities (Form 59-2) every time when there is a trading, transfer or receipt of securities within 3 days from the date of the rising of a transaction together with producing a copy thereof to the Company Secretary as evidence every time.
3. The Company directs the Directors and Executives perceiving materially internal information having an effect on the change in the price of the securities that they must stop trading the Company's securities during the period of 1 month before such financial statements or internal information would be disclosed to the general public and that no information being such material substance shall be disclosed to the other persons. In this respect, if any internal information should be found to be used in a manner likely to suggest that the Company or shareholders would be impaired or damaged by an act of any personnel in the level of the Executive Board of Directors, the Company Board of Directors shall be the party to make a consideration in inflicting the punishment as reasonable upon such personnel and if the offender should be in the Management level down the line, the Executive Board of Directors shall be the party to make a consideration in inflicting the punishment upon such offender.

Internal Control and Risk Management

The Company has caused to be provided with the internal control system to create confidence in the investors that we have carried out work operations effectively and add reliability to our Financial Statements which, in this respect, an Independent Internal Audit consisting of knowledgeable and experienced Members was formed up in 2016 to work all along with the Internal Auditor originally contracted, for a period of time in order to perform duties in auditing and monitoring over the performances in accordance with the internal control system and evaluating the sufficiency of various control systems and reporting results of the audits and monitoring on the improvements and corrections according to the result of the audits and monitoring given to the Audit Committee Meeting regularly every quarter. In order to enable the Company's internal control to achieve the optimal efficiency, Outsource Consultant will be contracted to conduct the evaluation on the Company's internal control in the next opportunity possible.

The Company sets up the requirement to have the internal control elements conducted in the form of the Committee of Sponsoring Organizations (COSO) once a year, at least, which, in this connection, the annual review

on all 5 parts of the internal audit: namely; Control Environment, Risk Assessment, Control Activities, Information & Communication System and Monitoring Activities was conducted during the ending period of 2019. It was found, as a result of the review, that the Company had still complied with the requirements continuously and that the reviews of the information on various matters had been made in accordance with the prescribed period cycle. Moreover, duty performances/transactions were additionally executed in order that the Company could have the internal control which could comprehensively cover all organizations and more job accountabilities.

The Risk Management Committee was formed up consisting of 7 Directors and Executives being the representatives from various units with Chief Executive Officer chairing the Committee to monitor controls over the overall risk management processes to be under a suitable level and in accordance with the Principle of Good Corporate Governance as prescribed by Security Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The Risk Management Committee must be assured that the Company has the Risk Management Plan to effectively and comprehensively cover all risks including the setting of requirements, the assessment, reduction, and monitoring of the risks and risk report for submission to the Audit Committee regularly every quarter.

Risk Factors

In 2019, the Risk Management Committee conducted the risk assessment and mapped out the Risk Management Plan to effectively and comprehensively cover all risks in all 4 aspects as follows:

Risk in Business Operation

1. Risk from the dependence on unstable income derived from the projects

The revenue from the construction of transmission lines and power stations in Laos since the beginning of 2019 has been lack of range. The Laos government has delayed the project because they want to plan to sell electricity to neighboring countries before the construction starts again as well the deceleration of Transmission Line and Telecom Projects in Thailand. As a result, the operating result is lower compare to year 2018.

2. Risk from the non-stability on the investment in high voltage transmission tower and telecommunication tower construction plant project including zinc-plated services in Republic of Union of Myanmar

The investment in Myanmar is still considered risky on the aspect of the politics and economy in the country due to the reason that Myanmar has just opened its country not long ago. However, there is an enormous requirement on the developments of high voltage transmission cable system and telecommunication system. As such, the Company has foreseen the potential opportunity in Myanmar and will therefore invest in the construction of high voltage transmission cable pole plant there even though there may be a risk on the revenue recognition in the early stage which may not be in accordance with the set goal.

On the investment in the Republic of Union of Myanmar (Burma) on high voltage transmission tower and telecommunication tower manufacturing plant including zinc-plated services, the Company has formalized actions to lease the land at Thilawa Special Economic Zone as well as making registration of the Company in Myanmar already and that financial support with a bank loan has been provided by Export-Import Bank of Thailand (EXIM). After the operation in the beginning of 2019, the project that the government announced has been delayed and there are more competitors to open the galvanized factory causing more price competition; resulting the sales did not meet the target set. However, the company has mobilized teams from Thailand to help find more jobs in Myanmar to achieve the sales target as soon as possible.

3. Risk from the dependence on the main customers or less customers

The subsidiary company (AG&SCIMT) has the income from the customer of high-voltage transmission tower and telecommunication tower. The job of high-voltage pole and telecommunication pole is supervised by the subsidiary company (AG&SCIMT). The subsidiary company will receive the job from the main contractor being able to win the auction from state agencies such as EGAT, PEA, and MEA or receive the job from the companies providing the telecommunication services such as TRUE, DTAC, AIS, etc. The customer group of high-voltage transmission tower depends on the bidding job in each year, considering as a mega project, causing the group of customers in each year is in slight quantities. For the job of telecommunication tower, there are several main contractors in order to have the task distributed among the group of telecommunication tower producers. Therefore, the Company has the risk in the income if such customer does not get the job from the auction or gets the job but does not give the job to the Company, including the policy of power productivity expansion, and expansion of telecommunication towers of the current concessionaire.

Risk in the Production

1. Risk from the fact that the main raw material's price fluctuates following the sale and purchase price of the global market

The main raw materials in the production of the Company and the subsidiary company, including electricity controlling cabinet, electric wire line, and iron structure pole, are iron sheet, angle bar, and zinc bar. In general, the Company uses the iron and zinc calculated in the approximate proportion of 70-80% of the total purchase of raw materials. The Company purchases iron and zinc from the domestic distributors only. However, as the price of iron and zinc bars will change according to the global price; therefore, if the Company cannot increase the price to be in line with the increasing price of raw materials, the fluctuation of price of iron and zinc bars will affect the income, cost, and net profit rate of the Company.

As the domestic price of iron and zinc bars is monopolized by a few distributors, rendering them with superior bargaining power. In this connection, the Company's business is mostly quoted for the service as fixed contracting price (iron structure pole business) with the price specified from starting the bidding or taking the job until job completion. During such period, the price of iron including materials and other equipment may increase. This will affect the higher cost of operation in each project.

In order to reduce the impact from this risk, the Company will have to make the agreement on the price with the seller before quoting price to the purchaser from the earlier stage of bidding and the price will be remained until the production and delivery period. Moreover, the Company will try to gather the amount of orders of purchase from several projects and make one order in order to increase the bargaining power in purchasing. The Company does not have policy in hoarding the iron for speculating. The Company has the risk management policy by specifying the selling price to have the difference of profits in the level which can serve the change of raw material's price partly.

If the iron price is likely to increase continually, the Company will consider increasing the price following the raw material's price. Moreover, the Company will monitor the iron price closely for predicting the situations and tendency of price and demand for iron use both domestic and international. The Company and the subsidiary company will store the iron at the minimal quantity by using the experience and good relationship with the iron suppliers in making decision to purchase the raw materials and plan for the production appropriately.

2. Risk from the dependency on main raw material distributors and manufactures

At present, the Company place the purchase orders for raw materials of iron category from approximately 3-4 distributors. Therefore, if such manufacturing companies could not supply the irons to the Company, our manufactures would be affected. Hence, it is somewhat risky for the Company to depend on such iron and zinc distributors and it is potentially possible that the Company may run into the problem of iron and zinc shortage if such distributors could deliver such feedstock on schedule and we could not procure any raw materials from other sources as the substitutes in time for the manufactures.

Nevertheless, the Company will keep very close tab on the situation and map out the raw material purchase plan in advance as well as adding more names of distributors who can supply the raw materials to our list. The Company never, in the past, experienced any problem on severe shortage of the feedstock; however, the problem of a delay may occur sometimes which we are confident that it will not adversely affect our operations nor our Company will sustain any damage whatever from the purchase orders from those distributors due to the reason that, at present, the problem of market surplus on steel rods will likely go on and that the problem of shortage should be unlikely during the period from 3-4 years.

The Aspect of Financial Risk

1. Risk from insufficient working capital in the project

Circulating capital is compulsorily required for use in the study of project work wherein there will be expenses on the preparation of the Feasibility Study Report, hiring of Outsource Consultant and pre-expenditures prior to the project approval. In this connection, the Company is compellingly required to sufficiently manage the source of capital. In addition, there is a project attributable to the characteristics requiring the Company to cover the expense payment in advance on some certain part and if there should be a delay in receiving money from the employer, the Company may possibly be faced with the problem on the working

capital which, in this respect, the working capital from the other sources must be acquired in a timely manner. Over in the past, we had to map out a plan to administrate the advance acquired from the employer and money compellingly required to be disbursed to raw material sellers and subcontractors to be in the range of time relatively to the period of time which we can collect the remuneration from the employer.

2. Risk from foreign currency exchange rate fluctuation

According to the Power Purchase Agreement with Lao's Electricity State Enterprise (EDL) which Tad Slen Power Co., Ltd., is the company producing and distributing the power to EDL including the construction project of high voltage transmission cables and power station of 500 kilowatt capacity from Mueang Houn Station to Mueang Nan Station, the Company earned the revenues in US Dollar currency which, if there should be an implicitly significant change in the US Dollar currency exchange rate, the revenues of the Company and its subsidiaries will definitely be affected. However, for the reason that most of the Company's expense disbursements in Lao PDR are likewise in US Dollars, thus, making the business operations of the Company and its subsidiaries in respect of the risk management from the currency rate of exchange under the natural hedge. Notwithstanding to the foregoing, the Company has set aside the forward reserve as some part of the allowance to tackle problem in a necessary case.

Moreover, the Company's subsidiaries have loans in US Dollar currencies. If, during the period on which the loan principals have not yet been paid off, the currency exchange rate as at the end of the accounting period cycle should have changed, the Statements of Income of the Company's subsidiaries and the consolidated Financial Statements of Company Group then would be affected. If in the case where US Dollar is weakened, the profit transactions will occur from the currency exchange rate, which has not yet occurred or in the case where US Dollar is strong, the loss transactions will occur from the currency exchange rate, which has not yet occurred.

Risk Affecting the Right or the Investment of Surety Holder

1. Risk from the companies with the main shareholders of >50%

As at 6 November 2019, the main shareholders consisted of Phruttnarakorn Group, Yanisrangkul Group, Pheanvitayaskul Group; holding shares in the Company in number of 446,004,868 shares calculated to be 59.47% of the paid-up capital. The main shareholders can control nearly all resolutions of the meeting whether on the nomination of Directors or request for the rendering of resolutions in other issues requiring the majority of the votes of the shareholders meeting. Therefore, other shareholders may not be able to gather the examining and balancing votes on the matters proposed by the main shareholders except on the subjects which the law or the Company's regulations specify that 3-fourths of the votes of the shareholders meeting must be resolved such as on the issues of the capital increment, capital decrement, sales or transfers of business, wholly or partially, etc.


Nevertheless, the Company has appointed an Audit Committee consisting of 3 Independent Members and 2 Outsource Independent Members totaling in number of 5 from the total number of 10 to attend the Company's Board of Directors Meetings in performing duties to audit and balance the operations of the Company's Board of Directors and the Executives including the consideration to grant the approvals on the transactions before submitting them to the shareholders meeting, in order to create confidence in the shareholders that the management within the Company will be carried out in a transparent manner.

Corporate Social Responsibility (According to Sustainable Development Guidance)

SCI Electric Public Company Limited and its affiliates are aware of the importance of conducting business for sustainable growth under corporate social responsibility (CSR), the Company therefore has a policy to conduct business in accordance with the guidelines for corporate social responsibility and good corporate governance, by focusing on the creation of balance in delivering the values to all groups of stakeholders

Corporate Values

| | |
|----------------|--|
| Sharing | : - We will share |
| The Superb | : The superb in the integrated quality and continuous development. |
| The Honesty | : We shall create trustworthiness with morality and ethics. |
| The Attitude | : Create a positive attitude and teamwork with willingness in helping each other. |
| Responsibility | : We shall take into account the society and the environment including building our ties with the community. |
| Experience | : We shall deliver professionalism in working and sincerity in providing services. |

The company is firmly committed to conducting business with transparency by taking into account the benefits of all groups of stakeholders regularly which, in carrying out the operations in 2019, the Company received a Very Good CG Scoring or 4 Stars from Thai Institute of Directors (IOD). 

Relations with Stakeholders

The company divides the main stakeholders into 5 groups by assigning the relevant departments to be responsible for creating participation, communicate and listen to opinions & issues that are of interest to interested parties. To be integrated into the operations of the company in accordance with the needs of the stakeholders.

| | Stakeholders | Sustainability issues | Communication and participation channels |
|---|--------------------|---|---|
| 1 | Employees | • Fair Salary and treatment | • Daily front row meeting / small group conversation |
| | | • Fair compensation and consistent with the cost of living. | • Public relations board |
| | | • Safe and hygienic work environment | • Opinion surveys and feedback channels |
| | | • Knowledge development and career advancement | • Give employees the opportunity to participate in welfare management and work safety and other matters. |
| | | • Respect for human rights | • Company's activities |
| 2 | Clients / Partners | • Received good quality products and services with safety at a reasonable price | • Provide a process that customers can complain about the quality and the safety of products and services |
| | | • Obtaining information transparency, accuracy and without distortion. | • Meetings on various occasions |
| | | • Have a system and process for receiving complaints and handle complaints | • Company's Website |
| | | • Comply with the contract or conditions as agreed appropriately and strictly. | • Arrange for a transparent selection and evaluation process for trade partners and can be examined |
| | | • Build relationships and maintain a good relationship with partners sustainably on the basis of accuracy and equality. | • Small group conversation |
| 3 | Government | • Comply with laws and regulations | • Comply with laws and regulations |
| 4 | Community | • Support to each other | • Community meetings on various occasions |
| | | • Pollution Management (Waste, Noise, Dust, Smoke) | • Community Relationship |
| 5 | Shareholders | • Treat shareholders equitably. | • Annual General Meeting |
| | | • Benefit and sustainability growth | • Annual Report and Others |
| | | • Transparent management and report correctly and completely | • Company's Website |
| | | • Allowing shareholders to participate | |

Management of significant sustainability

The company has summarized important issues to stakeholders and affects the success and sustainability of the organization that covers 3 dimensions, namely economic, social and environmental as follows ;

| Dimensions | Sustainability issues | Reported Content |
|---------------|---|--|
| Economic | 1. Good corporate governance | • Good corporate governance |
| | | • Risk management |
| | | • Compliance with laws, rules and regulations |
| | 2. Business | • Performance /Revenues |
| Social | 1. Fair treatment to labor and respect for human rights | • Employee Care |
| | | • Employee Development |
| | | • Occupational Health and Working Environment Safety |
| | | • Respect for human rights |
| | 2. Fair dealing with trade partners | • Working with partners |
| | 3. Anti-Corruption | • Anti-Corruption |
| | 4. Product quality and safety | • Responsibility to customers |
| Environmental | 1. Environmental management | • Environmental management system |
| | | • Good management in the factory |
| | | • Pollution Prevention |

Corporate Management under Good Corporate Governance Principles

The Company is aware of the importance in complying with the Corporate Governance Principles in business operations. The Company Board of Directors therefore has a policy to follow the Principles and best practices for the Directors which is in line with the Code of Best Practices for Directors of Listed Companies in accordance with the guidelines of the Stock Exchange of Thailand. In addition, the Company has adopted all 8 Clauses of the Corporate Governance Code for use as guidelines for developing the policies that cover the rights and equality of shareholders and stakeholders, structure, roles, responsibilities and independency of the Board of Directors, disclosure of information and transparency, risk control and management as well as the business ethics in order to make the Company's business managements and operations proceeded on with efficiency and transparency by defining the additional policies and practical guidelines in the following matters:

1. Ethics in Conducting Business

The Company has prepared the Code of Conduct Manual for use by the Executives and employees as their guidance in carrying out the business operations and in treating the stakeholders of the organization which covers the practical guidelines on internal control, policy on insider trading and confidentiality.

2. Anti-Corruption

The Company has reviewed the anti-corruption policy every year in order to get employees in the organization to perform duties in accordance with the guidelines set forth under the anti-corruption policy. The Company also provides various communication channels such as training and education for employees, new employee orientation all along with the inquiries during the training and after training to test their knowledge and understanding.

Moreover, the company has set up channels for whistle blowing and receiving complaints as follows:

Complaint Receiving Organization (Audit Committee Secretary)

| | | |
|--------------------|---|---|
| Internal | : | Complaint Box within the Company |
| Via Postal Service | : | To Audit Committee Secretary SCI Electric Public Company Limited |

107/1 Village No. 1, Bang Na – Trat KM 27 Road,
Bang Phriang Sub-district, Bang Bo District,
Samut Prakan Province 10560

Telephone : 097-2970175,
E-mail : acsecretary@sci-groups.com
Chairman of Audit Committee (Mrs. Pranee Phasiphol)
E-mail : pra_neep@hotmail.com

Corruption Risk Assessment

The Company Board of Directors has assigned the Audit Committee to oversee and check the impact in relation to the corruption risks which, in this connection, the Audit Committee has assigned the Risk Management Committee consisting of all 7 Executive Directors to have the duty in making the risk assessment for reporting in the Audit Committee meeting every quarter.

- No complaint in the operational results of SCI and its affiliates in 2019 was found.

Risk Management in the Overall Picture

As the risk management is considered yet another factor in the important process in conducting the business that will lead the business to sustainable growth, the Board of Directors therefore assigned the Risk Management Committee to implement the risk management of the organization systematically according to the law, the COSO guidelines and ISO 9001: 2015, ISO14001: 2015 standards which cover all 4 risk factors which are strategic risk, financial risk, operational risk and compliance with rule risk under the acceptable risk management framework including encouraging the employees at all levels to be aware of and to have participations in the risk management which lead to the most systematic and effective risk reporting.

Compliance with relevant laws and regulations

The company has always given importance to conducting business in accordance with the laws and relevant regulations. By improving various working processes to comply with the law including; supervising and reviewing regularly.

Operations and inspections

To ensure and confirm that the company operates in accordance with the relevant laws and regulations, the company requires that the responsible person compile and specify a list of laws and regulations related to operations register into company's Laws and Regulations In order for the relevant departments to strictly comply with as well as allowing the responsible person to regularly review the up-to-date of laws and regulations.

From the compliance with the laws and regulations related to the business operations of the company for the year 2019, the company has implemented in accordance with the law.

Customers Relationship Management

Customers Treatment Guidelines

- Offering fair and reasonable prices to all customers by considering the trade conditions with equal treatments without any discrimination with any person in particular.
- The customer-related information must be kept in strict confidence and that under no circumstances shall it be used for any benefits of the Company and/or employees themselves.
- Disclosing all related information to the customers with transparency, accuracy without any distortion whatsoever.
- Focusing on creating satisfactions to the customers to receive good products and services with quality and safety at reasonable price.

Results of Customers Satisfaction Surveys

The Company has conducted customer satisfaction surveys in 3 areas; the quality, delivery and service regularly every year. The survey results will be used to improve and develop various processes to meet the

needs of the customers as efficiently as possible. In 2019, it was found that customers were satisfied with all 3 areas, representing ninety-six percent (98%).

Supply Chain Management

Business Partner Code of Conduct

- The partner selection process must be unbiased and based on quality, service and price.
- Strict compliance with agreed contracts or conditions.
- Shall refrain from demanding or accepting deceitful benefits.
- Developing and maintaining sustainable relationships with business partners based on the righteousness and equality.
- Treating business competitors within a good and fair competition framework.
- Shall not try to damage business competitors' reputation by making false accusations.

Procurement Policy

SCI Electric Public Company Limited is aware of the importance on the procurement process of products or services with transparency and fairness, thus, a procurement policy is mapped out as follows:

- Carrying out actions on the procurements according to the specified criteria efficiently and effectively by making considerations based on quality, price, quantity, service provided and delivery performance as well as social and environmental responsibilities.
- Carrying out actions on the procurements with transparency, fairness that can be verified and strict compliance with all applicable laws and regulations.
- Treating all business partners and subcontractors with fairness, equality and selecting a supplier based on the same criteria.
- Carrying out actions on the procurements of products and services from suppliers who make no environmental impact and promote occupational health and safety.
- Having a policy against all forms of corruption which are strictly complied with.

Business Partner Development

The Company makes an inspection visit to and evaluates the subcontractors on the aspects of the quality and the annual delivery, and the development on the quality of the contractual products including sending letters to inform the suppliers on the practical guidelines in accordance with the Supplier's Code of Conduct regularly every year.

Environmental, Occupational Health and Safety Management

Environmental Management Guidelines

The Company conducts the business under the requirements of laws and regulations on the aspect of the environment by taking into account the impacts on the stakeholders. At present, the Company has currently been accredited with the Environmental Management System Standard (ISO 14001:2015); applied measure on the environmental impact assessment of each production process both on the aspects of the pollution and resource usage for use in mapping out a suitable prevention or management plan.

In addition, the Company has placed the importance on the use of resources by adopting the energy management system, water management used in factories and production waste management for use in the operations as well as providing knowledge to create understanding and awareness upon employees at all levels to realize the value in using resources for optimal efficiency.

The Company is firmly determined to produce and deliver the quality products and services that meet the standard and safety at the reasonable offering price under the condition of righteousness by providing the customers the information on the products and services accurately and sufficiently for use in making their decisions.

The Company is accredited with Quality Management System (ISO 9001:2015), Environmental Management System (ISO:14001:2015) and Safety and Occupational Health Management System (TIS & OHSAS 18001) as well as bringing forth the appropriate tools and activities for increasing productivity which are the activities on cost reduction, working management system with 5S, continuous development and improvement with the goal to fulfill the customers' satisfactions in 3 areas which are the quality, delivery and service.

Conservation of natural resources

The company has established measures for energy conservation in every department. Emphasizing participation to achieve the objectives and goals of energy sharing and have the projects to reduce energy consumption as follows

Water Management

The Company has a measure on the management of water both for use in the production process and for consumptions:

1. Rainwater storage to be used when needed.
2. Water meters are installed for checking all water generated from every activity in the factory to be treated before being released into public water sources.
3. Provide a biological wastewater treatment system that uses chemicals to support and treat the waste water of the factory to have good quality and passing standards set by the Ministry of Industry.
4. Water quality is measured every year in accordance with the standard of Ministry of Industry for the control of the effluents from the factory and that result of the measurement in 2019 is found to be under the normal value.

Industrial Waste Management

To prevent contamination to the environment, Sludge from the washing system in the production process will be sent for disposal to a hazardous waste disposal company that has been licensed to operate from the Department of Industrial Works.

Production Waste Management

The Company adopts the 3R Principle (Reduce, Reuse, Recycle) for use in the production process beginning from the production planning, working method improvement and providing knowledge and understanding to employees in order to minimize wastes from the production process. In addition, there is a system for suitably managing wastes generated from the production processes and each type of garbage in the factory properly in accordance with the law.

Operational Result

The Company has continuously launched campaigns on sorting out wastes before being discarded in order that the unused materials can be utilized and each type of wastes suitably managed.

Guidelines on Waste Reductions and General and Recycled Waste Management

In taking materials or papers such as packaging, scraps of metals, aluminums, plastic bottles, glass bottles, welding wires, welding rods, sandpapers and other materials for consumption for reuse should be used up before discarding.

Guidelines on Hazardous and Infectious Waste Management

In handling used oil to be taken to a solidly strong lid container to prevent leakage or leakage to the outer part of the container, when the operation is completed, the used oil shall be collected or transferred to the tank waiting for further disposal outside.

Chemicals, various types of paints, chemical pens and other pens should be used up before discarding or storing in suitable environment to extend their lifetimes.

Infectious wastes such as cotton swabs, gauzes, used plasters from first aid activities for all employees sustaining an accident shall be discarded in a stably strong receptacle that can prevent leakage or contamination to the place outside.

Waste or Unused Material Disposal

Making a notification and requesting for a permission to bring wastes or unused materials out of the factory annually according to the Ministry of Industry Notification, Rewaste or Unused Material Disposal, B. E. 2548 (A.D. 2005), before the expiration of the license or in case of the additional wastes or unused materials, a request for permission on the disposal of such additional particulars shall be resubmitted.

Operational Result in 2019

There was no complaint from Communities on pollution impacts about water pollution, air pollution and disturbing noise.

Occupational Health and Safety Management Guidelines

The Company is accredited with the Occupational Health and Safety Management System (TIS & OHSAS 18001) and has formed up a Safety Committee having the duties of planning, promoting and checking as well as making report directly to the Management.

With a commitment to conducting business by taking into account the safety of employees as the significant matter, the Company has mapped out a policy and management guidelines as the principles for practical implementation on safety, and a good working environment.

Operational Guidelines

5S Activities, the Heart in Creating Disciplines Towards Quality

- Enhancing and supporting employees at all levels to be knowledgeable and understandable about the operations and applying such knowledge and understandings for use in working strictly and continuously as if it is their regular mission.
- All Management levels must provide support, promote and monitor 5S activity operations as well as giving suggestions for solving problems in close concert and that such practice shall be considered an important mission.
- Making arrangement for the measurement results to be entered in the KPI data of all Departments.

Occupational Health and Safety Training Ready to Cope with Contingent Emergency Situation

The Company provides training on emergency preparedness to cope with any contingent emergency such as fire evacuation drills, first aid and resuscitation as well as other safety issues for employees at all levels.

Working Environment Inspection

Providing to cause the assessments on the occupational health and safety in work process on a regular basis and monitoring follow-ups for use in improving the operations to reduce the risk of work-related injury or illness. Employees performing the risk-related duty will receive special health checks and health care in consistent with the results of the checks obtained.

Operational Result in 2019

| Topic | Target | Actual | Evaluate Result |
|---|--------|--------|-----------------|
| 1. fatal Accident (On duty) อุบัติเหตุในงานถึงขั้นเสียชีวิต | 0 | 0 | ✓ |
| 2. Major accident (Lost organ - On duty) อุบัติเหตุในงานถึงขั้นสูญเสียอวัยวะ | 0 | 0 | ✓ |
| 3. Major accident (Absent (more than 3 day) on duty) อุบัติเหตุในงานถึงขั้นหยุดงาน | 0 | 2 case | ✗ |
| 4. Other accident (Small Injury - On duty) อุบัติเหตุในงานไม่รุนแรงและไม่หยุดงาน | 0 | 0 | ✓ |
| 5. Property Damage อุบัติเหตุ ทำให้ทรัพย์สินเสียหาย | 0 | 3 case | ✗ |
| 6. จำนวนวันที่เสียชีวิตจากอุบัติเหตุ หรือโรคจากการทำงาน | 0 | 0 | ✓ |
| 7. IFR (All accident Cases) | 0 | 4.3 | ✗ |
| 8. ISR (All accident Cases) | 0 | 35.32 | ✗ |
| 9. Compliance form internal and externa (นับจากCAR) | 0 | 2 case | ✗ |

Social Management

Responsibility to Employees

The Company places the importance on the matter of respecting human rights and business ethics where the practical guidelines of which are set forth under the Code of Conduct in respect of the equality and non-discrimination, the appropriate and fair compensation to all employees, enhancing the employees to carry on learning continuously, placing importance on knowledge transfer development and opening the opportunities for career advancement in an appropriate and fair manner including strictly complying with the Labor Law.

Freedom of Expression

The Company entrusts the Welfare Committee to be a representative to listen to comments and gather suggestions through various communication channels such as questionnaires, suggestion boxes or making complaints for presenting to the Management for use in the improvement of the quality of life of the employees.

Compensation and Welfare

In addition to the direct compensation in the form of wages, the Company provides other welfare for the employees and their families in the other forms: such as, the Provident Funds, Social Security Insurance Fund, financial assistances, diligent premiums for employees who come to work regularly, etc.

Employees' Competency Development

The Company believes that personnel in the organization are deemed to be the important workforce for the sustainable growth and success of the organization to push towards achieving the goal efficiently and effectively which will rely on knowledge, ability and skills together with a positive attitude and happiness in working. The Company therefore places the importance on the development of personnel competency by allowing employees with the comprehensive opportunity to learn and increase their skills, whether it is a training by experts in various fields both internally and externally, teaching by supervisors or skill development at workplace.

Operational Results in 2019

On the Job Training

Procedure : Defining necessary knowledge and skill courses of each job position to be assigned to the supervisors or instructors responsible for teaching the employees in such positions from the inception date to commence duties and review the teaching as appropriate along with the evaluation after teaching.

Training Course Operational Result of all 221 Topics in 2019

Training Hours: 16,428 hours.

Number of Participants 16,428 Persons

Internal Training

Procedures : Organizing training courses as necessary and according to the nature of jobs to increase efficiency and working quality by dividing them into the refresher training and new training courses.

| Occupational Health and Safety Training Course 8 Courses | Hrs | Person |
|---|-----|--------|
| Training for the molding force, signal provider, material binder 1/2562 | 6 | 19 |
| Training for the molding force, signal provider, material binder 2/2562 | 6 | 6 |
| Training for reviewing chemical operations | 3 | 87 |
| Contingency Plan review training 1/2562 | 6 | 15 |
| Contingency Plan review training 2/2562 | 6 | 9 |
| Contingency Plan review training 3/2562 | 6 | 15 |
| Review of personal protective equipment use 1/2562 | 3 | 94 |
| Review of personal protective equipment use 2/2562 | 3 | 97 |
| Training for the Hearing Conservation Project 2562 | 3 | 101 |
| Training, review, fire drills Emergency suppression from chemical spills and landslides | 6 | 17 |
| Basic fire fighting training 2562 | 6 | 81 |
| Fire drills and fire escape 2562 | 1 | 191 |

| Occupational Health and Safety Training Course 8 Courses | Hrs | Person |
|---|-----|--------|
| Consciousness training for Quality, Environment and Safety 1/2562 | 6 | 56 |
| Consciousness training for Quality, Environment and Safety 2/2562 | 6 | 64 |
| Consciousness training for Quality, Environment and Safety 3/2562 | 6 | 72 |
| Consciousness training for Quality, Environment and Safety 1/2562 (2nd round) | 6 | 58 |
| Consciousness training for Quality, Environment and Safety 2/2562 (2nd round) | 6 | 63 |
| Consciousness training for Quality, Environment and Safety 3/2562 (2nd round) | 6 | 79 |
| Introduction&Internal Auditor ISO 14001:2015 / 2562 | 18 | 45 |
| Introduction&Internal Auditor ISO 14001:2015 / 2562 | | |
| Introduction&Internal Auditor ISO 14001:2015 / 2562 | | |

Training Course Operational Result of all 21 Training Courses in 2019

Training Hours 8,635 hours.

Number of Participants 1,977 Persons

External Training

Procedures : Sending employees to participate in the training courses organized by external institutions.

Training Course Operational Result of all 51 Courses in 2019

Training Hours : 757 hours.

Number of Participants 129 Persons

Employees Care

The Company adopts the guidance of the Happy Workplace theme for use in caring the employees to make the personnel happy and have a work-life balance by conducting various activities in accordance with the guidelines of the Happy Workplace theme as follows:

Happy Body or Good Health by promoting physical health in order for employees to have a healthy body resulting in effective operation.

The Company provides the annual health check-up as a measure of comprehensive health care for the employees with additional regular health check-ups depending on their risk factors. In 2019, Rattarin Hospital was selected to conduct the medical examinations during the month of November 2019, with 191 employees or 95.97% of all targeted groups of employees receiving the medical examinations.

In addition, to reduce the occurrence of office syndrome, the company therefore has activities called "Get up and Stretch" 3 days a week, once a day by inviting employees to get up and move with the choreography that helps reduce symptoms of office syndrome.

Happy Brain or Searching for Knowledge by promoting knowledge skills, employee profession development and individual development by providing internal and external trainings including skill development at various job points and promoting activities suggested for job improvements.

Happy Money or Encouraging Saving The Company sets up the Provident Fund for the employees in order to encourage them on saving for future emergencies.

Happy Soul or Encouraging the Adherence to Moral Principle in order to enable the employees to have the peace of minds and enjoy peaceful coexistence with their co-workers. Giving alms activity on the various important religious days at the factory.

Happy Heart or cultivating the consciousness of the employees to be givers, have generosity and sacrifice, the Company has a policy for employees to do CSR activities through volunteering and cultivating positive emotions such as gratitude, kindness etc.

Examples of activities being organized by the Company are donating to flood victims, fellow employees in case the parents or children of the employees died / participating to build a water dam to reduce losses from flooding problems and add moisture to the forest / together clean and dredge canals near the company to reduce flooding problems.

Happy Society or Good Society in order to promote love, unity and generosity towards colleagues as well as surrounding communities and society.

The Company organizes internal activities on various significant days in order to encourage employees to do activities together to create love and unity in the organization. In addition, the Company's assigned representatives will go out to meet people in the surrounding communities to build up a good relationship.

Examples of the activities done by the Company are such as participating in the Children's Day activities with the schools in the communities/bringing flowers to the elderly people in the communities on Mother's Day.

Happy Relax a feeling of relaxation from work stress. There are various activities for employees to relax from work, such as Happy Birthday activities for employees every quarter / organize activities on the significant days ; Songkran Day, Mother's Day Father's Day / New Year's party etc.



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SCI Electric Public Company Limited

Financial Position and Operation Results



Audit Committee Report 2019

SCI Electric Public Company Limited

The Audit Committee comprises 3 qualified independent directors who have knowledge, expertise and experience in accounting, finance, investment, as well as the company's business operations and qualified as required by the regulations of Securities and Exchange (SEC) and The Stock Exchange of Thailand (SET). They have each term for a period of 3 years. In 2019, the Audit Committee Members held 6 meetings as follow:

| | | |
|------------------------------|---------------------------------|---------------------|
| Mrs. Pranee Pasiphol, | Chairman of the Audit Committee | attended 6/6 times; |
| Mrs. Chattong Tippayakalin, | Audit Committee | attended 6/6 times; |
| Ms. Chaovana Viwatpanachati, | Audit Committee | attended 6/6 times; |

The Audit Committee had performed duties according to the Charter as assigned by the Company's Board of Directors, which is in accordance with the announcement of the Stock Exchange of Thailand, the principles of good corporate governance and not limited to the scope of the audit. Each meeting, the executives, internal auditors and auditor are participated to provide information on relevant agendas, including considering issues, exchanging ideas that are beneficial to management.

Conclusion on the significant operations of Audit Committee in 2019 which were as follows:

1. Reviewed the financial statements

The Audit Committee has reviewed the quarterly and annual financial statements for the year 2019 of SCI Electric Public Company Limited and its subsidiaries together with the management, internal auditor and the auditor by considering the accuracy and completeness of financial statements, the significant adjustments, the accounting estimates and the changed accounting policies included the impact of new financial reporting standard and the preparation for new financial reporting standards to be released to ensure that the financial statements are prepared correctly in accordance with the Thai Financial Reporting Standards, including complying with relevant laws, regulations and the requirements.

2. Reviewed the disclosure of connected transactions between the Company and connected persons/companies

The Audit Committee has reviewed the disclosure of connected transactions between the Company and connected persons/companies and transactions that may have conflicts of interest to ensure that the company has complied with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. By reviewed and confirmed with the management that no significant irregularities have been found. The connected transaction is a normal business transaction of the company and reasonable, including the disclosure of complete and sufficient information by adhering to good corporate governance policies.

3. Reviewed the effectiveness of internal control system

The Audit Committee places the importance on duty performances on internal audit of the Company and its subsidiaries on the aspects of the operations, the use of resources, safeguarding the properties, error, damage, leakage, waste or irregularity prevention or reduction, reliability the financial statements and compliance with the laws and regulations.

From the annual internal audit review of internal auditors, Audit Committee has examined and followed up for the management to make improvements in accordance with the recommendations of the Audit Committee and the internal audit department continuously. It is shows the importance of the internal control of the Company. From the assessment of internal control systems in accordance with COSO guidelines by internal auditors (Independent internal auditor) is of the opinion that the internal control of the company is sufficient and effective. The Audit Committee is confident that the company's internal control systems are appropriate and effective.

4. Reviewed the risk management

The Risk Management Committee, consisting of executives at all levels, has given importance to risk management, assessing both internal and external factors and the opportunity to make an impact by considering the goals and objectives of the company to prevent and mitigate risks, which will impact to the business operation, to the acceptable risk (Risk Appetite). The Risk Management Committee reports progress every quarter. The Audit Committee has reviewed the effectiveness and considering the adequacy and suitability of risk management. It is of the opinion that the Company should consider defining various business management strategies and reduce the impact of risks to an acceptable level.

5. Consideration to appoint the auditor for the year 2020

The Audit Committee has considered the appointment of auditors for 2020 by taking into account the qualifications, knowledge, expertise with satisfactory results including considering the independence and rotation of the auditors in accordance with the relevant rules of the Securities and Exchange Commission, it is appropriate to comply with the auditor's ethics. Therefore, proposing to the Board of Directors for approval at the Annual General Meeting to appoint of auditor for 2020 from AST Master Company Limited, from either the following auditor of AST Master Co., Ltd.;

1. Mr. Pradit Rodloytuk CPA No. 218 or;
2. Ms. Nongram Laoha-areedilok CPA No.4334 or;
3. Ms. Pornpip Lerttanonsak CPA No.7633.

The proposed audit fee of 2020 for SCI Electric Public Company Limited is Baht 2,050,000.00. As well as considering the appropriateness of the appointment of the auditors of the subsidiaries in Thailand and overseas

6. Meeting with the auditor without the management

The Audit Committee held a meeting with the auditors without the management in order to discuss and exchange ideas relating to the important issues on the internal controls, the preparations of financial statements, the disclosure, the operation problem and co-operations from the management which apparently revealed that there was no unusual issue. The Auditors could carry out their duties with independency and received good co-operations from the management, officers and staff.

7. Consideration of the Charter of the Audit Committee and Internal Audit Department

The Audit Committee has reviewed the Audit Committee Charter to ensure that the operations are complete and suitable for the business and have responsibilities in accordance with the best practices of the Securities and Exchange Commission of Thailand and also consider the rules of the Internal Audit Department for the operation to comply with the internal audit standard.

8. Compliance with the law and regulations

The Audit Committee has reviewed the Company's operations that comply with the laws, and the regulations, announcement, orders and requirements of the Stock Exchange of Thailand and the laws relating to the Company's business. Having considered together with the company secretary, opined that the company had fully complied with relevant laws and regulations.

9. Supervision of internal audit

The Audit Committee has reviewed the duties of the independent internal auditor, DIA Audit Co., Ltd., which works with the Company's internal auditors by considering the independence and the performance of duties in accordance with the annual audit plan. They also provide suggestions and recommendations for the operation of independent internal auditors and the company's internal auditor in order to be in accordance with the strategy and direction of the organization to create added value. They also reviewed the appropriateness of the workforce in the department and the development skills of internal auditors to make the operation more efficient and effective. They have considered the appointment of internal auditors and selecting independent internal auditors.

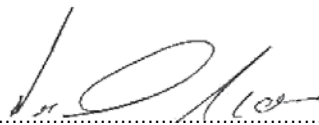
10. Evaluated the Audit Committee performance

The Audit Committee has required the evaluating of performance on annually to ensure that the Audit Committee's performances are efficient and effective as well as achieve the objectives in accordance with the charter and as assigned by the Board of Directors. In the year 2019, the evaluation results appears that the Audit Committee has performed its duties sufficiently.

11. Review of the financial internal control system

The Audit Committee have reviewed the operation with the finance and accounting department regarding financial controls, accuracy and completeness of financial reports, the compliance of financial report and the control assets of the company and evaluate that the financial controls of the Company were appropriate and effective.

In conclusion, the Audit Committee had performed its duties and responsibilities accordingly as specified under the Audit Committee Charter, exercised its knowledge, competency, caution, prudence with due care and was independent in performing the duties. In addition, the Audit Committee had given creative opinions and various recommendations for the benefits of the stakeholders equally. The Audit Committee was of the view that the Company's Financial Report was accurately, reliable and adequate disclosure in accordance with Thai Financial Reporting Standards. The Company also executed actions in compliance with the Laws and obligations relating to the carrying out of business operations including good corporate governance, sufficient risk management, appropriate and effective internal control systems and auditing.

Signed: 

(Mrs. Pranee Pasiphol)

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for the financial statement for the Year 2019

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Principles, using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

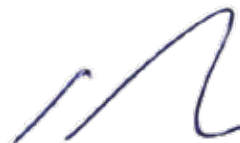
The Board of Directors has provided and maintained an effective internal controls system to reasonably ensure that accounting records are accurate, complete and adequate to protect its assets.

To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors responsible for the quality of financial statements and internal controls system, whose comments on these issues are readily included in the Audit Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal controls system is adequate and suitable and has rendered reasonably credibility to the reliability of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019.



Mr. Noppol Milinhanggoon
Chairman



Mr. Kriangkrai Pheanvitayaskul
Chief Executive Officer

Connected transactions for the year ended 31 December 2019

| Name of Interested or Related party/ Company | Relationship | Nature of Transaction | Million Baht | | | | Explanation of the executive regarding the necessity and reasonability | The Audit Committee's Opinion |
|--|--------------|------------------------------|-------------------|---------|---------------------|---------|--|--|
| | | | Transaction value | | Transaction balance | | | |
| | | | FY 2019 | FY 2018 | FY 2019 | FY 2018 | | |
| Transactions between Parent Company ("SCI") and subsidiaries | | | | | | | | |
| Aikawa& SCI Metal Tech Co., Ltd. ("SCIMT") | Subsidiary | Purchased goods and services | 84.95 | 52.16 | - | - | SCI purchased hot-dip galvanized service, as a production process, and purchased semi finished goods, as a part of Cable Tray. Also, in the event that the product cannot be produced in time of Cable Tray. | The Audit Committee is of the opinion that the transaction is reasonable because it is a continuous process to support the production of Cable Tray. |
| | | Trade payable | - | - | 16.95 | 2.61 | Cost plus margin. | In addition, the selling price is not less than the cost incurred. |
| | | Office and Land Rental | 2.15 | 2.15 | - | - | SCI let the subsidiary to rent the office space at Sukumvit office for sale section and leased land in Phan Thong District, which is part of the subsidiary company's factory. | The Audit Committee is of the opinion that the transaction is reasonable because the use of space in the Group to benefit. |
| | | Management fee | 4.20 | - | - | - | Rental rates are comparable to the market price. | In addition, the prices charged are not lower than the market price. |
| | | Other receivable | - | - | 2.81 | 0.19 | SCI provides services for the management of various trading transactions. Service charges are cost plus margin. | The Audit Committee is of the opinion that the transaction is reasonable due to the use of resource management together which the service charge is not lower than the cost price. |
| | | Dividend income | 32.40 | 16.20 | 21.60 | - | SCI received return on investment at the same rate as other shareholders. | The Audit Committee is of the opinion that the transaction is reasonable because it is a normal transaction that the Company should receive from the investment. |

Connected transactions for the year ended 31 December 2019

| Name of Interested or Related party/ Company | Relationship | Nature of Transaction | Million Baht | | | | Explanation of the executive regarding the necessity and reasonability | The Audit Committee's Opinion |
|---|--------------|--|-------------------|---------|---------------------|------------------|--|-------------------------------|
| | | | Transaction value | | Transaction balance | | | |
| | | | FY 2019 | FY 2018 | FY 2019 | FY 2018 | | |
| Transactions between Parent Company ("SCI") and subsidiaries | | | | | | | | |
| Aikawa& SCI Metal Tech Co., Ltd. ("SCIMT") <i>(Cont'd)</i> | Subsidiary | Loan to subsidiary (Interest rate 2.50%) | | | | | | |
| | | Beginning | - | - | 61.00 (12.00) | 73.00 (12.00) | The Audit Committee is of the opinion that the transaction is reasonable because it is the financial management of the Group in order to reduce interest expenses The Audit Committee is of the opinion that the transaction is reasonable due to the use of resource management together which the service charge is not lower than the cost price. | |
| | | Add | - | - | (12.00) | | | |
| | | Ending | - | - | 49.00 | 61.00 | | |
| | | Interest income | 1.36 | 1.66 | - | - | | |
| Interest receivable | - | - | 0.10 | 0.13 | | | | |
| TadSalen Power Co., Ltd. ("TSL") | Subsidiary | Management fee | | | | | | |
| | | | 0.60 | - | | | The Audit Committee is of the opinion that the transaction is reasonable due to the use of resource management together which the service charge is not lower than the cost price. | |
| | | Other receivable | - | - | 0.30 | - | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Interasia Trading Co.,Ltd. ("Inter") | Subsidiary | Loan to subsidiary (Interest rate 2.50%) | | | | | | |
| | | Beginning | - | - | 134.31 (9.30) | 144.09 (9.78) | The Audit Committee is of the opinion that the transaction is reasonable because it is the financial management of the Group in order to reduce interest expenses The Audit Committee is of the opinion that the transaction is reasonable because the use of space in the Group to benefit. In addition, the prices charged are not lower than the market price. The Audit Committee is of the opinion that the transaction is reasonable due to the use of resource management together which the service charge is not lower than the cost price. | |
| | | Add (Less) | - | - | (9.30) | | | |
| | | Ending | - | - | 125.01 | 134.31 | | |
| | | Interest income | 3.22 | 3.52 | - | - | | |
| Interest receivable | - | - | - | 0.57 | | | | |
| Interasia Trading Co.,Ltd. ("Inter") | Subsidiary | Office Rental | | | | | | |
| | | | 0.06 | 0.04 | - | - | The Audit Committee is of the opinion that the transaction is reasonable because the use of space in the Group to benefit. In addition, the prices charged are not lower than the market price. The Audit Committee is of the opinion that the transaction is reasonable due to the use of resource management together which the service charge is not lower than the cost price. | |
| | | Management fee | 1.11 | 0.18 | - | - | | |
| | | Other receivable | - | - | 1.20 | 0.20 | | |
| | | | | | | | | |
| | | | | | | | | |

Connected transactions for the year ended 31 December 2019

| Name of Interested or Related party/ Company | Relationship | Nature of Transaction | Million Baht | | | | Explanation of the executive regarding the necessity and reasonability | The Audit Committee's Opinion | |
|--|-------------------------|--|-------------------|---------|---------------------|---------|--|---|---|
| | | | Transaction value | | Transaction balance | | | | |
| | | | FY 2019 | FY 2018 | FY 2019 | FY 2018 | | | |
| Transactions between Parent Company ("SCI") and subsidiaries | | | | | | | | | |
| Interasia Trading Co.,Ltd. ("Inter") <i>(Cont'd)</i> | Subsidiary | Loan to subsidiary (Interest rate 2.50%) | | | | | | SCI provides loan to subsidiary for returned the borrowing and for cash-flow operation. In addition, it can reduced the Group's financial cost Interest rate is charged by apply bank interest rate received plus margin. | The Audit Committee is of the opinion that the transaction is reasonable because it is the financial management of the Group in order to reduce interest expenses |
| | | Beginning | - | - | - | - | - | | |
| | | Add | - | - | 40.00 | - | - | | |
| | | Ending | - | - | 40.00 | - | - | | |
| | | Interest income | 0.54 | - | - | - | - | | |
| Interest receivable | - | - | - | - | - | | | | |
| SCI Metal Tech (Myanmar) Co.,Ltd. ("SCIMT MM") | Subsidiary | Loan to subsidiary (Interest rate 2.50%) | | | | | | SCI provides loan to subsidiary for returned the borrowing and for cash-flow operation. In addition, it can reduced the Group's financial cost Interest rate is charged by apply bank interest rate received plus margin.. | The Audit Committee is of the opinion that the transaction is reasonable because it is the financial management of the Group in order to reduce interest expenses |
| | | Beginning | - | - | - | - | - | | |
| | | Add (Less) | - | - | 16.87 | - | - | | |
| | | Ending | - | - | 16.87 | - | - | | |
| | | Interest income | 0.01 | - | - | - | - | | |
| Interest receivable | - | - | 0.01 | - | - | | | | |
| Angle & Fairy Ltd. ("Angle") | Shareholder of SCIMT MM | Advance receivable | | - | - | 3.16 | 3.41 | SCI has made advance payments due to limitations in withdrawing money from Burma, preventing expenses such as bank fees and travel expenses of executives paid in Thailand | The Audit Committee is of the opinion that the transaction is reasonable because the transaction is necessary to enable the subsidiary to proceed in accordance with the plan |
| | | Consultation fee | | 2.77 | 2.77 | - | - | | |
| | | Prepaid – consultation fee | | - | - | 2.77 | 5.55 | | |
| | | | | | | | | | |
| | | | | | | | | | |

Connected transactions for the year ended 31 December 2019

| Name of Interested or Related party/ Company | Relationship | Nature of Transaction | Million Baht | | | | Explanation of the executive regarding the necessity and reasonability | The Audit Committee's Opinion |
|--|-------------------------|---|-------------------|---------|---------------------|---------|--|---|
| | | | Transaction value | | Transaction balance | | | |
| | | | FY 2019 | FY 2018 | FY 2019 | FY 2018 | | |
| Transactions between SCI Metal Tech (Myanmar) Co.,Ltd ("SCIMT MM") and subsidiaries in the Group | | | | | | | | |
| Ajkawa& SCI Metal Tech Co., Ltd. ("SCIMT") | Subsidiary in the Group | Purchased steel structure to capitalized as assets. | 0.31 | 28.03 | - | - | SCIMT MM bought steel structures and installation services for a factory as specific design. | The Audit Committee is of the opinion that the transaction is a necessary item in order to meet a specific design. In addition, the selling price is not less than the cost incurred. |
| | | Trade receivable | - | - | 4.20 | 4.21 | Cost plus margin | |
| | | Accounting service | 0.93 | 0.15 | - | - | SCIMT MM doesn't have enough staff for the preparation of the financial statements. The Group therefore asked SCIMT to help prepare the financial statements | The Audit Committee is of the opinion that it is a necessary transaction to be able to prepare the consolidated financial statements on time. In addition, the rate charged is not lower than the market price. |
| | | Other payable | | | 1.03 | 0.15 | Service charges are cost plus margin. | |
| | | Advance payable | - | - | 1.41 | 1.52 | SCIMT MM has a limitations in withdrawing money from Myanmar, making it impossible to disburse expenses such as travel expenses of executives paid in Thailand. Allowance for employees sent to work | The Audit Committee is of the opinion that the transaction is reasonable because the transaction is necessary to enable the subsidiary to proceed in accordance with the plan |
| Interasia Trading Co.,Ltd.("Inter") | Subsidiary in the Group | Purchased goods and services | 45.07 | 7.26 | - | - | SCIMT MM let Inter as the raw material supplier, inspection the standardized and compare prices to find the right price | The Audit Committee is of the opinion that the transaction is a necessary in order to ease the burden of procurement of standardized raw materials and can negotiation the price. |
| | | Trade payable | - | - | 42.89 | 7.26 | Cost plus margin. | In addition, the selling price is not less than the cost incurred |
| Transactions between Interasia Trading Co.,Ltd. and Joint Venture | | | | | | | | |
| Yuemmai (Thailand) Co.'Ltd | Joint Venture | Purchased goods | 8.41 | - | - | - | Inter is a supplier of standardized products and compare prices to find the right price. | The Audit Committee is of the opinion that the transaction is a necessary to help procure products with reasonable cost. In addition, the selling price is not less than the cost incurred. |
| | | Trade receivable | - | - | - | - | Cost plus margin. | |

Measures and procedures for approving the related transactions

The Company has complied with the requirement and regulations of Securities Exchange Commission. The approval procedures are in accordance with the regulation of the company, the subsidiaries and the joint venture, just like the transactions provided to other unrelated business. For other related transactions, the Company has control measures in compliance with related regulations of Securities Exchange Commission (SEC) and Stock Exchange of Thailand (SET). The connected transactions must take into account the company's best interests, the fairness, the justification of the transaction, and in accordance with the normal market prices. The consideration of the related transactions between the Company and the persons who might have conflict of interest and are a shareholder or the management of such company, such shareholder or such management shall not take part in the approval process. The related transactions must be approved by both the Audit Committee and Board of Directors.

Policy and Trend of Related Transaction in the Future

The policy for approval of related party transactions will be in accordance with the procedure that must be considered by the Board of Directors and the Audit Committee. The criteria used as a guideline is that related businesses must offer products or services that meet standards or market prices, not beneficial to related parties which may result in transfer of benefits to those who have conflicts of interest with the company. The connected transactions that may occur in the future, the Company shall comply with the laws concerning securities and stock exchange and the regulations, announcement, orders and requirements of the Stock Exchange of Thailand as well as to comply with the requirement concerning the disclosure of the related transactions and the acquisition and disposal of the material assets of the Company including compliance with the accounting standards specified by the Accountants and the Certified Public Auditors Association of Thailand and Federation of Accounting Professional.

The trend of connected transactions will be the sales of related products and services and intercompany loan to help finance the business operations, which is considered a normal transaction. However, if there is a related transaction of the Company with a person who might have conflict of interest or the stakeholder or who might have conflict of interest in the future, the Company shall appoint the Audit Committee to give opinion on necessary and reasonableness of such transaction and appropriateness of price of the items so as to be in accordance with the general market price and with the conditions that is not difference from other third parties. In addition, the Company shall disclose the related transactions in the note to the financial statement, which has been audited by the auditors of the Company.

Independent Auditor's Report

To the Board of Directors and Shareholders of SCI Electric Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of SCI Electric Public Company Limited and its subsidiaries ("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 SCI Electric 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 SCI Electric Public Company Limited and its subsidiaries and of SCI Electric 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 those 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 matters and how audit procedures respond for each matter are described below.

The ability to collect the payments from trade receivables and unbilled completed works from a receivable, totaling net amount of approximately Baht 776.81 million

Refer to Note 10 of the financial statements, as at 31 December 2019, the Company has trade receivables and unbilled completed works relating to the long-term construction service contract with a government agency in a foreign country ("the employer"), totaling net amount of approximately Baht 776.81 million accounted for 26% and 32% of total assets in the consolidated and separate statement of financial position, respectively. During 2018, the service rendered under the construction contract was suspended due to the change in project's plan of the employer and does not have any progress on such matter currently and the employer has delayed the payments under the contract. However, the management believes that the service will continue after the employer has concluded about the plan related to such construction project and the outstanding balances will be paid from the employer. I focused on this area because the estimation of the probability of no default from such receivable involved of significant management's judgement and assumptions.

My procedure in relation to the management's assessment of the reasonableness of probability that there will be no default from the receivable included:

- Understood the internal control related to the follow up of the long overdue receivable and unbilled completed work, including understood the management's discretion in considering the opportunity of the recoverable of such outstanding balances.
- Sent receivable confirmation and subsequent payments from such receivable (if any) or verification of any evidence indicating that the employer accept the debt with the Company, such as the service contract, work acceptance documents in the past, minutes between the Company and the employer, etc.
- Considered the enforcement of the contract as well as inquired the opinion of the legal consultant of the Company and understood and evaluated legal consultant opinion. Inquired legal consultant about any impact of the law recently announced in the year 2019 in the employer's country that might have impact on stipulation or enforcement of the contract.
- Reviewed the management's reasonableness in assessing the payments of trade receivables and unbilled completed works.
- Evaluated the reasonableness of the allowance for doubtful accounts in the pasts assessed by managements in order to determine whether there are any matters indicating the management's bias in using estimation.
- Examined the progress meeting minute related to the change in scope of work, minutes between the Company

and the employer (if any) and tested the preparation of the budget by inquiring the engineer who is responsible for the project in detail including checking the relevant supporting documents.

- Assessed the economic environment factors that might affect the repayment of such employer.
- Evaluated the adequacy and appropriateness of the disclosure in financial statements relating to trade receivables and unbilled completed work.

Revenue recognition

The Group's revenue from sales 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 Group has provided a large number of sales to customers. 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 sale 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 transactions 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 sales 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 the 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:

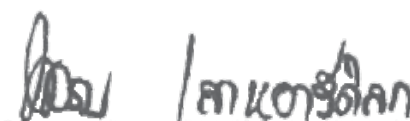
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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.

21 February 2020

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

| | | In Baht | | | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 8 | 206,473,395 | 322,296,358 | 119,927,007 | 170,108,766 |
| Current investments | 9 | 108,609,133 | 267,942,494 | 102,729,455 | 258,910,179 |
| Trade and other receivables | 10 | 461,789,268 | 317,184,369 | 225,638,742 | 156,603,754 |
| Dividends receivable | 7.2 | - | - | 21,599,600 | - |
| Current portion of long-term loan to related companies | 7.2 | - | - | 12,000,000 | 12,000,000 |
| Unbilled completed works | 12 | 732,227,678 | 906,059,815 | 708,361,110 | 906,059,815 |
| Inventories | 13 | 338,663,840 | 232,610,213 | 63,589,674 | 41,676,382 |
| Other current assets | | 4,121,361 | 3,901,067 | 541,042 | 3,555,530 |
| Total current assets | | 1,851,884,675 | 2,049,994,316 | 1,254,386,630 | 1,548,914,426 |
| NON-CURRENT ASSETS | | | | | |
| Deposits at banks pledged as collateral | 14 | 83,002,888 | 45,598,638 | 77,898,398 | 40,546,663 |
| Long-term investment pledged as collateral | 15 | 16,761,600 | 16,801,600 | 6,285,600 | 6,300,600 |
| Long-term trade receivables | 10 | - | 57,813 | - | - |
| Investment in subsidiaries | 16.1 | - | - | 583,230,454 | 583,230,454 |
| Investment in joint ventures | 16.2 | 92,402,715 | 78,882,725 | 118,562,500 | 103,562,500 |
| Other long-term investment | 17 | - | 298,643 | - | - |
| Long-term loan to related companies | 7.2 | - | - | 218,878,882 | 183,305,762 |
| Property, plant and equipments | 18 | 612,909,076 | 675,253,710 | 117,025,296 | 119,590,073 |
| Right in service concession arrangement | 19 | 196,173,981 | 222,264,473 | - | - |
| Intangible assets | 19 | 3,596,269 | 5,789,954 | 995,626 | 1,194,838 |
| Deferred tax assets | 20 | 7,899,048 | 7,232,677 | 2,909,173 | 3,200,518 |
| Income tax refundable | 21 | 16,753,226 | 12,693,742 | 13,120,085 | 12,693,742 |
| Prepaid leased land | 10 | 85,902,856 | 94,647,986 | - | - |
| Other non-current assets | | 1,088,066 | 4,362,355 | 465,910 | 456,910 |
| Total non-current assets | | 1,116,489,725 | 1,163,884,316 | 1,139,371,924 | 1,054,082,060 |
| TOTAL ASSETS | | 2,968,374,400 | 3,213,878,632 | 2,393,758,554 | 2,602,996,486 |

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

(Ms. Aunada Phrutinarakorn) Director

(Mr. Sirichai Phrutinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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</u> | | | | | |
| <u>SHAREHOLDERS' EQUITY</u> | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term loans | | | | | |
| from financial institutions | 22 | - | 6,983,653 | - | - |
| Trade and other payables | 23 | 942,110,604 | 959,127,845 | 679,881,061 | 838,892,717 |
| Current portion of long-term loans | | | | | |
| from financial institutions | 22 | - | 35,313,114 | - | - |
| Long-term loans from financial | | | | | |
| institutions classified as current liabilities | 22 | 338,348,318 | - | - | - |
| Current portion of liabilities under | | | | | |
| finance lease agreements | 24 | 1,604,423 | 2,529,710 | 1,162,724 | 2,232,899 |
| Other current liabilities | | 3,754,086 | 3,200,914 | 2,502,957 | 946,528 |
| Total current liabilities | | 1,285,817,431 | 1,007,155,236 | 683,546,742 | 842,072,144 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term loans | | | | | |
| from financial institutions | 22 | - | 341,055,813 | - | - |
| Liabilities under finance | | | | | |
| lease agreements | 24 | 2,020,470 | 3,012,278 | 1,032,532 | 2,079,839 |
| Employee benefit obligations | 25 | 47,616,234 | 39,500,273 | 22,691,355 | 19,763,197 |
| Long-term provisions | 26 | 5,318,010 | 4,682,708 | - | - |
| Total non-current liabilities | | 54,954,714 | 388,251,072 | 23,723,887 | 21,843,036 |
| TOTAL LIABILITIES | | 1,340,772,145 | 1,395,406,308 | 707,270,629 | 863,915,180 |

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

(Ms. Aunada Phrutinarakorn) Director

(Mr. Sirichai Phrutinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

| | Notes | In Baht | | | |
|-----------------------------------|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| LIABILITIES AND | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| (CONTINUED) | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 750,000,000 common shares, | | | | | |
| Baht 1 par value | | 750,000,000 | 750,000,000 | 750,000,000 | 750,000,000 |
| Issued and paid-up share capital | | | | | |
| 750,000,000 common shares, | | | | | |
| Baht 1 par value | | 750,000,000 | 750,000,000 | 750,000,000 | 750,000,000 |
| Share premium | | 879,037,983 | 879,037,983 | 879,037,983 | 879,037,983 |
| Retained earnings (deficit) | | | | | |
| Appropriated | | | | | |
| Legal reserve | 27 | 29,400,000 | 29,400,000 | 29,400,000 | 29,400,000 |
| Unappropriated | | (6,325,041) | 162,417,877 | 27,954,107 | 80,603,108 |
| Differences from changes in | | | | | |
| shareholding proportion | | | | | |
| | | 5,848,967 | 5,848,967 | - | - |
| Other components of equity | | (35,744,862) | (16,762,021) | 95,835 | 40,215 |
| Total equity attributable to | | | | | |
| the parent company | | | | | |
| | | 1,622,217,047 | 1,809,942,806 | 1,686,487,925 | 1,739,081,306 |
| Non-controlling interests | | 5,385,208 | 8,529,518 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 1,627,602,255 | 1,818,472,324 | 1,686,487,925 | 1,739,081,306 |
| TOTAL LIABILITIES AND | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| | | 2,968,374,400 | 3,213,878,632 | 2,393,758,554 | 2,602,996,486 |

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

(Ms. Aunada Phrutinarakorn) Director

(Mr. Sirichai Phrutinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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 | | | | | |
| Revenues from sales | | 1,067,148,434 | 1,274,149,192 | 399,395,747 | 336,050,146 |
| Revenues from services | | 35,515,166 | 10,852,210 | - | 10,852,210 |
| Other income | 28 | 29,594,290 | 21,953,911 | 62,187,789 | 33,480,190 |
| Total revenues | | 1,132,257,890 | 1,306,955,313 | 461,583,536 | 380,382,546 |
| Expenses | | | | | |
| Cost of sales | | 982,095,704 | 1,142,420,414 | 328,790,824 | 276,561,770 |
| Cost of services | | 31,377,336 | 9,941,623 | - | 9,941,623 |
| Selling expenses | | 36,797,023 | 32,243,471 | 18,777,811 | 16,179,804 |
| Administrative expenses | | 188,736,721 | 151,742,487 | 131,489,651 | 85,421,140 |
| Financial costs | | 24,099,312 | 7,422,531 | 158,576 | 307,301 |
| Total expenses | 29 | 1,263,106,096 | 1,343,770,526 | 479,216,862 | 388,411,638 |
| Loss before share of loss from investment in joint ventures and income tax income (expense) | | | | | |
| | | (130,848,206) | (36,815,213) | (17,633,326) | (8,029,092) |
| Share of loss from investment in joint ventures | 16.2 | (6,279,910) | (9,980,836) | - | - |
| Loss before income tax income (expense) | | (137,128,116) | (46,796,049) | (17,633,326) | (8,029,092) |
| Income tax income (expense) | 31 | (326,468) | 78,009 | 274,282 | 512,519 |
| Loss for the years | | (137,454,584) | (46,718,040) | (17,359,044) | (7,516,573) |
| Other comprehensive income: | | | | | |
| Items to be reclassified to profit or loss in subsequent years | | | | | |
| Change in fair value of long-term investment | | 213,576 | (71,864) | 55,620 | (51,420) |
| Differences on exchange translating of the financial statements | | (19,711,214) | (5,496,027) | - | - |
| Total items to be reclassified to profit or loss in subsequent years | | (19,497,638) | (5,567,891) | 55,620 | (51,420) |
| Items not to be reclassified to profit or loss in subsequent years | | | | | |
| Acturial gain | | 3,579,603 | - | 2,206,893 | - |
| Other comprehensive income for the years | | (15,918,035) | (5,567,891) | 2,262,513 | (51,420) |
| Total comprehensive income for the years | | (153,372,619) | (52,285,931) | (15,096,531) | (7,567,993) |

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

Director
(Ms. Aunada Phrutinarakorn)

Director
(Mr. Sirichai Phrutinarakorn)

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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 |
| Loss for the years attributable to: | | | | | |
| Equity holders of the parent | | (134,825,671) | (45,469,526) | (17,359,044) | (7,516,573) |
| Non-controlling interests | | (2,628,913) | (1,248,514) | - | - |
| Loss for the years | | (137,454,584) | (46,718,040) | (17,359,044) | (7,516,573) |
| Total comprehensive income for the years attributable to: | | | | | |
| Equity holders of the parent | | (150,228,909) | (51,015,398) | (15,096,531) | (7,567,993) |
| Non-controlling interests | | (3,143,710) | (1,270,533) | - | - |
| Total comprehensive income for the years | | (153,372,619) | (52,285,931) | (15,096,531) | (7,567,993) |
| Basic loss per share attributable to equity holders of the parent | | | | | |
| Loss per share (Baht per share) | 32 | (0.18) | (0.06) | (0.02) | (0.01) |
| Weighted average number of common shares (shares) | | | | | |
| | | 750,000,000 | 750,000,000 | 750,000,000 | 750,000,000 |

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

(Ms. Aunada Phrutinarakorn) Director

(Mr. Sirichai Phrutinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Notes | Equity attributable to the parent company | | | | | | | | | | Total shareholders' equity |
|---|-------|---|---------------|--------------------------------|----------------|---|-------------------------------|---|--|----------------------------|---------------------------|----------------------------|
| | | Issued and paid-up share capital | Share premium | Retained earnings (deficit) | | Differences from changes in shareholding proportion | Available-for-sale investment | Differences on translating financial statements | Total other components of shareholders' equity | Total equity of the parent | Non-controlling interests | |
| | | | | Appropriated for legal reserve | Unappropriated | | | | | | | |
| Balance as at 1 January 2018 | | 750,000,000 | 879,037,983 | 29,400,000 | 245,385,318 | 5,848,967 | (14,181) | (11,201,968) | (11,216,149) | 1,898,456,119 | 9,800,051 | 1,908,256,170 |
| Additional investment in a subsidiary by non-controlling interest | 16.1 | - | - | - | - | - | - | - | - | - | 300 | 300 |
| Dividend paid | 30 | - | - | - | (37,497,915) | - | - | - | - | (37,497,915) | (300) | (37,498,215) |
| Loss for the year | | - | - | - | (45,469,526) | - | - | - | - | (45,469,526) | (1,248,514) | (46,718,040) |
| Other comprehensive income for the year | | - | - | - | - | - | (71,864) | (5,474,008) | (5,545,872) | (5,545,872) | (22,019) | (5,567,891) |
| Total comprehensive income for the year | | - | - | - | (45,469,526) | - | (71,864) | (5,474,008) | (5,545,872) | (51,015,398) | (1,270,533) | (52,285,931) |
| Balance as at 31 December 2018 | | 750,000,000 | 879,037,983 | 29,400,000 | 162,417,877 | 5,848,967 | (86,045) | (16,675,976) | (16,762,021) | 1,809,942,806 | 8,529,518 | 1,818,472,324 |
| Balance as at 1 January 2019 | | 750,000,000 | 879,037,983 | 29,400,000 | 162,417,877 | 5,848,967 | (86,045) | (16,675,976) | (16,762,021) | 1,809,942,806 | 8,529,518 | 1,818,472,324 |
| Dividend paid | 30 | - | - | - | (37,496,850) | - | - | - | - | (37,496,850) | (600) | (37,497,450) |
| Loss for the year | | - | - | - | (134,825,671) | - | - | - | - | (134,825,671) | (2,628,913) | (137,454,584) |
| Other comprehensive income for the year | | - | - | - | 3,579,603 | - | 213,576 | (19,196,417) | (18,982,841) | (15,403,238) | (514,797) | (15,918,035) |
| Total comprehensive income for the year | | - | - | - | (131,246,068) | - | 213,576 | (19,196,417) | (18,982,841) | (150,228,909) | (3,143,710) | (153,372,619) |
| Balance as at 31 December 2019 | | 750,000,000 | 879,037,983 | 29,400,000 | (6,325,041) | 5,848,967 | 127,531 | (35,872,393) | (35,744,862) | 1,622,217,047 | 5,385,208 | 1,627,602,255 |

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

(Ms. Aunada Phrutthinarakorn)
Director

(Mr. Sirichai Phrutthinarakorn)
Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| In Baht | | | | | | |
|---|-------|----------------------------------|---------------|--------------------------------|----------------|-------------------------------|
| | Notes | Issued and paid-up share capital | Share premium | Retained earnings | | Other components of equity |
| | | | | Appropriated for legal reserve | Unappropriated | Available-for-sale investment |
| Balance as at 1 January 2018 | | | | | | |
| Dividend paid | 30 | 750,000,000 | 879,037,983 | 29,400,000 | 125,617,596 | 91,635 |
| Loss for the year | | - | - | - | (37,497,915) | - |
| Other comprehensive income for the year | | - | - | - | (7,516,573) | - |
| Total comprehensive income for the year | | - | - | - | - | (51,420) |
| Balance as at 31 December 2018 | | | | | | |
| | | 750,000,000 | 879,037,983 | 29,400,000 | 80,603,108 | 40,215 |
| Balance as at 1 January 2019 | | | | | | |
| Dividend paid | 30 | 750,000,000 | 879,037,983 | 29,400,000 | 80,603,108 | 40,215 |
| Loss for the year | | - | - | - | (37,496,850) | - |
| Other comprehensive income for the year | | - | - | - | (17,359,044) | - |
| Total comprehensive income for the year | | - | - | - | 2,206,893 | 55,620 |
| | | - | - | - | (15,152,151) | 55,620 |
| Balance as at 31 December 2019 | | | | | | |
| | | 750,000,000 | 879,037,983 | 29,400,000 | 27,954,107 | 95,835 |
| | | | | | | 1,686,487,925 |

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

(Ms. Aunada Phrutthinarakorn) Director

(Mr. Sirichai Phrutthinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

In Baht

| | | Consolidated financial statements | | Separate financial statements | |
|---|--------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Notes | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Loss before income tax income (expense) | | (137,128,116) | (46,796,049) | (17,633,326) | (8,029,092) |
| Adjustment to reconcile loss to net cash provided by (used in) operating activities | | | | | |
| Unrealized loss on foreign exchange rate | | 16,873,260 | 190,806 | 16,404,208 | 1,027,048 |
| Gain on changes in fair value of trading securities | 9 | (757,079) | (3,012,680) | (666,151) | (2,980,365) |
| Gain on disposal of trading securities | 9 | (1,298,747) | (1,103,522) | (1,242,312) | (1,103,522) |
| Dividend income from a subsidiary | 7.3 | - | - | (32,399,400) | (16,199,700) |
| Interest income | 28 | (5,541,050) | (2,901,733) | (10,446,720) | (7,797,488) |
| Doubtful accounts and bad debt | | - | 1,340,415 | - | 1,340,415 |
| Doubtful accounts and bad debt recovery | 28 | (6,997,129) | (1,330,000) | (6,795,355) | (1,330,000) |
| Loss on discounted cash flows expect to receive from receivable net of amounts due to payables related to the agreement | 10 12 and 23 | 30,617,081 | - | 30,617,081 | - |
| Premium of government bond | 15 | 306,970 | 306,970 | 84,524 | 84,524 |
| Share of loss from investment in joint ventures | 16.2 | 6,279,910 | 9,980,836 | - | - |
| Impairment of investment in a joint venture | 16.2 | - | - | 4,799,900 | - |
| Depreciation of plant and equipments | 18 | 51,472,644 | 29,049,441 | 10,337,046 | 10,518,432 |
| Loss on disposal of equipments | | 6,750,130 | 134,089 | 732,932 | 133,825 |
| Amortization on intangible assets and right in service concession arrangement | 19 | 11,869,201 | 12,713,250 | 233,520 | 231,750 |
| Employee benefit obligations | 25 | 17,688,312 | 7,699,587 | 7,793,654 | 3,379,173 |
| Amortization of bank fee | 22 | 473,927 | 383,520 | - | - |
| Interest expense | | 23,625,385 | 7,039,010 | 158,576 | 307,301 |
| Profit (loss) from operating activities before change in operating assets and liabilities | | 14,234,699 | 13,693,940 | 1,978,177 | (20,417,699) |
| (Increase) decrease in operating assets | | | | | |
| Trade and other receivables | | (162,588,727) | 220,538,744 | (87,279,373) | 61,020,162 |
| Unbilled completed work | | (23,866,568) | (10,852,210) | - | (10,852,210) |
| Inventories | | (106,053,627) | 135,021,585 | (21,913,292) | 13,799,521 |

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

(Ms. Aunada Phrutthinarakorn) Director

(Mr. Sirichai Phrutthinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Notes | In Baht | | | |
|---|-------|-----------------------------------|---------------|-------------------------------|---------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Other current assets | | 662,743 | 5,613,489 | 3,025,106 | 1,904,201 |
| Long-term trade receivables | | 57,813 | 193,360 | - | - |
| Prepaid leased land | | 8,745,130 | 2,819,776 | - | - |
| Other non-current assets | | (358,852) | (3,670,328) | (9,000) | (44,200) |
| Increase (decrease) in operating liabilities | | | | | |
| Trade and other payables | | 149,943,859 | (183,790,241) | 11,032,358 | (26,215,653) |
| Other current liabilities | | 553,172 | (1,778,119) | 1,556,429 | 296,088 |
| Cash received (paid) from operating activities | | (118,670,358) | 177,789,996 | (91,609,595) | 19,490,210 |
| Interest received | | 4,963,349 | 2,799,085 | 10,396,854 | 8,991,393 |
| Income tax paid | | (3,250,514) | (14,146,336) | (436,961) | (195,851) |
| Employee benefit obligations paid | 25 | (2,106,880) | (4,015,085) | (2,106,880) | (648,600) |
| Net cash provided by (used in) operating activities | | (119,064,403) | 162,427,660 | (83,756,582) | 27,637,152 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Increase in deposits at banks pledged as collateral | | (37,404,250) | (19,512,508) | (37,351,735) | (19,460,533) |
| Cash received from loans to related companies | 7.2 | - | - | 21,294,370 | 21,781,200 |
| Cash received from disposal of current investments | 9 | 345,078,016 | 282,320,698 | 339,278,016 | 282,320,698 |
| Cash received from short-term loans to other company | | 5,200,000 | 150,000 | 5,200,000 | 150,000 |
| Cash received from other investments | 17 | 298,643 | - | - | - |
| Proceeds from disposal of equipments | | 1,630,323 | 2,395,479 | 1,630,323 | 716,281 |
| Dividend received | | - | - | 10,799,800 | 56,158,960 |
| Cash paid for current investments | 9 | (183,165,821) | (158,000,000) | (180,665,821) | (149,000,000) |
| Cash paid for loans to a related company | 7.2 | - | - | (56,867,490) | - |
| Cash paid for addition investment in subsidiaries | 16.1 | - | - | - | (76,099,700) |
| Cash paid for addition investment in joint ventures | 16.2 | (19,799,900) | (40,500,000) | (19,799,900) | (40,500,000) |
| Cash paid for acquisition of property, plant and equipments (supplement disclosure of cash flows information) | | (25,119,229) | (266,672,703) | (9,967,524) | (5,105,645) |
| Cash paid for intangible assets | 19 | (901,455) | (205,447) | (34,308) | (50,008) |
| Net cash provided by (used in) investing activities | | 85,816,327 | (200,024,481) | 73,515,731 | 70,911,253 |

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

(Ms. Aunada Phrutinarakorn) Director

(Mr. Sirichai Phrutinarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

| | | In Baht | | | |
|--|-------|-----------------------------------|--------------|-------------------------------|--------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Cash paid for short-term loans from financial institutions | 22 | (57,728,948) | (30,000,000) | - | - |
| Cash paid for long-term loans from financial institutions | 22 | (12,406,740) | - | - | - |
| Cash paid for liabilities under finance lease agreements | | (2,085,095) | (4,507,979) | (2,285,482) | (4,104,937) |
| Cash paid for financial cost | | (23,533,438) | (20,714,947) | (158,576) | (307,301) |
| Dividend paid | 30 | (37,497,450) | (37,498,215) | (37,496,850) | (37,497,915) |
| Cash received from short-term loans from financial institutions | 22 | 50,745,295 | 6,983,653 | - | - |
| Cash received from long-term loans from financial institutions | 22 | - | 208,150,931 | - | - |
| Increase in investment in a subsidiary by non-controlling interest | 16.1 | - | 300 | - | - |
| Net cash provided by (used in) financing activities | | (82,506,376) | 122,413,743 | (39,940,908) | (41,910,153) |
| Differences on translating of the financial statements | | (68,511) | (6,505,088) | - | - |
| Net increase (decrease) in cash and cash equivalents | | (115,822,963) | 78,311,834 | (50,181,759) | 56,638,252 |
| Cash and cash equivalents, beginning of years | | 322,296,358 | 243,984,524 | 170,108,766 | 113,470,514 |
| Cash and cash equivalents, ending of years | | 206,473,395 | 322,296,358 | 119,927,007 | 170,108,766 |

SUPPLEMENT DISCLOSURE OF CASH

FLows INFORMATION

Cash paid for acquisition of property, plant and equipments

Acquisition of property, plant and equipments during the years

| | | | | | |
|--|----|--------------|---------------|--------------|-------------|
| Assets acquired under liabilities under finance lease agreements | 18 | (25,287,229) | (283,133,648) | (10,135,524) | (7,890,653) |
| Capitalized interest as cost of assets | | 168,000 | 2,785,008 | 168,000 | 2,785,008 |
| Cash paid for acquisition of property, plant and equipments | | - | 13,675,937 | - | - |
| Reclassified income tax refundable from other non-current assets | | (25,119,229) | (266,672,703) | (9,967,524) | (5,105,645) |
| | | 3,633,141 | - | - | - |

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

(Ms. Aunada Phruttnarakorn) Director

(Mr. Sirichai Phruttnarakorn) Director

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

SCI Electric Public Company Limited ("the Company") established in Thailand. The address of its registered office is as follows: Head office is located at 107/1 Moo 1, Bangna-Trad Road, Bangprieng, Bangbo, Samutprakarn. The branch is located at 1, Soi Udomsuk 45, Udomsuk Road, Bangjak, Prakanong, Bangkok.

The Company registered to convert its company from a limited company to be a public company limited and changed its company name from "SCI Electric Manufacturer Company Limited" to "SCI Electric Public Company Limited" with the Ministry of Commerce on 1 May 2015.

The Company was listed on the Stock Exchange of Thailand and the Company's stocks were traded on the Stock Exchange of Thailand since 13 October 2015.

For purpose of report, the Company and its subsidiaries and joint ventures together referred to as "the Group".

The principal business operations of the Group are as follows:

1. Manufacture and sell of low and medium voltage electrical switch board, cable tray, and power cord support device.
2. Manufacture and sell galvanized steel structure which are transmission line tower, telecommunication tower, galvanizing steel structure and sell of wiring electric equipment and hot-dip galvanized service.
3. Services of project management under the Engineering, Procurement and Construction (EPC) contract.
4. Selling of electricity produced from the hydroelectric power plant.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

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.

The consolidated financial statements relate to SCI Electric Public Company Limited ("SCI") and its subsidiaries and joint ventures (together referred to as "the Group").

Details of the subsidiaries and joint ventures are as follows:

| | | Percentage of holding | | |
|--|--------------------------------------|-----------------------|-------|--|
| | Country of incorporation | 2019 | 2018 | Nature of Business |
| Holding by SCI | | | | |
| <u>Subsidiaries</u> | | | | |
| Ajikawa & SCI Metal Tech Co., Ltd. ("SCIMT") | Thailand | 99.99 | 99.99 | Manufacture of transmission line tower, telecommunication tower and hot-dip galvanized service |
| SCI Holding Co., Ltd. ("SCIH") | Thailand | 99.99 | 99.99 | Holding company |
| SCI Metal Tech (Myanmar) Co., Ltd. ("SCIMTMM") | The Republic of the Union of Myanmar | 96.19 | 96.19 | Manufacture of transmission line tower, telecommunication tower and hot-dip galvanized service |
| Interasia Trading Co., Ltd. ("Inter") | Thailand | 99.99 | 99.99 | International sale of raw material |
| <u>Joint Ventures</u> | | | | |
| T Utilities Co., Ltd. ("TU") | Thailand | 45.00 | 45.00 | Invest in company and basic infrastructure |
| SCI Enesys Co., Ltd. ("SE") | Thailand | 40.00 | 40.00 | Sale of cable tray and related equipments |
| Yuemmai (Thailand) Co., Ltd. ("YM") | Thailand | 49.00 | - | Trading and renting mobile phone |
| <u>Holding by SCIH</u> | | | | |
| Tad Slen Power Co., Ltd. ("TSL") | The Lao People's Democratic Republic | 100 | 100 | Hydroelectric power generation |

The significant transactions between the Company, the subsidiaries and joint ventures have been eliminated in the consolidated financial statements.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the 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, 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.

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 the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model. Whereas, under TASs 18 and 11 and relevant 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 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 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 standards which involve changes to key principles, which are summarised below.

Thai Financial Reporting Standards related to financial instruments

The 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 entity's business model, calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS 16 Leases

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.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated and separate financial statements are as follows:

4.1 Investment in Subsidiaries and Joint venture

Subsidiaries

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

Intercompany transactions, balances and unrealised gains or losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries in separate financial statements 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.

Joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method in the consolidated financial statements. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which joint control ceases.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognised in the profit or loss.

In the separate financial statements, investments in joint ventures are accounted for using the cost method.

A list of the subsidiaries and joint ventures is disclosed in Note 7.

4.2 Foreign currency translation

The Company translates the foreign currency transactions to Thai Baht by using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4.3 Translation of foreign currency financial statements

The financial statements of subsidiaries in other country have been prepared in the currency of the US Dollar which is the functional currency. The operation 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 other components of equity.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call at financial institutions, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions. Bank overdrafts are presented under current liabilities in the statement of financial position.

4.5 Trade receivables

Trade receivables are recognized when the Group has unconditional rights to receive compensation under the contract. If the Group recognizes revenue before having unconditional rights to receive compensation, the amount of compensation is recognized as contract assets, which will be shown as unbilled completed works in the financial statements (Note 12).

Trade receivables are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables 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 and recognised in profit or loss within administrative expenses.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses (if any).

4.6 Investments

Investments other than investments in subsidiaries and joint ventures are classified into trading investments, available-for-sale investments and held to maturity investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

Investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of trading investments determines based on net asset value of investment unit as at the end of reporting period. Fair value of available-for-sale investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in the profit or loss. The unrealised gains and losses of available-for-sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective interest rate method less impairment loss (if any).

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

4.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Allowance is made, where necessary, for obsolete, slow-moving and defective inventories according to the Group's accounting policy.

4.8 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 not able to reasonably measure the outcome of a construction performance, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, 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 contract costs will exceed total contract 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 billing schedule as established in each contract. The Group recognizes trade receivables 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 unearned income, determined as progress billings exceed costs incurred plus recognised profits (less recognised losses) which included as part of trade and other payables in the financial statements.

4.9 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets except land are stated at historical cost less accumulated depreciation and allowance for impairment (if any).

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

| | |
|-------------------------------------|---------------|
| Buildings and buildings improvement | 20 - 40 years |
| Machineries and equipments | 5 - 20 years |
| Office equipments | 2 - 8 years |
| Vehicles | 5 years |

When assets are sold or retired, the Group will write-off both the assets and related accumulated depreciation from the accounts and will recognize any gain or loss from retirement of the asset in profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 lives of the related asset.

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Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit.

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time are capitalised as part of the cost of the respective assets until such time that assets are ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

4.10 Right in service concession arrangement

Right in service concession arrangement is measured initially at its cost. Costs comprise construction costs of dam and other related equipment and related transaction costs and borrowing costs.

The subsidiary records borrowing costs directly attributable to the construction of dam from the starting of the project until the dam is ready for its intended use. The right in service concession arrangement is amortized on a straight-line basis over the period of the Concession of 30 years.

Expenditure on the Environmental and Social expenses are environmental expenses in comply with the Water Resources and Environmental Administration (WREA) which are amortized on a straight-line basis over the period of the Concession agreement of 30 years.

4.11 Intangible assets

Right to use computer software recorded as assets at the acquiring cost plus processing fee for assets to be ready for their intended use. Software costs are amortized as an expense by the straight-line method over a useful lives period of 5 years.

4.12 Impairment of assets

Assets that have an indefinite useful lives, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment is reviewed for possible reversal of the impairment at each reporting date.

4.13 Accounting for leases - where company is the lessee

Long-term agreements for lease of assets, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of assets, where the Group has substantially all the risks and rewards of ownership, 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 and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding by considering each agreement separately. The corresponding 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 so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases is depreciated over the shorter period of the useful lives of the asset and the lease term.

4.14 Borrowings

Borrowings are recognised initially at the fair value of consideration received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period

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of the facility to which it relates.

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

4.15 Current income tax and deferred tax

The tax expense for the period comprises current income tax and deferred tax.

Current income tax

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

Deferred tax

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

The Group recognizes deferred tax liabilities for all taxable temporary differences while they 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.

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

4.16 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 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 post-employment benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Actuarial gains or losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

4.17 Provisions

Provisions for environmental restoration and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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4.18 Share Capital

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Revenue and expense 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 or enhances such assets.

Therefore, revenues have been recognized over time of construction using input method (Note 4.8) for measuring progress of construction. This method measures 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 sales of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers at agreed delivery place. For contracts that permit the customers to return the goods (if any), revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue from sales of electricity is based on the actual electricity that sold to the Electricite Du Laos at the agreed tariff rate as stipulated in the Power Purchase Agreement.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Other incomes and expenses are recognized on accrual basis.

4.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

4.22 Transactions with related persons and companies

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 Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

4.23 Fair value measurement

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

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

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Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities;
 Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly;
 Level 3 - Use of unobservable inputs such as estimates of future cash flows.

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

Fair values of assets and liabilities are disclosed in Note 34.

4.24 Financial instruments

The Group has a policy to enter into forward derivative contracts for zinc metal acquisition (as appropriate) to protect itself from movements in the zinc metal price changes related to production. Since they relate to future transactions which are not yet reflected in the financial statements, the Group does not record it in the statement of financial position if any. Gains and losses on those derivative contracts are recognised in the financial statements upon settlement of the transactions.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Risk Management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investment excess liquidity.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The Group's policy is to maintain approximately the rate of MLR of its borrowings in fixed rate instruments.

Credit risk

The Group is exposed to credit risks mainly relating to its trade receivables. As management manages the risk by adopting appropriate credit control policies to ensure that services and goods are provided only to customers with a suitable credit history, the Group does not expect material loss from the collection of their receivables. The Group estimated the allowance for doubtful accounts based on the management assessment on the customers' ability to pay debt outstanding at the end of period/ year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

5.2 Fair value estimation

The fair values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes (if any) is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

6. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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.

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Estimates and assumptions 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 judgements 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;

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgements 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 judgements 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 or enhances an asset that the customer controls as the asset is created or enhanced; 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, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgements 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.

Allowance for doubtful accounts

The Group analyze receivables aging together with the assessment of receivables' financial status as the basis in determination of allowance for doubtful accounts. The age range and status of receivables have been also taken into consideration of allowance for doubtful accounts.

Allowance for net realizable value

The Group considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

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 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.

Leases

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

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Post-employment benefits - defined benefit plans

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

The present value of the employee post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions includes the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee post-employment benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee post-employment benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee post-employment benefit obligations.

The Group determines the sensitivity analysis of the key assumptions for employee benefit obligations referencing current market conditions as disclosed in Note 25.

7. TRANSACTIONS WITH RELATED PERSONS AND COMPANIES

7.1 Relationship and pricing policy

The relationship and pricing policies among the Company, subsidiaries, joint venture and related persons and companies are as follows:

Subsidiaries

Ajikawa & SCI Metal Tech Co., Ltd.
 SCI Holding Co., Ltd.
 SCI Metal Tech (Myanmar) Co., Ltd.
 Tad Slen Power Co., Ltd.
 Interasia Trading Co., Ltd.

Joint ventures

T Utilities Co., Ltd.
 SCI Enesys Co., Ltd.
 Yuemmai (Thailand) Co., Ltd.

Related companies

AG Ajikawa Corporation Co., Ltd.
 Star Rail Co., Ltd.
 Angel & Fairy Co., Ltd.

Related persons

Aunada Phruttnarakorn
 Sirichai Phruttnarakorn
 Kriangkrai Pheanvitayaskul

Loan to
 Sales/ service income
 Cost of goods sold/ service
 Consulting
 Guarantee

Relationship

Shareholding by the Company and directorship
 Shareholding by the Company and directorship
 Shareholding by the Company and directorship
 Shareholding by the subsidiary and directorship
 Shareholding by the Company and directorship

Shareholding by the Company and directorship
 Shareholding by the Company and directorship
 Shareholding by the Company and directorship

Shareholder of the Company
 Directorship
 Shareholder of a subsidiary

Shareholder and Director
 Shareholder and Director
 Shareholder and Director

Pricing policies

Interest charged at rate of 2.5% per annum
 Cost plus margin
 Cost plus margin
 At contract price which had been agreed upon
 No fee charged

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FOR THE YEAR ENDED 31 DECEMBER 2019

7.2 Balances between the Company, related persons and companies

Significant balances among the Company, related persons and companies presented in the statement of financial position as at 31 December are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|-----------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Other receivables (Note 10) | | | | |
| Subsidiaries | - | - | 7,635,949 | 4,581,824 |
| Prepaid expenses (Note 10) | | | | |
| Related company | 2,772,800 | 5,545,600 | 2,772,800 | 5,545,600 |
| Dividend receivable | | | | |
| Subsidiary | - | - | 21,599,600 | - |
| Trade payables (Note 23) | | | | |
| Subsidiary | - | - | 16,952,327 | 6,558,514 |
| Current-portion of long term loan to | | | | |
| Subsidiaries | - | - | 12,000,000 | 12,000,000 |
| Long-term loan | | | | |
| Subsidiaries | - | - | 218,878,882 | 183,305,762 |

The movements of long-term loan to related companies, are as follows:

In Baht

| | Separate financial statements | |
|--------------------------------|-------------------------------|--------------|
| | 2019 | 2018 |
| Balance, at beginning of years | 195,305,762 | 217,086,962 |
| Increase during the years | 56,867,490 | - |
| Received during the years | (21,294,370) | (21,781,200) |
| Balance, at the end of years | 230,878,882 | 195,305,762 |

The long-term loans to related companies are the loans which will be repaid within 3 - 10 years from the date of loan agreements and beared interest at the rate of 2.5% per annum.

The maturity periods of long-term loans as at 31 December, are as follows:

In Baht

| | Separate financial statements | |
|--|-------------------------------|-------------|
| | 2019 | 2018 |
| Due within 1 year | 12,000,000 | 12,000,000 |
| Due more than 1 years | 218,878,882 | 183,305,762 |
| Total long-term loans to related companies | 230,878,882 | 195,305,762 |

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 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

7.3 Revenues and expenses transactions between the Company, related persons and companies

Revenues and expenses transactions among the Company, related persons and companies for the years ended 31 December, are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|-----------------------------------|------------------|-------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Sale and service income | | | | |
| Joint venture | 8,414,485 | - | - | - |
| Related company | 3,613,329 | 1,900,717 | - | - |
| Total | 12,027,814 | 1,900,717 | - | - |
| Interest income | | | | |
| Subsidiaries | - | - | 5,190,204 | 5,180,656 |
| Other income | | | | |
| Subsidiaries | - | - | 8,119,986 | 2,369,031 |
| Dividend income | | | | |
| Subsidiary | - | - | 32,399,400 | 16,199,700 |
| Purchase of goods and service | | | | |
| Subsidiary | - | - | 84,950,148 | 52,163,971 |
| Related companies | 2,772,800 | 2,772,800 | 2,772,800 | 2,772,800 |
| Total | 2,772,800 | 2,772,800 | 87,722,948 | 54,936,771 |

Directors and managements' remuneration

Directors and managements' remuneration for the years ended 31 December, are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|-----------------------------------|-------------------|-------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Short-term benefits | 31,622,404 | 29,337,037 | 24,568,696 | 23,474,718 |
| Post-employment benefits | 2,388,240 | 694,572 | 2,217,038 | 636,309 |
| Total | 34,010,644 | 30,031,609 | 26,785,734 | 24,111,027 |

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 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

8. CASH AND CASH EQUIVALENTS

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash | 3,222,627 | 835,822 | 2,799,467 | 586,591 |
| Deposit at banks - current accounts | 128,958,990 | 175,876,766 | 62,200,852 | 44,809,956 |
| Deposit at banks - saving accounts | 71,954,206 | 145,573,130 | 54,236,508 | 124,701,579 |
| Deposit at banks - fixed accounts | 10,730 | 10,640 | 10,730 | 10,640 |
| Cheque due but not deposited | 2,326,842 | - | 679,450 | - |
| Total | 206,473,395 | 322,296,358 | 119,927,007 | 170,108,766 |

9. CURRENT INVESTMENTS

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Trading securities | 58,253,360 | 223,126,961 | 52,475,205 | 214,126,961 |
| Held to maturity | 49,410,813 | 40,000,000 | 49,410,813 | 40,000,000 |
| Changes in fair value of the securities | 944,960 | 4,815,533 | 843,437 | 4,783,218 |
| Total | 108,609,133 | 267,942,494 | 102,729,455 | 258,910,179 |

The fair values of the trading securities are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cost | 58,253,360 | 223,126,961 | 52,475,205 | 214,126,961 |
| Unrealized gain | 944,960 | 4,815,533 | 843,437 | 4,783,218 |
| Fair value at ending of years | 59,198,320 | 227,942,494 | 53,318,642 | 218,910,179 |

The amortized cost of held to maturity securities are as follows:

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| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|------------|----------------------------------|------------|
| | 2562 | 2561 | 2562 | 2561 |
| Contract consideration receivables | 50,000,000 | 40,000,000 | 50,000,000 | 40,000,000 |
| Deferred interest | (589,187) | - | (589,187) | - |
| Amortized cost at ending of years | 49,410,813 | 40,000,000 | 49,410,813 | 40,000,000 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

The movements of current investments are as follow:

In Baht

| For the year ended 31 December 2019 | Consolidated financial statements | | |
|--------------------------------------|-----------------------------------|------------------|---------------|
| | Trading securities | Held to maturity | Total |
| Net book value, at beginning of year | 227,942,494 | 40,000,000 | 267,942,494 |
| Purchase of investments | 27,500,000 | 155,665,821 | 183,165,821 |
| Disposal of investments | (198,300,000) | (146,778,016) | (345,078,016) |
| Interest received | - | (3,365,656) | (3,365,656) |
| Interest income for the year | - | 3,888,664 | 3,888,664 |
| Gain on disposal of investment | 1,298,747 | - | 1,298,747 |
| Changes in fair value | 757,079 | - | 757,079 |
| Net book value, at the end of year | 59,198,320 | 49,410,813 | 108,609,133 |

In Baht

| For the year ended 31 December 2019 | Separate financial statements | | |
|--------------------------------------|-------------------------------|------------------|---------------|
| | Trading securities | Held to maturity | Total |
| Net book value, at beginning of year | 218,910,179 | 40,000,000 | 258,910,179 |
| Purchase of investments | 25,000,000 | 155,665,821 | 180,665,821 |
| Disposal of investments | (192,500,000) | (146,778,016) | (339,278,016) |
| Interest received | - | (3,365,656) | (3,365,656) |
| Interest income for the year | - | 3,888,664 | 3,888,664 |
| Gain on disposal of investment | 1,242,312 | - | 1,242,312 |
| Changes in fair value | 666,151 | - | 666,151 |
| Net book value, at the end of year | 53,318,642 | 49,410,813 | 102,729,455 |

In Baht

| For the year ended 31 December 2018 | Consolidated financial statements | | |
|--------------------------------------|-----------------------------------|------------------|---------------|
| | Trading securities | Held to maturity | Total |
| Net book value, at beginning of year | 368,146,990 | 20,000,000 | 388,146,990 |
| Purchase of investments | 68,000,000 | 90,000,000 | 158,000,000 |
| Disposal of investments | (212,320,698) | (70,000,000) | (282,320,698) |
| Gain on disposal of investment | 1,103,522 | - | 1,103,522 |
| Changes in fair value | 3,012,680 | - | 3,012,680 |
| Net book value, at the end of year | 227,942,494 | 40,000,000 | 267,942,494 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

In Baht

| For the year ended 31 December 2018 | Separate financial statements | | |
|--------------------------------------|-------------------------------|------------------|---------------|
| | Trading securities | Held to maturity | Total |
| Net book value, at beginning of year | 368,146,990 | 20,000,000 | 388,146,990 |
| Purchase of investments | 59,000,000 | 90,000,000 | 149,000,000 |
| Disposal of investments | (212,320,698) | (70,000,000) | (282,320,698) |
| Gain on disposal of investment | 1,103,522 | - | 1,103,522 |
| Changes in fair value | 2,980,365 | - | 2,980,365 |
| Net book value, at the end of year | 218,910,179 | 40,000,000 | 258,910,179 |

10. TRADE AND OTHER RECEIVABLES

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - other companies | 366,093,181 | 210,654,295 | 133,398,014 | 50,266,590 |
| Trade receivables - service agreement (Note 12) | 81,315,589 | 87,576,602 | 81,315,589 | 87,576,602 |
| Total trade receivables | 447,408,770 | 298,230,897 | 214,713,603 | 137,843,192 |
| Less Allowance for doubtful accounts | (1,010,756) | (2,171,171) | (1,010,756) | (2,171,171) |
| Less Allowance for diminution in expected cash flows value | (12,862,068) | - | (12,862,068) | - |
| Trade receivables - net | 433,535,946 | 296,059,726 | 200,840,779 | 135,672,021 |
| Other receivables - related companies (Note 7.2) | - | - | 7,635,949 | 4,581,824 |
| Other receivables - other companies | 7,871,396 | 9,175,854 | 6,154,284 | 7,444,245 |
| Retention receivables | 4,354,071 | 414,057 | 4,354,071 | 407,750 |
| Prepaid expenses | 7,132,211 | 5,989,132 | 3,880,859 | 2,952,314 |
| Prepaid expenses - related companies (Note 7.2) | 2,772,800 | 5,545,600 | 2,772,800 | 5,545,600 |
| Advance payments for goods | 6,122,844 | - | - | - |
| Total | 461,789,268 | 317,184,369 | 225,638,742 | 156,603,754 |

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 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

Aging of trade receivables are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------|----------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Within credit terms | 225,620,958 | 100,635,765 | 72,782,069 | 26,708,599 |
| Overdue less than 3 months | 71,582,344 | 105,099,932 | 29,614,042 | 18,832,753 |
| Overdue 3 - 6 months | 67,261,599 | 2,130,288 | 29,832,713 | 2,130,288 |
| Overdue 6 - 12 months | 124,655 | 1,104,194 | 124,655 | 1,104,194 |
| Overdue over 12 months | 82,819,214 | 89,260,718 | 82,360,124 | 89,067,358 |
| Total trade receivables | 447,408,770 | 298,230,897 | 214,713,603 | 137,843,192 |
| Less Allowance for doubtful accounts | (1,010,756) | (2,171,171) | (1,010,756) | (2,171,171) |
| Less Allowance for diminution in expected cash flows value | (12,862,068) | - | (12,862,068) | - |
| Trade accounts receivable - net | 433,535,946 | 296,059,726 | 200,840,779 | 135,672,021 |

As at 31 December 2019 and 2018, the Company has outstanding receivables, relating to the construction service contract with a government agency in a foreign country ("the employer") of Baht 81.31 million and Baht 87.58 million, respectively, which was presented as part of receivables overdue more than 12 months above. In addition, the Company has unbilled completed works arising from such construction service contract of Baht 841.28 million and Baht 906.06 million, respectively (Note 12). The construction project has been suspended for more than a year due to the change in project's plan of the employer as a result of the change in an electric pole structure system plan in the employer's country. Therefore, the employer has delayed the payments for the outstanding receivables and the Company is unable to issue the invoice for unbilled completed works.

However, management believes that the construction project shall continue the work as usual. Management forecasts that in the year 2021, the employer will have a conclusion on the project's plan which will result in will continuing the service in the contract. Management records allowance for diminution in expected cash flows value for the outstanding receivables of Baht 12.86 million and unbilled completed works of Baht 132.92 million (Note 12), totaling Baht 145.78 million. These determines based on the discounted cash flows expected to be received in the year in which management forecasts that the project will continue and expects to receive all outstanding debt related to such service agreement. Management believes that such allowance for diminution in expected cash flows value is sufficient and appropriate and reflect the net value to be received from such receivable.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Long-term trade receivables

| | In Baht | |
|---|-----------------------------------|-----------|
| | Consolidated financial statements | |
| | 2019 | 2018 |
| Long-term trade receivables | 57,813 | 251,173 |
| <u>Less</u> Current-portion (included in "Trade and other receivables") | (57,813) | (193,360) |
| Total long-term trade receivables | - | 57,813 |

Long-term trade receivables represented the receivables negotiated to settle their debts by installments as stipulated in the agreements. The management believes that the receivables will be fully collectible according to the agreements.

As at 31 December 2019 and 2018, the Group has no the factoring receivables with financial institutions.

Prepaid leased land

As at 31 December 2019, a subsidiary has prepaid leased land for the 48 years at the Republic of the Union of Myanmar, amounting to US Dollar 2.93 million (31 December 2018: US Dollar 3.00 million).

The presentation in statement of financial position consists of

| | In Baht | |
|---|-----------------------------------|-------------|
| | Consolidated financial statements | |
| | 2019 | 2018 |
| Prepaid leased land | 87,881,426 | 96,778,899 |
| Current-portion of prepaid leased land (included in "Prepaid expenses") | (1,978,570) | (2,130,913) |
| Long-term portion prepaid leased land | 85,902,856 | 94,647,986 |

11. SHORT-TERM LOAN TO OTHER COMPANY

As at 31 December 2018, the Company had the short-term loan to other company, amounting to Baht 5.20 million which fully provided allowance for doubtful accounts. The Company filed the lawsuit for debt repayment and the Appeal Court's judgment on 19 March 2018 ordered the Company won the case.

Subsequently in March 2019, the Company received payments from such company of Baht 5.20 million and reversed the allowance for doubtful accounts to bad debt recovery and in August 2019, the Company received interest compensated on such loan from filing a Civil lawsuit, net of Baht 1.88 million. The Company recorded both transactions as other income in the statement of comprehensive income for the year ended 31 December 2019.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

12. UNBILLED COMPLETED WORKS

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------|----------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Construction revenues recognized to date | 1,121,464,181 | 1,085,949,015 | 1,085,949,015 | 1,085,949,015 |
| Less Installments due to date | (92,964,187) | (87,576,602) | (81,315,589) | (87,576,602) |
| Less Loss on foreign exchange rate | (163,349,502) | (92,312,598) | (163,349,502) | (92,312,598) |
| Unbilled completed works | 865,150,492 | 906,059,815 | 841,283,924 | 906,059,815 |
| Less Allowance for diminution in expected cash flows value | (132,922,814) | - | (132,922,814) | - |
| Unbilled completed works - net | 732,227,678 | 906,059,815 | 708,361,110 | 906,059,815 |

During the year 2019, the Company considers to record the allowance for diminution in expected cash flows value of Baht 132.92 million which is determined based on the future cash flows value forecasted by management (Note 10).

Assets and liabilities, related to the outstanding service contract, which are recognized revenue over time, presented in statement of financial position consists of

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Current assets | | | | |
| Unbilled completed works - net | | | | |
| (Contract assets) | 732,227,678 | 906,059,815 | 708,361,110 | 906,059,815 |
| Advance payments for goods | | | | |
| (included in "Trade and other receivables" (Note 10)) | 5,264,844 | - | - | - |
| Current liabilities | | | | |
| Trade payables - service agreement - net | | | | |
| (included in "Trade and other payables (Note 23)) | 622,334,458 | 783,786,597 | 613,742,583 | 783,786,597 |

Significant outstanding contract

As at 31 December 2019 and 2018, the Company has entered in to the Service Agreement for the transmission line and substation project with the contract revenue value of US Dollar 416.55 million. The Company has recognized revenues related to the service agreement to date of US Dollar 30.78 million which incurred unbilled completed works of US Dollar 28.06 million. Management forecasts that outstanding revenues in the contract of US Dollar 385.77 million will be recognized as revenues in the year 2021 onwards (Note 10).

Loss on foreign exchange rate occurred from the accumulated amount of the differences from the translation of unbilled completed works and installment due to date which denominated in foreign currency to Thai Baht at the exchange rate prevailing at the statement of financial position date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13. INVENTORIES

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|------------------|--------------------------------------|-------------|----------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Raw materials | 207,737,018 | 156,927,048 | 27,065,601 | 24,815,571 |
| Work in process | 104,048,241 | 31,841,184 | 26,696,928 | 8,469,067 |
| Finished goods | 26,878,581 | 41,511,659 | 9,827,145 | 8,391,744 |
| Goods in transit | - | 2,330,322 | - | - |
| Total | 338,663,840 | 232,610,213 | 63,589,674 | 41,676,382 |

14. DEPOSITS AT BANKS PLEDGED AS COLLATERAL

As at 31 December 2019, the Group and the Company have bank accounts pledged as collateral totaling Baht 83.00 million and Baht 77.90 million, respectively (31 December 2018: Baht 45.60 million and Baht 40.55 million, respectively) for short-term loans from financial institutions (Note 22) and letters of guarantee (Note 35.2).

15. LONG-TERM INVESTMENT PLEDGED AS COLLATERAL

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------|----------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Net book value, beginning of years | 16,801,600 | 17,198,400 | 6,300,600 | 6,449,400 |
| Amortized of premium government bond | (306,970) | (306,970) | (84,524) | (84,524) |
| Changes in fair value | 266,970 | (89,830) | 69,524 | (64,276) |
| Net book value, end of years | 16,761,600 | 16,801,600 | 6,285,600 | 6,300,600 |

As at 31 December 2019, the Group and the Company have the government bond amounting to Baht 16.76 million and Baht 6.29 million, respectively (31 December 2018: Baht 16.80 million and Baht 6.30 million, respectively) were pledged as collateral for short-term loans facilities from financial institutions (Note 22).

16. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

16.1 Investment in subsidiaries

The movements in investment in subsidiaries for the years ended 31 December, are as follows:

In Baht

| | Separate financial statements | |
|------------------------------------|-------------------------------|-------------|
| | 2562 | 2561 |
| Net book value, beginning of years | 583,230,454 | 507,130,754 |
| Additional acquired | - | 76,099,700 |
| Net book value, end of years | 583,230,454 | 583,230,454 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Transactions incurred during the year of 2019

Ajikawa & SCI Metal Tech Co., Ltd.

According to the resolution of the 2018 annual general meeting of shareholders of the subsidiary on 30 April 2019, the meeting approved the dividend payment from the operating results of year 2018 at the rate of Baht 10 per share to the shareholders of 1,080,000 shares, totaling of Baht 10.80 million.

The subsidiary paid such dividend to the shareholders in May 2019.

The board of directors' meeting No. 3/2019 of the subsidiary on 25 December 2019, passed a resolution to approve the interim dividend payment from the retained earnings at Baht 20 per share to the shareholders of 1,080,000 shares, totaling of Baht 21.60 million. Such dividend was paid to the shareholders in January 2020.

Transactions incurred during the year of 2018

Interasia Trading Co., Ltd.

The board of directors' meeting No. 2/2018 on 10 May 2018, passed a resolution to approve the investment in Interasia Trading Co., Ltd. of 99,997 common shares at a price of Baht 100 per share, totaling Baht 9.99 million, represented at 99.99% of its registered share capital. The Company business operation is the international trade of goods and raw material into the Group.

Ajikawa & SCI Metal Tech Co., Ltd.

The board of directors' meeting No. 3/2018 of the subsidiary on 25 June 2018, passed a resolution to approve for additional interim dividend payment from the operating results of year 2017 at Baht 15 per share to the shareholders of 1,080,000 shares, totaling of Baht 16.20 million. Such dividend was paid to the shareholders in July 2018.

SCI Metal Tech (Myanmar) Co., Ltd.

The Company's Board of Directors meeting No. 1/2018 on 23 February 2018, passed a resolution to approve SCI Metal Tech (Myanmar) Co., Ltd. to increase registered share capital from US Dollar 6.40 million to US Dollar 8.40 million by issuing new ordinary shares of 200,000 common shares at par value US Dollar 10 per share, totaling of US Dollar 2.00 million, or equivalent to Baht 66.10 million.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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Details of subsidiaries

| Details of subsidiaries | | In Baht | | | | | | | |
|------------------------------------|--------------------------------------|-------------------------|-------|-------------------------------|--------------------------|-----------------|------------------|--------------------------|-----------------|
| | | Shareholding percentage | | Separate financial statements | | | | | |
| | | | | 31 December 2019 | | | 31 December 2018 | | |
| | Country of incorporation | 2019 | 2018 | At cost method | Allowance for impairment | Investment -net | At cost method | Allowance for impairment | Investment -net |
| Subsidiaries | | | | | | | | | |
| Ajikawa & SCI Metal Tech Co., Ltd. | Thailand | 99.99 | 99.99 | 194,363,500 | - | 194,363,500 | 194,363,500 | - | 194,363,500 |
| | Thailand | 99.99 | 99.99 | 102,399,600 | - | 102,399,600 | 102,399,600 | - | 102,399,600 |
| SCI Metal Tech (Myanmar) Co., Ltd. | The Republic of the Union of Myanmar | 96.19 | 96.19 | 276,467,654 | - | 276,467,654 | 276,467,654 | - | 276,467,654 |
| Interasia Trading Co., Ltd. | Thailand | 99.99 | 99.99 | 9,999,700 | - | 9,999,700 | 9,999,700 | - | 9,999,700 |
| Total | | | | 583,230,454 | - | 583,230,454 | 583,230,454 | - | 583,230,454 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16.2 Investment in joint ventures

The movements in investment in joint ventures are as follows:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|-------------|
| | At equity method | | At cost | |
| | 2562 | 2561 | 2562 | 2561 |
| Net book value, beginning of years | 78,882,725 | 48,363,561 | 103,562,500 | 63,062,500 |
| Additional acquired | 19,799,900 | 40,500,000 | 19,799,900 | 40,500,000 |
| Share of loss from investment in joint ventures | (6,279,910) | (9,980,836) | - | - |
| Allowance for impairment loss on investment | - | - | (4,799,900) | - |
| Net book value, ending of years | 92,402,715 | 78,882,725 | 118,562,500 | 103,562,500 |

During the years, the Group recognized share of profit (loss) from investments in joint ventures, as follows:

In Baht

| Company's name | Consolidated financial statements Share of profit (loss) | |
|------------------------------|--|-------------|
| | 2019 | 2018 |
| | | |
| T Utilities Co., Ltd. | (1,780,074) | (9,064,973) |
| SCI Enesys Co., Ltd. | 1,023,281 | (915,863) |
| Yuemmai (Thailand) Co., Ltd. | (5,523,117) | - |
| Total | (6,279,910) | (9,980,836) |

Transactions incurred during the year of 2019

Yuemmai (Thailand) Co., Ltd.

According to the Company's Board of Directors Meeting No. 1/2019, dated 21 January 2019, the meeting passes a resolution to approve the joint investment with Gold Elite Paris (Thailand) Co., Ltd. by establishment the new company with the registered share capital of Baht 20 million. The Company will invest in the proportion of 49% of the registered share capital, in the amount not exceeding than Baht 30 million. The new established company's main objective shall be conducting business of trading and renting mobile phones including spare parts in relating to all types of mobile phones. Subsequently in March 2019, the Company paid investment in new company in the amount of Baht 19.80 million which is the investment in preferred share of 97,999 shares. On 14 March 2019, such company registered with the Ministry of Commerce the establishment of a company in the registered name of "Yuemmai (Thailand) Co., Ltd."

However, the Company's Board of Directors Meeting No. 1/2020 on 14 January 2020, passed a resolution to approve the disposal of all the preferred shares that the Company holds 97,999 shares, at the selling price of Baht 15 million, to the shareholder of Yuemmai (Thailand) Co., Ltd. Therefore, the Company recorded the allowance for impairment loss on investment of Baht 4.80 million in the separate statement of financial position as at 31 December 2019.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16.2.1 Details of joint ventures

In Baht

| Company's name | Nature of business | Country of incorporation | Shareholding percentage as at 31 December | | Consolidated financial statements At equity method | |
|------------------------------|--|--------------------------|---|------|--|-------------------|
| | | | 2019 | 2018 | 31 December 2019 | 31 December 2018 |
| T Utilities Co., Ltd. | Invest in company and basic infrastructure | Thailand | 45 | 45 | 75,627,358 | 77,407,432 |
| SCI Enesys Co., Ltd. | Sale of cable tray and related equipments | Thailand | 40 | 40 | 2,498,574 | 1,475,293 |
| Yuemmai (Thailand) Co., Ltd. | Trading and renting mobile phones | Thailand | 49 | - | 14,276,783 | - |
| Total | | | | | 92,402,715 | 78,882,725 |

In Baht

| Company's name | Separate financial statements | | | | | |
|------------------------------|-------------------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | 31 December 2019 | | | 31 December 2018 | | |
| | Investment at cost | Allowance for impairment | Investment - net | Investment at cost | Allowance for impairment | Investment - net |
| T Utilities Co., Ltd. | 99,562,500 | - | 99,562,500 | 99,562,500 | - | 99,562,500 |
| SCI Enesys Co., Ltd. | 4,000,000 | - | 4,000,000 | 4,000,000 | - | 4,000,000 |
| Yuemmai (Thailand) Co., Ltd. | 19,799,900 | (4,799,900) | 15,000,000 | - | - | - |
| Total | 123,362,400 | (4,799,900) | 118,562,500 | 103,562,500 | - | 103,562,500 |

Transactions incurred during the year 2018

T Utilities Co., Ltd. ("TU")

On 19 April 2018, TU called the subscription of new share at Baht 4.00 per share. The Company paid additional share capital of 10,125,000 shares at Baht 4.00 per share, totaling Baht 40,500,000 to maintain the investment portion at 45% of its registered share capital according to the resolution of the Company's Board of Directors Meeting No. 1/2016.

As at 31 December 2019 and 2018, the Company has investment in such joint ventures of 3,375,000 shares, at Baht 10.00 per share and 10,125,000 shares, at Baht 6.50 per shares, totaling investment of Baht 99.56 million.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16.2.2 Summarized financial information of joint ventures

| | In Baht | | |
|--|---------------------------------------|-------------------------|---------------------------------|
| Summary of statement of financial position | The group of T Utilities Co., Ltd. | SCI Enesys Co., Ltd. | Yuemmai (Thailand) Co., Ltd. |
| As at 31 December 2019 | | | |
| Total current assets | 74,622,809 | 7,453,368 | 17,180,386 |
| Total non-current assets | 114,822,676 | 667,587 | 2,240,865 |
| Total current liabilities | (7,085,397) | (1,795,860) | (657,680) |
| Total non-current liabilities | (1,524,423) | (78,659) | (35,353) |
| Non-controlling interests | (17,091,464) | - | - |
| Net assets | 163,744,201 | 6,246,436 | 18,728,218 |
| Summary of statement of comprehensive income | | | |
| For the year ended 31 December 2019 | | | |
| Total revenues | 42,586,229 | 50,648,715 | 78,507,671 |
| Profit (loss) for the year | (3,955,720) | 2,558,204 | (11,271,782) |
| Reconciliation to carrying amount | | | |
| Net assets brought forward at 1 January 2019 | 167,699,921 | 3,688,232 | - |
| Increase in share capital | - | - | 30,000,000 |
| Profit (loss) for the year | (3,955,720) | 2,558,204 | (11,271,782) |
| Net assets | 163,744,201 | 6,246,436 | 18,728,218 |
| Group's share in joint ventures (%) | 45 | 40 | 49 |
| Group's share in joint ventures | 73,684,890 | 2,498,574 | 9,176,827 |
| Goodwill | 1,942,468 | - | 5,099,956 |
| Joint venture's carrying amount | 75,627,358 | 2,498,574 | 14,276,783 |
| Summary of statement of financial position | | | |
| As at 31 December 2018 | | | |
| Total current assets | 119,811,279 | 6,088,943 | - |
| Total non-current assets | 77,910,437 | 720,082 | - |
| Total current liabilities | (12,239,915) | (3,065,643) | - |
| Total non-current liabilities | (635,622) | (55,150) | - |
| Non-controlling interests | (17,146,258) | - | - |
| Net assets | 167,699,921 | 3,688,232 | - |

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 FOR THE YEAR ENDED 31 DECEMBER 2019

| | In Baht | | |
|--|---------------------------------------|-------------------------|---------------------------------|
| Summary of statement of comprehensive income | The group of T Utilities Co., Ltd. | SCI Enesys Co., Ltd. | Yuemmai (Thailand) Co., Ltd. |
| For the year ended 31 December 2018 | | | |
| Total revenues | 2,180,541 | 13,260,521 | - |
| Loss for the year | (20,144,383) | (2,323,140) | - |
| Reconciliation to carrying amount | | | |
| Net assets brought forward at 1 January 2018 | 97,844,304 | 6,011,372 | - |
| Increase in share capital | 90,000,000 | - | - |
| Loss for the year | (20,144,383) | (2,323,140) | - |
| Net assets | 167,699,921 | 3,688,232 | - |
| Group's share in joint ventures (%) | 45 | 40 | - |
| Group's share in joint ventures | 75,464,964 | 1,475,293 | - |
| Goodwill | 1,942,468 | - | - |
| Joint venture's carrying amount | 77,407,432 | 1,475,293 | - |

17. OTHER LONG-TERM INVESTMENT

As at 31 December 2018, a subsidiary has investment in Patkol Public Company Limited of Baht 298,643, represented for 0.07% of share capital of such company. During the year 2019, the subsidiary sold such investment to a director of Baht 298,643. As at 31 December 2019, there is no other investments held by the subsidiary.

178. PROPERTY, PLANT AND EQUIPMENTS

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|-------------------------------------|---------------------------|------------------|--------------|--------------------------|
| | Land | Buildings and buildings improvement | Machineries and equipment | Office equipment | Vehicles | Construction in progress |
| | | | | | | Total |
| As at 1 January 2018 | | | | | | |
| Cost | 47,223,750 | 160,487,574 | 250,241,967 | 32,743,451 | 27,173,628 | 203,081,798 |
| Less Accumulated depreciation | - | (84,303,773) | (168,202,439) | (15,369,594) | (12,478,657) | - |
| Net book value | 47,223,750 | 76,183,801 | 82,039,528 | 17,373,857 | 14,694,971 | 203,081,798 |
| Transactions during the year ended 31 December 2018 | | | | | | |
| Net book value, beginning of year | 47,223,750 | 76,183,801 | 82,039,528 | 17,373,857 | 14,694,971 | 203,081,798 |
| Add Acquisition | - | 1,916,243 | 8,072,546 | 3,131,536 | 6,282,209 | 263,731,114 |
| Transfer in (out) | - | 300,128,731 | 144,464,625 | 1,471,635 | 32,028 | (466,899,317) |
| Transfer to expenses | - | - | - | - | - | (60,844) |
| Less Disposals/ write-off | - | - | (1,292,178) | (336,218) | (840,328) | - |
| Less Depreciation | - | (7,503,400) | (13,821,742) | (5,018,602) | (2,705,697) | - |
| Exchange differences on translation financial statements | - | (1,086,344) | 264,245 | 29,375 | 23,739 | 4,672,649 |
| Net book value, end of year | 47,223,750 | 369,639,031 | 219,727,024 | 16,651,583 | 17,486,922 | 4,525,400 |
| As at 31 December 2018 | | | | | | |
| Cost | 47,223,750 | 461,436,454 | 396,936,080 | 35,803,930 | 30,584,136 | 4,525,400 |
| Less Accumulated depreciation | - | (91,797,423) | (177,209,056) | (19,152,347) | (13,097,214) | - |
| Net book value | 47,223,750 | 369,639,031 | 219,727,024 | 16,651,583 | 17,486,922 | 4,525,400 |
| | | | | | | 675,253,710 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

In Baht

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|-------------------------------------|---------------------------|------------------|--------------|--------------------------|
| | Land | Buildings and buildings improvement | Machineries and equipment | Office equipment | Vehicles | Construction in progress |
| | | | | | | Total |
| Transactions during the year ended 31 December 2019 | | | | | | |
| Net book value, beginning of year | 47,223,750 | 369,639,031 | 219,727,024 | 16,651,583 | 17,486,922 | 4,525,400 |
| Add Acquisition | - | 449,601 | 9,580,335 | 1,629,742 | 2,005,000 | 11,622,551 |
| Transfer in (out) | - | 6,035,603 | 11,301,993 | 360,825 | - | (14,842,122) |
| Less Disposals/ write-off | - | (5,001,964) | (845,273) | (72,610) | (2,460,606) | - |
| Less Depreciation | - | (18,199,009) | (25,650,435) | (5,445,878) | (2,177,322) | - |
| Exchange differences on translation financial statements | - | (20,583,176) | (9,786,754) | (193,227) | (71,908) | - |
| Net book value, end of year | 47,223,750 | 332,340,086 | 204,326,890 | 12,930,435 | 14,782,086 | 1,305,829 |
| As at 31 December 2019 | | | | | | |
| Cost | 47,223,750 | 444,554,989 | 403,953,981 | 36,440,244 | 26,558,611 | 1,305,829 |
| Less Accumulated depreciation | - | (112,214,903) | (199,627,091) | (23,509,809) | (11,776,525) | - |
| Net book value | 47,223,750 | 332,340,086 | 204,326,890 | 12,930,435 | 14,782,086 | 1,305,829 |
| | | | | | | 612,909,076 |

In Baht

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SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

In Baht

| | Separate financial statements | | | | | |
|---|-------------------------------|-------------------------------------|---------------------------|------------------|-------------|--------------------------|
| | Land | Buildings and buildings improvement | Machineries and equipment | Office equipment | Vehicles | Construction in progress |
| Transactions during the year ended 31 December 2019 | | | | | | |
| Net book value, beginning of year | 27,365,000 | 53,027,159 | 15,766,580 | 11,778,428 | 11,292,081 | 360,825 |
| Add Acquisition | - | - | 7,952,185 | 678,730 | 1,140,000 | 364,609 |
| Transfer in (out) | - | - | - | 360,825 | - | (360,825) |
| Less Disposals/ write-off | - | - | (25,780) | (26,900) | (2,310,575) | - |
| Less Depreciation | - | (3,367,793) | (1,930,545) | (3,761,640) | (1,277,068) | - |
| Net book value, end of year | 27,365,000 | 49,659,366 | 21,762,440 | 9,029,443 | 8,844,438 | 364,609 |
| As at 31 December 2019 | | | | | | |
| Cost | 27,365,000 | 71,709,222 | 48,396,773 | 23,339,052 | 15,420,729 | 364,609 |
| Less Accumulated depreciation | - | (22,049,856) | (26,634,333) | (14,309,609) | (6,576,291) | - |
| Net book value | 27,365,000 | 49,659,366 | 21,762,440 | 9,029,443 | 8,844,438 | 364,609 |
| | | | | | | 117,025,296 |

As at 31 December 2019, the net book value of property, plant and equipment of the Group and the Company amounting to Baht 117.78 million and Baht 77.02 million, respectively (31 December 2018: Baht 121.86 million and Baht 80.39 million, respectively) are mortgaged as collateral for loans facilities from financial institutions (Note 22).

As at 31 December 2019, the Group and the Company have machineries and vehicles under finance lease agreements with net book value of Baht 7.17 million and Baht 4.91 million, respectively (31 December 2018: Baht 15.98 million and Baht 14.35 million, respectively).

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

19. INTANGIBLE ASSETS AND RIGHT IN SERVICE CONCESSION ARRANGEMENT

| | In Baht | | | |
|--|---|--|--------------------|-------------------------------|
| | Consolidated financial statements | | | Separate financial statements |
| | Right in service concession arrangement | Expenditure on environmental and social expenses | Total | Software program |
| As at 1 January 2018 | | | | |
| Cost | 281,735,934 | 383,908 | 282,119,842 | 14,907,265 |
| Less Accumulated amortization | (48,412,960) | (64,757) | (48,477,717) | (7,523,465) |
| Net book value | 233,322,974 | 319,151 | 233,642,125 | 7,383,800 |
| Transactions during the year ended 31 December 2018 | | | | |
| Net book value, beginning of year | 233,322,974 | 319,151 | 233,642,125 | 7,383,800 |
| Add Acquisition | - | - | - | 205,447 |
| Transfer in | - | - | - | 332,145 |
| Less Amortization | (9,774,846) | (14,209) | (9,789,055) | (2,924,195) |
| Exchange differences on translation financial statements | (1,586,432) | (2,165) | (1,588,597) | 792,757 |
| Net book value, end of year | 221,961,696 | 302,777 | 222,264,473 | 5,789,954 |
| As at 31 December 2018 | | | | |
| Cost | 279,744,738 | 381,194 | 280,125,932 | 16,236,968 |
| Less Accumulated amortization | (57,783,042) | (78,417) | (57,861,459) | (10,447,014) |
| Net book value | 221,961,696 | 302,777 | 222,264,473 | 5,789,954 |
| | | | | 1,194,838 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

| | In Baht | | | |
|--|---|--|--------------|-------------------------------|
| | Consolidated financial statements | | | Separate financial statements |
| | Right in service concession arrangement | Expenditure on environmental and social expenses | Total | Software program |
| Transactions during the year ended 31 December 2019 | | | | |
| Net book value, beginning of year | 221,961,696 | 302,777 | 222,264,473 | 5,789,954 |
| Add Acquisition | 951,898 | - | 951,898 | 901,455 |
| Transfer out | (2,856,299) | - | (2,856,299) | - |
| Less Amortization | (8,837,911) | (13,651) | (8,851,562) | (3,017,639) |
| Exchange differences on translation financial statements | (15,313,425) | (21,104) | (15,334,529) | (77,501) |
| Net book value, end of year | 195,905,959 | 268,022 | 196,173,981 | 3,596,269 |
| As at 31 December 2019 | | | | |
| Cost | 255,253,129 | 353,942 | 255,607,071 | 17,043,584 |
| Less Accumulated amortization | (59,347,170) | (85,920) | (59,433,090) | (13,447,315) |
| Net book value | 195,905,959 | 268,022 | 196,173,981 | 3,596,269 |
| | | | | 995,626 |

According to Concession Agreement ("CA"), the subsidiary included the expense occurred during the construction period of US Dollar 11,807 which related to implementing and complying with its Environmental obligation to comply with the Water Resources and Environmental Administration (WREA) Act and the obligation for major overhaul of US Dollar 175,331 (31 December 2018: US Dollar 143,576) (Note 26). The obligations was recorded as cost of asset and amortized over 30 years as the agreement period in CA. The remaining amortization period is 26 years from 31 December 2019.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

20. DEFERRED TAX ASSETS

Deferred tax are calculated on temporary differences, using a principal tax rate of 20%. The deferred tax related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group which are summarized below:

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| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 214,975 | 1,527,413 | 202,151 | 1,474,234 |
| Employee benefit obligations | 9,523,246 | 7,900,054 | 4,538,271 | 3,952,639 |
| Fair value of investment - - available for sale | (7,924) | 31,565 | - | - |
| Deferred tax assets | 9,730,297 | 9,459,032 | 4,740,422 | 5,426,873 |
| Deferred tax liabilities | | | | |
| Assets under finance lease agreements | (1,638,603) | (1,447,946) | (1,638,603) | (1,447,946) |
| Fair values of investment - trading securities | (168,687) | (768,355) | (168,687) | (768,355) |
| Fair value of investment - available-for-sale | (23,959) | (10,054) | (23,959) | (10,054) |
| Deferred tax liabilities | (1,831,249) | (2,226,355) | (1,831,249) | (2,226,355) |
| Deferred tax assets - net | 7,899,048 | 7,232,677 | 2,909,173 | 3,200,518 |

The movements of deferred tax account is as follows:

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| | Consolidated financial statements | | | |
|---|-----------------------------------|---------------------------------|--|--------------------|
| | 2018 | Recognized in profit or loss | Recognized in other compre- hensive income | 2019 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 1,527,413 | (1,312,438) | - | 214,975 |
| Employee benefit obligations | 7,900,054 | 2,518,093 | (894,901) | 9,523,246 |
| Fair value of investment - available for sale | 31,565 | - | (39,490) | (7,925) |
| Total deferred tax assets | 9,459,032 | 1,205,655 | (934,391) | 9,730,296 |
| Deferred tax liabilities | | | | |
| Assets under finance lease agreements | (1,447,946) | (190,657) | - | (1,638,603) |
| Fair value of investment - trading securities | (768,355) | 599,668 | - | (168,687) |
| Fair value of investment - available-for-sale | (10,054) | - | (13,904) | (23,958) |
| Total deferred tax liabilities | (2,226,355) | 409,011 | (13,904) | (1,831,248) |
| Deferred tax assets - net | 7,232,677 | 1,614,666 | (948,295) | 7,899,048 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

In Baht

| | Consolidated financial statements | | | |
|---|-----------------------------------|---------------------------------|--|--------------------|
| | 2018 | Recognized in profit or loss | Recognized in other compre- hensive income | 2019 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 1,474,234 | (1,272,084) | - | 202,150 |
| Employee benefit obligations | 3,952,639 | 1,137,355 | (551,723) | 4,538,271 |
| Total deferred tax assets | 5,426,873 | (134,729) | (551,723) | 4,740,421 |
| Deferred tax liabilities | | | | |
| Assets under finance lease agreements | (1,447,946) | (190,657) | - | (1,638,603) |
| Fair value of investment - trading securities | (768,355) | 599,668 | - | (168,687) |
| Fair value of investment - available-for-sale | (10,054) | - | (13,904) | (23,958) |
| Total deferred tax liabilities | (2,226,355) | 409,011 | (13,904) | (1,831,248) |
| Deferred tax assets - net | 3,200,518 | 274,282 | (565,627) | 2,909,173 |

Deferred tax assets and liabilities are offset when the income taxes related to the same taxation authority. Deferred tax assets and deferred tax liabilities in the consolidated statements of financial position are presented at net amount of assets and liabilities incurred in each entity.

21. INCOME TAX REFUNDABLE

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Income tax refundable | 26,615,938 | 22,556,454 | 13,120,085 | 12,693,742 |
| <u>Less</u> Allowance for diminution in value of assets | (9,862,712) | (9,862,712) | - | - |
| Total | 16,753,226 | 12,693,742 | 13,120,085 | 12,693,742 |

As at 31 December 2019, the Company and a subsidiary have withholding income tax and prepaid income tax of Baht 13.12 million and Baht 13.50 million, respectively (31 December 2018: Baht 12.69 million and Baht 9.86 million, respectively). The Company and a subsidiary are in process of refundable such taxes. For conservative purpose, the subsidiary recorded the allowance for diminution in value of assets of Baht 9.86 million due to improbability in tax refundable.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

22. LOANS FROM FINANCIAL INSTITUTIONS

The Group's loans are borrowings denominated in Thai Baht and US Dollar.

| | In Baht | |
|---|----------------------|--------------------|
| | Consolidated | |
| | financial statements | |
| | 2019 | 2018 |
| Current liabilities | | |
| Promissory notes | - | 6,983,653 |
| Long-term loans from financial institutions | | |
| - Current portion | - | 35,313,114 |
| - Classified as current liabilities | 338,348,318 | - |
| Total loans as current liabilities | 338,348,318 | 42,296,767 |
| Non-current liabilities | | |
| Long-term loans from financial institutions | - | 341,055,813 |
| Total loans as non-current liabilities | - | 341,055,813 |
| Total loans | 338,348,318 | 383,352,580 |

The movements of loans are as follows:

| | In Baht | |
|--|----------------------|--------------------|
| | Consolidated | |
| | financial statements | |
| | 2019 | 2018 |
| Net book value, beginning of years | 383,352,580 | 195,702,346 |
| Received from short-term loan | 50,745,295 | 6,983,653 |
| Received from long-term loan | - | 208,150,931 |
| Payments on short-term loan | (57,728,948) | (30,000,000) |
| Payments on long-term loan | (12,406,740) | - |
| Amortized upfront-fee | 473,927 | 383,520 |
| Exchange differences on translation financial statements | (26,087,796) | 2,132,130 |
| Net book value, ending of years | 338,348,318 | 383,352,580 |

Short-term loans from financial institution

As at 31 December 2019, the Group have short-term loans facilities and other credit facilities from various local financial institutions of Baht 400 million and US Dollar 7.50 million (31 December 2018: Baht 510 million and US Dollar 7.50 million). The Company has short-term loans facilities of Baht 100 million and US Dollars 7.50 million (31 December 2018: Baht 210 million and US Dollar 7.50 million). The loans are mortgaged by deposits at banks (Note 14), long-term investment (Note 15) and land, buildings and machineries (Note 18).

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

Long-term loan in US Dollar

SCI Metal Tech (Myanmar) Co., Ltd. entered into a long-term agreement of US Dollar 14.10 million which consisted of credit facilities for construction building and factory and purchase of the machinery of US Dollar 11.60 million and for working capital of US Dollar 2.50 million. The loans bear interest rate at LIBOR 3 months plus 4% per annum and LIBOR 6 months plus 3.75% per annum, respectively.

The period of agreement is 7 years and 3 months. The first repayment date shall be the date falling twenty-one months from the first drawdown date on 21 June 2017. The loan is guaranteed by SCI Electric Public Company Limited and pledges the subsidiary's share which were owned by the Company and the Company's shares owned by some directors. According to the conditions stipulated in the loan agreements, the subsidiary is required to comply with certain terms and conditions by maintaining a ratio of debt coverage not less than 1.2.

As at 31 December 2019, the subsidiary is unable to maintain such ratio stipulated in the agreement. Therefore, outstanding loans of Baht 338.35 million has been classified as current liabilities in the consolidated financial statements.

As at 31 December 2019 and 2018, the subsidiary has long-term loans of US Dollar 11.20 million and US Dollar 11.60 million, respectively.

The maturity periods of long-term loans from financial institutions are as follows:

| | In Baht | |
|-----------------------------------|--------------------------------------|-------------|
| | Consolidated financial statements | |
| | 2019 | 2018 |
| Classified as current liabilities | 338,348,318 | - |
| Current portion | - | 35,313,114 |
| Due between 1-5 years | - | 282,412,852 |
| Over 5 years | - | 58,642,961 |
| | 338,348,318 | 376,368,927 |

As at 31 December 2019, the Group has unutilized the forward contracts amounting to US Dollar 2.42 million and Baht 20 million (31 December 2018 : US Dollar 5.42 million and Baht 20 million). The Company has unutilized the forward contracts amounting to US Dollar 1.42 million (31 December 2018: US Dollar 4.42 million).

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

23. TRADE AND OTHER PAYABLES

| | In Baht | | | |
|--|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade payables | 248,024,798 | 81,853,744 | 26,785,740 | 18,561,681 |
| Trade payables - service agreement (Note 12) | 737,502,259 | 783,786,597 | 728,910,384 | 783,786,597 |
| Trade payables - related companies (Note 7.2) | - | - | 16,952,327 | 6,558,514 |
| Total trade payables | 985,527,057 | 865,640,341 | 772,648,451 | 808,906,792 |
| <u>Less</u> Deferred discounts from devaluation expected cash flow to be paid | (115,167,801) | - | (115,167,801) | - |
| Trade payables - net | 870,359,256 | 865,640,341 | 657,480,650 | 808,906,792 |
| Accrued expenses | 31,052,216 | 37,936,828 | 17,624,674 | 23,119,117 |
| Unearned income | 22,078,920 | 23,380,013 | 3,909,399 | 5,564,365 |
| Other payables | 18,620,212 | 32,170,663 | 866,338 | 1,302,443 |
| Total | 942,110,604 | 959,127,845 | 679,881,061 | 838,892,717 |

As at 31 December 2019, the Company has trade payables - service agreement relating to outstanding construction service contract. Management forecasts that such project will continue as usual in the year 2021 and the Company will pay outstanding trade payables relating to such contract after the Company receives payments for the services which has been rendered to the employer (Note 10). The Company records deferred discounts from devaluation expected cash flow to be paid to trade payables - service contract in the future of Baht 115.17 million. Management believes that deferred discounts based on a discounted cash flow expected to be paid is accurate and appropriate for the circumstance.

24. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

| | In Baht | | | |
|---|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Liabilities under finance lease agreements | 3,815,620 | 5,855,424 | 2,331,832 | 4,567,632 |
| <u>Less</u> Deferred interest charges | (190,727) | (313,436) | (136,576) | (254,894) |
| Present value of minimum payments amount | 3,624,893 | 5,541,988 | 2,195,256 | 4,312,738 |
| <u>Less</u> Current portion | (1,604,423) | (2,529,710) | (1,162,724) | (2,232,899) |
| Liabilities under finance lease agreements due between 1-5 years | 2,020,470 | 3,012,278 | 1,032,532 | 2,079,839 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

25. EMPLOYEE BENEFIT OBLIGATIONS

Movements in the present value of the defined benefit obligations for the years ended 31 December, are as following:

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net book value, beginning of years | 39,500,273 | 35,815,771 | 19,763,197 | 17,032,624 |
| Past service cost | 9,296,306 | - | 4,037,624 | - |
| Current service cost | 7,362,456 | 6,718,408 | 3,260,120 | 2,917,290 |
| Interest expense | 1,029,550 | 981,179 | 495,910 | 461,883 |
| Employee benefit paid | (2,106,880) | (4,015,085) | (2,106,880) | (648,600) |
| Classified as accrued employee benefit (included in "Accrued expenses" (Note 23)) | (2,990,967) | - | - | - |
| Actuarial gains | (4,474,504) | - | (2,758,616) | - |
| Net book value, ending of years | 47,616,234 | 39,500,273 | 22,691,355 | 19,763,197 |

Expense recognized in statement of comprehensive income is presented in the following line items;

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------|----------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| For the years ended 31 December | | | | |
| Cost of service | 11,355,188 | 4,866,084 | 3,679,602 | 1,600,629 |
| Selling expenses | 2,038,691 | 982,226 | 1,216,292 | 518,698 |
| Administrative expenses | 4,294,433 | 1,851,277 | 2,897,760 | 1,259,846 |
| Total expense recognized in profit or loss | 17,688,312 | 7,699,587 | 7,793,654 | 3,379,173 |
| Recognized in other comprehensive income | | | | |
| Remeasurements of employee benefit obligations | | | | |
| Actuarial gain or loss arising from | | | | |
| - Financial assumptions changes | (4,431,907) | - | (2,359,804) | - |
| - Demographic assumptions changes | 2,748,470 | - | 1,280,409 | - |
| - Experience adjustment | (2,791,067) | - | (1,679,221) | - |
| Total amount recognized in other comprehensive income | (4,474,504) | - | (2,758,616) | - |
| Total | 13,213,808 | 7,699,587 | 5,035,038 | 3,379,173 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

As at 31 December 2019 and 2018, the weighted average duration of the payments for long-term employee benefit of the Group was approximately 8 - 10 years and 8 years, respectively.

Principal actuarial assumptions at the reporting date

| | Consolidated financial statements | |
|------------------------|---|---|
| | 2019 | 2018 |
| Discount rate | 1.41 - 1.47% per annum | 2.16 - 2.18% per annum |
| Salary increase rate | 5.00% per annum | 5.00% per annum |
| Employee turnover rate | Scale related to age ranging from 0 - 30% | Scale related to age ranging from 0 - 31% |
| Mortality rate | According to Thailand TMO 2017 tables | According to Thailand TMO 2017 tables |
| | Separate financial statements | |
| | 2019 | 2018 |
| Discount rate | 1.41% per annum | 2.18% per annum |
| Salary increase rate | 5.00% per annum | 5.00% per annum |
| Employee turnover rate | Scale related to age ranging from 0 - 27% | Scale related to age ranging from 0 - 27% |
| Mortality rate | According to Thailand TMO 2017 tables | According to Thailand TMO 2017 tables |

Sensitivity analysis

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

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Change 1% | | Change 1% | |
| Employee benefit obligation | Increase | Decrease | Increase | Decrease |
| As at 31 December 2019 | | | | |
| Discount rate | (3,497,568) | 3,966,609 | (1,522,668) | 1,727,794 |
| Salary increase rate | 3,917,698 | (3,532,185) | 1,780,536 | (1,602,505) |
| Employee turnover rate | (3,841,490) | 3,215,756 | (1,647,746) | 914,210 |

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.

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 after 30 days from the date announced in Royal Gazette. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries recorded the effect of the change by recognising past service costs as expenses in the statement of comprehensive income for the year ended 31 December 2019.

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

26. LONG-TERM PROVISIONS

According to the Concession Agreement related to the right to use the area to build a dam to produce hydro electric power, the subsidiary has obligations after constructions and has some negotiations with the related regulators for the payments and the obligation for major overhaul before transferring the assets to the grantor at the end of concession period.

As at 31 December 2019, the subsidiary recognized a long-term provision of US Dollar 175,331 or equivalent to Baht 5.32 million (31 December 2018: US Dollar 143,576 or equivalent to Baht 4.68 million).

27. LEGAL RESERVE

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

28. OTHER INCOME

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Gain on changes in fair value of trading securities | 757,079 | 3,012,679 | 666,151 | 2,980,365 |
| Gain on disposal of trading securities | 1,298,747 | 1,103,522 | 1,242,312 | 1,103,522 |
| Dividen income | - | - | 32,399,400 | 16,199,700 |
| Interest income | 5,541,050 | 2,901,733 | 10,446,720 | 7,797,488 |
| Doubtful debt and bad debt recovery | 6,997,129 | 1,330,000 | 6,795,355 | 1,330,000 |
| Magement income (Note 7.3) | - | - | 8,119,986 | 2,369,031 |
| Other income | 15,000,285 | 13,605,977 | 2,517,865 | 1,700,084 |
| Total | 29,594,290 | 21,953,911 | 62,187,789 | 33,480,190 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

29. EXPENSE BY NATURE

| | In Baht | | | |
|---|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2562 | 2561 | 2562 | 2561 |
| Raw material and consumables used | 676,339,960 | 892,486,195 | 238,038,066 | 224,423,464 |
| Employee benefit expense | 272,184,316 | 282,716,624 | 88,520,689 | 99,035,668 |
| Depreciation and amortization | 63,341,845 | 41,762,691 | 10,570,566 | 10,750,182 |
| Loss on foreign exchange rate - net | 32,976,510 | 2,094,948 | 21,431,418 | 1,571,754 |
| Loss on impairment of investment in joint venture | - | - | 4,799,900 | - |
| Loss on discounted cash flows expect to receive from receivable net of amounts due to payables related to the agreement | 30,617,081 | - | 30,617,081 | - |

30. DIVIDEND PAYMENT

At the General Shareholders Meeting No. 1/ 2019 on 30 April 2019, the shareholders had a resolution to approve for dividend payment from the retained earnings of the Company at Baht 0.05 per share to the shareholder of 750 million shares, totaling of Baht 37.50 million. Such dividend was paid to the shareholders in May 2019.

According to the General Shareholders Meeting No. 1/2018 on 27 April 2018, the shareholders had a resolution to approve for dividend payment from the operating results of the year 2017 at Baht 0.05 per share to the shareholders of 750 million shares, totaling of Baht 37.50 million. Such dividend was paid to the shareholders in May 2018.

31. INCOME TAX (INCOME) EXPENSE

| | In Baht | | | |
|-----------------------------|----------------------|-------------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Current income tax | 1,941,134 | 2,642,191 | - | - |
| Deferred tax | (1,614,666) | (2,720,200) | (274,282) | (512,519) |
| Income tax (income) expense | 326,468 | (78,009) | (274,282) | (512,519) |

Information about deferred tax further disclosed in Note 20.

As at 31 December 2019 and 2018, the Group has not recognized deferred tax assets in respect of loss carry forward expired in 2020 - 2024 and 2019 - 2023, respectively, as follows:

| | In Million Baht | | | |
|---|----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets in respect of unrecognized loss carry forward | 45.05 | 23.15 | 14.42 | 10.34 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

Reconciliations of effective tax rate

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Loss before income tax (income) expense | (137,128,116) | (46,796,049) | (17,633,326) | (8,029,092) |
| Corporate income tax rate | 20 - 25% | 20 - 25% | 20% | 20% |
| Tax calculated at a tax rate | (32,121,773) | (8,389,509) | (3,526,665) | (1,605,818) |
| Tax effects of: | | | | |
| Income not subject to tax | - | (1,612,816) | (7,838,951) | (3,239,940) |
| Non-deductible expenses | 10,493,494 | 2,301,626 | 8,715,187 | 1,346,360 |
| Additional expense deductions allowed | (2,480,785) | (1,579,365) | (946,785) | (614,004) |
| Tax losses | 26,050,198 | 11,922,255 | 3,597,214 | 4,113,402 |
| Current income tax | 1,941,134 | 2,642,191 | - | - |
| Changes of temporary differences | (1,614,666) | (2,720,200) | (274,282) | (512,519) |
| Income tax (income) expense presented in the statement of comprehensive income | 326,468 | (78,009) | (274,282) | (512,519) |

Corporate income tax rate of the Company and its domestic subsidiaries in 2019 and 2018 are 20%. For a subsidiary in Myanmar for the business of manufacture of high-voltage transmission line, telecommunication tower and galvanized steel structure, the corporate income tax rate is apply at 25%. In addition, the corporate income tax rate for the business of electricity produced from the hydroelectric power plant of a subsidiary in Laos is 24%.

32. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the years attributable to shareholders of the Company by the weighted average number of common shares issued during the year.

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Loss for the years | | | | |
| - Attributable to the equity holders of the parent (Baht) | (134,825,671) | (45,469,526) | (17,359,044) | (7,516,573) |
| Weighted average number of common shares for the years (shares) | 750,000,000 | 750,000,000 | 750,000,000 | 750,000,000 |
| Basic loss per share (Baht per share) | (0.18) | (0.06) | (0.02) | (0.01) |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

33. SEGMENT INFORMATION

The managements divide its business into three main segments, which are manufacture of switch board, manufacture and galvanized services and others services and each mainly consisted of the following:

| | |
|---|---|
| <u>Manufacture of switch board</u> | Manufacture and sell of low and medium voltage electrical switch board, cable tray, support system and related equipment. |
| <u>Manufacture and galvanized service</u> | Manufacture transmission line tower, telecommunication tower, and galvanizing steel structure and selling wiring equipment and hot dip galvanized service. |
| <u>Services and others</u> | Providing services of project management under the Engineering, Procurement and Construction (EPC) contract and selling of electricity produced from the hydroelectric power plant in The Lao People's Democratic Republic. |

Geographical segment

The financial information by geographical segment, revenue and asset are classified follow by geographical of the Group's customers and location of asset, respectively.

Major customers

For the year 2019, the Group has revenue from 6 major customers, equivalent to 48% of sales and service income, 5 of which derived from manufacture and galvanized service segment (equivalent to 40% of sales and service income) and 2 of which derived from manufacture of switch board segment (equivalent to 8% of sales and service income) (for the year 2018 : 2 major customers, equivalent to 37% of sales and service income which derived from manufacture and galvanized service segment)

The timing of revenue recognition of satisfied performance obligation of the Group, are as follows:

In Million Baht

| For the years ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--------------------------------------|----------|----------------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Point in time | 1,067.15 | 1,274.15 | 399.40 | 336.05 |
| Over time | 35.52 | 10.85 | - | 10.85 |
| Total revenue from sales and services | 1,102.67 | 1,285.00 | 399.40 | 346.90 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

The segment information of the Group, are presented below:

In Million Baht

| | Consolidated financial statements | | | | |
|--|-------------------------------------|--|------------------------|-----------|----------|
| | For the year ended 31 December 2019 | | | | |
| | Manufacture of switch board | Manufacture and galvanized service | Services and others | Eliminate | Total |
| Revenues from sales from external customers | | | | | |
| - Local | 359.28 | 628.45 | 8.41 | - | 996.14 |
| - Overseas | 40.12 | 11.00 | 19.89 | - | 71.01 |
| Inter-segment revenues | - | 84.65 | 45.08 | (129.73) | - |
| Total revenues from sales | 399.40 | 724.10 | 73.38 | (129.73) | 1,067.15 |
| Revenues from services from external customers | | | | | |
| - Local | - | - | 35.52 | - | 35.52 |
| Total revenues from services | - | - | 35.52 | - | 35.52 |
| Total revenues | 399.40 | 724.10 | 108.90 | (129.73) | 1,102.67 |
| Gross profit (loss) | 70.61 | 9.60 | 9.09 | (0.10) | 89.20 |
| Other income | | | | | 29.59 |
| Selling expenses | | | | | (36.80) |
| Administrative expenses | | | | | (188.74) |
| Financial costs | | | | | (24.10) |
| Share of loss from investment in joint ventures | | | | | (6.28) |
| Loss before income tax expense | | | | | (137.13) |
| Income tax expense | | | | | (0.33) |
| Loss for the year | | | | | (137.46) |
| Less loss attributable to non-con- trolling interests | | | | | (2.63) |
| Loss attributable to equity holders of the parent | | | | | (134.83) |

In Million Baht

| | Consolidated financial statements | | | | |
|--|-------------------------------------|--|------------------------|-----------|----------|
| | For the year ended 31 December 2019 | | | | |
| | Manufacture of switch board | Manufacture and galvanized service | Services and others | Eliminate | Total |
| Revenues from sales from external customers | | | | | |
| - Local | 245.75 | 903.73 | - | - | 1,149.48 |
| - Overseas | 90.30 | 2.68 | 31.69 | - | 124.67 |
| Inter-segment revenues | - | 80.39 | 7.37 | (87.76) | - |
| Total revenues from sales | 336.05 | 986.80 | 39.06 | (87.76) | 1,274.15 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

In Million Baht

| | Consolidated financial statements | | | | |
|--|-------------------------------------|--|------------------------|-----------|----------|
| | For the year ended 31 December 2019 | | | | |
| | Manufacture of switch board | Manufacture and galvanized service | Services and others | Eliminate | Total |
| Revenues from services from external customers | | | | | |
| - Overseas | - | - | 10.85 | - | 10.85 |
| Total revenues from services | - | - | 10.85 | - | 10.85 |
| Total revenues | 336.05 | 986.80 | 49.91 | (87.76) | 1,285.00 |
| Gross profit (loss) | 59.49 | 59.25 | 14.69 | (0.79) | 132.64 |
| Other income | | | | | 21.95 |
| Selling expenses | | | | | (32.24) |
| Administrative expenses | | | | | (151.74) |
| Financial costs | | | | | (7.42) |
| Share of loss from investment in joint ventures | | | | | (9.98) |
| Loss before income tax income | | | | | (46.79) |
| Income tax income | | | | | 0.07 |
| Loss for the year | | | | | (46.72) |
| Less loss attributable to non-controlling interests | | | | | (1.25) |
| Loss attributable to equity holders of the parent | | | | | (45.47) |

Assets and liabilities classified by segment as at 31 December 2019 and 2018 are as follows:

In Million Baht

| | Consolidated financial statements | | | | | | | |
|--|-----------------------------------|----------|---------------------------------------|----------|------------------------|----------|------------|----------|
| | As at 31 December 2019 | | | | | | | |
| | Manufacture of switch board | | Manufacture and galvanized service | | Services and others | | Eliminate | Total |
| | Thai | Overseas | Thai | Overseas | Thai | Overseas | | |
| Assets classified by segment | | | | | | | | |
| Property, plant and equipments | 117.03 | - | 114.13 | 384.73 | 0.07 | 2.41 | (5.46) | 612.91 |
| Right in service concession arrangement | - | - | - | - | - | 196.17 | - | 196.17 |
| Other assets | 1,499.91 | - | 573.24 | 175.65 | 142.40 | 799.32 | (1,031.23) | 2,159.29 |
| Total assets | 1,616.94 | - | 687.37 | 560.38 | 142.47 | 997.90 | (1,036.69) | 2,968.37 |
| Liabilities classified by segment | | | | | | | | |
| Total liabilities | 93.53 | - | 347.24 | 424.47 | 41.40 | 760.73 | (326.60) | 1,340.77 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

In Million Baht

| | Consolidated financial statements | | | | | | | |
|---|-----------------------------------|------|------------------------------------|--------|---------------------|----------|-----------|----------|
| | As at 31 December 2018 | | | | | | | |
| | Manufacture of switch board | | Manufacture and galvanized service | | Services and others | | Eliminate | Total |
| Thai | Overseas | Thai | Overseas | Thai | Overseas | | | |
| Assets classified by segment | | | | | | | | |
| Property, plant and equipments | 119.59 | - | 118.30 | 443.10 | - | 0.20 | (5.94) | 675.25 |
| Right in service concession arrangement | - | - | - | - | - | 222.26 | - | 222.26 |
| Other assets | 1,489.77 | - | 423.29 | 204.13 | 110.42 | 1,009.37 | (920.62) | 2,316.36 |
| Total assets | 1,609.36 | - | 541.59 | 647.23 | 110.42 | 1,231.83 | (926.56) | 3,213.87 |
| Liabilities classified by segment | | | | | | | | |
| Total Liabilities | 80.13 | - | 176.76 | 422.98 | 7.44 | 927.67 | (219.58) | 1,395.40 |

34. FAIR VALUE

The financial assets and liabilities include cash and cash equivalents, trade receivables, unbilled completed works, short-term loans, short-term loans from financial institutions and trade payables. Their carrying values approximate to their fair values, due to having a short-term due.

The Group determines Level 2 fair values of investment in debt instruments-unit trust have been determined based on quoted selling prices from the trading price announced by Asset Management companies.

Fair values of assets and liabilities, which shown in the statement of financial position had been valued Level 2, are as follows

In Baht

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | 2562 | 2561 | 2562 | 2561 |
| Current assets | | | | |
| Current investments - trading securities | 59,198,320 | 227,942,494 | 53,318,642 | 218,910,179 |
| Non-current assets | | | | |
| Long-term investments pledged as collateral | 16,761,600 | 16,801,600 | 6,285,600 | 6,300,600 |

SCI ELECTRIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

35. COMMITMENT AND CONTINGENT LIABILITIES

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

35.1 The Group and the Company have commitment relating to operation lease and service, as follows:

| | In Baht | |
|-------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| <u>Due within</u> | | |
| Within 1 year | 36,398 | - |
| Over 1 to 5 years | 145,590 | - |
| Over 5 years | 740,084 | - |
| Total | 922,072 | - |

35.2 The Group and the Company have letters of guarantee issued by banks for the payment of electricity fee and performance guarantee which are mortgaged by deposits at banks (Note 14) as follows:

| | Consolidated financial statements | Separate financial statements |
|------------|--------------------------------------|----------------------------------|
| Baht | Baht 102.04 million | Baht 84.79 million |
| US Dollars | US Dollars 0.06 million | US Dollars 0.04 million |

35.3 The subsidiary has obligation to implementing and complying with its Environmental and obligation to funding for Water Resources and Environmental Administration and for WREA's environmental monitoring and inspection (Note 19).

36. CAPITAL MANAGEMENT

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

As at 31 December 2019, debt to equity ratio in the consolidated financial statements is 0.82 : 1 and in the separate financial statements is 0.42 : 1 (31 December 2018 : debt to equity ratio is 0.77 : 1 and 0.50 : 1, respectively).

37. EVENTS AFTER THE REPORTING PERIOD

- 37.1 According to the Company's Board of Directors' Meeting No. 1/2020 on 14 January 2020, the meeting passed a resolution to approve the disposal all the preferred shares of Yummai (Thailand) Co., Ltd. that the Company holds 97,999 shares, in the selling price of Baht 15 million, to the shareholder of Yuemmai (Thailand) Co., Ltd.
- 37.2 According to the Company's Board of Directors' meeting No. 2/2020 dated 21 February 2020, the meeting passes a resolution to propose the dividend payment to the shareholders of 750 million shares at Baht 0.02 per share, totaling Baht 15 million. This resolution will be proposed in the Annual Shareholders' Meeting for the year 2020 for further approval.

38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the Company's Board of Directors on 21 February 2020.

ANALYSIS AND EXPLANATION OF MANAGEMENT

Overview of operations and significant changes

SCI Electric Public Company Limited and its subsidiaries engages in the business of manufacturing products and providing services to customers in both the public and private sectors. Which the main business operations are divided as follow;

1. Production and distribution of low voltage and medium voltage switchboard cabinets, cable tray, and power cord support device with production plants in Thailand and a group of customers both at local and abroad;
2. Production of high voltage electric tower, telecommunication tower and galvanized steel structure, distribution of electrical wiring equipment and hot dip galvanized service which operated by subsidiaries in Thailand and in the Republic of the Union of Myanmar ("Myanmar");
3. Construction management services business according to engineering, procurement and construction contract (EPC) such as high voltage transmission towers and substation (500kV project) and high-voltage electrical system installation project with electricity distribution system in the Lao People's Democratic Republic ("Lao PDR") and the project to change or enhance the railway bridge security at damaged in Thailand;
4. Business selling electricity produced from the hydroelectric dam, operated by a subsidiary in Lao PDR.

Accounting standards and auditors' observations

The auditor's report for the financial statement for the year 2019 expressed unqualified opinions in the audit report which having the key audit matter on the following issues;

The ability to collect the payments from trade receivables and unbilled completed works of a government agency in a foreign country ("the employer"), relating to the long-term construction service contract. The service rendered under the construction contract was temporarily suspended due to the change in scope of work by the employer and the employer has delayed the payments under the contract. However, the management has evidence to support that the service will continue after the employer has concluded about the change in scope of the work and the outstanding balances will be paid from the employer.

Revenue from sales are considered as a material amount and it is key indicator of operating results and to which financial statements users pay attention including the Group has provided sales to a large number of customers.

Overall performance analysis

For the year 2019, SCI Group had total revenues of Baht 1,132.26 million, decreased by Baht 174.69 million or 13.37% compared to that of Baht 1,306.96 million last year. The operation results of equity holders of the parent have a net loss of Baht 134.83 million, increased of loss by Baht 89.36 million or 196.53% as compared to the net loss of Baht 45.47 million incurred last year. The main reasons are due to the significant decreased revenue of production steel structures and galvanized service, the increased operating expenses and financial costs from a subsidiary in Myanmar, the effect of Baht appreciate resulted in foreign exchange. In addition, the service of 500KV project that has ceased to recognize income since mid-year 2018, has recorded the allowance for diminution in expected cash flows value of the project. Including recognized operation losses of joint ventures.

An overview of the operating results for the year 2019 compared to the same period in 2018 is shown in Table 1;

Table 1: Performance overview

Million Baht

| Operation results | Consolidation | | | | | |
|-------------------------|-----------------|---------------|-----------------|---------------|-----------------------|----------------|
| | Year 2019 | | Year 2018 | | Increased (Decreased) | |
| | Amount | % | Amount | % | Amount | % |
| Revenues from sales | 1,067.15 | 94.25 | 1,274.15 | 97.49 | (207.00) | (16.25) |
| Revenues from services | 35.52 | 3.14 | 10.85 | 0.83 | 24.67 | 227.37 |
| Other incomes | 29.59 | 2.61 | 21.95 | 1.68 | 7.64 | 34.81 |
| Total revenues | 1,132.26 | 100.00 | 1,306.95 | 100.00 | (174.69) | (13.37) |
| Cost of sales | 982.10 | 86.74 | 1,142.42 | 87.41 | (160.32) | (14.03) |
| Cost of services | 31.38 | 2.77 | 9.94 | 0.76 | 21.44 | 215.69 |
| Selling expenses | 36.80 | 3.25 | 32.24 | 2.47 | 4.56 | 14.14 |
| Administrative expenses | 188.73 | 16.67 | 151.74 | 11.61 | 36.99 | 24.38 |
| Financial costs | 24.10 | 2.13 | 7.42 | 0.57 | 16.68 | 224.80 |
| Total expenses | 1,263.11 | 111.56 | 1,343.76 | 102.82 | (80.65) | (6.00) |

Table 1: Performance overview (Continued)

| | | | | | | |
|---|----------|---------|---------|--------|---------|----------|
| Profit (loss) before share of loss from investment in joint ventures and income tax income (expenses) | (130.85) | (11.56) | (36.81) | (2.82) | (94.04) | 255.47 |
| Share of loss from investment in joint ventures | (6.28) | (0.55) | (9.98) | (0.76) | 3.70 | (37.07) |
| Profit (loss) before income tax income (expense) | (137.13) | (12.11) | (46.79) | (3.58) | (90.34) | 193.08 |
| Income tax income (expense) | (0.32) | (0.03) | 0.08 | 0.01 | (0.40) | (500.00) |
| Profit (loss) for the year | (137.45) | (12.14) | (46.71) | (3.57) | (90.74) | 194.26 |
| Profit (loss) attributable to non-controlling interests | (2.62) | (0.23) | (1.24) | (0.09) | (1.38) | 111.29 |
| Net profit (loss) attributable to Equity holders of the parent company | (134.83) | (11.91) | (45.47) | (3.48) | (89.36) | 196.53 |

Revenue

For the year 2019, SCI Group had total revenues of Baht 1,132.26 million, decreased by Baht 174.69 million or 13.37% compared to that of Baht 1,306.95 million last year with details as follows:

Revenue from sales of switchboard and cable tray increased by Baht 63.35 million or increased 13.37%. Increased due to the Government approval of public utility construction such as electric train projects and power plant construction projects in Thailand and also in foreign countries.

Revenue from sales of steel structures and galvanized service decreased by Baht 266.97 million or decreased 29.45%. Decreased due to the postpone in the telecommunication business that is awaiting bidding new licenses in 2020 and the high voltage transmission towers that are currently undergoing power plant construction. Causing the electricity to delay the auction at the end of the year.

Service revenues increased of Baht 35.52 million from EPC project of Railway Bridge. The high-voltage transmission tower and substation (500kV) project in Lao PDR still had no progress due to awaiting the result of negotiations on electricity trading between the government Lao PDR and the Thai government. However, the management still positive on the continuous of the 500kV project as planned.

Other is the revenue from importing mobile phones from foreign to sell to a joint venture company – Yuemmai (Thailand) Co., Ltd. of Baht 8.41 million.

Revenue for the year 2019 compared to the same period in 2018 is shown in Table 2;

Table 2: Revenue structure of the Group

Million Baht

| Revenue structures | Consolidation | | | | | |
|--|---------------|-------|-----------|-------|-----------------------|---------|
| | Year 2019 | | Year 2018 | | Increased (Decreased) | |
| | Amount | % | Amount | % | Amount | % |
| Revenue from sales : | | | | | | |
| Production of switch board and cable tray | 399.40 | 35.27 | 336.05 | 25.71 | 63.35 | 18.85 |
| Production steel structures and galvanized service | 639.44 | 56.47 | 906.41 | 69.35 | (266.97) | (29.45) |
| Electric power from Hydro Power Plant | 19.90 | 1.76 | 31.69 | 2.42 | (11.79) | (37.20) |
| Other | 8.41 | 0.74 | - | - | 8.41 | 100.00 |
| Revenue from sales | 1,067.15 | 94.25 | 1,274.15 | 97.49 | (207.00) | (16.25) |

| | | | | | | |
|--|-----------------|---------------|-----------------|---------------|-----------------|----------------|
| Revenue from services | | | | | | |
| Project management service | 35.52 | 3.14 | 10.85 | 0.83 | 24.67 | 227.37 |
| Revenue from sales and services | 1,102.67 | 97.39 | 1,285.00 | 98.32 | (182.33) | (14.19) |
| Other income** | 29.59 | 2.61 | 21.95 | 1.68 | 7.64 | 34.81 |
| Total revenue | 1,132.26 | 100.00 | 1,306.95 | 100.00 | (174.69) | (13.37) |

Remark: ** Other income comprised with Gain (loss) of write-off asset, Interest income and Gain (loss) on disposal investments.

Costs and Expenses

SCI Group had costs and expenses of Baht 1,263.12 million, decreased by Baht 80.64 million or 6.00% compared to that of Baht 1,343.76 million last year with details as follows:

Cost of sales decreased by Baht 160.32 million or decreased 14.03%. Cost of sales decreased in accordance with the amount of revenue decreased, especially in the telecommunication and high voltage transmission tower businesses. The cost of service in the year 2019 comes from the contract to replace or enhance the security of the damaged railway bridge.

Selling expenses increased by Baht 4.56 million or increased 14.14%. Selling expenses increased from the annual wage rates adjustment and marketing consulting expenses.

Administrative expenses increased by Baht 37.00 million or increased by 24.38%. Administrative expenses increased from the following reasons;

- Due to 500KV project still had no progress in 2019, the Group recorded loss on discounted cash flows expect to receive for trade receivable, unbilled completed works and trade payable related to the contract of Baht 30.62 million. These determines based on the discounted cash flows expected to be received in the year in which management forecasts that the project will continue and expects to receive all outstanding debt related to such service agreement;
- Loss of the foreign exchange rate increased of Baht 30.88 million due to the exchange rate adjustment in US dollars at the end of the period, such as cash and cash equivalents, trade receivables, unbilled completed works and trade payable of 500KV project;
- However, the Group has cost control measures resulting in reduced administrative expenses such as travel expenses both in local and abroad, office supplies expenses, repair cost of office equipment and allowance for doubtful accounts, etc. In addition, some expenses of a subsidiary in Myanmar have been categorized as cost of sales since items and services have been started since the beginning of 2019.

Financial costs increased by Baht 16.68 million or increased 224.80%. Financial costs increased from interest expense on long-term loans of subsidiary in Myanmar

Costs and expenses for the year 2019 compared to the same period in 2018 is shown in Table 3;

Table 3: Costs and Expenses

Million Baht

| Cost and Expenses | Consolidation | | | | | |
|---------------------------------|-----------------|---------------|-----------------|---------------|-----------------------|---------------|
| | Year 2019 | | Year 2018 | | Increased (Decreased) | |
| | Amount | % | Amount | % | Amount | % |
| Cost of sales | 982.10 | 77.75 | 1,142.42 | 85.02 | (160.32) | (14.03) |
| Cost of services | 31.38 | 2.48 | 9.94 | 0.74 | 21.44 | 215.69 |
| Selling expenses | 36.80 | 2.91 | 32.24 | 2.40 | 4.56 | 14.14 |
| Administrative expenses | 188.73 | 14.94 | 151.74 | 11.29 | 36.99 | 24.38 |
| Financial costs | 24.10 | 1.91 | 7.42 | 0.55 | 16.68 | 224.80 |
| Total costs and expenses | 1,263.11 | 100.00 | 1,343.76 | 100.00 | (80.64) | (6.00) |

Financial Position Analysis

Million Baht

| Financial Position | Consolidation | | | |
|----------------------------|---------------|---------------|--------------------------|---------|
| | As 31/12/2019 | As 31/12/2018 | Increased (Decreased) | % |
| Total assets | 2,968.37 | 3,213.88 | (245.50) | (7.64) |
| Total liabilities | 1,340.77 | 1,395.41 | (54.63) | (3.92) |
| Total shareholders' equity | 1,627.60 | 1,818.47 | (190.87) | (10.50) |

ASSETS

Total assets of the Group as at 31 December 2019 is Baht 2,968.37 million, decreased by Baht 245.50 million or decreased 7.64% compared to balance as at 31 December 2018 of Baht 3,213.88 million due to the following;

- Cash and cash equivalents decreased due to repayment long-term loan of subsidiary in Myanmar, investment in a joint venture and investment in bill of exchange for investment management;
- Trade receivable increased from work delivery at the end of the year of switchboards, cable trays and transmission line;
- Trade receivable – service agreement of 500KV project decreased from setup allowance for diminution in expected cash flows value;
- Inventory increased from work in process and backlog in the country that is scheduled for 2020. Addition, steel and zinc, which is mainly raw materials for steel frame and galvanizing business in Thailand and Myanmar, are reserve for the expected project in the future;
- Investment in joint venture increased from investment into Yuemmai (Thailand) Co., Ltd.;
- Property, plant and equipment decreased from the depreciation recognized during the year and the result of foreign currency translation of assets in subsidiary companies in Myanmar and Laos PDR.

LIABILITIES

Total liabilities of the Group as at 31 December 2019 was Baht 1,340.77 million, decreased by Baht 54.63 million or decreased 3.92% compared to balance as at 31 December 2018 of Baht 1,395.41 million due to the following;

- Short-term loans from financial institutions decreased from the repayment of short-term of a subsidiary in Thailand;
- Long-term loans decreased from the repayment during the year according to the loan agreement contract;
- Trade payable –service agreement decreased from setup deferred discounts from devaluation expected cash flow to be paid;
- Employee benefit obligation increased from addition provision for employee benefit expenses under the new protection act.

SHAREHOLDERS' EQUITY

Total equity of the Group was Baht 1,627.60 million, decreased by Baht 190.86 million or decreased 10.50% due to the dividend payment for the year 2019, the operation result of the year and actuarial gain.

Other components of equity was decreased by Baht 18.98 million due to the difference of foreign exchange rate from the translation of financial statements of foreign subsidiaries.

Million Baht

| Financial Position | Consolidation | | | |
|--|-----------------|-----------------|--------------------------|----------------|
| | As 31/12/2019 | As 31/12/2018 | Increased (Decreased) | % |
| Share capital | | | | |
| Issued and paid-up share capital | 750.00 | 750.00 | - | - |
| Share premium | 879.04 | 879.04 | - | - |
| Retained earnings | | | | |
| Legal reserve | 29.40 | 29.40 | - | - |
| Unappropriated | (6.33) | 162.41 | (168.74) | (103.90) |
| Differences from changes in shareholding proportion | 5.85 | 5.85 | - | - |
| Other components of equity | (35.74) | (16.76) | (18.98) | 113.25 |
| Total equity attributable to the parent company | 1,622.22 | 1,809.94 | (187.72) | (10.37) |
| Non-controlling interests | 5.38 | 8.52 | (3.14) | (36.85) |
| Total Shareholders' equity | 1,627.60 | 1,818.46 | (190.86) | (10.50) |

LIQUIDITY AND CASH FLOW ANALYSIS

Net cash generate from investing activities of Baht 85.82 million came from purchased and disposal short-term investments in order to invest in assets of a subsidiary in Myanmar, investment in joint venture and invest in deposits pledged as collateral to guarantee loans.

Net cash used in financing activities of Baht 82.51 million was used for the repayment financial cost, the repayment of short-term loans of a subsidiary in Thailand and the repayment of long-term loans of a subsidiary in Myanmar included dividend payment for the year 2019.

Million Baht

| Items | Year 2019 | Year 2018 |
|---|-----------------|--------------|
| Net cash generate from (used in) operating activities | (119.06) | 162.43 |
| Net cash generate from (used in) investing activities | 85.82 | (200.02) |
| Net cash generate from (used in) financing activities | (82.51) | 122.41 |
| Currency translation differences | (0.07) | (6.51) |
| Net (decreased) increased in cash and cash equivalents | (115.82) | 78.31 |

SIGNIFICANT FINANCIAL RATIO

| Profitable Ratio | Year | | Changes |
|-------------------------------|-----------|-----------|---------|
| | Year 2019 | Year 2018 | |
| Gross Profit Margin (%) | 8.09 | 10.32 | (2.23) |
| EBITDA Margin (%) | (4.39) | 0.18 | (4.57) |
| Net Profit (loss) Margin (%)* | (11.91) | (3.48) | (8.43) |
| Earnings per Share (Baht)* | (0.18) | (0.06) | (0.12) |

Remark: Based on Net profit (loss) attributable to Equity holders of the parent company.

The gross profit margin of the Group decreased from the previous year, mainly due to the competition in the market price of every business in the group in order to get work or project. In addition, a subsidiary in Myanmar has started to distribute products and services since the beginning of 2019, but income has not been able to achieve breakeven points due to highly fixed costs such as the depreciation of factories and machines.

EBITDA margin and net profit (loss) margin decreased from last year due to the overall operation in the year 2019 decreased from the year 2018.

| Leverage Ratio | As 31 December 2019 | As 31 December 2018 | Changes |
|---|---------------------|---------------------|---------|
| Total Liabilities to Total Shareholders' Equity Ratio (Times) | 0.82 | 0.77 | 0.06 |
| Net Interest-bearing Debt to Total Shareholders' Equity Ratio (Times) | 0.21 | 0.21 | - |
| Leverage Ratio | As 31 December 2019 | As 31 December 2018 | Changes |
| Current Ratio (Times) | 1.44 | 2.04 | (0.60) |
| Quick Ratio (Times) | 0.49 | 0.76 | (0.26) |

The Group has a higher total liabilities to total shareholders' equity ratio due to a decrease in shareholders' equity from the operating results 2019 that are lower compared to 2018. Even though the debt-to-equity has decreased, the ratio of net interest-bearing debt to total shareholders' equity ratio has not changed because a subsidiary in Myanmar paid the long-term loans according to the contract during the year 2019.

The Group has decreased liquidity as the current assets decreased due to the increase in investment in joint ventures and the provision for diminution in the cash flows expected to be received from the project. In addition, current liabilities increased from reclassification of long-term loans to current liabilities as the subsidiary in Myanmar was unable to maintain the loan ratio.

POTENTIAL FACTORS AFFECTING FUTURE BUSINESS OPERATION OR FINANCIAL STATUS

In 2020, the domestic economy should slowly improve according to the implementation of government economic measures, the measures to promote investment in the Eastern Special Development Zone (EEC) and investment under the public-private investment program (PPP) as well as the government's economic stimulus policies that should come out during the year. Depending on the results of the 2020 budget approval, which will be held in January 2020, the meeting will be able to pass the council and proceed with various projects as planned.

Meanwhile, the use of electric power tends to continuously increase due to the household sector that has suffered from warmer weather and the increasing use of industrial sectors due to growth in response to new projects. For Tele communications business, National Broadcasting and Telecommunication Commission (NBTC) will hold the bidding for 5G licenses in early 2020 and aims to push for service in some areas by mid-year to comply the government's policy to push Thailand into the digital economy, ready to drive the country to Thailand 4.0 and create investment attracting factors in high technology from various industrial sectors from the readiness of the Thai digital infrastructure of the future. Under the said policy, Telecom operators are preparing to participate in bidding and investing in the network to launch 5G services in the middle of this year.

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