



Star Petroleum Refining Public Company Limited

# Annual Report 2016



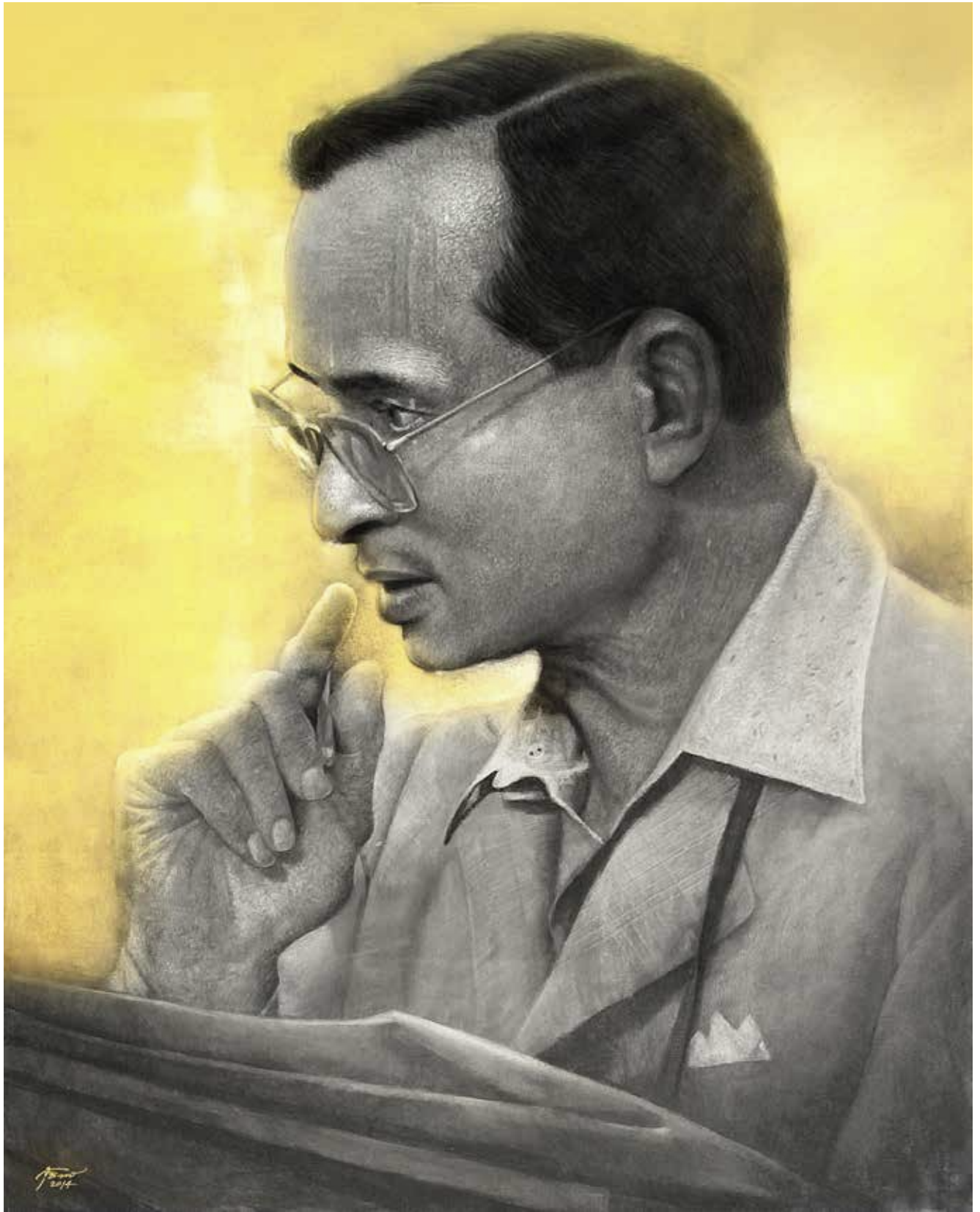
## ***FORMULA FOR SUCCESS***



We pray for His Majesty King Bhumibol Adulyadej's everlasting peace in heaven.  
Our Beloved King will forever be remembered as a compassionate and visionary leader.  
His legacy will live on amongst Thai people and all others that his wisdom touched.

With great respect from SPRC Family  
Star Petroleum Refining Public Company Limited





ศิลปิน: สุวิทย์ ใจป้อม

# A THANK YOU MESSAGE FROM BILL

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**On behalf of the SPRC Family, I would like to thank all of our shareholders for their support for SPRC.**

In our first year as a publicly traded company, SPRC had two objectives: continue our exceptional operational performance and build a strong relationship with the investment community founded on transparency and credibility. SPRC's second Annual Report provides details on our progress including; our operational and financial performance, corporate governance and investor relations.

2016 marked the passing of His Majesty the King Bhumibol Adulyadej. Our SPRC Family joined all Thai people in mourning of this loss. His legacy of inspirational leadership and personal accountability will live on in the hearts and behaviors of all members of the SPRC Family.

SPRC's strong **"ONE FAMILY"** culture continues to be a source of differentiation and creates the foundation for exceptional performance. We care for the safety, well-being, and success of our entire Family, just as we care for our own children, spouses, and parents at home. Our continued success is dependent on, and a result of, the relationships our Family members develop, working together to achieve performance excellence.

Throughout 2016, as we forged our relationships with SPRC's investors, the investment community, and the public, our consistent message was our "Formula for Success". The formula is simple in concept, but requires commitment, discipline and attention to every detail in implementation. It starts with a strong foundation in personal safety, which is leveraged into exceptional process safety and reliability, which allows us to maximize utilization of our facilities. Exceptional reliability and utilization



provides the opportunity for our SPRC Family to focus on driving optimization and cost efficiency and thereby maximizing capture of Gross Refining Margin. SPRC's ability to successfully implement the "formula" is the "secret" behind our continued exceptional operational and financial performance.

Execution of our "Formula for Success" drives the SPRC family to achieve our business strategic intents:

- Set the Standard in Asia Pacific for Shareholder Return,
- Set the Standard Globally for Operation Excellence, and
- Set the Standard in Thailand as Employer of Choice.

The foundation for achieving these strategic intents is our passionate commitment to personal safety. Our commitment is to ensure that everyone in our "One Family" goes home safely each day, and stays safe at home as well. Since 2005 we have built a culture that expects to achieve injury and incident free operation, every day. In 2016, the SPRC Family had ZERO days away from work injuries, completing over 12.9 million man-hours without an injury. In 2016, the SPRC Family completed over 12.9 million man-hours, with ZERO days away from work injuries.

Industry leading reliability and utilization (of the entire asset) in 2016, created the opportunity to fully optimize our facility and capture the maximum refining margin available in the Thailand market. Despite volatile crude and product prices during the year, successful execution of the **"Formula For Success"** and disciplined cost management generated a very attractive gross refining margin of \$6.68/barrel.

Our commitment to the SPRC vision of **One Family... Fueling the Future of Thailand** requires that we must continuously focus on employee development and processes to develop our Family into world-class leaders. Today's excellent performance will be sustained and improved upon by these future leaders. Consistent development of these leaders will ensure that SPRC is in a position to provide the fuels that power the financial growth engine of Thailand for many years to come.

In addition to financial success, we recognize that to achieve a truly sustainable business, we must have balance between financial performance, stewardship of the environment, and social responsibility. Consistent with our commitment to a long-term balance of these objectives, we have incorporated Sustainable Development concepts into all of our business plans, work practices, procedures and decision making.

At SPRC, strong corporate governance is an element of our SPRC Core Values (Professionalism), and as such, is deeply embedded in our One Family culture. We recognize that a key element of our success with our stakeholders is our reputation for transparency, honesty and fair dealing. This value is firmly rooted in the integrity and behavior of our management and staff.

I am confident that the power of our highly engaged SPRC Family will continue to drive SPRC's success and allow us to "Set the Standard" for the refining business, and achieve our vision of:

**"One Family...**

**Fueling the Future of Thailand"**

**Mr. William Lewis Stone**  
Director and Chief Executive Officer

## ***Our Vision:***

**One Family...**

**Fueling the Future of Thailand**



## Core Values:

**S**tar  
**P**rofessional  
**R**eliable  
**C**aring

## Our Mission:

“We are a highly engaged Family, dedicated to providing sustained superior returns to our shareholders through safe and reliable operations, producing quality products that exceed customer expectations, in harmony with our communities and the environment.”





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# MESSAGE FROM THE CHAIRMAN

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## **SPRC – Set the Standard**

The Board of Directors would like to thank all of SPRC's shareholders and the SPRC Family for their support and contributions to make 2016 a success. In this first full year as a publicly traded company, SPRC had excellent performance in safety, reliability, utilization, margin improvement, and overall margin realization. The Board of Directors believes that this exceptional performance is an indicator of the strong company culture, business fundamentals, and leadership that will continue to drive SPRC's performance in the future.

SPRC's strategy is to "Set the Standard" in all aspects of the business. SPRC's three key strategic intents are to "Set the Standard as Employer of Choice", "Set the Standard in Operational Excellence", and "Set the Standard in Shareholder Return". In addition, the Board of Directors, SPRC management and the SPRC Family are committed to the highest standards of business conduct, ethics, transparency, and corporate governance.

2016 was a year of volatility for the refining sector. Crude prices at the beginning of the year were US\$32/barrel and ended the year at US\$54/barrel. Despite volatile refining margins, SPRC captured a Gross Refining Margin of US\$6.68/barrel. This resulted in net earnings of US\$245 million for the year and earnings per share of US\$0.06 (Baht 2.00), essentially unchanged from 2015. SPRC paid dividends to our shareholders in May and September this year of THB 0.26376772/share and THB 0.5378/share, respectively.

**The Board of Directors was very proud to see SPRC's continued outstanding performance in Operational Excellence and financial returns, a result of our SPRC Family successfully executing our "Formula for Success".**

SPRC has not had a Days Away from Work injury since 2013, more than 3.5 years and close to 13 million man-hours. Reliability as measured by Operational Availability (outside of turnarounds) was 99.7%. This exceptional reliability allowed SPRC to achieve 97.3% utilization of all refinery processing facilities. SPRC's Bottom Line Improvement Program (BLIP) continued to boost financial returns, through feedstock, process and product optimizations, as well as driving operational cost efficiency.

The Board believes that this performance places SPRC in the very top tier of Asia Pacific refineries. Consistent with SPRC's strategy to "Set the Standard", management, staff and contractors continue to drive work process improvements and initiatives to further improve performance in Operational Excellence and financial returns.

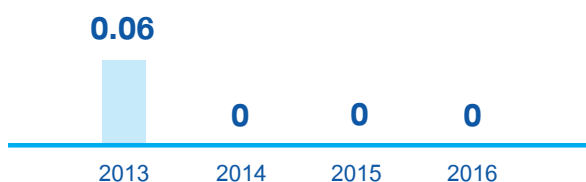
On behalf of the SPRC Board of Directors, executives and employees, I would like to thank SPRC's investors for their belief in our company. I would also like to thank all of SPRC's Family, business partners and other stakeholders for helping to achieve another year of excellent operational and financial performance. I believe this continued performance is a strong indicator of SPRC's ability to continue to "Set the Standard" in the refining industry and to achieve the Vision of "One Family - Fueling the Future of Thailand" for many years to come.



**Mr. Andrew Benjamin Walz**  
Chairman of the Board  
Star Petroleum Refining Public Company Limited

# PERFORMANCE REVIEW

## Total Days Away From Work Rate per 200,000 man-hour

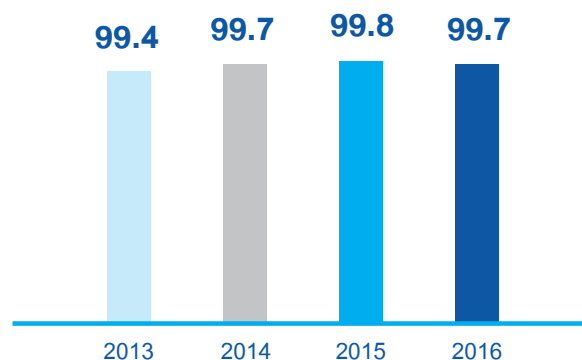


Our rigorous safety operation has continued to enable us in achieving excellent performance across areas of operational safety, reliability, utilization, environment, communities, workforce well-being and shareholder return.

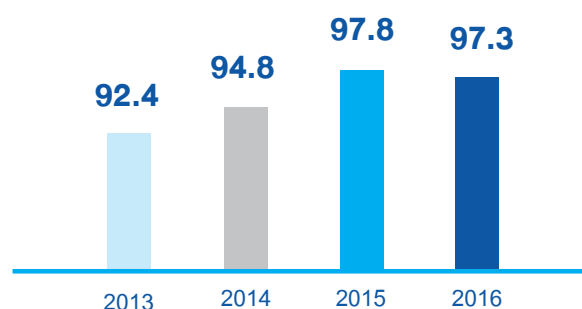
Caring and Helping each other as a “Family” over the tenth year journey of Incident and Injury Free safety initiative. Now every family member prioritizes the safety and reliability of our operation, and continued to enhance our performance through new initiatives such as Human Performance program, Process Safety Management and Asset integrity implementation. As of December 31, 2016, we recorded approximate 13 million man-hours since our last “days away from work” case (DAFW) and over 1.8 million man-hours since our last recordable injury.

We strive to continuously improve our operational reliability in our commitment to world class performance, and achieved operational availability excluding turnaround at 99.7% for 2016. This great outcome also reflected in high refinery utilization at 97.3%. Both availability and utilization are ranked as the best-in-class when compare to over 90 refineries in the Asia Pacific and Indian Ocean region.

## Operational Availability outside turnaround (%)



## Process Units Utilization (%)



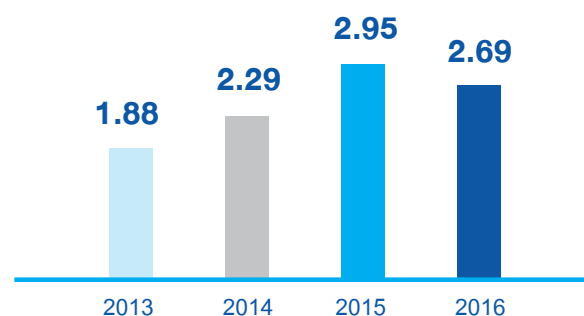
SPRC has the flexibility to run a wide range of crudes, and we constantly review and manage our crude selection to find the optimum crude to produce high value products

and maximize our margin. In 2016, we processed 36 crude types including nine new crudes, and one of them was new-to-the-world crudes, from new production oil fields. We processed 162.4 thousand barrels per day of crude oil, or 98.4% of our crude capacity. In 2016, we produced and sold 67 million barrels of petroleum products.

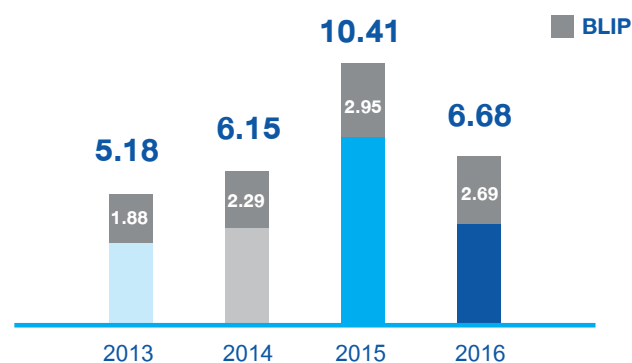
We apply our best capabilities to implement initiatives under Bottom Line Improvement Program (BLIP), such as from Advance Optimization Study, hydrocarbon and process optimization, slop management, oil loss and energy efficiency improvement, which contributed to improve our margin by US\$2.69/bbl. Including BLIP, our marketing gross refining margin was US\$6.68/bbl.

Over seven years of continuous improvement methodology through People Efficiency and Waste Elimination initiatives (PEWE), ideas and benefits were being realized into our cash cost reductions in average US\$2 million per year in the last few years, included in 2016 net income after tax of US\$245 million.

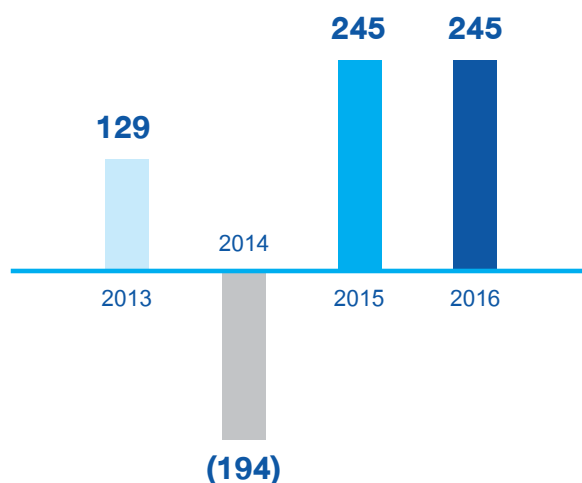
### Bottom Line Improvement Program (US\$/bbl)



### Market Gross Refining Margin (US\$/bbl)



### NIAT (US\$ MM)



# ACHIEVEMENTS AND AWARDS



## Environment and Safety



CSR-DIW Continuous Award 2016, granted by the Department of Industrial Works (DIW), Ministry of Industry, in recognition of SPRC who has shown continuous commitment to corporate social responsibility (CSR) in seven major criteria: organization governance, human rights, labor practice, the environment, fair operating practice, consumer issues, community involvement and development.



Green Industry Level 3: Green System Awards from 2016 - 2019 granted by Ministry of Industry for systematic environmental management including follow-up, assessment and revision aimed to continuous development



"Gold Star - White Flag" Awards for four consecutive years, in the recognition of having received the Green Star - White Flag for six consecutive years, since 2008-2013, 2009-2014, 2010-2015 and 2011-2016



Chevron's Joint Venture Refining "Zero is Attainable" Awards for personal safety for "worked safely 1,000,000 hours without injury April through August 2016"



"Green Star - White Flag" Awards for nine consecutive years for the Environment and Safety Good Governance by IEAT for sustained excellent environmental, safety management systems and compliance as well as active corporate social responsibility programs since 2008-2016



Chevron's Joint Venture Refining "Zero is Attainable" Awards for process safety for "Zero Tier 1 and Zero Tier 2 Loss of Containment Incident May 2015 through May 2016 "





## Operational Excellence



“Zero Unplanned Shutdown” Awards, presented by the PTT Operational Excellence Committee,

- Crude Distillation Unit/Vacuum Distillation Unit from 2012-2016 (five consecutive years)
- CCR Platformer Unit (in 2011 and 4 consecutive years: 2013-2016)
- Residue Fluid Catalytic Cracking Unit



Best Practice Sharing Awards, presented by the PTT Operational Excellence committee in 2012-2013 and 2016



## Corporate Governance

CG Award “Very Good” scoring, granted by Thai Institute of Directors Association (IOD), in collaboration with the Stock Exchange of Thailand (SET), to evaluate the good governance of Thai Listed Companies on: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and The Board Responsibilities.



## Global Standards



ISO 9001:2015  
(Quality Management)

OHSAS 18001:2007  
(Occupational Health and Safety)

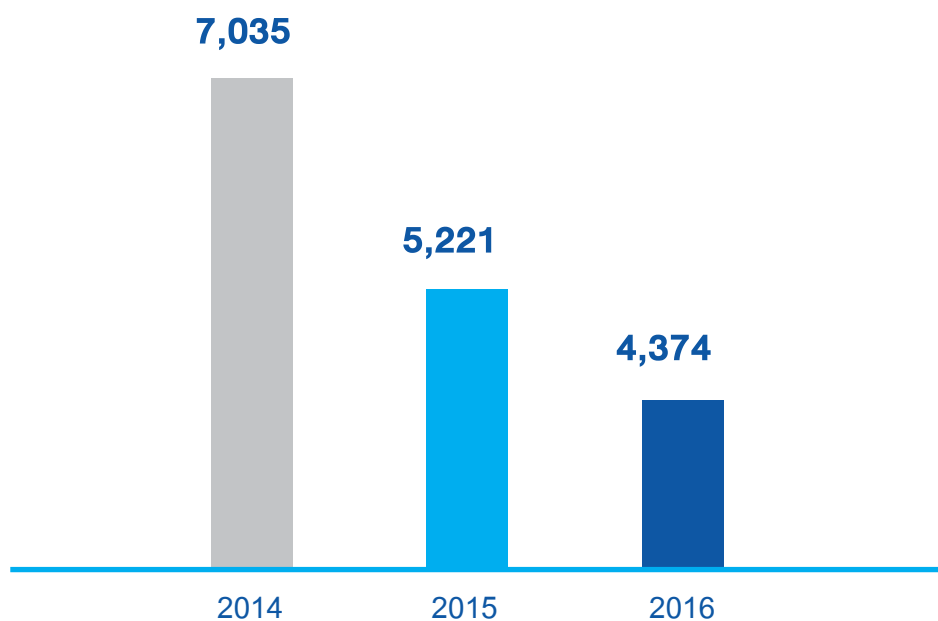
ISO 14001:2015  
(Environmental Management)

ISO/IEC 17025:2005  
(Competence of Testing and Calibration Laboratory)

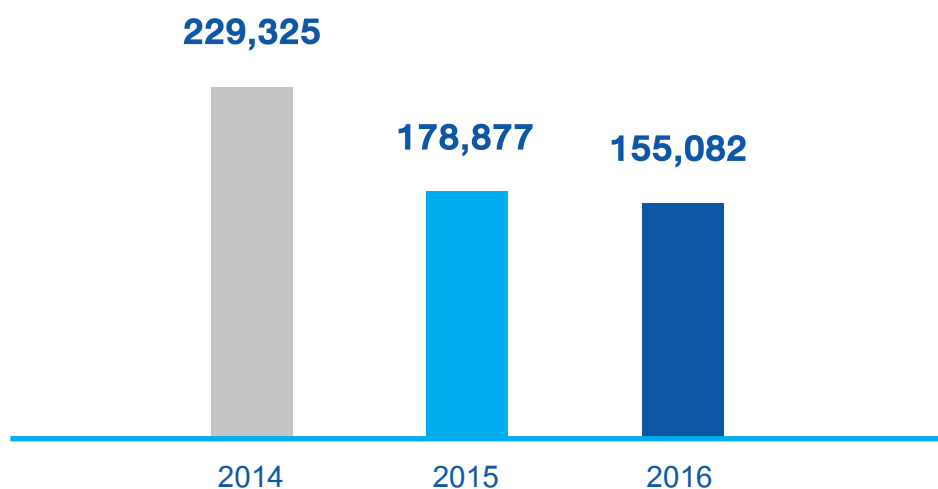
# FINANCIAL HIGHLIGHTS

## TOTAL REVENUE

(US\$ Million)

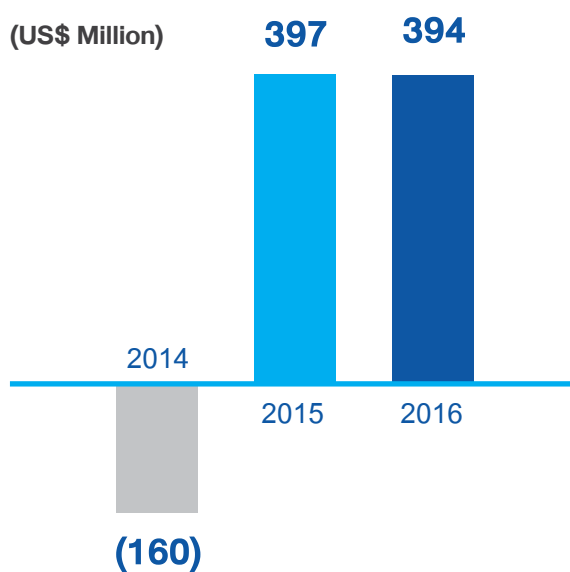


(Baht Million)

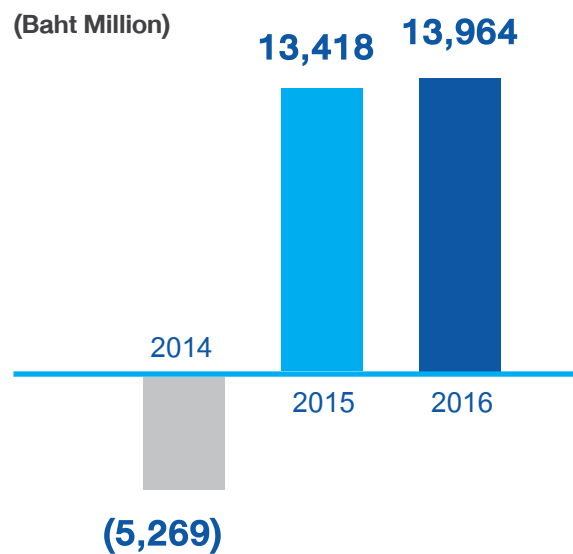


**EBITDA<sup>(1)</sup>**

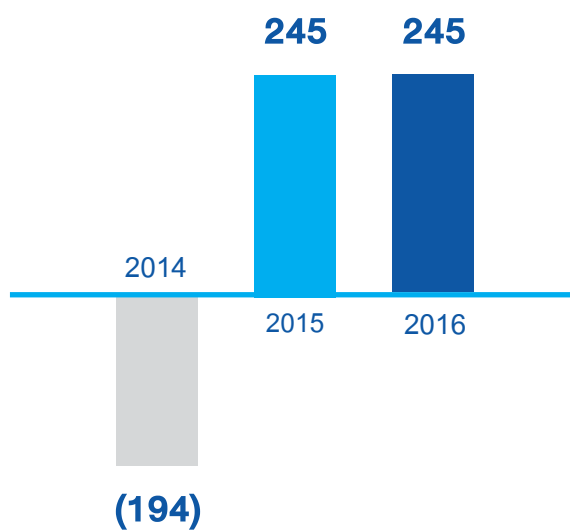
(US\$ Million)



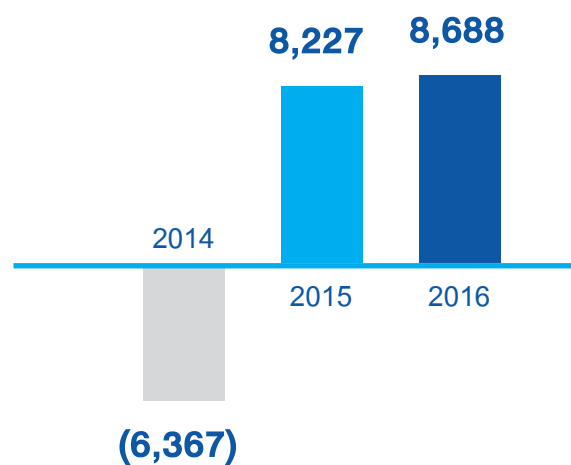
(Baht Million)

**NET PROFIT/(LOSS)**

(US\$ Million)



(Baht Million)



<sup>(1)</sup> EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization.

Statement Of Financial Position (US\$ Million)	2014	2015	2016
<b>Total Assets</b>	<b>2,069</b>	<b>1,686</b>	<b>1,672</b>
Cash and cash equivalents	69	109	6
Current assets	831	495	652
Property, plant and equipment, net	1,144	1,076	1,005
Non-current assets	25	6	9
<b>Total Liabilities</b>	<b>714</b>	<b>673</b>	<b>513</b>
Current liabilities	708	552	397
Non-current liabilities	6	121	116
<b>Total Shareholders' Equity</b>	<b>1,355</b>	<b>1,013</b>	<b>1,159</b>

Statement Of Financial Position (Baht Million)	2014	2015	2016
<b>Total Assets</b>	<b>68,477</b>	<b>61,122</b>	<b>60,188</b>
Cash and cash equivalents	2,286	3,949	233
Current assets	27,471	17,933	23,474
Property, plant and equipment, net	37,886	39,005	36,170
Non-current assets	834	235	311
<b>Total Liabilities</b>	<b>23,634</b>	<b>24,397</b>	<b>18,469</b>
Current liabilities	23,438	20,021	14,291
Non-current liabilities	196	4,376	4,178
<b>Total Shareholders' Equity</b>	<b>44,843</b>	<b>36,725</b>	<b>41,719</b>

Key Financial Ratio	2014	2015	2016
Current ratio (time)	1.3	1.1	1.7
Net profit margin (%)	(2.8)	4.7	5.6
Return on assets (%)	(8.0)	13.0	14.6
Return on equity (%)	(13.1)	20.7	22.6
Net debt to equity (time)	0.5	0.7	0.4
Interest coverage (time)	154.3	4,165.5	108.5
Dividend payout (%)	(30.9)	183.1	110.1

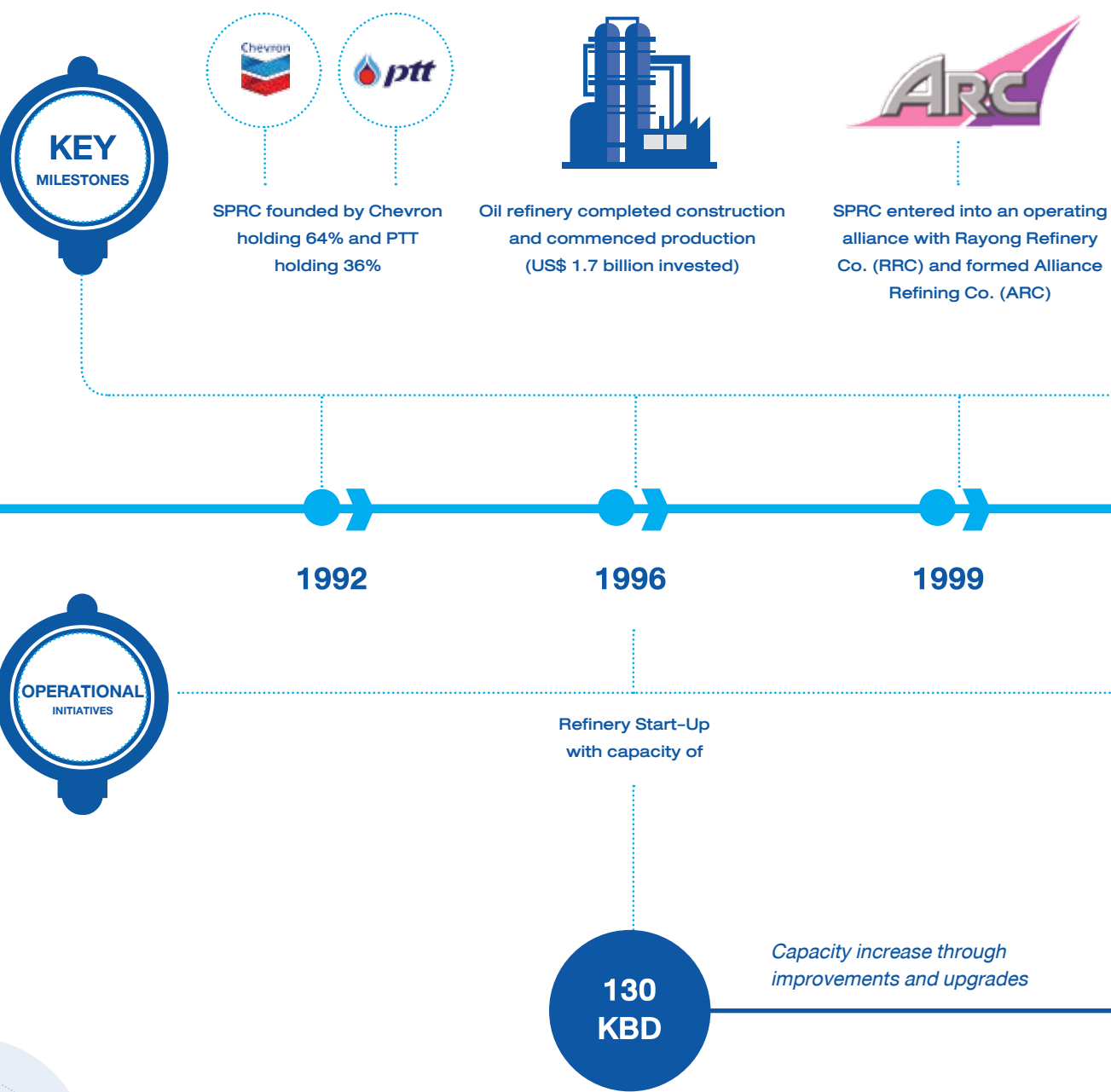


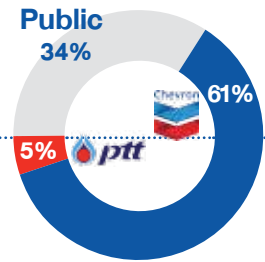
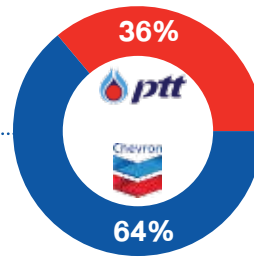


# OVERVIEW OF BUSINESS AND STRATEGY

## Company History and Key Milestones Over the Years

### PRE-IPO





## POST - IPO

Converted into a public limited company

Completed 5 year maintenance turnaround for entire refinery

Listed on Stock Exchange of Thailand on Dec, 8<sup>th</sup>, 2015



2008

2009

2012

2014

2015

Installation of Mercury Removal Unit

Installation of Jet Merox Unit

Clean Fuels Project for Euro IV fuels production

Major refinery upgrade of the RFCCU, PGP Recovery Project & Air Pre-heater project

Continuous improvement through "Bottom Line Improvement Program" (BLIP)

165 KBD

## Overview of Business, Vision, Mission, and Strategy

For over 21 years of refinery's operation, SPRC produces transportation fuels and other petroleum products including Petrochemical feedstock. Our products include liquefied petroleum gas ("LPG"), polymer grade propylene ("PGP"), chemical grade naphtha, premium and regular grades of gasoline, jet fuel, diesel, fuel oil, and asphalt. Our complex refinery has a capacity of 165,000 barrels per day of crude oil, located in Map Ta Phut, Rayong. With our capacity, we provide about 13% of the combined refining capacity in Thailand. We place our petroleum products primarily in Thai domestic market, mostly through Chevron and PTT.

### SPRC's Vision is:

#### "One Family...Fueling the Future of Thailand"

SPRC positions its refinery's operation and objectives through the Mission:

"We are a highly engaged Family, dedicated to providing sustained superior returns to our shareholders through safe and reliable operations, producing quality products that exceed customer expectations, in harmony with our communities and the environment"

### Strategy

SPRC intends to accomplish the Mission through the focus in 3 key strategic intents as follows:

#### People: Set the Standard in Thailand as the Employer of Choice

SPRC has a strong "One Family" culture. We focus on developing world class leaders and creating a highly engaged and high performance family to allow us to Set the Standard in Thailand as Employer of Choice and continue drive for SPRC success.

#### Operational Excellence: Set the Global Standard for Operational Excellence

We have commitment on personal safety and process safety. We have built a strong culture to achieve injury and incident free operation as well as excellent safety and reliability performances. We strive to continuously improve our performances using the guidance from a refining business benchmarking service.

#### Stakeholders: Set the Standard in Asia Pacific for Shareholder Return

We Set the Standard for Shareholder Return through our Bottom Line Improvement Program (BLIP) which focus on capturing increased margin and drives for improved financial performance. BLIP focus includes crude and feedstock optimization, process optimization, product optimization, cracker feed synergy, improved energy efficiency and oil loss, people efficiency and waste elimination. We integrate our Sustainable Development program in an effort to meet our environmental expectations, social development, financial performance expectations, shareholder and communities expectation.

### Key Accomplishments in 2016

SPRC remains a top performer in terms of safety and reliability in the Thai refining community, driven by a dedicated and competent workforce. Our key accomplishment in 2016 are:

- Everyone in our Family went home safely every day, we achieved 12.93 million man-hours without Days Away From Work Case and no recordable injuries
- Sustained high plant reliability, with operational availability outside of turnarounds of 99.7%, the first quartile performance as compared to peers in the Asia Pacific region
- Sustained high process utilization at 97.8% which is the top of the first quartile as compared to peers in the Asia Pacific region
- Continued crude slate optimization, we processed 36 crude types with 9 new crudes during the year and achieved highest ever processing crude benefit of \$0.67/bbl.
- Improved margin through Bottom Line Improvement Program (BLIP), achieved \$2.69/bbl





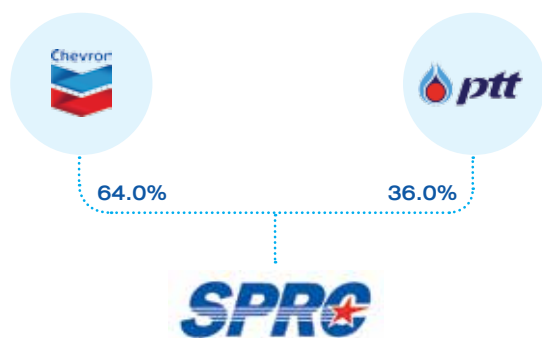
## Shareholding Structure

The shareholding structure had been changed following the completion of our IPO on December 8, 2015. The updated shareholding structure is as shown below.

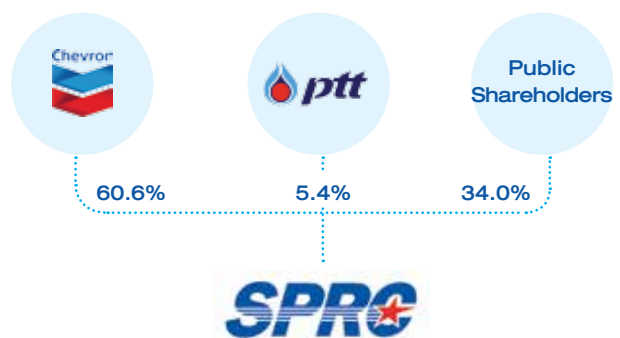
Chevron, our major shareholder, remains 60.6% of shareholder in SPRC and continue to provide benefit to SPRC

through access to Chevron's global procurement services for crude oil and feedstocks, a global refined petroleum products sales network, advanced technological, operational, engineering and other technical support services, and Chevron's master supply agreements for materials and services.

### PRE-IPO



### POST – IPO



# NATURE OF BUSINESS

SPRC is one of the leading petroleum product producers in Thailand and among the most efficient refineries in the Asia Pacific region. We own and operate a complex refinery with a capacity of 165,000 barrels per day of crude oil, which represents 13.4% of the refining capacity in Thailand.

## Crude and Product

Our refinery is capable of processing a wide range of crude oil, which we typically source from the Middle East, West African and the Far East. Our choice of feedstocks and

product slate at any time depends on relative prices and yields. We decide on our product slate with input from our offtakers, based on our assessment of demand and projected prices for the various products that we can produce, typically around three months in advance of expected orders.

Our primary petroleum products from the distillation and conversion of crude oil are hydrocarbon fuels, which include LPG, premium and regular grades of gasoline, jet fuel, diesel, fuel oil and asphalt, as well as petrochemical feedstocks used in the petrochemical industry, which include PGP, LPG, chemical grade naphtha, mix C4, reformat and sulfur.

Sale Revenue	Year Ended December 31,					
	2014		2015		2016	
	Volume	\$/bbl <sup>(2)</sup>	Volume	\$/bbl <sup>(2)</sup>	Volume	\$/bbl <sup>(2)</sup>
	(thousand barrels)		(thousand barrels)		(thousand barrels)	
PGP	1,368	98.85	1,834	71.64	1,620	60.81
LPG	3,082	66.81	3,223	45.42	2,931	36.81
Light Naphtha	2,582	90.00	2,867	51.53	2,607	41.78
Gasoline	14,888	144.98	15,797	100.42	16,336	86.92
Jet Fuel	3,814	109.36	4,752	64.48	4,537	51.59
Diesel	20,701	121.08	23,663	87.64	23,386	77.73
Fuel Oil	6,037	83.63	6,404	42.66	7,761	32.67
Asphalt	934	89.56	1,455	58.73	1,244	27.05
Mix C4	1,900	85.76	2,607	50.44	2,146	42.68
Crude	1,094	78.71	65	61.13	652	38.48
Other <sup>(1)</sup>	6,050	89.51	5,671	59.00	3,767	48.43
<b>Total Revenue</b>	<b>62,450</b>	<b>112.64</b>	<b>68,338</b>	<b>76.40</b>	<b>66,987</b>	<b>65.29</b>

<sup>(1)</sup> Includes sulfur, reformat and products sold pursuant to our cracker feed exchange with PTT Global Chemical

<sup>(2)</sup> Includes excise tax, energy conservation promotion fund, oil fuel fund and local taxes



Sale Revenue	Year Ended December 31,					
	2014		2015		2016	
	Sales Revenue	% of Total Revenue	Sales Revenue	% of Total Revenue	Sales Revenue	% of Total Revenue
Polymer Grade Propylene	135.2	1.9%	131.4	2.5%	98.5	2.3%
Liquefied Petroleum Gas <sup>(1)</sup>	205.9	2.9%	146.4	2.8%	107.9	2.5%
Light Naphtha	232.4	3.3%	147.7	2.8%	108.9	2.5%
Gasoline	2,158.5	30.7%	1,586.4	30.4%	1,420.0	32.5%
Jet Fuel	417.1	5.9%	306.4	5.9%	234.1	5.3%
Diesel	2,506.4	35.6%	2,073.8	39.7%	1,817.8	41.5%
Fuel Oil	504.9	7.2%	273.2	5.2%	253.5	5.8%
Asphalt	83.7	1.2%	85.5	1.6%	33.7	0.8%
Mix C4	162.9	2.3%	131.5	2.5%	91.6	2.1%
Crude	86.1	1.2%	4.0	0.1%	25.1	0.6%
Others <sup>(2)</sup>	541.5	7.7%	334.5	6.4%	182.4	4.2%
<b>Total Revenue</b>	<b>7,034.6</b>	<b>100.0%</b>	<b>5,220.8</b>	<b>100.0%</b>	<b>4,373.5</b>	<b>100.0%</b>

<sup>(1)</sup>Includes Government fuel subsidies

<sup>(2)</sup>Includes sulfur, reformate and products sold pursuant to our cracker feed exchange with PTT Global Chemical

We sell a significant portion of our petroleum products primarily through the Offtake Agreement that we have entered into with Chevron and PTT and we sell our products both domestically and for export. From time to time, we also enter into a variety of short-term product sales agreements on a spot

or term basis for the remaining petroleum products that are produced in our refinery.

Our top two customers are Chevron and PTT. The following table sets forth the percentage of total revenue accounted for by Chevron and PTT, respectively, for the periods indicated.

	Year Ended December 31,		
	2014	2015	2016
	% of Total Revenue		
Chevron	33.8	50.5	55.8
PTT	48.7	34.8	32.5
Others	17.5	14.7	11.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Product Pricing

Most of the products sold through the offtake Agreement are benchmarked off the Mean of Platts Singapore, or MOPS. Thai domestic prices are adjusted from MOPS pricing with certain transportation, production, product quality, and market adjustments as appropriate.

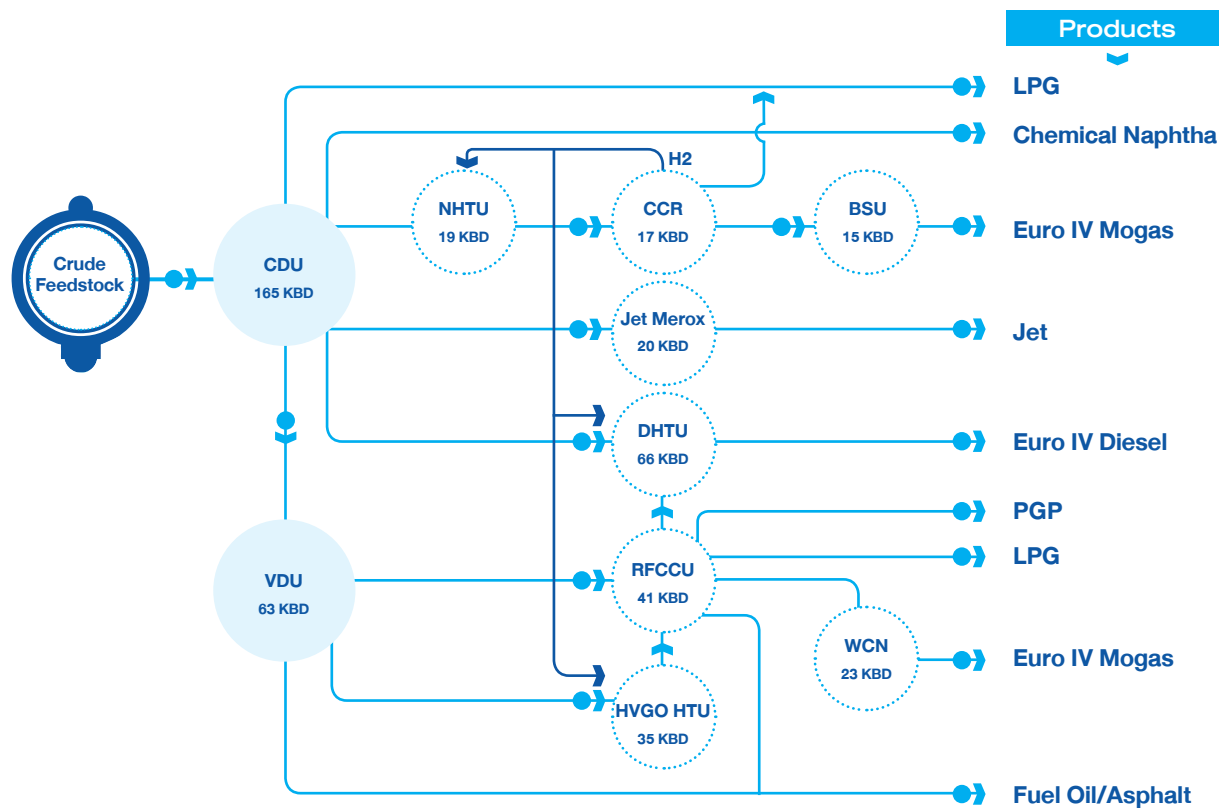
Domestic sale prices of petroleum products sold outside of the Offtake Agreement are also market driven and are generally based on the monthly average of regional benchmark prices with certain adjustment for the applicable product in the month that they are sold. Our exports for petroleum products are also generally based on benchmark pricing, such as the price for the relevant product quoted on MOPS, plus or minus a premium or discount based on market conditions and negotiations with potential purchasers as well as differences in product quality and location.

The following diagram illustrates our refinery's configuration:

## Production Facilities and Processes

Our production facilities are located in Rayong province, approximately 200 kilometers to the southeast of Bangkok. Our refinery is a cracking refinery as compared to a hydroskimming refinery. Hydroskimming refineries are relatively low complexity refineries that have a significant amount of fuel oil yield. Cracking refineries are able to upgrade a significant portion of fuel oil into higher value transportation fuels such as gasoline, jet and diesel, providing a much higher margin than hydroskimming refineries.

**SPRC Refinery Configuration**



## Feedstocks

We are capable of processing a wide range of crude oil, including crude oil from the Middle East, Far East and other regions. We use Chevron's global crude and feedstock procurement network, crude characterizations and proprietary linear program to optimize the quantity and type of crude oil and other feedstocks, to enhance our gross refining margins while meeting customer demand. We source and purchase crude oil primarily through Chevron and PTT and their affiliates on credit terms that are in line with market practice. We also purchase long residues and other feedstocks for processing in our refinery, primarily from Chevron under feedstock supply agreements.

We have a cracker feed exchange with PTTGC where we supply heavy vacuum gas oil as supplemental feed to PTTGC's hydrocracker, and PTTGC supplies us with hydrocracker bottoms as a supplemental feed to the RFCCU, to increase yields of higher value products at both our RFCCU and PTTGC's hydrocracker.

We primarily receive crude oil shipments through a single point mooring system and are also able to receive crude oil in smaller shipments through a pier in our marine terminal. This crude is delivered to storage tanks at the refinery through pipelines that connect directly to our refinery.

## Strategic Location

The strategic location of our refinery provides proximity to key transportation options including a multi-product pipeline, trucks, coastal vessels, and a single point mooring; and major demand centers, which lowers transportation costs and provides several supply and distribution advantages. Many of our petrochemical feedstock customers are also located in the Map Ta Phut Industrial Estate, providing us with effective methods for managing costs associated with delivery of products to these customers.

We have a marine terminal with two piers to distribute products throughout Thailand and export markets. We also operate a truck loading terminal for our off-takers to facilitate the distribution of our petroleum products to the southeast and northeast of Thailand, within Rayong province and to the Indo-China export market, including Laos, Cambodia and Myanmar. Our refinery has a total of 71 storage tanks and facilities to enable us to store feedstocks after delivery and before processing, products before delivery, and certain



intermediate processing streams. We have nominal crude oil storage capacity of approximately 4.9 million barrels, representing up to 29 days' supply of crude oil.

## Competition

The refining industry in Thailand is highly competitive. As of 31 December 2016, there were 7 refineries in Thailand, with a combined refining capacity of 1,234.5 kbpd. We principally compete with 5 other domestic petroleum refineries in Thailand with a combined capacity of 1,097 kbpd, which are Thai Oil, Esso, Bangchak Petroleum, PTTGC, and IRPC. PTT, which is Thailand's largest oil and gas company, holds significant interests in three of our principal competitors: Thai Oil, PTTGC and IRPC.

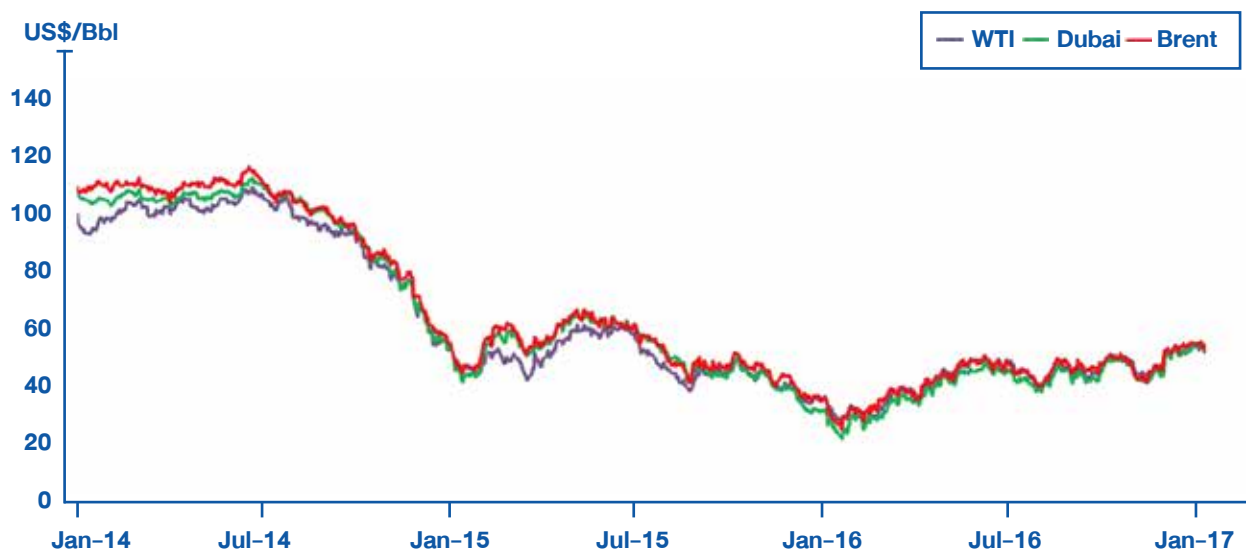
## The Oil Refining Industry

### Current Oil Price Environment

In 2016, crude prices were volatile with Dubai crude price moving between US\$22.8/bbl and US\$54.2/bbl, with an average of US\$41.3/bbl, which was lower than 2015 average of US\$50.9/bbl. Dubai price dropped from US\$40.7/bbl in the fourth quarter 2015 to US\$30.4/bbl in the first quarter 2016, because of a supply glut in crude oil driven by as a result of the continuing large over supply in the crude oil market. The U.S. crude oil stocks have reached record stock levels of 530 million barrels at the end of March. OPEC reports their production rates increased to 32.83 million barrels per day, higher than Q4/15 rates of 31.91 million barrels per day.

Iran nuclear sanctions were lifted in mid of January and the average production rate was 3.13 million barrels per day, increased from 2.89 million barrels per day in Q4/15. Almost a year of negotiations, on 30 November 2016, OPEC agreed to cuts their production by 1.2 MMBD for first half of year 2017. Eleven members of OPEC agreed to reduce their output

to 29.8 MMBD. Russia also planned to cut of 0.3 MMBD in the first half of January 2017. Other non OPEC members, who join to cut their production, are Azerbaijan, Bahrain, Bolivia, Brunei, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, Oman, Sudan and South Sudan. In the other side, U.S. oil rig count rose continuously to 529 at the end of December.



## Oil Industry Outlook

The International Monetary Fund (IMF) has projected world economic growth to expand by 3.4% in 2017. Advanced economies are projected to grow by 1.8% in 2017, which is higher than 1.6% in 2016. Developing countries' economic growth forecast is 4.6% in 2017, higher than 4.2% in 2016. The World Bank projects Thai economic growth of 2.6% in 2017.

The OPEC expects weak demand growth in 2017 of 1.1 MBPD up to 95.3 MBPD, due to economic slowdowns. US oil demand in 2017 is dependent on economic growth and oil price level. Oil prices are expected to increase as supply will be cut complied with OPEC and non OPEC agreement. Most analysts estimate that light distillates demand growth will remain relatively strong supported by road transportation and petrochemical feedstock. Jet, Diesel and Fuel Oil demand growth are expected to remain relatively flat due to slow economic growth.

Excess crude supply is expected to decrease in the near term due to OPEC and non OPEC agreed to cut oil production. However, rebound of U.S. rig count and increasing of shale oil production may compensate volume cut.

## Environmental Matters

Our operations are subject to various environmental laws and regulations. We are in the process to comply with the recent announcement of Ministerial Regulation Control of Contamination in Soil and Underground Water inside Factory Area B.E. 2559. We have implemented various pollution control and other environmental impact mitigation measures. We conduct regular reviews aimed at achieving compliance with our environmental policies. We believe we are in compliance in all material respects with environmental laws and regulations applicable to us.

SPRC believes in maintaining a good balance between environmental stewardship, financial performance, and social development. We have incorporated this fundamental Sustainable Development belief into the way we do business. Several key Focus Areas for us to continuously improve our performance include Green House Gases Emissions, Air Emissions, Oil Spill Prevention and Response, Water Management and Waste Management.

# RISK MANAGEMENT AND RISK FACTORS

It is the policy of SPRC to conduct its business in a manner to ensure that risks of SPRC are identified, analyzed, and managed so that they are mitigated to an acceptable level. SPRC has developed and implemented a Risk Management Policy which applies to all aspects of the business and operations of SPRC and is designed to manage, including but not limited to, strategic risk, financial risk, operational risk, trading risk, and compliance risk.

The Risk Management Committee includes the Chief Executive Officer, the Deputy Chief Executive Officer-Operations, the Supply and Planning Manager, and the Chief Financial Officer.

SPRC utilizes a risk based approach to internal control and decision making, designed to provide reasonable assurance of achieving our business objectives with fit for purpose risk mitigation measures.

SPRC conducts risk assessments annually to identify potential risks to our operations and identify effective ways of responding to and mitigating those risks. Risk response is routinely monitored to ensure plans are progressed on a timely basis and make adjustments as necessary if conditions change.

SPRC reviews its Risk Matrix, mitigation plans, and progress on those plans on a regular basis, with reports to the Audit Committee every quarter.

SPRC has developed business processes to provide practical tools for day-to-day risk based decision-making that weighs threats against costs and other business impacts, as well as procedures that set out the nature, role, responsibility and authority of risk assessment processes within SPRC to ensure that risk assessment is conducted in an effective and timely manner.

## Strategic Risk

1. **Market Risk:** The refining business can be a volatile and cyclical business with crude oil and product prices fluctuating significantly. Crude and product prices are set by global economic forces and are not in our control. During 2016, Dubai crude oil prices increased from US\$32/bbl at the start of the year to US\$54/bbl at the end of the year. Product prices tend to follow crude prices as they increase and decrease, which impacts our revenue. However, our profitability is driven by gross refinery margin – which is the average price of our products less the average price of our crude feed. This margin tends to be less volatile than crude prices. SPRC works diligently in those areas within our control to drive our profitability. These start with focusing on refinery personal and process safety, reliability, and high utilization, all of which ensure that we are continuously capturing the maximum margin available. Due to our excellent safety, reliability and utilization performance, we are also able to use our Bottom Line Improvement Program (BLIP) to drive for increased margins. BLIP focuses on Crude Optimization, Product Slate Optimization, Process Optimization, Energy Efficiency, Oil Loss Reduction, and People Efficiency and Waste Elimination.

To minimize inventory exposure, we ensure good planning when sourcing the feedstock, processing, and sales planning in such a way that we have a good control of the inventory levels. We maintain inventory levels to meet the minimum legal reserve requirement and to provide optimum operating levels to ensure excellent business performance. Good controls on planning and stock management keep the risk of crude oil price exposure to a minimum.

2. **Laws and regulations:** relating to the environment or product specification requirements Due to the nature of our business, we are subject to extensive and increasingly stringent environmental laws, regulations and standards relating to air emissions such as particulates, sulfur dioxides, nitrogen oxides, carbon monoxide and others, as well as tightening product specification requirements.

SPRC's policy and practice is to meet or exceed all environmental regulations and product specifications. Through our Sustainable Development Focus Areas, we also develop roadmaps and implement actions to improve the environment. As a result of our incident and injury free culture setting the tone for operational excellence, we had no environmental incidents in 2016. We make capital expenditures to meet and exceed requirements of environmental laws and regulations.

In 2012 we completed our Clean Fuels Project to produce Euro IV gasoline and diesel. In 2014 we finished the Air Preheater Project which reduced refinery green-house gas emissions by 2% and reduced NOx emissions; and our FCC Reliability Improvement Project which reduced particulate emissions from the FCC by 63%. We have a Legal Compliance Process to ensure we understand any change in laws and regulations, and develop implementation plans to ensure compliance. SPRC also has an active advocacy program to work with industry, NGO's and the government as new laws and regulations are developed.

- 3. Refinery Competitive Position:** We operate in highly competitive markets with respect to the sale of petroleum products in the Thai domestic market and in the export market. To ensure that we remain competitive, we continually review our competitive position to ensure we can compete well in our business. We believe the key to our success is to focus on Operational Excellence and margin improvement through BLIP.

We utilize our "One Family" culture as a strong foundation to deliver great performance on safety, reliability and utilization. Our senior management is held accountable by the Board of Directors to meet an extensive list of key performance indicators in Operational Excellence, Shareholder and People key result areas. Responsibilities for various activities are cascaded throughout the organization and are tied to employees' reward and recognition schemes.





We had a planned refinery shutdown in Q1 2014 to do routine maintenance and inspections, and complete a variety of projects to improve performance. We have targeted to run the refinery for 5 years without a shutdown of any of the major process units. This 5 year duration between shutdowns is longer than many of our peers, and allows us to capture the maximum margin and profit and improves our competitiveness.

SPRC also believes that a key to our long term competitiveness and success is to maintain our commitment to sustainably manage our business with a good balance between financial performance, stewardship of the environment, and social development. SPRC uses Sustainable Development as a guiding principle with 9 focus areas, which are built into our ongoing action plans for the company.

One of the key areas we focus on to ensure our competitiveness is to place as much of our product into the higher value domestic market place. Through one of our Sustainable Development Focus Areas, “Being the Supplier of Choice” and our “Crude to Customer” work process, we engage with our primary customers, PTT and Chevron, to place products through various channels in Thailand. We have the highest gasoline production yield among our domestic peers, providing 24% of the domestic market, which is a net importer of gasoline. In 2016, SPRC only exported 12% of its total production, lower than the average of our domestic peers.

## Financial Risk

We use the U.S. dollar as our functional currency. This reduces our exposure to foreign exchange rate fluctuations because a substantial portion of our revenues, costs and expenses are directly linked to, or denominated in U.S. dollars. We have a relatively small exposure to the relative value of the Baht on account of employee-related and some other expenses, as well as timing of payments.

We have U.S. dollar denominated loans to minimize our foreign exchange exposure and we have received very low, floated interest rates.

## Operational Risk

1. **A significant interruption in the operations:** All of our production facilities are located in the Map Ta Phut Industrial Estate in Rayong, Thailand. Refining, transporting and storing crude oil and other feedstocks and petroleum products involve many significant hazards that could result in fires, explosions, spills and other unexpected or dangerous conditions or accidents.

To mitigate and control these risks, our goal is to “Set the Standard” globally in Operational Excellence. We use our strong “one family culture” to support and





build incident and injury free operations which delivers exceptional safety, reliability, utilization and environmental performance. Our Board of Directors and top executives provide a strong top-down commitment to our safety, reliability and Operational Excellence, communicating it throughout the workforce. SPRC has a robust Refinery Management System, including an Asset Management System, Environmental, Health and Safety Management System and Hydrocarbon Management System, which provide a structured set of policies, procedures and work instruction to ensure that operational risks are identified, addressed and mitigated in a systematic way. These management systems include a robust risk based inspection program and an incident investigation system to help drive our superior safety and reliability performance.

2. **Shortage of Water:** Water is critical to our ability to operate our refinery and power plant. We source water from the public utility that services the Map Ta Phut Industrial Estate. In recognition of the dependence of communities surrounding us on that same water, and that there have been shortages of water in the past, SPRC has included Water Management as one of our Sustainable Development Focus Areas. We have set up a road map to reduce our water usage, with an ultimate goal of being a “Net Zero Water User”. During 2014 and 2015, we progressed several projects to reduce refinery water usage.



## Compliance Risk

SPRC commits to fully comply with both the letter and spirit of all laws and regulations which applicable both in Thailand and other countries that SPRC transact with.

When new law will be issued and enacted, SPRC has the Legal Compliance Committee to research, monitor and control compliance with such new law. In addition, SPRC has established the Anti-corruption Policy to ensure SPRC doing business with high ethic and terminate all of corruption risk.

## Trading Risk

Impact of price within volatile market is a risk in refinery business. However, to manage price for maximize the profit for shareholders' return, SPRC joined and be a member of the Federation of Thai Industrial (FTI) working together with company in refinery and petchem cluster group to advocate the government policy related to product price.

SPRC always keep and maintain a good cooperation to the related Government Authority such as Ministry of Energy, Department of Energy Business, support knowledge, information and suggestion when law, regulation or policy during studying or public hearing before enact.



# INFORMATION ON SECURITIES AND SHAREHOLDERS

## Our registered capital and paid-up capital

As of 31 December 2016, our registered and paid-up capital totaled Baht 30,004,442,705 consists of 4,335,902,125 ordinary shares with a par value of Baht 6.92 each.

### Shareholders

List of the top 10 major shareholders as of 28 November 2016

No.	List of the top 10 major shareholders	Number of shares	Shareholding percentage
1	CHEVRON SOUTH ASIA HOLDINGS PTE. LIMITED <sup>(1)</sup>	2,625,888,652	60.56%
2	THAI NVDR CO., LTD.	554,376,572	12.79%
3	PTT PUBLIC COMPANY LIMITED	234,562,369	5.41%
4	CHASE NOMINEES LIMITED	105,867,495	2.44%
5	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	81,788,700	1.89%
6	HSBC BANK PLC - CITIBANK EUROPE PLC AS TRUSTEE FOR PUTM BOTHWELL EMERGING MARKETS EQUITY FUND	34,129,774	0.79%
7	JPMORGAN THAILAND FUND	29,877,300	0.69%
8	KRUNGSRI DIVIDEND STOCK LTF	29,199,100	0.67%
9	NORBAX, INC.	25,553,200	0.59%
10	HSBC (SINGAPORE) NOMINEES PTE LTD	21,635,900	0.50%

<sup>(1)</sup>Chevron South Asia Holdings Pte. Limited operates its business by holding shares in other petroleum refinery companies, i.e. investing in its subsidiaries and associated companies. As of the effective date hereof, Chevron Corporation, through its subsidiaries, holds 100 percent of shares in Chevron South Asia Holdings Pte. Limited

### Share transfer restrictions

Our shares can be transferred without any restriction.

### Employee Stock Ownership Plan (ESOP)

A total of 35,728,800 newly issued ordinary shares were purchased by members of management (but excluding

certain management secondees) and employees under the Employee Stock Ownership Plan (ESOP), at the initial offering price at Baht 9.00 per share. The offering of all shares under ESOP took place once, concurrently with the combined offering. No directors were allotted any shares in this offering or under ESOP. The shares sold to our management and employees are subject to a lock-up period for up to three years from 8 December 2015, the date on which our shares commenced

trading on the SET. Members of management and employees may sell up to one-fourth of such shares after each of the 12<sup>th</sup> month and 24<sup>th</sup> month from the commencement date of trading, and the remainder of such shares after the 36<sup>th</sup> month from the commencement date of trading. On 8 December 2016, the Company had unlocked of 8,910,550 shares to managements and employees.

#### Dividend policy

The dividend payment policy of SPRC is to pay twice per year of at least 50 percent of net profits after legal reserve requirements. The payment is subject to actual and future cash flows, market conditions, capital requirements and other considerations as our board of directors may deem relevant.

The dividend declaration shall be made in US Dollar and converted to Thai Baht by using the average selling exchange rate of The Bank of Thailand for 7 Banking days before the notification date of the Board of Directors for consideration on the dividend payment.

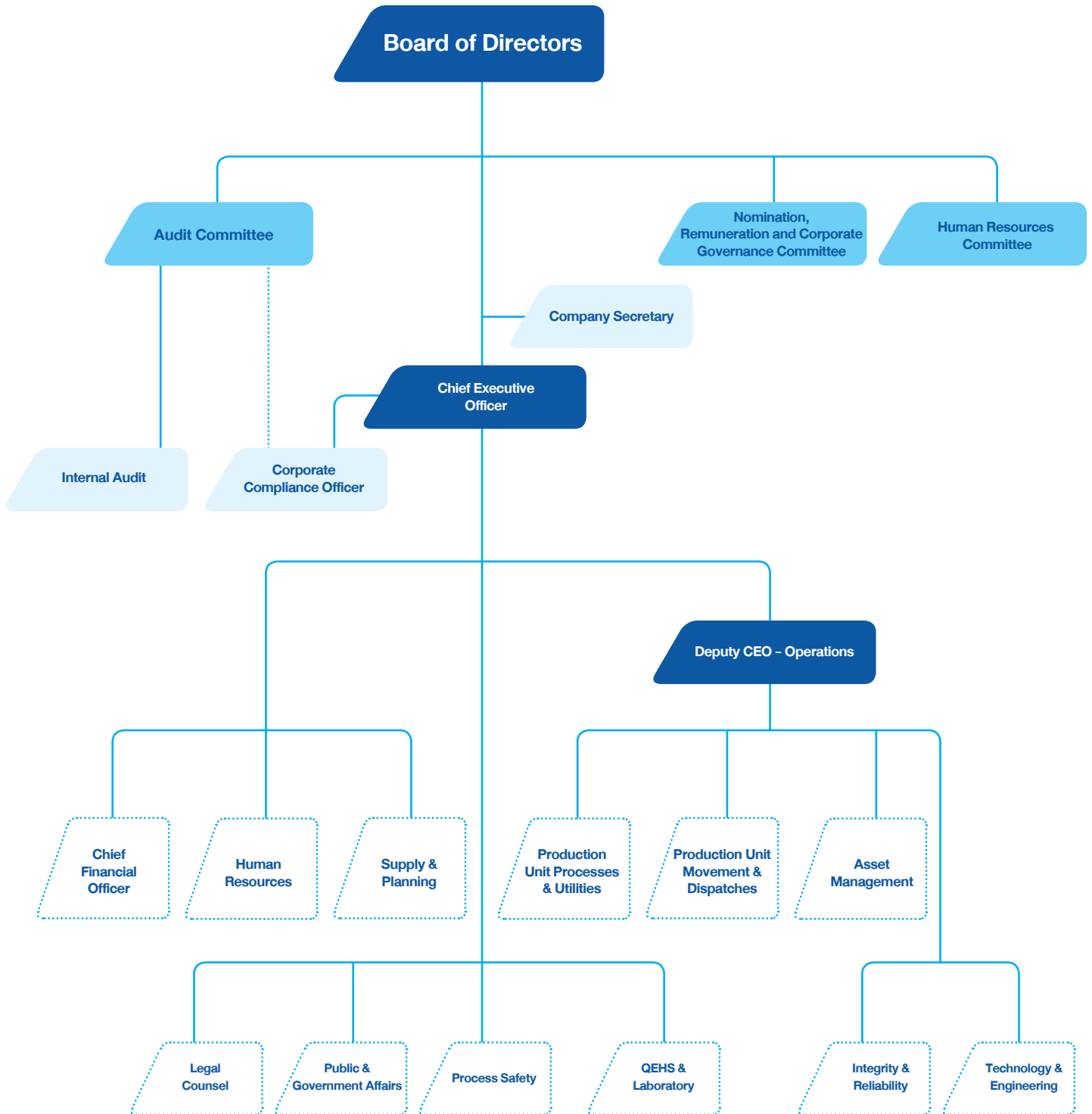
Our board of directors may recommend an annual dividend payment, subject to the approval of our shareholders at the shareholders' meeting. Our board of directors may also, by its resolution, decide to pay an interim dividend to our shareholders if the directors determine that it is justified by our profits. It is the policy of our board of directors to consider an interim dividend payment to shareholders every year.

#### Historical dividend payment information

Year	2013	2014	2015	First six months of 2016
Net earnings per share (US\$)	0.03	(0.05)	0.06	0.03
Dividend per share (US\$)	0.03	-	0.05735268	0.0153
Dividend payout ratio same period (%)	95.00	-	95.00	50.00

Year	2013	2014	2015	First six months of 2016
Net earnings per share (Baht)	0.97	(1.55)	1.99	1.09
Dividend per share (Baht)	0.92	-	1.97376772	0.5378
Dividend payout ratio same period (%)	95.00	-	99.18	49.34

# MANAGEMENT STRUCTURE



# BOARD OF DIRECTORS

(as of 31 December 2016)



**1** Mr. Andrew Benjamin Walz

Chairman of the Board of Directors

**3** Mr. Manoon Siriwan

Independent Director /  
Audit Committee / Nomination,  
Remuneration and Corporate Governance Committee

**2** Mr. Nicolas Michel Bossut

Director / Nomination,  
Remuneration and Corporate Governance Committee

**4** Ms. Kheng Ling Lok

Director / Human Resources Committee



**5 Mr. Pliu Mangkornkanok**

Independent Director /  
Vice-Chairman of the Board of Directors /  
Chairman of Audit Committee /  
Human Resources Committee

**7 Mr. William Lewis Stone**

Director / Chairman of Human Resources Committee  
Nomination, Remuneration and Corporate Governance Committee /  
Chief Executive Officer

**6 Mr. Robert Stair Guthrie**

Independent Director  
Chairman of Nomination, Remuneration and Corporate  
Governance Committee /  
Audit Committee



## SPRC's organizational structure is composed of:

- **The Board of Directors**

The Charter of the Board of Directors provides that the Board shall have at least 7 and up to 9 directors, at least 3 of whom shall possess the qualifications of an independent director. The independent director should not hold more than 3 consecutive terms directorship. Each director has 3 years for each directorship term and the director must not serve as a director of more than 3 listed companies.

- **Board Committees**

Three committees have been established and delegated to by the Board of Directors for considering and supporting the Board on specific matters.

- Audit Committee
- Nomination, Remuneration and Corporate Governance Committee
- Human Resources Committee

- **Management**

There are a total of 14 executives in the SPRC Leadership Team. The Chief Executive Officer (CEO) is the highest executive. The CEO must not hold this position in any other company and is elected by the Board of Directors.

As of 31 December 2016, the Board of Directors comprises of 7 directors;

- **6 Non-executive directors**
  - » 3 out of 6 Non-executive directors are independent directors
- **1 Executive director, who is the CEO**



### Mr. Andrew Benjamin Walz

Age 49 years

Position Chairman of the Board of Directors

Appointment date 13 August 2015

Education

Bachelor Degree Civil Engineering  
Colorado State University, USA

**Working experience in past 5 years**

2016 – Present	President - International Products, Asia Pacific Chevron International Pte. Ltd., Singapore
2015 - Present	Chairman of the Board of Directors Star Petroleum Refining Public Company Limited, Thailand
2015 - Present	Director Chevron Trading Pte. Ltd., Singapore
2015 - Present	Director GS Caltex Corporation, South Korea
2015 - 2016	Vice President - Joint Ventures & Affiliates, International Products Chevron International Pte. Ltd., Singapore
2015 - 2016	Vice Chairman of the Board of Directors Singapore Refining Company Pte. Ltd., Singapore
2013 - 2015	Vice President - Product Supply & Trading Chevron USA, Inc., USA
2008 - 2013	Marketing General Manager Caltex Australia Limited, Australia

**Training records with IOD :** Director Accredited Program (DCP 125/2016)

**Current director position in other Thai listed company(s) :** none

**Other current positions**

- Vice Chairman of the Board of Directors Singapore Refining Company Pte. Ltd., Singapore
- Director Chevron Trading Pte. Ltd., Singapore
- Director GS Caltex Corporation, South Korea

**Number of Shares held in the Company :** 0%( 3 shares)

**Relationship to other Directors or executives in the Company :** none





2

## Ms. Kheng Ling Lok

Age 53 years

Position Director  
Member of the Human Resources Committee

Appointment date 10 November 2016

### Education

Bachelor Degree Chemical Engineering  
National University of Singapore, Singapore

### Working experience in past 5 years

2016 - Present Director  
Star Petroleum Refining Public Company Limited

2016 - Present General Manager, Crude Supply & Trading  
Chevron USA, Inc. (Singapore Branch), Singapore

2008 - 2016 General Manager, Product Supply & Trading  
Chevron USA, Inc. (Singapore Branch), Singapore

### Training records with IOD :

- Director Certificate Program (DCP 232/2016)

### Other training :

- Directors' Obligations and Duties, Jones Day, Singapore (2016)

Current director position in other Thai listed company(s) : none

### Other current positions

- General Manager, Crude Supply & Trading, Chevron USA, Inc. (Singapore Branch), Singapore
- Director of the Centre of Excellence International Trading,  
Nanyang Technological University, Singapore

Number of Shares held in the Company : none

Relationship to other Directors or executives in the Company : none



3

## Mr. Manoon Siriwan

Age 70 years

Position Independent Director  
Member of the Audit Committee  
Member of the Nomination,  
Remuneration and Corporate Governance Committee

Appointment date 28 May 2012,  
28 April 2015 (re-elected)

### Education

Master Degree Political Science Chulalongkorn University  
Bachelor Degree Political Science Chulalongkorn University

### Working experience in past 5 years

2014-2015 Deputy Chairman of the Energy Reform Committee  
National Reform Council of Thailand

2012-Present Independent Director  
Star Petroleum Refining Public Company Limited

2007-2015 President  
Business Management Company Limited

### Training records with IOD :

- Director Accreditation Program (DAP 97/2012)
- Audit Committee Program (ACP 41/2012)
- Director Certification Program (DCP 219/2016)

Current director position in other Thai listed company(s) : none

### Other current positions

- Advisor of the Energy Reform Steering Committee,  
National Reform Steering Assembly of Thailand

Number of Shares held in the Company : none

Relationship to other Directors or executives in the Company : none



4

## Mr. Nicolas Michel Bossut

Age 42 years

Position

Director

Member of the Nomination, Remuneration and Corporate Governance Committee

Appointment date

11 August 2016

Education

Master Degree

M.B.A. (Finance)

University of California, Berkeley, Haas School of Business, USA

Bachelor Degree

Political Science

University of California, Berkeley, USA

Working experience in past 5 years

2016-Present

Director

Star Petroleum Refining Public Company Limited

2016-Present

Manager Opco Financing, Asia Pacific

Chevron International Pte. Ltd., Singapore

2014-2016

General Manager, Finance and Planning, Technology Projects and Services

Chevron USA, Inc., USA

2013

Finance Sponsor

Chevron USA, Inc., USA

2010-2012

Administration and Finance Manager, Petroindependencia JV

Chevron Venezuela, Venezuela

Current director position in other Thai listed company(s) : none

Other current positions

- Manager Opco Financing, Asia Pacific, Chevron International Pte. Ltd., Singapore
- Assistant Treasurer, Chevron Asia Pacific Holdings Limited and other Chevron subsidiaries in the Asia Pacific region

Number of Shares held in the Company : none

Relationship to other Directors or executives in the Company : none



5

## Mr. Pliu Mangkornkanok

Age 68 years

Position

Independent Director

Vice-Chairman of the Board of Directors

Chairman of the Audit Committee

Member of the Human Resources Committee

Appointment date

28 May 2012

25 April 2013 (re-elected)

26 April 2016 (re-elected)

Education

Master Degree

Industrial Engineering Stanford University, USA

Master Degree

M.B.A. (Finance) University of California at Los Angeles, USA

Bachelor Degree

Industrial Engineering Chulalongkorn University

Working experience in past 5 years

2012 - Present

Independent Director Star Petroleum Refining Public Company Limited

2011 - Present

Director Chuchawal Royal Haskoning Company Limited

2010 - Present

Chairman of the Board of Directors TISCO Financial Group Public Company Limited

2010 - Present

Chairman of the Board of Directors TISCO Bank Public Company Limited

2010 - Present

Director Design 103 International Company Limited

Training records with IOD :

- Director Certification Program (DCP 11/2001)
- The Role of Chairman 2000 Program (RCP 3/2001)
- Audit Committee Program (ACP 43/2012)
- Capital Market Academy (Batch 10)
- Anti-Corruption for Executive Program (ACEP 2/2012)

Other Training

- Capital Market Academy (Batch 10)
- Thailand Energy Academy (Batch 5)

Current director position in other Thai listed company(s)

- Chairman of the Board of Directors, TISCO Financial Group Public Company Limited
- Chairman of Board of Directors, TISCO Bank Public Company Limited

Other current positions

- Director of Chuchawal Royal Haskoning Company Limited
- Director of Design 103 International Company Limited

Number of Shares held in the Company : none

Relationship to other Directors or executives in the Company : none



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## Mr. Robert Stair Guthrie

Age 70 years

**Position** Independent Director  
Chairman of the Nomination, Remuneration and Corporate Governance Committee  
Member of the Audit Committee

**Appointment date** 28 May 2012  
28 April 2015 (re-elected)

**Education**  
Master Degree Civil Engineering  
University of Cape Town, South Africa

**Working experience in past 5 years**  
2012-Present Independent Director  
Star Petroleum Refining Public Company Limited  
2008-2012 Managing Director  
Lanta Land Development Co., Ltd.

**Training records with IOD**  
• Audit Committee Program (ACP 43/2013)  
• Director Accreditation Program (DAP 101/2013)  
• Director Certification Program (DCP 182/2013)

**Current director position in other Thai listed company(s) :** none

**Other current positions :** none

**Number of Shares held in the Company :** none

**Relationship to other Directors or executives in the Company :** none



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## Mr. William Lewis Stone

Age 58 years

**Position** Director  
Chairman of the Human Resources Committee  
Member of the Nomination, Remuneration and Corporate Governance Committee  
Chief Executive Officer

**Appointment date** 25 April 2008  
25 April 2013 (re-elected)  
26 April 2016 (re-elected)

**Education**  
Bachelor Degree Chemical Engineering  
University of California, Santa Barbara, USA

**Working experience in past 5 years**  
2014 - Present Director  
GS Caltex Corporation, South Korea  
2008 - Present Director and Chief Executive Officer  
Star Petroleum Refining Public Company Limited

**Training records with IOD :**  
• Directors Accreditation Program (DAP 72/2008)  
• Director Certificate Program (DCP 123/2009)  
• Financial Statement for Director (FSD 2/2010)

**Other Training**  
• Capital Market Academy (Batch 10)  
• Thailand Energy Academy (Batch 5)  
**Current director position in other Thai listed company(s) :** none

**Other current positions:**

• Director of GS Caltex Corporation, South Korea

**Number of Shares held in the Company :** 0.002% (80,000 shares)

**Relationship to other Directors or executives in the Company :** none

## Directors who resigned or completed their term in 2016

	Name	Position	Effective Date
1	Mr. Amit Rajindrasingh Ghai	Director/ Member of the Nomination, Remuneration and Corporate Governance Committee	Resignation with effect on 10 August 2016
2	Mr. Ranga Rama Kumar Sreeramagiri	Director/ Member of the Human Resources Committee	Resignation with effect on 10 August 2016

## Report of the Company's securities held by directors (including spouse and minor children) As of 31 December 2016

	Name	Number of Shares		Changing Number of Shares Increase (Decrease)
		As of 31 December 2015	As of 31 December 2016	
1	Mr. Andrew Benjamin Walz	3	3	-
	Spouse and minor children	-	-	-
2	Mr. Pliu Mangkornkanok	-	-	-
	Spouse and minor children	-	-	-
3	Mr. Manoon Siriwan	-	-	-
	Spouse and minor children	-	-	-
4	Mr. Robert Stair Guthrie	-	-	-
	Spouse and minor children	-	-	-
5	Mr. Nicolas Michel Bossut <sup>1</sup>	-	-	-
	Spouse and minor children	-	-	-
6	Ms. Kheng Ling Lok <sup>2</sup>	-	-	-
	Spouse and minor children	-	-	-
7	Mr. William Lewis Stone	40,000	80,000	40,000
	Spouse and minor children	-	-	-

<sup>1</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

<sup>2</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016.

### Report of the Company's securities held by directors who resigned in 2016

Name	Number of Shares		Changing Number of Shares Increase (Decrease)
	As of 31 December 2015	As of 31 December 2016	
1 Mr. Amit Rajindrasingh Ghai <sup>3</sup>	-	-	-
Spouse and minor children			-
2 Mr. Ranga Rama Kumar Sreeramagiri <sup>4</sup>	-	-	-
Spouse and minor children			

<sup>3</sup> Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

<sup>4</sup> Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

## Committees

The Board of Directors has established 3 committees, Audit Committee, Nomination, Remuneration and Corporate Governance Committee, and Human Resources Committee

in order to support and provide recommendations to the Board of Directors in each aspect for effective operations of the Company's business.

### Member of each committee as of 31 December 2016

Name	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Human Resources Committee
	(3 persons)	(4 persons)	(3 persons)
1 Mr. Andrew Benjamin Walz	-	-	-
2 Mr. Pliu Mangkornkanok <sup>1</sup>	Chairman	-	Member
3 Mr. Manoon Siriwan <sup>1</sup>	Member	Member	-
4 Mr. Robert Stair Guthrie <sup>1</sup>	Member	Chairman	-
5 Mr. Nicolas Michel Bossut <sup>2</sup>	-	Member	-
6 Ms. Kheng Ling Lok <sup>3</sup>	-	-	Member
7 Mr. William Lewis Stone	-	Member	Chairman

<sup>1</sup> Mr. Pliu Mangkornkanok, Mr. Manoon Siriwan and Mr. Robert Stair Guthrie are independent directors who are qualified and have qualifications in accordance to the requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Company's charter.

<sup>2</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

<sup>3</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016.

## Audit Committee



1. Mr. Pliu Mangkornkanok Chairman
2. Mr. Manoon Siriwan Member
3. Mr. Robert Stair Guthrie Member



Mr. Pliu has knowledge and experience to review the financial statements.

## Nomination, Remuneration and Corporate Governance Committee



1. Mr. Robert Stair Guthrie Chairman
2. Mr. Manoon Siriwan Member
3. Mr. William Lewis Stone Member
4. Mr. Nicolas Michel Bossut Member





## Human Resources Committee

- |                            |          |
|----------------------------|----------|
| 1. Mr. William Lewis Stone | Chairman |
| 2. Mr. Pliu Mangkornkanok  | Member   |
| 3. Ms. Kheng Ling Lok      | Member   |



## Director's Remuneration

Under the Company's Article of Association, the director's remuneration will be considered and approved by the Shareholders at the Shareholders' meeting. The directors are entitled to remuneration from the Company in form of monthly fee, meeting allowance, reward, bonus or any other benefits in accordance with the Article of Association or as approved by a meeting of shareholders which may be a fixed sum or subject to any conditions applicable from time to time.

The Annual General Meeting of Shareholders in 2016 approved the director's remuneration for monthly fee and meeting allowance fee for Board of Directors meeting and committee meeting, without bonus.

### Compensation for the Board of Directors for 2016

Name	Monthly Fee (Baht/Month)	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the Board of Directors	150,000	25,000
Vice-Chairman of the Board of Directors	140,000	20,000
Director	120,000	20,000

### Compensation for the Audit Committee for 2016

Position	Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

### Compensation for the Nomination, Remuneration and Corporate Governance Committee for 2016

Position	Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

### Compensation for the Human Resources Committee for 2016

Position	Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

In summary, total director compensation in 2016 was 12,059,839 baht, comprising of monthly fees in total of 10,234,839 baht and the meeting allowance fees for the Board of Directors meetings and sub-committee meetings in total of 1,825,000 baht. There were no bonuses, rewards nor other benefits such as position car nor club membership provided to directors. However, the directors can be reimbursed from the Company on the actual expenses for attending of the Company's meetings with original receipt incurred and in accordance with the reimbursement scheme as applied for all Company's staff.

This total fee was paid to 9 directors which include the directors who held the directorship position for 12 months, ending on 31 December 2016, the directors who completed their directorship term or resigned during the year, and the director who started their directorship during the year. Such director compensation was made in accordance with the resolution of the 2016 Annual General Meeting of Shareholders. The compensation was appropriately determined by considering roles and responsibilities, economic environment, and benchmarking with peers in the same industries and size of the company.

### The compensation that each director received in 2016

Name	Monthly fee for total 12 months	Total fee for Meeting Allowances				Grand total compensation received in 2016
		Board of Directors Meetings	Audit Committee Meetings	Nomination, Remuneration and Corporate Governance Committee Meetings	Human Resources Committee Meetings	
1 Mr. Andrew Benjamin Walz	1,800,000	125,000	-	-	-	1,925,000
2 Mr. Pliu Mangkornkanok	1,600,000	100,000	160,000	-	120,000	1,980,000
3 Mr. Manoon Siriwan	1,440,000	100,000	120,000	90,000	-	1,750,000
4 Mr. Robert Stair Guthrie	1,440,000	100,000	120,000	120,000	-	1,780,000
5 Mr. Nicolas Michel Bossut <sup>1</sup>	557,419	20,000	-	30,000	-	607,419
6 Ms. Kheng Ling Lok <sup>2</sup>	200,000	0	-	-	0	200,000
7 Mr. William Lewis Stone	1,440,000	100,000	-	90,000	160,000	1,790,000

### The list of directors who resigned during the year 2016

8 Mr. Amit Rajindrasingh Ghai <sup>3</sup>	878,710	60,000	-	30,000	-	968,710
9 Mr. Ranga Rama Kumar Sreeramagiri <sup>4</sup>	878,710	60,000	-	-	120,000	1,058,710

<sup>1</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

<sup>2</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings and Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

<sup>3</sup> Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

<sup>4</sup> Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut (appointed in 2016), Ms. Kheng Ling Lok (appointed in 2016), Mr. William Lewis Stone, Mr. Amit Rajindrasingh Ghai (resigned in 2016) and Mr. Ranga Rama Kumar Sreeramagiri (resigned in 2016) are directors nominated by Chevron. They have declined to receive director compensation, both monthly fees and meeting allowance fees. Total declined

fees were 6,549,839 baht, comprising of the monthly fee of 5,754,839 baht and the meeting allowance fee of 795,000 baht. This director compensation is not covered under the Personnel Secondment Agreement made between the Company and Chevron.

## Company Secretary

The Board of Directors has authorization and is responsible for appointment of the company secretary. At the Board of Directors meeting No. 4/2013, on 27 November 2013, the Board of Directors reviewed the qualification and appointed Ms. Nattawan Khumwiwat to act in the position of Company Secretary.

The Company Secretary has roles and responsibilities to ensure compliance with and advise the Board of Directors and management on relevant laws and regulations, and practice guidelines for good corporate governance. The Company Secretary is responsible for organizing meetings of the Board of Directors and meetings of the shareholders, as well as following and monitoring the Company's actions and implementation in compliance with resolutions made at the meetings. The Company Secretary shall manage the registration and record of Company's directors, notice of the Board and shareholders meetings, minutes of the Board and shareholders meetings, safely store the company's material documents, and retain the conflict of interest declaration forms made by directors and management. The Company Secretary shall also perform other general company secretary's works and have other roles and responsibilities as provided by the Capital Market Supervisory Board.

The Company Secretary additionally takes responsibilities on the secretarial tasks of the Audit Committee and the Nomination, Remuneration and Corporate Governance Committee.

## Corporate Compliance Officer

The Board of Directors established the Business Conduct policy in 2010 and appointed the Corporate Compliance Officer to have primary oversight responsibility to ensure the Company operates the business in accordance with guidelines and policies provided in the Business Conduct policy. Ms. Nattawan Khumwiwat has been appointed to take the role of the Corporate Compliance Officer since 1 July 2015.

The Corporate Compliance Officer is responsible on implementation and monitoring the compliance program, consistent with the Business Conduct policy and ensuring enforcement with disciplinary action(s) against personnel whose conduct is not in line with the principles provided in the Business Conduct policy. The staffs are encouraged to report suspected conduct violating the policy or other suspected criminal conduct involving the Company or its personnel to the Corporate Compliance Officer. The Corporate Compliance

Officer is responsible to handle the investigation on such report properly and treat the source of report as confidential.

The Corporate Compliance Officer reports quarterly to the Audit Committee on the compliance program ensuring that the report addresses such policies as provided in the Business Conduct policy.



### Ms. Nattawan Khumwiwat

**Age** 36 years

**Current Position** Corporate Legal Counsel, Company Secretary and Corporate Compliance Officer

#### Education

Master Degree LL.M., International Business Law, American University, Washington College of Law, USA  
Master Degree LL.M., Business Law (English Program), Chulalongkorn University  
Bachelor Degree Laws, Thammasart University  
Barrister at Law The Thai Bar Association

#### Working experience in past 5 years

2015 - Present Corporate Compliance Officer  
2013 - Present Corporate Legal Counsel and Company Secretary  
2009 - 2013 Legal Counsel

#### Training Course on Company Secretary and Compliance :

- Company Secretary Program (CSP 39/2011)
- Board Reporting Program (BRP 5/2011)
- Effective Minute Taking (EMT 22/2012)
- Anti-Corruption: The Practice Guide (ACPG 28/2016)

## Internal Auditor

The Audit Committee has authorization and is responsible for appointment of the internal auditor. At the Audit Committee meeting no. 4/2012, on 20 June 2012, the Audit Committee reviewed the qualification of, and appointed Ms. Sukhumal Tonpitak as the Company's Internal Auditor.

The roles and responsibilities of internal auditor are to provide a wide range of quality internal audit services to Company. The mission of the internal auditor is to perform independent assessments of controls for adequacy, effectiveness, and efficiency, guided by professional standards and using innovative approaches. At the Audit Committee meeting no. 4/2016 on 9 November 2016, the Audit Committee reviewed

the internal auditor's roles and responsibilities provided in the Internal Audit Charter. It was updated to include the review and ensure Compliance with Core Indicators and Business Principles of the Collective Action Coalition Against Corruption.



## Ms. Sukhumal Tonpitak

**Age** 47 years

**Current Position** Internal Auditor

### Education

Master Degree MBA, Maryville University of St. Louis, Missouri, USA.

Bachelor Degree Accounting, Assumption University

### Working experience in past 5 years

2009- Present Internal Auditor

### Training Course on Internal Auditor

- International Conference – The Institute of Internal Auditors
- Certified Professional Internal Auditor of Thailand
- Working paper for Anti Corruption – CAC
- Internal Control Management

The chief executive officer is authorized to oversee the Company's day-to-day business and operation, take any action and make any decision under the scope of his or her authority, including execution of agreements and obligations that are necessary or beneficial to the Company.

The chief executive officer has the authority to execute transactions in the name of the Company, with a limit not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.

However, due to the nature of Company's business and normal Company's business transaction, the chief executive officer has the authority to execute transactions and obligations exceeding Baht 200 million with a term not exceeding 12 months that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.

For related party transactions, the chief executive officer has the authority to execute related party transactions in the name of the Company, with a limit not exceeding Baht 10 million. The related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For the related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the chief executive officer has the authority to execute such related party transactions if the term does not exceed 12 months.

## Executives

### Chief Executive Officer

The Board of Directors has authorization and is responsible for appointment or removal of the Company's chief executive officer. The chief executive officer is responsible for managing the Company's business as assigned by the Board of Directors. Mr. William Lewis Stone was first appointed by the Board of Directors to be the Company's chief executive officer in 2008. With the Company's conversion to be a public company in 2012, he was re-appointed to be the Company's chief executive officer by the Board of Directors Meeting No. 2A/2012 held on 20 June 2012.

### Leadership Team

There are 14 executives on the SPRC Leadership Team. The Leadership Team is responsible for executing the strategies, objectives and business plans approved by the Board of Directors, and managing the day to day activities at SPRC. Members of the Leadership Team all bring significant industry and company specific experience and knowledge to SPRC providing the required skills and competencies to lead SPRC to "Set the Standard" in the refining industry.

Leadership Team members as of 31 December 2016 are:

Name	Position
1. Mr. William Lewis Stone	Director and Chief Executive Officer
2. Mr. Steven Lewis Gibson	Deputy Chief Executive Officer - Operations
3. Mr. Wichai Chunhasomboon	Chief Financial Officer
4. Mr. Sakchai Thamsuruk	Manager of Supply & Planning
5. Mr. Chirasak Mhasuconda	Manager of Human Resources
6. Mr. Pongkorn Chochuwong	Manager of Asset Management
7. Mr. Narong Triyotee	Manager of Production Unit-Processes & Utilities
8. Mr. Paul Andrew Rushworth	Manager of Production Unit-Movement & Dispatches
9. Mr. Roger Albert Frederick Bartlett	Manager of Integrity & Reliability
10. Mr. Akasit Rumpagaporn	Manager of Technology & Engineering
11. Ms. Nattawan Khumwiwat	Corporate Legal Counsel, Company Secretary and Corporate Compliance Officer
12. Mrs. Pornthip Viraphand	Manager of Public & Government Affairs
13. Mr. Krisda Chaikul	Manager of Process Safety
14. Mrs. Angkana Panyaopart	Manager of OEHS & Laboratory





## Mr. William Lewis Stone

Age 58 years

Current Position in SPRC :

Director

Chairman of the Human Resources Committee

Member of the Nomination and Remuneration Committee

Chief Executive Officer

Appointment date : 25 April 2008

### Education

Bachelor Degree in Chemical Engineering

University of California, Santa Barbara, USA

### Working experience in past 5 years

2008 - Present Director and Chief Executive Officer, SPRC

2014 - Present Director of GS Caltex, South Korea

Shareholdings as of 31 December 2016 : 0.002%

Relationship to other Directors or executives in the Company : none



## Mr. Steven Lewis Gibson

Age 53 years

Current Position in SPRC :

Deputy Chief Executive Officer - Operations

Appointment date : 17 June 2013

### Education

Bachelor Degree in Chemical Engineering

University of Sydney, Australia

### Working experience in past 5 years

2013 - Present Deputy Chief Executive Officer - Operations, SPRC

2009 - 2013 Manager of Asset Management, SPRC

Shareholdings as of 31 December 2016 : none

Relationship to other Directors or executives in the Company : none



## Mr. Wichai Chunhasomboon

Age 59 years

Current Position in SPRC : Chief Financial Officer

Appointment date : 21 April 2009

### Education

Master of Business Administration in Accounting  
Thammasat University

Bachelor Degree in Accounting  
Bangkok University

### Working experience in past 5 years

2009 - Present Chief Financial Officer, SPRC

Shareholdings as of 31 December 2016 : none

Relationship to other Directors or executives in the Company : none



## Mr. Sakchai Thamsuruk

Age 49 years

Current Position in SPRC : Manager of Supply & Planning

Appointment date : 1 March 2009

### Education

Bachelor of Science Degree in Chemistry  
King Mongkut's University of Technology Thonburi

### Working experience in past 5 years

2009 - Present Manager of Supply & Planning, SPRC

Shareholdings as of 31 December 2016 : 0.008%

Relationship to other Directors or executives in the Company : none



## Mr. Chirasak Mhasuconda

Age 54 years

Current Position in SPRC : Manager of Human Resources

Appointment date : 15 March 2011

### Education

Master of Public Administration

National Institute of Development Administration (NIDA)

Bachelor of Law

Ramkhamhaeng University

### Working experience in past 5 years

2011 - Present Manager of Human Resources, SPRC

Shareholdings as of 31 December 2016 : 0.006%

Relationship to other Directors or executives in the Company : none



## Mr. Pongkorn Chochuwong

Age 47 years

Current Position in SPRC : Manager of Asset Management

Appointment date : 1 June 2014

### Education

Bachelor Degree of Science in Chemistry

Chiang Mai University

### Working experience in past 5 years

2014 - Present Manager of Asset Management, SPRC

2009 - 2014 Manager of Production Unit-Processes, SPRC

Shareholdings as of 31 December 2016 : 0.008%

Relationship to other Directors or executives in the Company : none



## Mr. Narong Triyotee

Age 46 years

Current Position in SPRC :

Manager of Production Unit-Processes & Utilities

Appointment date : 1 June 2014

Education

Bachelor of Engineering Degree in Chemical Engineering  
Curtin University of Technology, Perth, Australia

Working experience in past 5 years

2014 - Present      Manager of Production Unit-Processes  
                                 & Utilities, SPRC

2009 - 2014      Manager of Production Unit-Movement  
                                 & Dispatches, SPRC

Shareholdings as of 31 December 2016 : 0.012%

Relationship to other Directors or executives in the Company : none



## Mr. Paul Andrew Rushworth

Age 47 years

Current Position in SPRC :

Manager of Production Unit-Movement & Dispatches

Appointment date : 1 June 2014

Education

Master of Business Administration Degree in Technology Management  
Jointly the Association of Professional Engineers Scientists and  
Managers Australia (APESMA) and Deakin University, Australia

Master of Engineering Degree in Engineering Design  
Loughborough University of Technology, UK

Bachelor of Engineering Degree in Mechanical Engineering  
Manchester Polytechnic, UK

Working experience in past 5 years

2014 - Present      Manager of Production Unit-Movement  
                                 & Dispatches, SPRC

2012 - 2014      Event Project Manager, SPRC

2008 - 2012      Maintenance Manager, SPRC

Shareholdings as of 31 December 2016 : 0.006%

Relationship to other Directors or executives in the Company : none



## Mr. Roger Albert Frederick Bartlett

Age 68 years

Current Position in SPRC : Manager of Integrity & Reliability

Appointment date : 1 February 2009

### Education

Doctorate in environmental fracture of steels  
Manchester Institute of Science and Technology, UK

Master of Science Degree, Metallurgy  
Manchester Institute of Science and Technology, UK

Bachelor of Science, Metallurgy  
Manchester Institute of Science and Technology, UK

### Working experience in past 5 years

2009 - Present Manager of Integrity & Reliability, SPRC

Shareholdings as of 31 December 2016 : 0.006%

Relationship to other Directors or executives in the Company : none



## Mr. Akasit Rumpagaporn

Age 47 years

Current Position in SPRC : Manager of Technology & Engineering

Appointment date : 1 May 2015

### Education

Master of Science Degree in Computer Engineering Management  
Assumption University

Bachelor of Science Degree in Chemical Engineering  
Chulalongkorn University

### Working experience in past 5 years

2015 - Present Manager of Technology & Engineering, SPRC

2011 - 2015 Planning Manager, SPRC

Shareholdings as of 31 December 2016 : 0.005%

Relationship to other Directors or executives in the Company : none



## Ms. Nattawan Khumwiwat

Age 36 years

**Current Position in SPRC :** Corporate Legal Counsel,  
Company Secretary and  
Corporate Compliance Officer

**Appointment date :** 27 November 2013

### Education

Master of Law International Business Law  
American University, Washington College of Law, USA

Master of Law Business Law (English Program)  
Chulalongkorn University

Bachelor of Laws  
Thammasart University

Barrister at Law  
The Thai Bar Association

### Working experience in past 5 years

2015 - Present Corporate Compliance Officer, SPRC  
2013 - Present Corporate Legal Counsel and Company  
Secretary, SPRC  
2009 - 2013 Legal Counsel, SPRC

**Shareholdings as of 31 December 2016 :** 0.005%

**Relationship to other Directors or executives in the Company :** none



## Ms. Pornthip Viraphand

Age 51 years

**Current Position in SPRC :** Manager of Public & Government  
Affairs

**Appointment date :** 1 June 2014

### Education

Master of Public Administration  
Burapha University

Bachelor of Business Administration  
Rajamangala University of Technology Krungthep

### Working experience in past 5 years

2014 - Present Manager of Public & Government Affairs, SPRC  
2009 - 2014 Manager of Procurement and Logistics, SPRC

**Shareholdings as of 31 December 2016 :** 0.004%

**Relationship to other Directors or executives in the Company :** none





## Mr. Krisda Chaikul

Age 55 years

Current Position in SPRC : Manager of Process Safety

Appointment date : 1 July 2014

### Education

Master of Science, Industry and Technology with Specialization in Safety  
College of Engineering and Engineering Technology  
Northern Illinois University, USA

Bachelor of Science Degree in Occupational Health and Safety  
Mahidol University

### Working experience in past 5 years

2014 - Present Manager of Process Safety, SPRC

2009 - 2014 Manager of QEHS & Laboratory, SPRC

Shareholdings as of 31 December 2016 : 0.005%

Relationship to other Directors or executives in the Company : none



## Ms. Angkana Panyaopart

Age 47 years

Current Position in SPRC : Manager of QEHS & Laboratory

Appointment date : 1 July 2014

### Education

Master of Engineering (Industrial Management Engineering)  
King Mongkut's University of Technology North Bangkok

Bachelor of Science in Computer Science  
Ramkhamhaeng University

### Working experience in past 5 years

2014 - Present Manager of QEHS & Laboratory, SPRC

2012 - 2014 Event Project Business Manager, SPRC

2009 - 2012 Lead Reliability and Asset Management, SPRC

Shareholdings as of 31 December 2016 : 0.005%

Relationship to other Directors or executives in the Company : none

## Report of the Company's securities held by Executives (including spouse and minor children)

Name	Number of Shares/Changing Amount		Increase (decrease) number of shares During 2016
	As of 31 December 2015	As of 31 December 2016	
1 Mr. William Lewis Stone	40,000	80,000	40,000
Spouse and minor children	-	-	-
2 Mr. Steven Lewis Gibson	-	-	-
Spouse and minor children	-	-	-
3 Mr. Wichai Chunhasomboon	-	-	-
Spouse and minor children	-	-	-
4 Ms. Sakchai Thamsuruk	267,100	267,100	-
Spouse and minor children	78,500	78,500	-
5 Mr. Chirasak Mhasuconda	267,100	267,100	-
Spouse and minor children	-	-	-
6 Mr. Pongkorn Chochuwong	347,300	347,300	-
Spouse and minor children	-	-	-
7 Mr. Narong Triyotee	347,300	347,300	-
Spouse and minor children	167,600	167,600	-
8 Mr. Paul Andrew Rushworth	267,100	267,100	-
Spouse and minor children	-	-	-
9 Mr. Roger Albert Frederick Bartlett	267,100	267,100	-
Spouse and minor children	-	-	-
10 Mr. Akasit Rumpagaporn	205,500	205,500	-
Spouse and minor children	-	-	-
11 Ms. Nattawan Khumwiwat	205,500	205,500	-
Spouse and minor children	-	-	-
12 Ms. Pornthip Viraphand	167,600	167,600	-
Spouse and minor children	-	-	-
13 Mr. Krisda Chaikul	205,500	205,500	-
Spouse and minor children	-	-	-
14 Ms. Angkana Panyaopart	248,400	225,500	(22,900)
Spouse and minor children	-	-	-

## Human Resources

SPRC has a strategic objective to Set the Standard as Employer of Choice in Thailand, which is a key in allowing us to meet our other strategic objectives in Operational Excellence and Shareholder Return. Our visions are happy and healthy employees, with positions that fit their skills and competencies as part of a high performance organization, and they are proud of their contributions to our success, and to be part of our One Family.

Our Human Resources Management System, strategy and action plans are all directed at achieving this vision, to attract, motivate, engage and retain employees in a happy working environment. We provide training and development opportunities with challenging assignments to allow our employees to achieve their career goals. Our salary, incentive, and benefits program is designed to provide a fair and competitive compensation package to attract and retain talent.

We are confident that our strategies, management systems, action plans, training and development and compensation packages, along with our One Family Culture and Core Values attract, motivate and retain employees to achieve our strategies and the long term sustainable success of SPRC

## Number of Employees

The company has 455 total employees as of 31 December 2016. The number of employees includes direct hires and secondees from Chevron.

<u>Number of Employees</u>	
Production Unit - Process and Utilities	125
Production Unit - Movement and Dispatches	85
Asset Management	60
Technology and Engineering	49
QEHS & Laboratory	40
Corporate Service	22
Integrity & Reliability	25
Others	49
<b>Total</b>	<b>455</b>

## Executive and Employee Compensation

SPRC recognizes that our employees and management are the most important resource for achieving the strategic goals of the company. Our Company's One Family culture cares for and respects all of our employees and management. It is the Company's policy to attract and retain high performance employees and encourage them to excel in the organization through attractive remuneration and benefits that fairly and equitably reward our employees for their contributions to SPRC's success, and that are competitive with other companies in Thailand's petrochemical industry.

## Executive Compensation

### Compensation Paid to the Employees

In 2016, total compensation, including salary, bonus, overtime pay, provident fund, welfare and benefit paid to the employees and executives was Baht 1,160.6 million. Annual merit increase for each employee is determined based on the individual's annual performance result and market competitiveness

### Other Compensation and Benefits

The Company provides benefits to the employees including Housing Allowance, Housing and Automobile Interest Subsidy, Annual Holidays, Maternity Leave, Paternity Leave and Compassionate Leave, Life Insurance and Disability, Medical Coverage. We also provide the Flexible Benefit program that allows individual employees to make selections of benefits to fit with their life style and family's needs.

The Company also provides employees' retirement package which complies with Thai Labor Law. We recognize employees with "Top Up with Gold" at their retirement. The Company has recorded retirement benefits of Baht 67.9 million in the year 2016.

## Provident Fund

The Company provides a provident fund, registered as a juristic person under the Provident Fund Act, B.E. 2530 (1987) for the Company's employees. Participating employees pay a contribution of 3 to 15 percent of the monthly wage to the fund, and the Company contributes 3 to 15 percent of the employee's wage, depending on the employee's years of service. Provident Fund contributions by the Company were Baht 47.8 million in the year 2016.

## Employee Stock Ownership Plan

As the Company executed an Employee Stock Ownership Plan (ESOP) with the approval by the Board of Director for the management (not including certain management secondees) and employee to purchase ordinary shares totally of 35,728,800 shares through the ESOP program. This is to promote management and employee's ownership and encourage employee pride as well as engagement in SPRC.

After the first day of trading the Company's share on the Stock Exchange of Thailand, the management and employee are allowed to sell up to 25% of their shares after 12 months which is on the 8th December 2016.

## Training & Development

At SPRC, we believe that the efficiency, effectiveness and success of our organization depend largely on the skills, abilities and commitment of our people. We, therefore, place a lot of emphasis on the training and development of our people.

Training at SPRC is carried out with both short term and long term objectives in mind, and that's why we offer a range of training and development activities. Depending on roles and responsibilities, employees are provided:

- On-the-job learning including overseas assignment
- Training for recognized professional qualifications – either through external organizations or through SPRC's own training services and facilities.
- Leadership Development Programs.
- Individual Competency Development Programs.
- Knowledge Management.
- Business Conduct Training.
- Mentoring and regular appraisals with line managers.
- Special project assignments.
- Joint Venture Chevron Technical University (JVCTU): A set of engineering and technical courses provided to young engineers of joint venture Chevron refineries by experienced Chevron engineers from around the world.

# CORPORATE GOVERNANCE



The Board of Directors has established the Company's Business Conduct Policy as the guideline on how to conduct our business. The Business Conduct Policy provides guidelines for the operation of SPRC's business, recognizing the importance of honest, fair, and transparent business operations, as well as ensuring operations are in compliance with all applicable laws, rules, and regulations.

The Business Conduct Policy is regularly reviewed by Management and the Board of Directors. The Board of Directors, Management, and all staff are required to comply with the Business Conduct Policy at all times. All new staff are trained on the Business Conduct Policy when they start working at the Company.

The Company conducted 8 sessions throughout the year to introduce the Business Conduct Policy to all new staff (13 new staffs in 2016) and 12 refreshment sessions to all staff in August 2016 to reinforce the Business Conduct Policy.

In addition, the Company conducted the communication sessions for focus groups on following topics;

- Business Conduct for supervisor level
- Insider Trading Policy
- Public Disclosure Policy
- Information classification - Handling of Confidential information and Data Privacy
- Anti-Corruption program and Declaration on joining with the Thailand's Private Sector Collective Action Against Corruption (CAC)
- FCPA – Prohibited expenses to government officers
- Bidding processes to ensure fair and transparency

The Business Conduct Policy contains guidelines on how to conduct our business properly, including:

- To operate the business strictly in accordance with applicable laws, regulations, and rules, and to cooperate with government officials.
- To instill awareness among the employees regarding the importance of compliance with the law and fair business competition.

- To operate the business and make investments in accordance with the principles of ethics, transparency, and the honoring of mutual commitments and sharing benefits fairly.
- To respect human rights, as supported by the policy on promotion and protection of human rights, freedom, and equitable treatment, which is the foundation of human resource management and development. The Company's business operation is in line with the United Nations Universal Declaration of Human Rights. The Company does not discriminate against races, religions, genders, age, or people with disability.
- To avoid conflicts of interest in all of our business operations and decisions.
- To enter into any related party transaction on a commercial arm's length basis and always take into consideration, on balance, the best interest of Company.
- To follow anti-corruption practices in accordance with Thai laws and US regulations, e.g. the Foreign Corrupt Practice Act. An example is the prohibition of promising to pay or give or actually paying or giving money or anything of value to officials for the purpose of gaining influence over the official's acts or decisions

The Board of Directors has also established the Company's Corporate Governance Policy, which sets out policies and guidelines that are consistent with the corporate governance principles prescribed by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Corporate Governance Policy is set out to ensure the Company conducts business ethically and treats all stakeholders responsibly, equitably, and with transparency for the goal of long term sustainability. The Corporate Governance Policy applies to the Board of Directors, Management, and all staff.

The Corporate Governance Policy is composed of:

- The rights of the shareholders
- Equitable treatment for shareholders
- Roles of stakeholders
- Disclosure and transparency
- Responsibilities of the Board of Directors

## The Rights of the Shareholders

The Company recognizes the rights of all shareholders, which include the right to independently buy, sell, or transfer shares, and the right to attend and vote in shareholders meetings. All shareholders meetings of the Company are conducted in consideration for the rights of shareholders. In 2016, the Company had 2 shareholders meetings. The Company held the 2016 Annual General Meeting of Shareholders (AGM) on 26 April 2016, during which the shareholders voted on the appointment of directors, remuneration of directors, appointment and remuneration for auditors, and declaration of dividend payment. Additionally, the Company held the Extraordinary General Meeting of Shareholders (EGM) No.1/2016 on 16 December 2016, during which the shareholders voted on determination or amendment of the Articles of Association and the memorandum of association, and reduction of capital.

The Company arranged both meetings in accordance with the requirements in the Company's Articles of Association, the applicable laws concerning shareholder meetings, and the best practices according to the corporate governance guidelines.

To allow shareholders to vote knowledgeably and effectively, the Company sent the notices of shareholders meetings and supporting information to the shareholders at a reasonable time in advance, as well as posted it on Company's website. The Company also provided a channel for shareholders to send questions regarding agenda items at the meetings to the Company via e-mail (CompanySecretary@sprc.co.th) prior to the meetings.

The notice contains details on;

- Date, time, venue and map of the meeting
  - » To encourage the shareholders to attend the shareholders meetings, the Company selected appropriate dates, time and convenient venues for the meetings. It is the Company's policy to organize the shareholders meeting at a venue which meets our high safety standards, has multiple transportation options e.g. close to BTS or MRT station and available parking areas, and a proper sized meeting room.
  - » the meeting procedure specifying details on required documents to verify the shareholders and proxies, independent directors who the shareholder can proxy to, vote requirements and counting procedures:



- » If a shareholder cannot attend the meeting, the Company allows the shareholder to appoint an independent director or any person as a proxy to attend the meeting on their behalf, by submitting a proxy form sent with the notice to the shareholders meeting by the Company.
- agenda items to be considered by the shareholders, with an explanation and reason for each agenda item or each resolution sought, as well as the opinion of the Board of Directors, including:
  - » with respect to the appointment of directors, background and suitability of the nominated persons, including education, experience, and other titles held;
  - » with respect to the consideration of remuneration for directors, components and amount of remuneration proposed to be approved by the shareholders;
  - » with respect to appointment of the auditor and determination of their remuneration, name and auditing office of the proposed auditor, the proposed remuneration, and the years for which the auditor has performed their duty for the Company in the event of reappointment of an existing auditor;
  - » with respect to the payment of dividend, an explanation to support the decision regarding the proposed dividend;
  - » with respect to the amendment of the Articles of Association, the reason and explanation to support the decision; and
  - » with respect to the reduction of Company's capital and amendment of Company's memorandum of association related to the capital reduction, the reason and explanation to support the decision, sufficient information regarding the objectives of the matters proposed, and the potential impact on the Company and the shareholders.

At the meetings, the Company had a legal advisor from Baker & McKenzie Ltd. to monitor the registration and the vote counting. The Chairman asked two volunteers from shareholders to witness the vote counting and provided opportunities for all shareholders to ask questions, and give opinions and suggestions. The Board of Directors, the CEO and senior leadership attended the meetings to answer questions and

listen to the opinions and suggestions of shareholders. When the meetings ended, the Company prepared accurate and complete minutes of the meetings, including questions and responses during the meetings. The Company published the voting results of all resolutions and the meeting minutes by posting on the Company's website within the next day and within 14 days from the date of the meeting, respectively.

For preparation of the 2017 AGM, the Company has provided the opportunity the the shareholders to propose qualified candidates for director election and suggest items for consideration at the shareholder meeting. The Company has notified and posted the details on timeline and criteria on its corporate website since 30 September 2016.

## Equitable Treatment for Shareholders

The Board of Directors has set a policy that the Company must conduct business with transparency. The Company shall treat all shareholders fairly and equally. The Company respects minority shareholders' rights and provides equal opportunity to all shareholders, such as equal rights on voting, the opportunity to propose agenda items for consideration at shareholders meeting, opportunity to propose qualified candidates for director election, and the opportunity to access company information or receive communication from the company.

At the Board meeting in August, the Board reviewed and set criteria for shareholders to propose agenda items for discussion and to nominate qualified director candidates for election at the annual general meeting of shareholders in 2017.

The Board decided that shareholders who wish to propose an agenda item and/or nominate director candidates must possess qualifications according to the criteria as follows:

- 1.1 Be a shareholder or a group of shareholders of the Company;
- 1.2 Hold minimum shares of not less than 1 percent of the total paid up shares of the Company (or not less than 43,359,022 shares); and
- 1.3 Hold those shares continuously for at least one year prior to the date of proposing agenda items or nominating director candidates.

On 30 September 2016, the Company disclosed this criteria and the shareholders must submit documents to the Company by 31 December 2016 with required information according to the details posted on corporate website.

To ensure equal access to Company's information, the Board of Director has established a Public Disclosure Policy to ensure communications to all shareholders are accurate,adequate,timelyandequallyaccessibleinaccordance with the principles of good corporate governance as well as regulations of the SET and SEC.

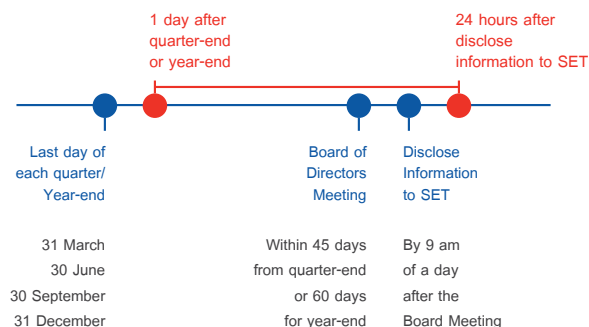
- The Board of Directors appointed the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) be authorized persons to disclose SPRC's material information to the SET and to the public, and be authorized spokespersons to provide SPRC's information to the media, analysts and investors.
- The CEO may delegate other management to disclose or speak on his/her behalf, but any comments must be limited to that delegate's area of expertise.
- The Company should not publicly disclose material information until it has notified the SET and received an acknowledgment that the information has been released to the SET.
- After disclosure to the SET, the information disclosed should be promptly posted on the Company's website ([www.sprc.co.th](http://www.sprc.co.th)) as a public forum for presenting information in compliance with this policy.

Preventive measures have been put into place to prevent improper use of material non-public information by directors, executives, and employees who have access to such material non-public information through their duties and roles within the Company. Improper use includes insider trading whether for their own or others' benefit. The practice regarding material non-public information is as follows:

- Directors, executives, employees, auditors, contractors or consultants of the Company who are aware of SPRC's material and non-public information, directly or indirectly shall not:
  - » engage in transactions of any kind of SPRC's securities whether for their own account or for the account of another;
  - » recommend that another person engage in transaction of SPRC's securities (known as "tipping");
  - » assist anyone in engaging in transactions of SPRC's securities; or

» disclose material and non-public information to anyone who does not have a legitimate business reason for receiving such information.

- All directors, executives, and employees who have access and are involved with financial reporting, as well as spouses and minor children of such persons, are prohibited from trading the Company's securities for a period starting one day after the quarter-end or



year-end and ending one day (24 hours) after disclosure or publication of the quarterly or annual financial statements to the SET.

- If any director, executive or employee, or their spouse or minor children gain access to any undisclosed information that may affect the price of securities of the Company, those persons shall not trade the securities until a period of 24 hours following disclosure of such information to the public.
- Directors and executives shall notify the Chairman of the Board of Directors, or the Company Secretary, at least one day in advance before trading the Company's securities.
- If the company's directors and executives elect to trade in the Company's securities, the Company encourages them to make long-term investments. Directors and executives shall not engage in speculative or short-term trading of the Company's securities.
- Upon first being appointed as directors or executives of the Company, the directors and top-level executives shall report the holding of the Company's securities by them to the Office of the SEC (form 59-1) within 30 days from the date they first take office, and report any changes upon buying, selling, transferring, or accepting the Company's securities (form 59-2) within three business days from the date of any such change.

- The Audit Committee shall monitor the compliance with such measures, ensuring that any changes in securities holding are reported at the meeting of the Audit Committee each time any such changes occur. The number of shares held directly or indirectly at the beginning of the year, at the end of the year, and any trading during the year by the directors and top-level executives shall be disclosed in the annual report.

The Business Conduct Policy requires that the Company's directors, executives, and employees refrain from having any conflict, potential conflict or perceived conflict, between personal interest and the interest of the Company, or the duties of the directors, executives, and employees toward the Company. Conflicts of interest may arise when such persons take any action or have any personal interest that adversely affects the Company's interest, reputation, good relations with others, as well as actions that affect their decisions when performing their respective duties. The practice regarding conflicts of interest is as follows:

- Directors, executives, and employees of the Company have duties in reporting their interests upon being appointed or joining the Company, and shall report on any changes to those interests.
- The Company discloses a clear shareholding structure to ensure confidence of the shareholders in the Company's shareholding structure.
- In a meeting of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best interests of all shareholders.
- For consideration on related party transactions, the Audit Committee will review the transaction to ensure that it is executed on the arm's length basis and for the benefits of the Company.

## Roles of stakeholders

The Company takes into account the benefits of all stakeholders. The policy to stakeholders is part of its Corporate Governance Policy to preserve the rights of stakeholders, who are referred to as Shareholders, Customers, Employees,

Community, Consumers and Partners who the Company deals with in general. The principle has been stated in the Company's Business Conduct handbook (downloadable at [www.sprc.co.th](http://www.sprc.co.th)) as a guideline for directors, executives and staffs to ensure that stakeholders are treated on the basis of fairness and equitability for the mutual interest of all parties involved. All employees are to strictly adhere to the Company's Business Conduct to add value to the stakeholders.

## Our Stakeholders

The Company has put in place policies and measures with respect to the treatment of stakeholders, as follows:

### Shareholders, Investors and Analysts

The Company regards shareholders as the owners of the Company. Directors, executives, and employees, therefore, have the duty to comply with the good corporate governance policy and code of ethics of the Company, in order to assure the shareholders that the Company operates its business in accordance with good corporate governance principles for the best and sustainable interest of all shareholders.

The Company regularly communicated its performance outcomes and organized various activities including analysts meeting on Company's performance outcomes, meetings with investors on SET's Opportunity Day quarterly.

### Customers

It is the Company's policy to build and maintain our customer base by developing, producing, and selling quality products through an efficient and reliable production and distribution process, and to meet or exceed customers' expectations. The Company surveys customer satisfaction on a quarterly basis, seeking opinions and suggestions from customers in order to establish a plan to continuously improve our relationship and the reliable supply of quality products.

The Company has conducted various activities to create customers' satisfaction over the past several years:

- **Crude to customer:** The cross functional work team creates to manage the whole supply chain starts from crude selection to the end where products distribute or sale to the customers to ensure the products meet supply commitment includes on time delivery and deliver on grade products to our customs.

- **Customer feedback:** As part of continuous improvement process, we seek Customers feedback on a regular basis both on a monthly, and quarterly feedback. The feedback performs thru the monthly meeting, and quarterly customer feedback survey.
- **Customer awayday to build relationship with customers:** Every year, we take the opportunity to recognize the achievements which happens during the year from our collaboration effort, and to enhance a strong relationship with our customers by arranging the Customer away day and thank you party to our customers. This is one of the good memorandum event we have with our customers.

As part of our goal of continuous improvement, SPRC received valuable feedback during the year from our customer surveys, meetings, and away days, from which we developed and implemented actions for improvement.

## Creditors

The Company adhere to the terms and conditions, with fairness, and takes responsibility for our creditors. SPRC commit to equality and our responsibility towards our creditors. We strictly adhere to good practices, our contractual and financial obligations.

## Employees

The Company believes that our and contractors are the heart of our operations and sustainable development, and we value all of our and contractors and their quality of life. The Company respects human rights, and believes foremost in the safety of all employees and contractors. On the first day of work at our Company, all new and contractors must have a full day training on safety awareness and the Company's safety culture. All and contractors have the authority and responsibility to stop – or not start – any work activity that they or others are performing if hazards or risks pose a threat to safety. The Company's goal is to ensure a positive and rewarding working environment.

Our human resource development system is based on equality, desirable employment terms and conditions, job development and achievement of full potential, equitable employment opportunity, and to encourage employee participation in planning, management, and compliance with internal practices and work processes, recognizing that the success of the Company depends on all its employees.

The Company promotes the development of personnel through training and first-hand experience and on the job training that matches each of the employee's needs in order to improve work efficiency and the opportunity to progress in one's career. The Company's practice in this regard is as follows:

1. The Company values the differences between, and abilities of, each employee, and provides a working environment that fully encourages employees' contributions toward the Company's success.

2. The Company complies with the laws prohibiting unequal treatment, by giving employees equal opportunity to advance in the organization, and does not practice illegal treatment of employees. It is the Company's policy not to discriminate against employees based on differences in race, religion, skin color, origin, age, gender, disability, military service status, political opinion, sexual diversity, and genetic information. The Company promotes equality for persons with disability and complies with the law concerning employment of persons with disabilities by remitting money to the Fund for the Empowerment of Persons with Disabilities.

3. The Company sets remuneration for employees based on performance, to promote competition and the development of ability among employees.

4. The Company prohibits violence and sexual harassment within the workplace.

5. The Company provides training for employees based on the suitability for their roles, the required competency needs in accordance with an annual knowledge and skills development plan for each individual employee.

6. The Company prioritizes the organization of the work environment to ensure occupational safety, and provides a canteen with good sanitation, clean toilets, safe transportation, and medical clinic in line with legal requirements.

7. The Company ensures equality and transparency in its processes for hiring, transferring and remuneration of employees, taking into consideration qualifications, suitability for the role, nature of work, and performance.

8. The Company provides equal opportunity and encouragement for all levels of employees to raise questions, suggestions, or opinions, whether directly or indirectly, leading to mutual solutions to any problem. We utilize different communication channels, such as the direct supervisor, management, Welfare Committee, Human Resources Manager and the Corporate Compliance

Officer. We also conduct internal employee engagement and satisfaction surveys every two years, to develop suggestions and areas to focus on to further improve our Human Resources programs.

Our people strategy is to be an Employer of Choice, and we believe in individual high performance contribution and happiness will enhanced their satisfaction and employee engagement. And this will be major contribution to achieve the strategic goal.

Therefore the Company encourages the development of personal potential in many areas, including professional skills, general skills, leadership competency, analytical skills, problem solving by providing external training both in domestic and oversea and internal training for employee. Also promote happiness in life and work through SPRC Happy Workplace program that embeded with the Happy 8 concept from Thaihealth Organization (happy body, happy heart, happy society, happy relax, happy brain, happy soul, happy family and happy money) by introduced via various company activites such as recreational and sport activities, Do Good Look Grate - CSR projects, Financial Day, Knowledge Sharing and Management, workshop of the Happy Life and Work, Family Days, Staff Parties, Recognition program which is also extended to contractor.

There are 22 recreational and sport clubs provide employee to join as their interests. The activities are majored held to strengthen employee good health, employee engagement and the relationship between executive, employee and contractors within department and across departments both within the company and with other companies and local government such as mindfulness activities, sport games among employee and contractors, Refinery Games and Sport Complex Games.

Together with health and relationship promotion is the contribution to community and society as a key to enhance employee engagement and pride to our company image. The Company continue support sport activities for CSR objective such as the organized of internal sport games among employee and contractor for chairity and external sport game with communities.

The Company continuously encourages good health among employees through a variety of health promotions, such as holding regular health food fairs featuring food products and shops from the community, a week-long health fair, and an annual check-up for employees.

It is the Company's policy to attract and retain high performance employees and encourage them to excel in the

organization through attractive remuneration and benefits that are competitive with other companies in Thailand's petrochemical industry. Therefore, the company continually improve employee's welfare and benefit to be flexible and matched with all employee's demographics. In 2015, the Company provided all employee the Flexible Benefit Program for them to select according to employee and family's needs. The program is continually reviewed for further improvement annually.

The Company provides a provident fund, registered as a juristic person under the Provident Fund Act, B.E. 2530 (1987) for the Company's employees. Participating employees pay a contribution of 3 to 15 percent of the monthly wage to the fund, and the Company contributes 3 to 15 percent of the employee's wage, depending on the employee's years of service.

## Community

The Company has in place safety standards and production process controls, as well as operational best practices and advanced technologies to ensure that we meet or exceed all safety and environmental regulations and to ensure reliable and safe operations to have minimal impact on the environment and community around us.

## Consumers

The Company is committed to product stewardship through the safe and reliable production of quality products, meeting all product specifications and regulations.

## Partners who the Company deals with

It is the Company's policy to treat all our business partners fairly and transparently. Our business partners must be on our SPRC Approved Vendor List (AVL) to ensure reliable and high quality provision of services and supplies. To qualify for the AVL, the vendors and suppliers must meet the following criteria;

1. To ensure they have good safety management, they must demonstrate a successful safety performance, and have policies on safety, safety training, and safe workplace environment.
2. To ensure they can supply materials and provide services that meet the Company's requirements, they must have skill, capability, knowledge, resources, experience, and a good reputation.

3. To ensure they can be our sustained partnership, they must demonstrate a good financial status, such as good cash flow, reasonable debt, etc.

Additionally, the Company builds relationships that benefit all involved which we believe creates the best performance for both SPRC and its partners. The Company holds training and seminars for its business partners, including introduction to our safety culture, knowledge exchange, and awareness in occupational safety. The activities include:

- holding meetings, workshops and other activities to introduce and strengthen our incident and injury free culture and work process with customers, contractors and other business partners;
- invitation of ship owners and truck owners, who transport products from our terminals, to meetings and workshops to strengthen relationships and safety awareness; and
- providing awards to ship owners and truck owners who perform work safely, and providing the opportunity for ship owners and truck owners to take pride in their award-winning safety standards.

The Company has a zero tolerance for corruption. Our policies and management systems promote ethics, morality, and transparency in operating our business. The Company instills awareness among employees regarding possible effects of corruption. Among other things, the Company combats corruption through our Business Conduct Policy on giving or receiving gifts, presents, entertainment, and other benefits from persons or companies dealing with the Company, to prevent conflicts of interest, including accepting money as consideration for providing service in the name of the Company, or giving or accepting gifts, presents, or entertainment from persons who operate, or wish to operate, a business with the Company, and giving gifts, presents, or entertainment to any person in order to induce that person to act for the benefit of the Company. If any such action is necessary and is in accordance with laws and the Company's guidelines, the permission shall be obtained from the Corporate Compliance Officer and management in advance.

The Company also has a policy concerning reporting or disclosure of activities, business, or relations between employees that may overlap or contradict the Company's interests. If an employee suspects that any activity may be

overlapping or in conflict with the Company's interests, the employee shall report or disclose such information in advance, in order to protect the employee from any conflict of interest problem.

Furthermore, it is the Company's policy not to allow or support illegal payment of money or bribery to government agencies, or participation in political activities that violate Thai or US laws.

The Company has procedures to allow for participation and suggestions from stakeholders for consideration by management and the Board of Directors. The Company ensures that sufficient information is disclosed so that stakeholders can efficiently take part in a dialog with the company. A channel for reporting tips or complaints has also been set up for reporting violations of the law or the Business Conduct, inaccurate financial reporting, or defective internal control systems. It is the responsibility of the Corporate Compliance Officer to ensure a proper investigation is held on any tips or complaints and report any findings, results and corrective actions to the Audit Committee and the Board of Directors without disclosure of the name of the whistleblower. In the case where a stakeholder suffers damage as a result of an infringement of their rights by the Company, SPRC has a policy to indemnify that stakeholder as appropriate.

## Anti Corruption Policy

As provided in the Company's Business Conduct Policy, the Company is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that prohibit corruption to obtain an improper business advantage.

To reinforce the Company's commitment, at the Board of Director Meeting in April the Board discussed joining with the Thailand Private Sector Collective Action Coalition Against Corruption (CAC). The Chairman signed and submitted the declaration of intention to the CAC on 28 April 2016.

The Board of Director has also established the Anti-Corruption Policy to ensure that the directors, management and all staff will conduct business transparently to prevent and act against corruption. The Anti-Corruption Policy applies to all Company personnel, including directors, management, employees, as well as the Company's representatives, agents, contractors and other intermediates or associates, who act on behalf of the Company. They are prohibited from engaging in acts of corruption such as paying bribes, accepting



bribes, or other forms of undue or improper influence from all sectors, both government and private, where the Company does business.

Furthermore, the Company encourages all of our business partners, vendors, suppliers and contractors to implement anti-corruption policies and practices in line with our Anti-Corruption Policy and conduct the business ethically and in a manner that counters corruption.

The Board of Directors has delegated responsibility to the Audit Committee for overseeing and monitoring SPRC's internal controls and practices to ensure the effectiveness of this Anti-Corruption Policy. All management are responsible for assessing corruption risk exposure in their responsible areas, reviewing mitigation measures and ensuring adequacy of internal control processes to prevent and against corruption.

The Company will protect our employees who refuse to pay bribes or other forms of undue or improper influence in good faith. The Company will ensure they will not be liable to any penalty or other adverse consequence, even if such refusal may result in the company losing business.

The Company has zero tolerance for corruption. The Company is committed to implementing and enforcing effective systems to counter corruption as well as to cultivate and promote ethical and responsible business values in our organizational culture.

To maintain the highest ethical integrity, the Company's personnel is prohibited to request and not allowed to accept gifts and entertainment from our business partners, vendors, suppliers, contractors, and agents which may interfere or appear to interfere with personnel's ability to perform their duties and responsibilities in an ethical manner. However, only for special occasions and through approval of the supervisor, the Company's personnel may accept gifts and entertainment of modest value. Cash or any other monetary gift is strictly prohibited.

In the 2017 New Year greeting season, the Company communicated to all staff, vendors, contractors, and customers for guidelines on New Year Gifts, that stated:

- SPRC expresses a desire not to request and accept gifts or any favors of any value from our Business Partners;
- Business Entertainment is considered inappropriate unless SPRC shares in the cost of these events;



- Any forms of cash or cash equivalence is strictly prohibited;
- In case any gifts cannot be refused or are unable to be returned, the gifts will be donated. Whistle-Blowing

The Company also has a policy concerning reporting or disclosure of activities, business, or relations between employees that may overlap or contradict the Company's interests. If an employee suspects that any activity may be overlapping or in conflict with the Company's interests, the employee shall report or disclose such information in advance, in order to protect the employee from any conflict of interest problem.

The Company has set up multiple whistle-blowing communication channels for anyone to report if they discover or suspect bribes or violation of the Anti-Corruption Policy or Business Conduct Policy. They can report to the Board of Directors, the Audit Committee or the Corporate Compliance Officer:

#### By E-Mail

- To the Board of Directors at:  
CompanySecretary@sprc.co.th ,
- To the Audit Committee at:  
AuditCommittee@sprc.co.th , or
- To the CCO at:  
CorporateCompliance@sprc.co.th

#### By sending the letter to the following address:

Attention to:

Corporate Compliance Officer

Star Petroleum Refining Public Company Limited

No. 1 I-3B Road, Map Ta Phut,

Amphur Muang Rayong, Rayong Province, 21150

The Corporate Compliance Officer is responsible to ensure a proper investigation is held on any complaints and report any findings, results and corrective actions to the Audit Committee and the Board of Directors. In the case where a stakeholder suffers damage as a result of an infringement of their rights by the Company, the Company has a policy to indemnify that stakeholder as appropriate.

## Disclosure and transparency

The Board of Directors makes sure that both financial and non-financial information is disclosed in a complete, adequate, regular and timely manner to reflect the Company's operational and financial performance while strictly complying with the laws, rules and regulations relating to information disclosure of both the SEC and the SET.

The Investor Relations division acts as a center to communicate important information such as the financial statements, MD&A report and analysis for each quarter and year to investors and other persons who might seek information and ensuring that those information complying with SEC regulations. This is for the benefit of all investors, while the Public Affairs Department disseminates corporate information to public through local and international press releases when there were an important business activities.

In 2016, the Company offered the following opportunities to disclose information to international investors, institutional investors, small investors, analysts, and press as follows:

Activity	Number (times)
Foreign Roadshow	7
Local Roadshow	3
Analyst Meetings	4
Opportunity Day (organized by the SET)	4
Company Visit	4
International Conference Call	11
Answering Inquiries by E-mail/telephone	Approx. 2-4 times/day
Shareholders' Company Site Visit	2
Minor Investors Get-together	5

The Company also disclosed information through its website at [www.sprc.co.th](http://www.sprc.co.th) so that other stakeholders could equally access the information. Investors and related parties can make queries or ask for the Company's information at Investor relations division at Tel. +66 (0) 38 699 887 or Fax. +66 (0) 38 699 999 ext. 7887 or send email to [ir@sprc.co.th](mailto:ir@sprc.co.th)

## Responsibilities of the Board of Directors

The Company's Board of Directors consists of directors who possess knowledge, ability, and experience in a variety of fields; can leverage their experience, knowledge, and ability to effectively develop and determine the direction, policy, and strategy of the Company with honesty, transparency, and care for the best interests of the Company and its shareholders; and carry out their responsibilities in accordance with the strategic plan and budget determined, and rules and regulations of the relevant authority and government agencies, as well as the resolutions of the shareholders meeting. The Board of Directors has also put in place an internal control process that is appropriate and consistent with good corporate governance principles.

## Composition of the Board of Directors

Pursuant to the Company's Articles of Association, the Board of Directors shall consist of at least five directors. The Board of Directors shall elect one director as the chairman, and may elect another director as the vice chairman or other positions as deemed appropriate. No less than one-half of the number of directors shall reside in Thailand.

The Charter of the Board of Directors, approved by the shareholders, requires that the Board of Directors consist of seven to nine directors who possess knowledge and experience in a variety of fields. At least three of the Company's Board of Directors shall be independent directors. The directors shall possess the qualifications and shall not possess any prohibited characteristics specified by law.

The Board of Directors shall evaluate the composition of the board every year to determine whether the board consists of directors with knowledge and experience in different fields, to ensure that the board members can suitably work together to determine the Company's vision, mission, strategy and policies as well as monitor the Company's business and operations.

### Appointment and removal of directors

Appointment, removal, or termination from office of the directors shall be in accordance with the Company's Articles of Association, as follows:

1. The shareholders meeting shall elect the Company's directors in accordance with the following rules and methods:

- a shareholder shall be entitled to one vote per share held by them;
- each shareholder may cast votes to elect one or more directors, but the votes are indivisible; and
- the person who receives the highest vote, and other persons with the next highest number of votes, shall be elected as directors in accordance with the number of directors required, and if more than one person receives equal votes, the chairman of the shareholders meeting shall have the casting vote.

2. At each annual general meeting, one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been in office the longest shall retire. A retiring director is eligible for re-election.

- Directors who retired at the annual general meeting 2016 are:

- » Mr. Pliu Mangkornkanok; and
- » Mr. William Lewis Stone;

Both were re-elected at the annual general meeting 2016.

- Directors who will retire at the annual general meeting 2017 are:

- » Mr. Andrew Benjamin Walz; and
- » Mr. Nicolas Michel Bossut;

- Directors who will retire at the annual general meeting 2018 are:

- » Mr. Manoon Siriwan;
- » Ms. Kheng Ling Lok; and
- » Mr. Robert Stair Guthrie

3. A director may resign from office by submitting a letter of resignation to the Company, effective from the date on which the Company receives the letter or any date specified in the resignation letter. The Board of Directors may appoint a new director to replace a resigning director, but any person so appointed shall retain office only for as long as the resigning director was entitled to retain the same.

4. A shareholders meeting may remove any director before the expiration of his or her period of office, upon a resolution of the meeting passed by not less than three-fourths of the shareholders attending the meeting and eligible to vote, holding not less than 50 percent of the total shares held by the shareholders attending the meeting and eligible to vote.

### Nomination of directors

The Board of Directors has established procedures for nomination of directors for the Nomination, Remuneration and Corporate Governance Committee to ensure compliance with the good corporate governance guidelines of the SET for listed companies. The Nomination, Remuneration and Corporate Governance Committee has the duty to review policies and the process for nominating new directors, and determine necessary and desirable qualifications of new directors. Additionally, the Company had looked for the qualified candidates from the list of Chartered Directors of the Thai Institute of Directors (IOD).

Persons nominated as directors shall possess the following qualifications:

1) Be fully qualified and not be prohibited from being a director according to:

- The Public Company Act
- The Securities and Exchange Act
- Regulations of the Securities and Exchange Commission
- Regulations of the Capital Market Supervisory Board
- The Company's Articles of Association

2) Have knowledge, skills, and expertise in fields related to the Company's business or have experiences that are beneficial to the Company's business operations.

3) Be trustworthy, have leadership skills, vision, ethics, integrity and be able to perform director's duties with care and diligence.

4) Not serve as a director of more than 3 listed companies in the Stock Exchange of Thailand.

## Nomination of independent directors

Persons nominated as independent directors shall possess the following qualifications:

1. The independent director should not hold more than 3 consecutive terms directorship. (3 years for each term)

2. An independent director must not hold shares exceeding 1 percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company. That percentage shall include shares held by related persons of the independent director.

3. An independent director shall not be, or have been, an executive director, employee, staff member, or consultant who receives a regular salary, or a controlling person of the Company, the parent company, the subsidiaries, the associate companies, the same-level subsidiaries, major shareholders, or controlling persons of the Company, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC. Such a prohibition does not include cases of an independent director

holding a position as a government officer or consultant of a government agency that is a major shareholder or controlling person of the Company.

4. An independent director shall not be related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child of another director, executive, major shareholder, controlling person to be nominated as an executive director, or controlling person of the Company or the subsidiaries.

5. An independent director shall not have, or have had, a business relationship with the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company in a manner that may prevent free judgment, and shall not be, or have been, a significant shareholder or controlling person of a person related to the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, unless that relationship ended at least two years before the date of submission of the application to the Office of the SEC. The above business relationship includes execution of trade transactions in the ordinary course of the business; leasing or letting immovable property; transactions related to assets or service, or provision or acceptance of financial assistance by way of borrowing or lending, guarantee, charges, and security assets, and other similar circumstances causing indebtedness of the Company or a party to the other party of 3 percent of the net tangible assets of the Company, or Baht 20 million and above, whichever is lower. Calculation of such indebtedness shall be in accordance with the method for calculating related-party transactions under the notification of the Capital Market Supervisory Board concerning rules for related-party transactions, mutatis mutandis. However, such indebtedness shall include the indebtedness arising during the period of one year before the relationship with that person was established.

6. An independent director shall not be, or have been, an auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person of, or a partner in, the auditing office in which the auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company works, unless the director has not held such a

position for at least two years before the date of submission of the application to the Office of the SEC.

7. An independent director shall not be, or have been, a provider of any professional service, including legal advisory or financial advisory service, receiving more than Baht 2 million of service charges per year from the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person, or a partner of the service provider, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC.

8. An independent director shall not be a director appointed as the agent of the directors of the Company, major shareholders, or shareholders related to a major shareholder.

9. An independent director shall not operate a business of the same nature, with and in competition with the business of the Company, or the subsidiaries, and shall not be a significant partner in a partnership, or be an executive director, employee, staff member, or consultant who receives a regular salary, or hold shares exceeding 1 percent of the total shares with voting rights, of another company operating a business of the same nature, with and in competition with the business of the Company or the subsidiaries.

10. An independent director shall not possess any other characteristics that prevents him or her from freely giving an opinion regarding the Company's operation.

#### **Scope of authority, duties, and responsibilities of the Company's Board of Directors**

The Company's Board of Directors has a number of duties and responsibilities toward the shareholders, as set out in the Public Limited Company Act, Securities and Exchange Act, rules and guidelines of the SET, the Company's Articles of Association, and the Charter of the Board of Directors.

It is the primary responsibility of the Board of Directors to manage the Company's business within the scope of the law, the Company's objectives, Articles of Association, and resolutions of the shareholders meeting. The Board of Directors shall perform its duty using its best efforts to add value to the business in the long run, and manage the business carefully and prudently with transparency, and prevent any occurrence of conflict of interest. The Board of Directors shall determine the standard practice for the operation

of the Company's business and ensure the adequacy of the Company's internal control and risk management systems.

The Charter of the Board of Directors sets out the authority and duties of the Board of Directors, and clearly separates the authority and duties of the directors, independent directors, and chairman. The key responsibilities of the Board include:

- Establishing, approving and modeling vision, mission, culture, core values and commitment to maximize financial, operational, health, safety and environmental performance;
- Reviewing, evaluating and approving the business plan and budget each year;
- Reviewing, evaluating and approving strategies with guidance to implement objectives and goals of the Company;
- Monitoring business performance and reviewing the implementation of strategies;
- Enhancing and protecting the Company's reputation and corporate integrity;
- Reviewing, evaluating, and approving the policies, standards of corporate governance and legal and regulatory compliance; such as the Business Conduct Policy, Corporate Governance Policy, Anti-Corruption Policy, Insider Trading Policy, Risk Management Policy and Dividend Policy; as well as follow up and monitor the internal control and practice to be compliance with such policies;
- Reviewing, evaluating and approving overall direction and financial, operational, health, safety and environmental objectives and goals each year;
- Reviewing and approving full year and interim financial reports;
- Reviewing and approving the payment of any interim dividends;
- Reviewing, evaluating and approving the charters of the Board's committees;
- Reviewing, evaluating and approving terms of appointment, including the remuneration package of the CEO, based on the recommendation of the Human Resources Committee;



- Reviewing, evaluating and approving the termination of the CEO's appointment;
- Providing input to the CEO's annual performance review with the Chairman;
- Monitoring the progress of major capital projects and business acquisitions or divestitures, and reviewing returns from these investments;

The Board of Directors has authorization on capital expenditure up to Baht 1.5 billion. Any capital expenditure that exceeds Baht 1.5 billion shall be proposed for shareholders' approval.

Reviewing and approving such authority to execute transactions or obligations which do not fall within the scope of authorities delegated to the CEO;

- » The CEO has the authority to execute transactions in the name of the Company, with a limit of not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.
- » However, due to the nature of Company's business and normal Company's business transaction, the CEO has the authority to execute transactions and obligations with a term not exceeding 12 months (regardless of the amount of these transactions) that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.
- » For related party transactions, the CEO has the authority to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million. Related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the CEO has the authority to execute such related party transactions with a term not exceeding 12 months (regardless the amount of those transactions).

The Board encourages directors to participate in seminars related to directors held by the Thai Institute of Directors, to develop knowledge and ability in performing their duties as directors. The Nomination, Remuneration and Corporate

Governance Committee is responsible to review and monitor the director training.

The authorized directors of the Company are any two of Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut, Mr. William Lewis Stone, and Ms. Kheng Ling Lok, to jointly sign and affix the Company's seal.

#### Board of Directors meetings

The Company's Articles of Association require that the Board of Directors holds at least one meeting every three months, and may hold additional meetings to consider urgent matters.

The directors shall regularly attend Board of Directors meetings to acknowledge and take part in the decisions regarding the operation of the Company's business. The Company Secretary has the duty to determine in advance the meeting schedule every year, and notify each director of the meeting schedule for the following year, before the end of the year, so that each director is aware of the meeting schedule in advance, and is able to attend the meeting. Each meeting takes approximately four hours.

The Chairman, the Chief Executive Officer, and the Company Secretary together consider and approve the meeting agenda. At each meeting, a clear agenda is set, and sufficient supporting documents sent to the directors, both in hard copy and electronic form, approximately 8 - 10 days in advance, to allow sufficient time for the Board of Directors to study the matters before the meeting.

To consider each matter, the Chairman of the Board of Directors, who acts as the chairman of the meeting, allocates sufficient time for each agenda item, and allows directors to ask questions and express opinions freely. Resolutions of the Board of Directors require a majority vote of the directors. Each director has one vote. In the event of equal votes, the Chairman of the meeting has the casting vote.

If any director has a conflict of interest in the matter being considered, the interested person shall not take part in the consideration and decision on that matter, for transparency and the best interest of the Company.

The Vice Chairman has responsibility to support the Board Chairman and fulfill the Chairman's responsibilities in case of the absence of the Chairman during a meeting of the Board or a meeting of shareholders.

The Company's executives attend the Board of Directors meeting in order to directly provide beneficial information and acknowledge policies from the Board of Directors, to ensure efficient implementation. The executives report implementation results in the following Board of Directors meeting.

Upon conclusion of the meeting, the Company Secretary prepares the minutes of the meeting, containing important matters considered, as well as the opinions expressed in the meeting, and proposes the minutes to the next Board of Directors meeting for consideration and approval, and certification by the Chairman of the Board of Directors. The Company's directors may express opinions or amendment

of the minutes to include more details. Minutes approved by the meeting and certified by the Chairman of the Board of Directors are systematically kept, with the documents supporting each agenda item in the meeting, both in hard copy and electronic form, for convenience of retrieval and reference.

#### Attendance of the Board of Directors Meetings in 2016

Director's Name		Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Human Resources Committee
Total Meetings in 2016					
		5 Meeting	4 Meetings	3 Meetings	4 Meetings
1	Mr. Andrew Benjamin Walz	5/5	-	-	-
2	Mr. Pliu Mangkomkanok	5/5	4.4	-	4.4
3	Mr. Manoon Siriwan	5/5	4.4	3/3	-
4	Mr. Robert Stair Guthrie	5/5	4/4	3/3	-
5	Mr. Nicolas Michel Bossut <sup>1</sup>	1/1	-	1/1	-
6	Ms. Kheng Ling Lok <sup>2</sup>	0/0	-	-	0/0
7	Mr. William Lewis Stone	5/5	-	3/3	4/4
The list of directors who resigned during the year 2016					
1	Mr. Amit Rajindrasingh Ghai <sup>3</sup>	3/3	-	1/1	-
2	Mr. Ranga Rama Kumar Sreeramagiri <sup>4</sup>	3/3	-	-	4/4

<sup>1</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

<sup>2</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings and Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

<sup>3</sup> Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

<sup>4</sup> Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.



The Company Secretary normally informs the directors of the meeting schedule for the whole year in advance. In 2016, meetings of the Board of Directors were held five times, including four regular quarterly meetings, and one special meeting. All directors fully attended the Board of directors meetings during his/her directorship term. No director was absent for any meeting while he/she served in the director position.

#### Attendance of the Board of Directors Meetings in 2016

	Name of Directors	No.1 (16 Feb)	No.2 (26 Apr)	No.3 (28 Apr)	No.4 (11 Aug)	No.5 (10 Nov)	Total
1	Mr. Andrew Benjamin Walz	✓	✓	✓	✓	✓	5/5
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	✓	5/5
3	Mr. Manoon Siriwan	✓	✓	✓	✓	✓	5/5
4	Mr. Robert Stair Guthrie	✓	✓	✓	✓	✓	5/5
5	Ms. Kheng Ling Lok <sup>1</sup>	N/A	N/A	N/A	N/A	✓	1/1
6	Mr. Nicolas Michel Bossut <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	0/0
7	Mr. William Lewis Stone	✓	✓	✓	✓	✓	5/5
<b>Directors who resigned during the year 2016</b>							
1	Mr. Amit Rajindrasingh Ghai <sup>3</sup>	✓	✓	✓	N/A	N/A	3/3
2	Mr. Ranga Rama Kumar Sreeramagiri <sup>4</sup>	✓	✓	✓	N/A	N/A	3/3

<sup>1</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Corporate Governance, Nomination and Remuneration Committee with effect on 12 August 2016.

<sup>2</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings during 11 November 2016 to 31 December 2016.

<sup>3</sup> Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Corporate Governance, Nomination and Remuneration Committee with effect on 10 August 2016.

<sup>4</sup> Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

## Audit Committee

### Scope of authority, duties, and responsibilities of the Audit Committee

- To ensure that the Company's financial statements are accurate and adequately disclosed.
- To ensure that the Company implements internal controls and internal audit systems that are appropriate and effective, and to consider the independence of the internal audit unit and give consent regarding the appointment, transfer, and termination of employment of the internal auditor.
- To ensure that the Company complies with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business.
- To consider selecting, nominating, and appointing an independent person to act as an auditor of the Company, and propose the remuneration of the auditor, and attend meetings with the auditor and internal auditor without the management's presence at least once a quarter.
- To consider related-party transactions or transactions with likely conflict of interest, and ensure that they are in accordance with the laws and regulations of the SET, in order to ensure that such transactions are reasonable and in the best interest of the Company. The opinions of the Audit Committee will be proposed to the Board of Directors or the shareholders, as the case may be, to ensure that the proposed transactions are executed on a commercial arm's length basis and always take into consideration, on balance, the best interest of Company.

- To prepare the report of the Audit Committee and disclose the same in the Company's annual report. The report is certified by the Chairman of the Audit Committee, and contains at least the following:
  - » opinion regarding the accuracy, completeness, and reliability of the Company's financial report;
  - » opinion regarding the adequacy of the Company's internal control system;
  - » opinion regarding compliance with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business;
  - » opinion regarding the suitability of the auditor;
  - » opinion regarding transactions with likely conflict of interest;
  - » number of Audit Committee meetings held and attended by each audit committee member;
  - » overall opinion or observation of the Audit Committee from compliance with the charter; and
  - » other details to be noted by shareholders and general investors as deemed appropriate by the Audit Committee in accordance with the scope of duty and responsibility assigned by the Board of Directors.
- To take any other actions as assigned by the Board of Directors, subject to the consent of the Audit Committee.

## Nomination of the Audit Committee

The Audit Committee members must be the Company's independent directors, with all qualifications required under the law governing securities and exchange, the notifications of the Capital Market Supervisory Board, and the notifications, regulations, or rules of the SET. The rules under the notifications of the Capital Market Supervisory Board and the SET require that the Audit Committee consist of at least three members, who possess sufficient knowledge and experience to act as audit committee members. At least one audit committee member possesses sufficient knowledge and experience in accounting to be able to inspect the credibility of the Company's financial statements. Each member of the Audit Committee maintains his or her qualifications as an audit committee member and title as director, which can be summarized as follows:

1. The member must be an independent director of the Company.
2. The member must be nominated by the Board of Directors.
3. The member must possess the qualifications specified in the notification of the Stock Exchange of Thailand concerning qualifications and scope of work of audit committees.
4. The member must not be a director assigned by the Board of Directors to make decisions on the operation of the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company.
5. The member is not a director of the parent company, the subsidiaries, and the same-level subsidiaries that are listed companies.

### Attendance of the Audit Committee Meetings in 2016

	Name of Directors	No.1 (15 Feb)	No.2 (27 Feb)	No.3 (10 Aug)	No.4 (9 Nov)	Total
1	Mr. Pliu Mangkomkanok	✓	✓	✓	✓	4/4
2	Mr. Manoon Siriwan	✓	✓	✓	✓	4/4
3	Mr. Robert Stair Guthrie	✓	✓	✓	✓	4/4

## Nomination, Remuneration and Corporate Governance Committee

The Board of Directors reviewed the roles and responsibilities of the Nomination and Remuneration Committee as specified in the Nomination and Remuneration Committee Charter. In August 2016, the Board of Directors added the responsibility to this committee to ensure and monitor the Company's practices are compliant with the best practice of good corporate governance and the Company's Corporate Governance Policy.

### Scope of authority, duties, and responsibilities of the Nomination, Remuneration and Corporate Governance Committee

- Assisting the Board of Directors with respect to the structure of the Board of Directors; the nomination, election, and re-election of directors; consideration for performance of the Board of Directors and each director; as well as the succession plan for the Board of Directors.
- Assisting the Board of Directors with respect to the nomination process for directors, determining the terms of appointment.
- Providing consultancy service to assist the Board of Directors in evaluating the performance and nomination of directors.

- The Nomination, Remuneration and Corporate Governance Committee shall ensure that the Board of Directors possesses the appropriate mix of skills, experience, expertise, and variety, and shall implement an appropriate process with respect to succession, appointment, performance, and other matters related to the Board of Directors.
- Reviewing and overseeing the process for evaluation of the performance of the Board, its standing committees and individual directors.

Assisting the Board of Directors to consider a fair and reasonable remuneration structure for the Board of Directors and other committees.

Reviewing the adequacy of the Company's practices with respect to corporate governance, and provide advice and recommendations to the Board to ensure the Company's policies, practices, and standards of corporate governance are consistent with SET's best practice guidelines for listed companies, international best practices and recommendations made by related institutions.

Monitoring and overseeing the performance of the Board and Management to ensure their compliance with the Company's Corporate Governance policy.

### Attendance of the Nomination, Remuneration and Corporate Governance Committee Meetings in 2016

Name of Directors		No.1 (16 Feb)	No.2 (10 Aug)	No.3 (10 Nov)	Total
1	Mr. Robert Stair Guthrie	✓	✓	✓	3/3
2	Mr. Manoon Siriwan	✓	✓	✓	3/3
3	Mr. William Lewis Stone	✓	✓	✓	3/3
4	Mr. Nicolas Michel Bossut <sup>1</sup>	N/A	N/A	✓	1/1
Directors who resigned during the year 2016		No.1 (16 Feb)	No.2 (10 Aug)	No.3 (10 Nov)	Total
1	Mr. Amit Rajindrasingh Ghai <sup>2</sup>	✓	N/A	N/A	1/1

<sup>1</sup> Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

<sup>2</sup> Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

## Human Resources Committee

### Scope of authority, duties, and responsibilities of the Human Resources Committee

- The primary role of the Human Resources Committee is to provide the Board of Directors with assistance regarding the strategic plan for management and development of the Company's human resources, and the Company's remuneration system for staff.
- The Human Resources Committee has the duties assigned by the Board of Directors, including approving the plan on payment of annual remuneration and incentives.
- The Human Resources Committee considers ways to develop human resources management and personnel development strategies, in order to enhance the operation of the Company's business, and improve operations, as well as to increase shareholder value in the long run.
- The Human Resources Committee ensures that the remuneration system is appropriately managed, and a clear and reasonable process is in place, in order to enhance the Company's human resources management strategy.
- The Human Resources Committee is responsible for provide the advice on the appointment of senior leaders, and review a succession planning of the CEO and senior leadership team.

### Attendance of the Human Resources Committee Meetings in 2016

	Name of Directors	No.1 (16 Feb)	No.2 (17 Mar)	No.3 (27 Apr)	No.4 (2 Aug)	Total
1	Mr. William Lewis Stone	✓	✓	✓	✓	4/4
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	4/4
3	Ms. Kheng Ling Lok <sup>1</sup>	N/A	N/A	N/A	N/A	0/0
	Directors who resigned during the year 2016	No.1 (16 Feb)	No.2 (17 Mar)	No.3 (27 Apr)	No.4 (2 Aug)	Total
1	Mr. Ranga Rama Kumar Sreeramagiri <sup>2</sup>	✓	✓	✓	✓	4/4

<sup>1</sup> Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

<sup>2</sup> Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

## Introduction for new directors

Mr. Nicolas Michel Bossut and Ms. Kheng Ling Lok were appointed as new directors in 2016. The Company provided them with an introduction and overview of the Company's business and operations, the Company's culture and business practices, the Company's performance benchmarking with the peers in Thailand and international industry, as well as the Company's governance documents.

## Board Self-Assessment

At the end of 2016, the Board of Directors assessed its 2016 performance. The self-assessment form consists of 50 questions covering 6 areas:

- Board structure and qualifications:** to evaluate the appropriate composition of the board on diversity of skills and experiences as well as diversity to effectively support the Board's activities and Company's business

- **Roles, duties and responsibilities of the board:** to evaluate the effectiveness and contribution of the Board of Directors to achieve the goals of the Company
- **Duties of directors:** to evaluate the neutrality and independence of directors performing their roles
- **The board meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for board consideration at the meetings
- **Relationship with management:** to evaluate the trust relationship between directors and management, including working to support each other on their roles
- **Director's self-improvement and training:** to evaluate the Directors' understanding of their roles, and responsibilities, and the company's nature of business.

Mr. Nicolas Michel Bossut and Ms. Kheng Ling Lok who were directors less than 6 months did not participate in the assesement.

The overall result of the 2016 Board's self-assessment indicates 95.26%.

## Audit Committee Self-Assessment

The Audit Committee assessed its 2016 performance. The self-assessment form consists of 30 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles, as well as the demonstration on integrity, credibility and trustworthiness
- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings

- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities outlined in the following areas

- » Fiancial Reports
- » Internal Control
- » Risk Management
- » External Audit
- » Internal Audit

The overall result of the 2016 Audit Committee self-assessment indicates 92.77%.

## Nomination, Remuneration and Corporate Governance, Committee Self-Assessment

The Nomination, Remuneration and Corporate Governance Committee has assessed its 2016 performance. The self-assessment form consists of 15 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles
- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities outlined in the charter



- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings

Mr. Nicolas Michel Bossut, who was a committee member for less than 6 months, did not participate in the assessment.

The overall result of the 2016, Nomination, Remuneration and Corporate Governance Committee self-assessment indicates 95.45%.

## Human Resources Committee Self-Assessment

The Human Resources Committee assessed its 2016 performance. The self-assessment form consists of 15 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles;
- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities outlined in the charter;
- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings;

Ms. Kheng Ling Lok, who was a committee member for less than 6 months, did not participate in the assessment.

The overall result of the 2016 Human Resources Committee self-assessment indicates 86.95%.

## Individual Director Self-Assessment

Each director assessed himself as a director. The individual director self-assessment form consists of 25 questions on 5 areas:

- Understanding on the Company's business, strategy and policy
- Understanding on the Board's role and constructively performing his director role
- Knowledge and improvement
- Readiness for the meeting
- Independence and relationship with other directors and management

Mr. Nicolas Michel Bossut and Ms. Kheng Ling Lok, who were directors for less than 6 months, did not perform a self-assessment.

The overall result of the 2016 Individual Director self-assessment indicates 89.00%.

## CEO Assessment

The Chairman of the Board of Director and the directors assessed and discussed the CEO's achievement of business results and strategies, as well as evaluated the CEO's performance in 8 areas;

- Leadership
- Strategy and Execution
- Financial Planning and Performance
- Relationship with the Board
- External Relations
- Human Resources and Management relationship
- Succession
- Skills and Attitudes

The results of the assessment were shared with the CEO and are confidential.

# AUDIT COMMITTEE REPORT

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## To the Shareholders,

On behalf of the Audit Committee (AC), we are pleased to present the committee report for year ending 31 December 2016.

The Audit Committee comprises three independent directors: Mr. Pliu Mangornkanok as the chairman, Mr. Manoon Siriwan and Mr. Robert Stair Guthrie as committee members. The members of the committee have the qualifications, knowledge and experience to properly discharge their duties as required by the guideline of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The Audit Committee is delegated by the Board of Directors with the responsibility to provide independent oversight of finance reporting and monitoring adequacy of the internal control system including corporate risk management, related party transactions and the efficiency of the external and internal audits.

The AC held four meetings in 2016. Key roles and works carried out by the committee during this year are as follows:

1. **Review of Financial Reports:** The AC reviewed the 2016 Financial Statements in conjunction with the external Auditor Pricewaterhouse Coopers ABAS Ltd. (PwC) on a quarterly and yearly basis. The external auditor expressed an opinion on the effectiveness of the internal control over financial reporting during each meeting with the AC. The content in the audit report of 2016 has been changed in accordance with Thai Standard on Auditing no.700 (Revised). PwC presented and described the content requirement of the Thai Standard on Auditing no. 700 (Revised) to the AC.

Based on this review and discussion with management, the AC was satisfied that the Financial Reports were prepared in accordance with Thai Financial Reporting Standards (TFRS) and the financial reporting requirements of the SEC. The AC recommended the

audited financial statement of year 2016 be endorsed by the Board of Directors for further considered approval at the meeting of shareholders.

2. **Review of Internal Control System:** The AC reviewed the result of Internal Control Assessment as conducted per SEC guideline following the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). From this review, the AC acknowledged the Company has sufficient internal control to support the Company's objectives and goals .

The AC reviewed and approved the Internal Audit Charter and the annual audit plan based on vulnerability assessment of each business process and its potential risks, as well as duration since last audit. The internal auditor completed the engagement according to the audit plan and the result of the audit was reported to the AC on a quarterly basis. In 2016, the internal auditor examined and evaluated the effectiveness of eight select control systems and found no significant concerns related to internal controls, conflict of interest or fraudulent activities.

3. **Review of Corporate Governance:** In 2016, the Board of Directors developed and approved the Anti-Corruption Policy to reinforce and ensure the directors, management and all staffs will transparently conduct business to prevent and to act against corruption. The Board of Directors has delegated responsibility to the AC for overseeing and monitoring the Company's internal controls and practices to ensure the effectiveness of this policy.

The AC has monitored compliance and ensured the Company has evaluated risk and put in place internal controls to guard against corruption. The Company has set up whistle-blowing channels for anyone who discovers or suspects violations or potential violations of this policy to report to the Board of Directors, the AC or the Corporate Compliance Officer.



4. **Review of Risk Management:** The Risk Management Committee consists of the Chief Executive Office and select members of the Leadership Team to identify and evaluate the significant risks and monitor the effectiveness of risk management process. At each meeting, the AC reviewed the ongoing effectiveness of the Company's risk management process and corporate risk profile, including a consideration of key risks and related mitigations.
5. **Review of Related Party Transactions:** In 2016, the Company entered into various related party transactions as disclosed in the Related Party Transaction Section of this annual report. The AC reviewed those continuing related party transactions on quarterly basis. The AC confirmed that the related party transactions entered into were in the ordinary and usual course of business. They were made under normal commercial terms on an arm's length basis, according to the relevant agreements governing each of the continuing related party transactions and in the best interests of the Company.
6. **Compliance with Related Laws and Regulations:** Legal Compliance Committee consists of the Chief Executive Office and select members of the Leadership Team. It was set up to oversee the effectiveness of the Company's Legal Compliance Assurance Process, as well as to ensure the Company's operations are in compliance with the requirements of concerning laws and regulations. The compliance report on the Foreign Corrupt Practice Act (FCPA) and legal compliance were reported to the AC on a quarterly basis.
7. **Independence of Auditors:** The AC is required to monitor the independence of external auditor Pricewaterhouse Coopers ABAS Ltd. (PwC) to ensure objectivity in the financial statement. In year 2016, there were no non-audit services provided by PwC. The AC held private meetings with external auditors and internal auditor without management present to discuss the independence and cooperation from the Company's management.
8. **Appointment of the External Auditor for 2017:** The AC was satisfied with PwC's work and its independence and objectivity, and recommended the re-appointment of PwC as the external auditor in 2017 for Shareholders approval at the 2017 AGM, together with its audit fees.
9. **Audit Committee Self-Assessment:** At the AC Meeting No. 4/2016, the AC completed a self-assessment on the areas of a) committee structure and qualification, b) committee meeting, c) roles and responsibilities on financial reports, internal control, risk management, external audit and internal audit. The self-assessment result was 92.77% and validated the committee's effectiveness in fulfilling the Audit Committee Charter and applicable legal and regulatory requirements.

As a result of its works during the year 2016, the Audit Committee has concluded that it has performed its roles and responsibilities as outlined in the Audit Committee Charter and reached a conclusion that it considered the financial statement of year 2016 to be in compliance with the generally accepted accounting principles and accurately reflects the financial performance of the Company, the company has performed with good corporate governance, complied with laws and regulations, and has an effective, efficient, and well managed risk management and internal control system.

On behalf of the Audit Committee

**Mr. Pliu Mangkornkanok**  
Chairman of the Audit Committee

# NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

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## To the Shareholders,

The Nomination, Remuneration and Corporate Governance (NRCG) Committee comprises of four directors: Mr. Robert Stair Guthrie (independent director) as the Chairman, Mr. Manoon Siriwan (independent director), Mr. William Lewis Stone (executive director and CEO) and Mr. Nicolas Michel Bossut (non-executive director) as Committee members.

Mr. Nicolas Michel Bossut was appointed to be a member of NRCG Committee with effect on 12 August 2016 to replace Mr. Amit Rajindrasingh Ghai who resigned on 10 August 2016.

In August 2016, the Board of Directors reviewed the roles and responsibilities of the NRCG Committee. To ensure the Company's practices are compliant with the best practice of good corporate governance and the Company's Corporate Governance Policy, the Board of Directors assigned the NRCG committee to be additionally responsible on followings;

- Reviewing the adequacy of the Company's practices with respect to corporate governance, and provide advice and recommendations to the Board to ensure the Company's policies, practices, and standards of corporate governance are consistent with SET's best practice guidelines for listed companies, international best practices and recommendations made by related institutions;
- Monitoring and overseeing the performance of the Board and Management to ensure their compliance with the Company's Corporate Governance policy.

Accordingly, the committee's name was changed from the "Nomination and Remuneration Committee" to the "Nomination, Remuneration and Corporate Governance Committee".

In 2016, the NRCG Committee held three meetings on various matters in accordance with the duties mandated by the Board of Directors and the NRCG Committee Charter. Below is a summary of key activities undertaken in Year 2016:

1. Reviewed the director candidates' qualification and nominated candidates for director positions to fill vacancies resulting from those that had completed their terms or have resigned. Such nominations were proposed to the Board of Directors for consideration and the Board proposed to a shareholder's meeting. The NRCG Committee (excluding members with conflict of interests) diligently reviewed the candidates by considering their qualifications, expertise and experience that are suitable for the Company's business.
2. Recommended to the Board of Directors for the nomination of members for the NRCG Committee and the Human Resources Committee. The NRCG Committee recommended the Board of Directors to nominate Mr. Nicolas Michel Bossut to replace Mr. Amit Rajindrasingh Ghai in the NRCG Committee and Ms. Kheng Ling Lok to replace Mr. Ranga Rama Kuma Sreeramagiri in the Human Resources Committee.
3. At the beginning of 2016, the NRCG Committee assessed the Board composition and opined that the Board has an appropriate mix of skills, experience and expertise, with recommendation that the Board should consider a female director for better diversity.
4. Reviewed and recommended remuneration packages and compensation structures for the

Board of Directors and its committees to the Board of Directors for review and to propose to the Shareholders' meeting. The NRCG Committee reviewed the responsibilities and liabilities of the directors of the listed company and considered that the remuneration for directors should be competitive and attractive to future candidates in making a decision on joining the board of the Company. The NRCG Committee considered the directors' remuneration package by benchmarking with other Thai listed companies and the companies in the same industry.

The director compensation for 2016 was proposed at the same rates as 2015 with an additional monthly fee set for the Vice Chairman position. The Director remuneration consists of a monthly fee, meeting allowances and no bonuses. The committee has disclosed the compensation that each director received in 2016 in this annual report for transparency.

5. For good governance, the NRCG Committee proposed to the Board of Directors to provide opportunity to minor shareholders for proposing director candidates and agenda items for consideration at the Annual General Meeting of Shareholders. The NRCG Committee set out the criteria and process for the Board's approval for proposed director candidates and agenda items, and disclosed same in the Company's website.
6. Monitored and encouraged directors to participate in trainings and seminars related to directors held by the Thai Institute of Directors, to develop knowledge and ability in performing their duties as directors.

7. Reviewed the performance of the Board of Directors, individual director and NRCG Committee through self-assessments.
8. Reviewed the Corporate Governance assessment result which ranked the Company with 4 stars for the first year. The NRCG Committee reviewed and identified opportunities for improvement to meet the best practice.

In the discharge of duties and responsibilities specified in the NRCG Committee Charter, the NRCG Committee is confident that it has performed duties with prudence, transparency, and for the best benefit of the Company and shareholders.

On behalf of the Nomination, Remuneration and Corporate Governance Committee

**Robert Stair Guthrie**

**Chairman of the Nomination, Remuneration  
and Corporate Governance Committee**

# HUMAN RESOURCES COMMITTEE REPORT

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## To the Shareholders,

The Board of Directors of Star Petroleum Refining Public Company Limited (SPRC) has appointed the Human Resources Committee, which is comprised of two non-executive Directors, who are appointed by the Board, and the CEO. The SPRC Human Resources Manager has been appointed to be the Committee Secretary.

At the start of 2016, the committee members were: Mr. William Lewis Stone, CEO, as the Chairman, Mr. Ranga Rama Kumar Sreeramagiri (non-executive director), and Mr. Pliu Mangkornkanok (independent director). Mr. Ranga Rama Kumar Sreeramagiri, who resigned as a director, was replaced by Ms. Kheng Ling Lok (non-executive director) at the 10 November 2016 board meeting. The Committee will meet as required but will typically meet at least four times a year.

The committee assists the Board in relation to SPRC's human resources strategy, workforce development, and salary & bonus program including approving SPRC's annual remuneration program and aspects of its incentive programs to support SPRC's business objectives of superior performance and long term growth in shareholder value. Also, the committee reviews the appointment of SPRC's senior leadership positions, succession planning for the senior leadership team, and the SPRC Human Resources Master Plan.

In 2016, the Committee held four meetings on various matters in accordance with their duties. Below is a summary of key activities undertaken in 2016:

- 1. Remuneration program:** The committee reviewed the management and performance of the Flexible Benefit program that was implemented at the start of 2015 to provide our staff with a better benefits package for their individual life-styles. Our staff are satisfied with this unique benefit to utilize "Flex Points" to spend to meet their individual needs, mostly for their life-styles and for their family. The committee also reviewed the 2016 Total Remuneration program and annual merit increase. The program is benchmarked against leading Oil & Gas companies in Thailand and other selected markets to ensure that we maintain a competitive remuneration package, to be seen as a leader in Map Ta Phut, and that will attract, retain and motivate a talented workforce. The committee approved a special bonus for our staff to recognize the significant achievements and excellent business performance of SPRC, which were made possible by SPRC family members in 2015.
- 2. Human Resources Strategy:** The Committee reviewed the 2015 lookback on People Strategy and action plans and endorsed the Master Plan of 2016 People Strategy to Set the standard in Thailand as the Employer of Choice by 2020 to drive and enhance SPRC pride, Highly-Engaged family, and to be the best place to work. The 2016 specific strategic objective were:

- » Achieve the Best Employer Award among Thai companies by 2020
- » Strengthen and embed the company's core values into behaviors of the SPRC family
- » Develop World-Class leaders throughout organization
- » Build organization capability on "Green" to create competitive advantage
- » Integrate Sustainable Development programs to enhance a highly engaged family.

**3. Succession Planning and talent management program:**

The Committee has reviewed the succession planning for senior leadership team members, and an assignment abroad in Chevron refinery for leadership development opportunities. The Committee also reviewed and endorsed the appointment of a Senior Leadership Position to enhance leadership capabilities and to support continual business growth.

- 4. Effective Organization:** The committee reviewed and endorsed the summary of the Employee Engagement survey completed in 2016 and the action plan that was set to continue to enhance the high engagement of the SPRC family. The committee reviewed and endorsed the Happy Work Place program, SPRC Happy Index and Core Values Index that will also enhance SPRC's culture to be the Best Place to work and be the Employer of Choice.

For the year 2016, the Human Resources Committee is confident that SPRC's strong Culture and Core Values and Human Resources management program will continue to support SPRC's pursuit of Operational Excellence and future growth of SPRC. Our goal is to be the Best Place to work and the Employer of Choice, all of which provides the best benefits for our shareholders.

On behalf of the Human Resources Committee



**Mr. William Lewis Stone**  
Chairman of the Human Resources Committee

# SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY



SPRC recognizes the importance demonstrating and practicing ethical business practices, moral accountability, positive community engagement and environmental responsibility in all of our business activities. We emphasize that we must have a good balance between financial performance, stewardship of the environment, and social development. We believe in carrying out our business in a socially responsible and sustainable way and embrace the concepts of corporate social responsibility and sustainable growth. Our “One Family Culture” incorporates Sustainability in everything we do, where people actively care about each other, the environment, the community, and the business, all is our vision.

SPRC’s Sustainable Development program is well established and we have ensured that its principles are embedded as part of how we conduct our day-to-day business. We have a robust corporate governance and business conduct policies to ensure that we interact fairly and transparently with all of our stakeholders, manage our business ethically and without corruption, and have respect for human rights. In 2016, our material sustainability issues are highlighted as follows.

## Safety:

Safety is the foundation of SPRC’s operations and business success. Our incident and injury free operations starts with personal and process safety, and leads to high plant reliability and utilization, efficient operations, and ensures long-term stakeholder value in the social, environmental, and economic dimensions. Our approach to safety involves all of our stakeholders; employees, contractors, suppliers, customers, communities, and shareholders, with interested parties including government agencies and NGOs. Our safety performance is world class as compared to industry peers. In 2016, we achieved:

- Total Recordable Injury Rate (TRIR) of 0.08, which is better than world class performance
- Achieved 12.9 million man-hours, more than 3 and a half years, since our last days away from work injury (DAFWR), and





### Climate Change:

The major source of SPRC's emissions that contributes to climate change is energy consumption. To contribute to climate change mitigation, SPRC is committed to reducing emissions through energy efficiency initiatives and GHG reduction targets, as well as tracking and reporting our emissions transparently. To drive emissions reduction we have an Energy Conservation Policy and investment criteria for energy saving projects that allows for lower returns than we use for most of our projects. To sustain SPRC energy reduction and reduce GHG emissions, SPRC implemented various energy efficiency initiatives in 2016. Six energy optimization initiatives saved approximately 12,200 tons of GHG emissions, requiring low or no investment.

### Air Emission:

Throughout 2016, we maintained our continuous monitoring on air emissions using on-line analyzers or Continuous Emissions Monitors (CEMs). The CEMs ensure air emissions from our operational processes are within the environmental permitting limits. Any exceedance beyond regulated permitting limits will be considered an incident, and would be investigated with corrective actions to prevent similar occurrences in the future. In addition, we put the effort to reduce SO<sub>2</sub> emissions, low sulfur feedstock was imported and the maximum operating control limit of SO<sub>2</sub> emissions at the RFCCU (Residue Fluid Catalytic Cracking Unit) was reduced from 650 ppm to 630 ppm. SO<sub>2</sub> emissions reduced by 3%, compared to 2013 and it was better than the 2016 target.



### Spill Prevention and Response:

We have achieved six years without any recordable spills. Our commitment to incident and injury free operations is fundamental to our commitment to zero spills to the environment. Our spill prevention procedures are part of our Process Safety Management systems. We continuously strive to have a world-class spill response preparedness capability, including contingency plans, procedures, and spill response equipment to respond to any potential spill. We continuously review and update our oil spill prevention plans and response capability to minimize the risk of spill and reflect the latest best practices. We have joint exercises for oil spill response with business partners, the neighboring community, and external emergency response organizations.







## Water Management:

SPRC's refinery operates in Map Ta Phut Industrial Estate, where there is a risk of both drought and sometimes floods. Water management is therefore a responsibility that we are committed to, in recognition of the importance of water availability to our surrounding communities and our ability to operate. We focus on continuously building awareness among employees and reducing water consumption. SPRC has a water reduction roadmap in place and continually endeavors to find ways to reduce water consumption. Our goal is to reduce raw water intake by 20% within 2020 (base year 2015). In 2016, we reduced raw water usage by 38 m<sup>3</sup>/hr and had a cost savings of THB 4.2 million from reducing boiler blowdowns, increasing condensate recovery, and maximizing rain water collection and consumption during the rainy season.



## Waste Management:

One of the challenges of a refinery is the management of waste. SPRC is determined to manage the wastes from its operations responsibly and continually find ways to reduce waste such as green procurement, the reuse of piping insulation, and improvement of coalescer designs. We sought opportunities in waste disposal by applying the "3R" philosophy - Recycle, Reuse, or Reduce for disposal various waste. We have a target of 5% waste reduction and zero waste to landfill by 2020 (base year 2015). In 2016, the total waste to landfill after applying the 3Rs concept decreased to only 0.77%.

## Corporate Social Responsibility (CSR)

SPRC's corporate social responsibility activities are conducted in Rayong area with a focus in four key areas; youth and education, quality of life, environment, and relationships. SPRC brands its voluntary activities under the CSR theme "Do Good Look Great with Nong STAR". Our staff demonstrate social responsibility, express care for the local communities, promote safety and good quality of life by initiating and voluntarily participating in these activities.

### 1. Youth and Education



- Continue our support of the Vocational Chemical Engineering Practice College, Maptaphut Technical College (V-ChEPC) project, which is a joint project between public and private sector to develop the capabilities of aspiring technicians and enhance their proficiency to international level. This project has reached its 9<sup>th</sup> year.
- Present our annual scholarships for children of SPRC staff and contractors, students in our surrounding communities, and support schools' educational projects.
- Provide chances for students in communities to join internship program at SPRC.
- Organize our "SPRC IIF Kids" activity to offer children of staff and contractors the opportunity to learn about the importance of safety, educating youth on staying safe 24 hours, and fostering in them a good conscience to guide their talent.
- Continue SPRC Academy program for promoting knowledge and culture to various stakeholders including university internship students and local students for the 2<sup>nd</sup> Year

## 2. Quality of Life



- Arrange fire evacuation exercises for students and prepare fire evacuation procedures for schools and nearby communities.
- Work with the Map Ta Phut Municipality to organize “Aerobic on Tour with communities” to encourage good health in communities for the 2<sup>nd</sup> year.
- Join hands with Map Ta Phut Municipality to organize “Basic Yoga Training” for core member of aerobic club to give knowledge on yoga exercise to the core members then they can transfer the knowledge to community members and build exercise network of communities.
- Give opportunities to communities to sell food during company events such as celebrations on man-hours achievement without a recordable injury on our “Improve Integrity of Product Pier Pipelines” Project, and our monthly Healthy Day.

## 3. Environment



- Work with Huay Ma Had local people to build a check dam at Khao Phu Don – Huay Ma Had for 4<sup>th</sup> year.

- Develop a project “3R: Reduce, Reuse, Recycle,” which provides knowledge about the 3R’s and how the company can implement them. As an example of Reuse, operations unit reuses waste material. We also organize the Waste Bank Project to help increase income for communities for the 2<sup>nd</sup> year.
- Cooperate with Rayong Provincial Fisheries Office and local fishery group of Suchada Beach to build marine life’s residence, for instance, crab floating basket, for the 2<sup>nd</sup> year.
- Participate in tree and mangrove forest planting by coordinating with local government agencies, communities and neighboring companies for the 2<sup>nd</sup> year.
- Participate in beach cleanup activity arranged on the occasion of the International Coastal Cleanup (ICC) Day yearly.
- Participate in “Releasing aquatic animals into the sea in Honor of H.M. The King” activity organized to improve animal conservation in the sea to help balance the ecosystem and coastal environment.

## 4. Relationships



- Through regular visits to 38 communities in Map Ta Phut, we actively engage with community members to share ideas and find ways to continuously improve their quality of life, environment and safety.
- Arrange and provide support to local traditional events such as Songkran Festival, Kathin, Loy Krathong, Making merit.

# INTERNAL CONTROLS

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Internal controls play an integral role to provide reasonable assurance on the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. SPRC's Board of Directors assigned the Independent Audit Committee to evaluate the adequacy of internal control system.

At the Board of Directors Meeting No.4/2016, held on November 10, 2016, the directors including the independent audit committee reviewed the Assessment form of Sufficiency of Internal Control System prepared by Management and the Internal Auditor which follows the guidelines of the Securities and Exchange Commission (SEC). This year, the Board of Directors acknowledged that the internal control system were effectively managed in accordance with the requirements of the COSO (The Committee of Sponsoring Organization of the Treadway Commission) framework and the Sarbanes-Oxley Act of 2002. Internal Controls are put in place to help the company to achieve of its mission. The COSO framework of our Internal Controls are described as follows:

**1. Control Environment:** The Board of Directors in the Independent Audit Committee is responsible for providing governance, guidance and oversight of internal control system. Management by the Chief Executive Officers provide the leadership, direction and reviewing the way to control the business by having Manual Delegated of Authority to delegate the responsibilities appropriately. The specific internal control policies and procedures were established for each functions.

SPRC has in place the appropriate policy and practices for recruiting, developing and retaining competent employees, including the performance management evaluation. The talent development plan is used to identify successors for the key position, and ensure that SPRC would have a back-up resource for important positions in case of vacancy.

**2. Risk Assessment:** The Board of Directors set the overall risk policies while Risk Management Committee is responsible for the day-to-day management of the company, including implementation of the risk policies and risk management. The Board assigns the Independent Audit Committee to monitor the adequacy, integrity and effectiveness of risk management.

Key risk elements identified on an on-going basis include strategic risk, financial risk, operational risk, trading risk, and compliance risk. Risk assessment was conducted to prioritize risks by evaluating the potential impact on the business objectives if a risk was to materialize, together with the likelihood of occurrence. Potential fraud is also considered in assessing risks. The summary of risk assessment and mitigation plan were reported to the Audit Committee on a quarterly basis.

**3. Control Activities:** SPRC set up the control activities to ensure that necessary actions are taken to achieve the company's objectives. Control activities are designed throughout the organization, at all levels and in all functions. They include segregation of duties, authorizations, verifications, reconciliations and reviews of operating performance. The Information Technology Management Policy was established to ensure the integrity, reliability and security of computers, data networks, and other related IT services will be safeguarded.

SPRC is required to comply with the Sarbanes-Oxley Act of 2002. The internal control had been tested twice a year to ensure the satisfactory control environment.

SPRC has written the Business Conduct Policy to control over the conflict of interest and the Related Party Transactions (RPT). RPT are considered approval of transactions that yield the highest benefit to SPRC and are similar to conduct transactions on an arm's length basis. The new Related Party Transaction will be endorsed by Audit Committee. RPT's performance and issue on conflict of interest are reviewed and reported to Audit Committee on a quarterly basis.



4. **Information and Communication:** SPRC obtains and communicate the most relevant and accurate information for communicating to the Board, Management, employees and stakeholders. The Board of Directors will receive the meeting agenda and supporting documents at least 7 days ahead of time to ensure that they have sufficient time to evaluate and to form a reasonable conclusion. SPRC uses "www.sprc.co.th" website to provide the wide range of information and to solicit feedback from shareholders.

For internal communication, SPRC uses variety channels to communicate to all staff such as e-mail and quarterly staff presentation. In addition, SPRC has established anonymous e-mail to allow reporting of possible fraud, improper activities or behaviors, non compliance issues and other activities that do not match SPRC's standards.

5. **Monitoring Activities:** SPRC conducts ongoing and periodic monitoring activities to ensure the efficiency and effectiveness of internal control. SPRC introduces the OE central for daily monitoring activities. Internal auditor plays a role in evaluating the effectiveness of control system by implementing the audit program as approved by the Independent Audit Committee on yearly basis. The deficiencies and recommendations are communicated to the Audit Committee on the quarterly basis.

In year 2016, internal auditor examined and evaluated the effectiveness of selected control system and found no significant findings in the internal controls or any issues related to conflict of interest or fraudulent activities.



# RELATED PARTY TRANSACTIONS

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In 2016, Chevron and its affiliates (as a major shareholder) were considered as Related Party Transactions. Related party transactions primarily comprise of purchases of crude and feedstock, sale of products, and services contracts for technological and operational expertise. On a quarterly basis, all related party transactions have been reviewed by the Audit Committee to ensure that the revenue received and payments made to related parties comply with the terms and conditions in the agreements, and are on the arm's length basis or on terms that would have been similar to the transactions entered into with other non-related parties.

## Approval for Future Related Party Transactions

For future related party transactions, they will be reviewed and endorsed by the Audit Committee to ensure that they are in a normal courses of business and on a commercial "arm's length basis". The Audit Committee and Internal auditor will review to ensure its transactions comply to SET laws, as well as the requirement, announcements, or regulations of SET. The audit committee will provide the opinion of the new related party transactions for Board of Directors for approval. When there is a potential conflict of interest, directors will not participate in the vote on approving the contract at the Board of Directors.



The figure listed below cover transactions with Chevron and its affiliates for year end December 31, 2016:

Connected Party / Relationship	Natural of Transactions	Amount of Y2016 (US\$ Million)
<b>Chevron Thailand Limited (CTL):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares  (Mr. Andrew Benjamin Walz is an executive of CTL. As the President of International Products, Asia Pacific, Chevron International Pte., Ltd., he has management oversight of CTL.	Sales of Products (Purchase and Sale Agreement)	2,361.6
	Purchase, Sale and Storage Products Agreement (Floating Reserve)	<0.1
	Purchase of Lube Oil	0.1
	Account Receivable	132.0
<b>Chevron U.S.A. Inc. (Singapore Branch):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares  (Ms. Kheng Ling Lok is an executive of Chevron U.S.A. Inc. (Singapore Branch). As the General Manager, Crude Supply and Trading, Asia Pacific, Chevron U.S.A. Inc. (Singapore Branch), she has management oversight of Chevron U.S.A. Inc. (Singapore Branch)	Sales of Products (Purchase and Sale Agreement)	51.8
	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	1,750.5
	Account Receivable	2.5
	Account Payable	122.5
<b>Chevron Singapore Pte Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Sales of Products (Purchase and Sale Agreement)	26.5
	Purchase of LSWR	52.7
	Account Receivable	3.0
	Account Payable	<0.1
<b>Chevron Block B8/32 (Thailand) Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	10.0
	Account Payable	0.5
<b>Chevron Offshore (Thailand) Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	81.5
	Account Payable	4.5
<b>Chevron (Thailand) Exploration and Production Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	172.4
	Account Payable	19.3

Connected Party / Relationship	Natural of Transactions	Amount of Y2016 (US\$ Million)
Chevron Asia Pacific Shipping Pte: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	6.1
	Marine Services Transportation Agreement	0.9
	Account Payable	0.4
Chevron Pattani Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	5.3
Chevron Oversea Services Corporation (COSC): Affiliate of Chevron which directly or indirectly hold 100% of shares	Technical Service Agreement	1.3
	Technical Service License Agreement	1.6
	Account Payable	0.6
Chevron Oversea Services Corporation (COSC) Chevron Thailand Limited Chevron International Services Chevron Richmond Refinery, USA: Affiliate of Chevron which directly or indirectly hold 100% of shares	Secondment Agreement Personnel	1.2
Chevron Research and Technology Company: Affiliate of Chevron which directly or indirectly hold 100% of shares	HVGO License Agreement	-
Chevron Lummus Global LLC: Affiliate of Chevron which directly or indirectly hold 50% of shares	DHTU License Agreement	-
Caltex Service Corporation: Affiliate of Chevron which directly or indirectly hold 100% of shares	VDU License Agreement	-
Chevron South Asia Holding Pte Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Support Agreement	-





# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Results

	(US\$ Million)			(Baht Million)		
	2016	2015	+/(−)	2016	2015	+/(−)
Total Revenue	4,374	5,221	(847)	155,082	178,877	(23,795)
EBITDA	394	397	(3)	13,964	13,418	545
EBIT	312	315	(4)	11,044	10,619	425
Exchange gain	16	13	2	548	495	54
Net income	245	245	-	8,688	8,227	461
Net income (US\$/Baht per share)	0.06	0.06	-	2.00	1.99	0.01
Accounting refining margin (US\$ per barrel) <sup>(1)</sup>	7.93	8.10	(0.17)	7.93	8.10	(0.17)
Market gross refining margin (US\$ per barrel) <sup>(2)</sup>	6.68	10.41	(3.73)	6.68	10.41	(3.73)

<sup>(1)</sup> margin includes inventory gain/loss based on weighted average inventory.

<sup>(2)</sup> margin is calculated based on current replacement cost

In 2016 SPRC operated with crude intake of 162.4 thousand barrels per day, or 98.4% of the refining capacity, slightly decreased by 2.1 thousand barrels per day from 2015, resulted from the slowdown of CDU in Q2/16. Total sale revenue in 2016 declined from 2015 as a result of lower average product price and lower sale volume from the CDU slowdown. Market gross refining margin for SPRC in 2016 was down from prior year, driven by an excessive supply and resulted in lower product spread over Dubai. However because of the increasing in oil price during the year, there was a stock gain in 2016 comparing to a stock loss in 2015. EBITDA for 2016 was very close to 2015 and net incomes for both years were at US\$245 million. In 2016 operating expenses was lower than 2015 mainly due to the absence of expenses relating to IPO incurred in 2015.

In 2016, crude prices were volatile with Dubai crude price moving between US\$23 and US\$54 per barrel, with an average of US\$41 per barrel, which was lower than 2015 average of US\$51 per barrel because of a supply glut in crude oil driven by continuing large over supply in the crude oil market. However on 30 November 2016, OPEC agreed to cut their production by 1.2 MMBD for first half of year 2017.

Petroleum product prices also moved, following crude prices. The average gasoline crack in 2016 was US\$14.9/bbl which was lower than a record high of US\$18.3/bbl in 2015, impacted by market oversupply that was indicated by light distillates inventories at Singapore hit highest record of 15.5 million barrels even vehicles sale continued growth in China and U.S. Jet/kerosene cracks were impacted by mild winter decreased demand of heating fuel in 2015, and resulted in high level of global inventories carry to 2016. Diesel cracks in 2016 was lower than 2015, reflecting lower industrial demand due to global economy slowdown and flooding of the diesel market from high refinery rates to take advantage of the high refinery margins since 2015. Mid of 2016, middle distillates inventories in Singapore were drawdown to normal level ahead refinery maintenance season, supported diesel crack rebound in second half of 2016.

## Analysis of financial position

	(US\$ Million)			(Baht Million)		
	2016	2015	+/(−)	2016	2015	+/(−)
Total Assets	1,672	1,686	(14)	60,188	61,122	(934)
Total Liabilities	513	673	(160)	18,469	24,397	(5,928)
Total Shareholders' Equity	1,159	1,013	146	41,719	36,725	4,994

## Assets

Total assets as of 31 Dec 2016 decreased by US\$14 million (Baht 934 million) from 31 Dec 2015, mainly from a decrease in non-current assets but partially offset by an increase in current assets.

Current assets increased mainly from an increase in trade and other account receivable of US\$85 million (Baht 2,987 million) from higher average selling prices in Dec 2016 comparing to average selling price in Dec 2015 and an increase in inventory of US\$78 million (Baht 2,743 million) from higher inventory price reflecting from the increase in oil price and higher inventory volume comparing to Dec 2015, partially offset by a decrease in cash & cash equivalent of US\$102 million (Baht 3,716 million).

Non-current assets was lower year-over-year mainly from a decrease in property, plant and equipment of US\$71 million (Baht 2,835 million) as depreciation expenses for 2016 more than offset the additional capital investment in refinery reliability and efficiency projects.

## Liabilities

Total liabilities as of 31 Dec 2016 decreased by US\$160 million (Baht 5,928 million) from 31 Dec 2015. The changes in total liabilities are mainly from a decrease in dividend payables of US\$171 million (Baht 6,027 million) which was approved in 2012 and paid in April 2016 and a decrease in capital reduction payables of US\$101 million (Baht 3,580 million) from payment of remaining capital reduction to shareholders.

The decrease was partially offset by an increase in net long term borrowing of US\$68 million (Baht 2,433 million) from additional borrowing of US\$140 million and repayment of US\$72 million, and an increase in trade and other account payables of US\$33 million (Baht 1,147 million). Trade payables increased mainly from higher purchase price of crude oil.

## Shareholders' Equity

Shareholders' equity as of 31 Dec 2016 increased US\$146 million (Baht 4,994 million) from 31 Dec 2015 resulted from the net profit in 2016 minus dividend payment for 2H/2015 profit and 1H/2016 profit.

In Dec 2016, SPRC allocated US\$3 million (Baht 114 million) of 2016 net profit to legal reserve and have reached the legal requirement of 10% of company registered capital.

## Cash flow Statement

SPRC cash and cash equivalents at 31 Dec 2016 was US\$6 million (Baht 233 million), a decrease of US\$102 million (Baht 3,716 million) from 31 Dec 2015.

	(US\$ Million)		(Baht Million)	
	2016	2015	2016	2015
Net cash generated from operating activities	215	600	7,637	20,534
Net cash used in investing activities	(15)	(14)	(537)	(468)
Net cash used in financing activities	(302)	(541)	(10,654)	(17,836)
Net (decrease) / increase in cash and cash equivalents	(102)	45	(3,554)	2,230
Cash and cash equivalents at the beginning of the year	109	69	3,949	2,286
Adjustments from foreign exchange translation	(0)	(5)	(162)	(568)
Cash and cash equivalents at the end of the year	6	109	233	3,949

Net cash generated from operating activities was US\$215 million (Baht 7,637 million), primarily due to 2016 net profit of US\$245 million (Baht 8,688 million) and added back non-cash items of US\$99 million (Baht 3,517 million), and cash generated from operating liabilities of US\$28 million (Baht 982 million), mainly from an increase in trade and other payables due to higher crude purchase price. This was partially offset by cash used in operating assets of US\$157 million (Baht 5,551 million), mainly from an increase in trade receivable of US\$85 million (Baht 3,002 million) due to higher selling price, and an increase in inventory of US\$79 million (Baht 2,787 million) due to the increase in both inventory price and volume in Dec 2016.

Net cash used in investing activities of US\$15 million (Baht 537 million), primarily on projects spending to increase refinery reliability and efficiency.

Net cash used in financing activities was US\$302 million (Baht 10,654 million) mainly from payment on capital reduction of US\$101 million (Baht 3,580 million), dividends paid to our shareholders before the IPO of US\$171 million (Baht 6,027 million) from profit prior to 2015 and after IPO of USD \$99 million (Baht 3,476 million) for 2H/2015 and 1H/2016, and repayment for long term borrowing of US\$72 million (Baht 2,530 million). This was partially offset by proceeds from additional long term borrowing of US\$140 million (Baht 4,959 million).

## Financial Ratios

		Year Ended December 31		
		2016	2015	2014
Current Ratio	(Time)	1.7	1.1	1.3
Net Profit Margin <sup>(1)</sup>	(%)	5.6	4.7	(2.8)
Return on Equity	(%)	22.6	20.7	(13.1)
Return on Total Assets	(%)	14.6	13.0	(8.0)
Net Debt to Equity ratio	(Time)	0.4	0.7	0.5
Interest Coverage ratio <sup>(2)</sup>	(Time)	108.5	4,165.5	154.3
Dividend Payout Ratio <sup>(3) (4)</sup>	(%)	110.1	183.1	(30.9)

<sup>(1)</sup> Total revenue excluded gain from non-operating income such as gain from exchange rate

<sup>(2)</sup> Cash flow from operation after deduct interest income / expense and income tax paid

<sup>(3)</sup> Net loss in 2014 resulted to negative ratio which has no meaning

<sup>(4)</sup> Dividend equivalents to dividend paid to shareholders in the cash flow statement

## Analysis of Financial Ratios

### Liquidity Ratio

In the past 3 years, the average current ratio was over one as a result of current assets being higher than current liabilities. As of 31 December, 2016 current ratio increased from prior year mainly from an decrease in current liabilities from dividend payable 3rd tranche of US\$171 million (Baht 6,027 million) and capital reduction payables of US\$ 101 million (Baht 3,580 million).

### Profitability and Efficiency Ratio

Net profit margin and return on equity increased from 2014, due to the loss in the year 2014 caused primarily by the decline of weighted average crude price and the scheduled major turnaround and 2014 Event. However they increased significantly in 2015 and continue in 2016 from reliable operations, high margins and high domestic placement yielding higher net profit.

### Leverage Ratio

The debt to equity ratio was high in 2015 over the past 3 years, mainly from trade and other payables reduction which was the consequence of crude and raw material price declined, the capital reduction, long term loan drawdown, and the increase in paid-up shares. In the year 2016, crude prices rebound, dividend payment, capital reduction and long term loan drawdown resulted to the decrease in debt to equity ratio.

The interest coverage ratio increased from 2014 to 2015 mainly from operating activities and lower financing cost in 2015. The interest coverage ratio at the end of 2016 decreased from 2015 mainly from lower 2016 cash flow from operating activities and higher interest expenses.

# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTS

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The Board of Directors of SPRC is responsible for the fair presentation and integrity of the financial statements which comprise the Statement of Financial Position as at 31 December 2016, and the related Statement of Comprehensive Income, Statements of Changes in Shareholders' Equity, and Statement of Cash Flows. The financial statements have been prepared in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Security and Exchange Act B.E. 2535.

The Board has reviewed the effective internal control system over the accounts, financial statements and reports of SPRC and is of the opinion that the system has been designed to provide reasonable assurance that assets are safeguarded; transactions have been recorded fairly and accurately in

the accounting records in accordance with the established procedures and accounting policies; that fraud is prevented and would be detected. There is no other material gain or loss contingencies, claims or assessments, violation or possible violation of laws or regulations required to be accrued or disclosed.

The Company's external auditor has audited and provided an opinion on the Company's financial statements. Their audit was made in accordance with Thai Financial Reporting Standards.

The Audit Committee of the Board of Directors meets quarterly with the internal and external auditors to discuss the Company's internal controls, auditing and financial reporting matters. The Board has been provided reasonable assurance that the financial statements of SPRC have been prepared in accordance with the generally accepted accounting principles.



**Mr. Andrew Benjamin Walz**  
Chairman of the Board  
Star Petroleum Refining Public Company Limited

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders and Board of Directors of Star Petroleum Refining Public Company Limited

### My opinion

In my opinion, the financial statements of Star Petroleum Refining Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

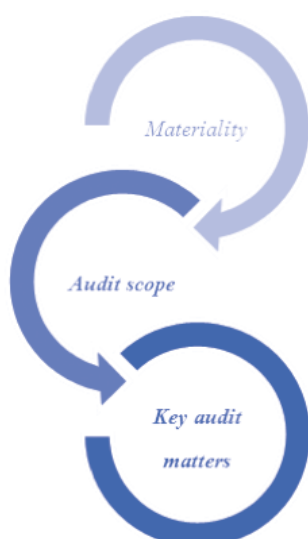
### What I have audited

I have audited the accompanying financial statements of the Company, which comprise the statements of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's 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.

### My audit approach – overview



#### Materiality

Overall materiality: US Dollar 15.4 million which represents 5% of Company's profit before tax.

The overall materiality is determined from profit before tax in US Dollar which is the Company's functional currency as described in the accounting policy in note 2.3 (a).

#### Audit scope

I conduct with audit work of the Company which engages the operation of a petroleum refinery in Thailand.

#### Key audit matters

I identified the following key audit matters:

- Revenue recognition
- Related party transactions



## Materiality

The scope of my audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on my professional judgement, I determined certain quantitative thresholds for materiality for the financial statements as set out in the table below. These, together with qualitative considerations, helped me to determine the scope of my audit and the nature, timing and extent of my audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall materiality</b>	US Dollar 15.4 million (2015: US Dollar 15.7 million)
<b>How I determined it</b>	5% of profit before tax
<b>Rationale for the materiality benchmark applied</b>	I chose profit before tax as the critical measure because, in my view, it is the measure against which the performance of the Company is most commonly assessed. The 5% benchmark is a generally accepted auditing practice and there were no significant unusual elements that merited adjustments to this benchmark.

I agreed with the audit committee that I would report to them misstatements identified during my audit.

## How I tailored my audit scope

I tailored the scope of my audit in order to perform sufficient work to enable me to provide an opinion on the financial statements, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, 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, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>In 2016, the Company recognised revenue of US Dollar 4,373.5 million mainly derived from two major customers under the Purchase and Sales agreement.</p> <p>The revenue is determined based on the contracted price and volume of petroleum products delivered. The price is based on the spot price and a number of other factors. The volume sold is measured using the meter at the refinery when the petroleum products are delivered to customers via pipeline, truck, or vessel.</p> <p>The sales agreement has been amended to revise the price terms by including certain price adjustments to selected products as specified in the amendment. The amendment is effective upon the first day of trading of the Company's shares on the Stock Exchange of Thailand (SET). The amendment was applied to the two major customers.</p> <p>I identified the accuracy of the revenue as an area of focus for our audit work because the revenue amount is material and due to the amendment to the contract. This required a detailed understanding of the contractual arrangements to ensure that the Purchase and Sales agreement and the amendment were correctly applied to determine the amount of revenue in addition to complete and accurate source data on the factors used in the price calculation and volumes measured.</p> <p><b>Related party transactions</b></p> <p>The Company's shares were held by two major shareholders prior to the listing on the SET. As part of the Initial Public Offering (IPO), one of the major shareholders sold its shares in the Company on the first day of public trade of the Company's shares on the SET, reducing its shareholding from 36% to 5.4% of the issued and paid-up share capital. Consequently, this former shareholder was no longer considered a related party. So there was only one major shareholder remaining after the IPO.</p> <p>The Company has a number of contracts with related parties. The main contracts are the Purchase and Sale Agreement mentioned above and Feedstock Supply Agreement. As described in note 27, the Company entered into a feedstock supply agreement with the major shareholder. This is considered a related-party transaction. The Company also entered into a feedstock supply agreement with the former major shareholder, which gives the former major shareholder the right to supply crude oil to the Company under the terms stipulated in the agreement. Management has developed the processes to evaluate and determine how to optimise crude oil and feedstock purchases.</p> <p>I focussed on this area due to the amount of related party transactions is material and there is a change in the shareholding structure. As the result, I have to ensure that the related party transactions are transparent and are carried out in the normal course of business.</p>	<p>I tested the design and operating effectiveness of key controls in relation to the recognition of revenue, particularly focus on controls over the invoicing process, and I determined that the testing of these controls provided me with audit evidence that revenue had been recorded appropriately and in the correct period including the accuracy of the amounts billed to customers.</p> <p>I tested, on a sample basis, the revenue recognised to amounts invoiced to customers and the subsequent cash receipts from those customers, and noted no material exceptions noted. I also selected a sample shipment document prior to and after year-end to test to the revenue recorded to ensure that the revenue is recognised in the correct period.</p> <p>In relation to the amendment of sales agreements, I obtained and read a sales agreement and amendment and checked with customer invoices to ensure that price adjustments were applied in the invoices. I also sent debtors confirmation at the end of the year to the customers to confirm the amount due to the Company. I found no material issues arising from our work.</p> <p>I performed the following procedures in order to obtain evidence for management's assessment of related party transactions and related disclosures;</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the process established by management to identify the appropriate related party disclosure considerations. This process involves control procedures to support the assessments of related party transactions, including the approval of the significant related party transactions</li> <li>• selected purchase transactions with both the major shareholder and the former major shareholder and obtained sufficient evidence to assess whether the related-party transactions were conducted under terms equivalent to arm's length transactions.</li> <li>• made enquiries to management to identify whether related party transactions outside the normal course of business had taken place, and</li> <li>• verified that related party transactions disclosed in the financial statements were completed.</li> </ul> <p>I found no material issues arising from my work. The related party transactions were transparent and were carried out in the normal course of business.</p>



## Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibility for overseeing the Company'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 TSAs 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 TSAs, I exercise professional judgment and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company 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.

I communicate with the audit committee 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 the audit committee 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 the audit committee, 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.

PricewaterhouseCoopers ABAS Ltd.

**Chanchai Chaiprasit**  
Certified Public Accountant (Thailand) No. 3760  
Bangkok  
15 February 2017

## Star Petroleum Refining Public Company Limited

## Statement of Financial Position

As at 31 December 2016

	Notes	Unit: US Dollar		Unit: Baht	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	6,469,214	108,913,055	232,907,490	3,948,511,029
Trade and other receivables	8	323,964,041	239,044,481	11,646,751,382	8,659,590,134
Inventories, net	9	327,101,282	249,161,207	11,776,463,891	9,033,040,568
Other current assets	10	1,405,200	6,630,560	50,409,484	240,271,472
Total current assets		658,939,737	603,749,303	23,706,532,247	21,881,413,203
Non-current assets					
Property, plant and equipment, net	11	1,004,668,806	1,075,901,525	36,170,588,688	39,005,518,691
Intangible assets, net	12	5,273,693	2,159,380	189,866,116	78,285,721
Other non-current assets		3,360,940	4,320,462	121,002,201	156,633,192
Total non-current assets		1,013,303,439	1,082,381,367	36,481,457,005	39,240,437,604
Total assets		1,672,243,176	1,686,130,670	60,187,989,252	61,121,850,807

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

Star Petroleum Refining Public Company Limited

## Statement of Financial Position

As at 31 December 2016

	Notes	Unit: US Dollar		Unit: Baht	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Liabilities and equity					
Current liabilities					
Trade and other payables	13	228,677,034	195,458,583	8,232,359,619	7,085,510,693
Capital reduction payable	14	-	98,748,269	-	3,580,000,000
Current portion of long-term borrowings	15	106,666,667	36,666,667	3,840,266,667	1,329,306,000
Value added tax payable		4,297,167	4,032,920	154,708,743	146,208,681
Current income tax payable		29,586,208	17,446,359	1,065,177,440	632,496,804
Dividend payable	16	-	166,240,640	-	6,026,854,902
Other current liabilities	17	27,737,240	33,678,689	998,609,988	1,220,980,444
Total current liabilities		396,964,316	552,272,127	14,291,122,457	20,021,357,524
Non-current liabilities					
Long-term borrowings - financial institutions	15	71,666,667	73,333,333	2,580,179,166	2,658,612,000
Deferred tax liabilities, net	18	36,916,941	41,743,563	1,329,102,185	1,513,362,801
Employee benefit obligations	19	7,455,571	5,617,685	268,419,182	203,662,442
Total non-current liabilities		116,039,179	120,694,581	4,177,700,533	4,375,637,243
Total liabilities		513,003,495	672,966,708	18,468,822,990	24,396,994,767

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

## Star Petroleum Refining Public Company Limited

## Statement of Financial Position

As at 31 December 2016

	Notes	Unit: US Dollar		Unit: Baht	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
<b>Equity</b>					
Share capital					
Authorised share capital	20				
Ordinary shares 4,335,902,125 shares					
at par value of Baht 6.92 each					
(2015: 4,774,343,003 shares					
at par value of Baht 6.92 each)		864,713,808	948,633,413	30,004,442,705	33,038,453,581
Issued and paid-up share capital					
Ordinary shares 4,335,902,125 shares					
paid-up at Baht 6.92 each					
(2015: 4,335,902,125 shares					
at paid-up at Baht 6.92 each)		864,713,808	864,713,808	30,004,442,705	30,004,442,705
Premium on share capital		31,917,416	31,917,416	977,711,111	977,711,111
Retained earnings					
Appropriated - legal reserve	21	87,865,911	84,652,251	3,000,444,271	2,886,500,098
Unappropriated		174,742,546	31,880,487	8,671,792,230	3,599,501,081
Other components of equity		-	-	(935,224,055)	(743,298,955)
<b>Total equity</b>		1,159,239,681	1,013,163,962	41,719,166,262	36,724,856,040
<b>Total liabilities and equity</b>		1,672,243,176	1,686,130,670	60,187,989,252	61,121,850,807

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



Star Petroleum Refining Public Company Limited

# Statement of Comprehensive Income

As at 31 December 2016

	Notes	Unit: US Dollar		Unit: Baht	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Sales	6	4,369,901,530	5,217,572,506	154,953,513,955	178,765,671,936
Liquefied Petroleum Gas and fuel subsidies		3,610,006	3,236,273	128,294,044	111,203,329
<b>Total revenue</b>		<b>4,373,511,536</b>	<b>5,220,808,779</b>	<b>155,081,807,999</b>	<b>178,876,875,265</b>
Cost of sales	23	(4,052,949,447)	(4,890,293,154)	(143,714,886,714)	(167,751,921,845)
<b>Gross profit</b>		<b>320,562,089</b>	<b>330,515,625</b>	<b>11,366,921,285</b>	<b>11,124,953,420</b>
Other income	24	1,784,883	6,904,787	63,344,719	233,657,661
Gain on exchange rate		15,536,115	13,460,699	548,489,987	494,730,080
<b>Profit before expenses</b>		<b>337,883,087</b>	<b>350,881,111</b>	<b>11,978,755,991</b>	<b>11,853,341,161</b>
Administrative expenses	23	(25,763,654)	(35,292,362)	(914,123,117)	(1,222,284,979)
Other expenses		(597,269)	(373,979)	(21,064,119)	(12,425,743)
Finance costs		(2,667,165)	(249,818)	(94,428,023)	(8,735,951)
<b>Profit before income tax</b>		<b>308,854,999</b>	<b>314,964,952</b>	<b>10,949,140,732</b>	<b>10,609,894,488</b>
Income tax	25	(63,817,782)	(70,415,517)	(2,261,052,405)	(2,382,420,438)
<b>Profit for the year</b>		<b>245,037,217</b>	<b>244,549,435</b>	<b>8,688,088,327</b>	<b>8,227,474,050</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Currency translation differences		-	-	(191,925,100)	3,723,443,016
Remeasurement of employee benefit obligations		(745,080)	-	(26,333,816)	-
Other comprehensive income for the year, net of tax		(745,080)	-	(218,258,916)	3,723,443,016
<b>Total comprehensive income for the year</b>		<b>244,292,137</b>	<b>244,549,435</b>	<b>8,469,829,411</b>	<b>11,950,917,066</b>
<b>Earnings per share</b>	26				
Basic earnings per share		0.06	0.06	2.00	1.99

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

## Star Petroleum Refining Public Company Limited

## Statement of Changes in Equity

As at 31 December 2016

	Notes	Unit: US Dollar				Total equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings		
				Appropriated legal reserve	Unappropriated	
<b>Beginning balance 1 January 2015</b>		1,184,955,167	20,308,211	61,418,972	88,228,652	1,354,911,002
Share capital reduction	20	(364,966,192)	-	-	-	(364,966,192)
Share capital issuance	20	44,724,833	-	-	-	44,724,833
Premium on share capital		-	11,609,205	-	-	11,609,205
Legal reserve	21	-	-	23,233,279	(23,233,279)	-
Dividends	22	-	-	-	(277,664,321)	(277,664,321)
Total comprehensive income for the year		-	-	-	244,549,435	244,549,435
<b>Ending balance 31 December 2015</b>		864,713,808	31,917,416	84,652,251	31,880,487	1,013,163,962
<b>Beginning balance 1 January 2016</b>		864,713,808	31,917,416	84,652,251	31,880,487	1,013,163,962
Legal reserve	21	-	-	3,213,660	(3,213,660)	-
Dividends	22	-	-	-	(98,216,418)	(98,216,418)
Total comprehensive income for the year		-	-	-	244,292,137	244,292,137
<b>Ending balance 31 December 2016</b>		864,713,808	31,917,416	87,865,911	174,742,546	1,159,239,681

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

## Star Petroleum Refining Public Company Limited

### Statement of Changes in Equity

As at 31 December 2016

		Unit: Baht					Total Equity
		Issued and paid-up	Premium on	Retained earnings	Other components of equity		
				Appropriated	Exchange differences on		
<b>Beginning balance 1 January 2015</b>		41,029,510,250	558,960,166	1,965,065,317	5,756,445,882	(4,466,741,971)	44,843,239,644
Share capital reduction	20	(12,637,089,157)	-	-	-	-	(12,637,089,157)
Share capital issuance	20	1,612,021,612	-	-	-	-	1,612,021,612
Premium on share capital		-	418,750,945	-	-	-	418,750,945
Legal reserve	21	-	-	921,434,781	(921,434,781)	-	-
Dividends	22	-	-	-	(9,462,984,070)	-	(9,462,984,070)
Total comprehensive income for the year		-	-	-	8,227,474,050	3,723,443,016	11,950,917,066
<b>Ending balance 31 December 2015</b>		30,004,442,705	977,711,111	2,886,500,098	3,599,501,081	(743,298,955)	36,724,856,040
<b>Beginning balance 1 January 2016</b>		30,004,442,705	977,711,111	2,886,500,098	3,599,501,081	(743,298,955)	36,724,856,040
Legal reserve	21	-	-	113,944,173	(113,944,173)	-	-
Dividends	22	-	-	-	(3,475,519,189)	-	(3,475,519,189)
Total comprehensive income for the year		-	-	-	8,661,754,511	(191,925,100)	8,469,829,411
<b>Ending balance 31 December 2016</b>		30,004,442,705	977,711,111	3,000,444,271	8,671,792,230	(935,224,055)	41,719,166,262

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

## Star Petroleum Refining Public Company Limited

## Statement of Cash Flows

As at 31 December 2016

	Notes	Unit: US Dollar		Unit: Baht	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
Cash flows from operating activities					
Profit before income tax		308,854,999	314,964,952	10,949,140,732	10,609,894,488
Adjustments for:					
Finance income	24	(839,398)	(2,670,459)	(29,831,591)	(90,492,667)
Finance expense		2,667,165	249,818	94,428,023	8,735,950
Depreciation	11, 23	80,983,964	80,364,961	2,872,153,600	2,766,432,620
Amortisation		1,353,219	965,200	47,972,255	33,197,478
Loss from disposal of fixed assets		563,346	361,948	19,881,135	12,031,220
Unrealised loss from foreign exchange rate		2,695,447	3,508,171	95,578,679	120,820,370
Loss on obsolete materials and supplies	9	664,935	520,333	23,528,087	17,477,712
Reversal of inventory to net realisable value	9	-	(75,605,567)	-	(2,476,815,131)
Retirement benefit expenses		1,173,950	423,798	41,627,458	19,136,575
Deferred income realised during the year		-	(354,167)	-	(12,197,419)
Change in operating assets and liabilities					
Trade and other receivables		(84,661,317)	147,968,351	(3,002,031,020)	5,095,985,622
Inventories		(78,605,009)	229,924,251	(2,787,278,603)	7,918,995,803
Other current assets and other assets		6,732,734	32,447,651	238,738,015	1,117,487,378
Trade and other payables		33,437,271	(136,040,726)	1,185,662,213	(4,685,201,796)
Retirement benefit paid	19	(87,809)	(46,162)	(3,153,100)	(1,592,949)
Other current liabilities and other liabilities		(5,666,427)	8,287,148	(200,927,528)	285,410,936
Cash generated from operations		269,267,070	605,269,501	9,545,488,355	20,739,306,190
Interest received		847,539	2,671,302	30,126,819	90,493,750
Interest paid		(2,490,180)	(145,948)	(88,082,205)	(4,970,271)
Income tax paid		(52,371,782)	(8,162,353)	(1,850,956,449)	(291,207,628)
Net cash generated from operating activities		215,252,647	599,632,502	7,636,576,520	20,533,622,041

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

# Star Petroleum Refining Public Company Limited

## Statement of Cash Flows

As at 31 December 2016

	Note	Unit: US Dollar		Unit: Baht	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
<b>Cash flows from investing activities</b>					
Purchases of equipment and intangible asset		(15,178,454)	(13,589,207)	(538,217,342)	(468,008,209)
Proceeds from disposal of equipment		33,923	12,031	1,182,984	394,524
<b>Net cash used in investing activities</b>		<b>(15,144,531)</b>	<b>(13,577,176)</b>	<b>(537,034,358)</b>	<b>(467,613,685)</b>
<b>Cash flows from financing activities</b>					
Proceeds from long-term borrowings		140,000,000	110,000,000	4,959,200,000	3,987,918,000
Repayment of long-term borrowings		(71,666,667)	-	(2,530,441,834)	-
Payment of capital reduction		(100,864,825)	(261,573,792)	(3,580,000,000)	(9,057,089,157)
Proceeds from issue and paid in common shares		-	49,246,616	-	1,775,000,700
Proceeds from issue and paid in common shares under Employee Stock Ownership Plan		-	8,921,519	-	321,559,200
Dividends paid to shareholders		(269,850,091)	(447,672,381)	(9,502,374,085)	(14,862,984,070)
<b>Net cash used in financing activities</b>		<b>(302,381,583)</b>	<b>(541,078,038)</b>	<b>(10,653,615,919)</b>	<b>(17,835,595,327)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of year		(102,273,467)	44,977,288	(3,554,073,757)	2,230,413,029
Adjustment from foreign exchange translation		108,913,055	69,042,730	3,948,511,029	2,286,101,979
		(170,374)	(5,106,963)	(161,529,782)	(568,003,979)
<b>Cash and cash equivalents at the ending of year</b>	7	<b>6,469,214</b>	<b>108,913,055</b>	<b>232,907,490</b>	<b>3,948,511,029</b>
<b>Non-cash item</b>					
Acquisitions of property, plant and equipment which have not been paid		579,693	1,068,198	20,870,383	38,726,232

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

# Star Petroleum Refining Public Company Limited

## Notes to the Financial Statements

As at 31 December 2016

### 1 General information

Star Petroleum Refining Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

No.1, I-3B Road, Tambol Map Ta Phut (Subdistrict), Amphur Muang Rayong (District), Rayong Province 21150.

The Company was registered on 20 November 1992 to engage in the construction and operation of a petroleum refinery in the Rayong Province of Thailand. On 7 June 2012, the Company registered as a public company with the Department of Business Development, Ministry of Commerce and has changed its name to Star Petroleum Refining Public Company Limited then onward.

The Company was listed on the Stock Exchange of Thailand on 8 December 2015.

These financial statements were authorised for issue by the Board of Directors on 15 February 2017.

### 2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### 2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company financial statements are disclosed in Note 4.

An English version of the Company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

#### 2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

The Company has applied the revised financial reporting standards effective on 1 January 2016 which are relevant and have minor impact to the Company.

The Company has not yet early adopted the revised financial reporting standards which are effective for annual period beginning on or after 1 January 2017.



## **2 Accounting policies (Cont'd)**

### **2.3 Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's management has determined that US Dollar is the Company's functional currency. However, the Company is required to present its financial statements in Thai Baht (the presentation currency) to comply with the regulation of the Department of Business Development, the Company financial statements are presented by translating from US Dollar to Thai Baht using the method described in Note 2.3 (c).

#### **(b) Transactions and balances**

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in the other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in the profit and loss.

#### **(c) Translation to presentation currency**

The results and financial position that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

### **2.4 Cash and cash equivalents**

In the Company statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

### **2.5 Trade receivables**

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less 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 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.

### **2.6 Inventories**

Inventories are stated at the lower of cost or net realisable value, cost being determined on 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 charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and related production overheads, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## 2 Accounting policies (Cont'd)

### 2.7 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation. Costs include directly attributable expenses in acquiring such asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Buildings	20 - 50 years
Refinery plant and equipment	5 - 33 years
Furniture, fixtures and equipment	5 - 25 years

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within statement of comprehensive income.

### 2.8 Intangible asset - Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs those are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs are recognised as assets and amortised over their estimated useful lives, which does not exceed 10 years.

### 2.9 Impairment of assets

Property, plant and equipment and other non-financial assets are reviewed for impairment losses 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 which is the higher of an asset's net selling price 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2 Accounting policies (Cont'd)**

### **2.10 Leases - where the Company is a lessee**

Leases of property, plant or equipment which substantially transfer 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 property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to income statement 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 property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### **2.11 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent 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 of the facility to which it relates.

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

#### **Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## 2 Accounting policies (Cont'd)

### 2.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from operating loss, long-term debt acquisition cost, employee benefit obligation, allowance for stock obsolescence and accumulated depreciation, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not be reversed in the foreseeable future.

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 taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.13 Accounting for employee benefit

#### 2.13.1 Defined contribution plan - provident fund

The Company operates a provident fund that is a defined contribution plan. The assets are held in a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act B.E. 2530. The provident fund is funded by payments from employees and by the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the year to which they relate.

#### 2.13.2 Defined benefit plan - retirement benefit

The Company provides for post-employment benefits, payable to employees under the Thai Labour Law. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary using the projected unit credit cost method in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using interest rates which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains or losses will be recognised in the statement of comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

## **2 Accounting policies (Cont'd)**

### **2.14 Provisions**

Provisions are recognised when the Company 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 a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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.

### **2.15 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of petroleum products and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, return, rebates and discounts. Revenue from the sale of petroleum products is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is generally at the time of ship loading, truck loading, or on the products entering the pipeline (meter reading).

Other income and interest received are recognised as income on the accrual basis unless collectability is in doubt.

### **2.16 Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the compensation of costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grant amount is separately presented from revenue from sales.

### **2.17 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 is responsible for allocating resources and assessing performance of the operating segments.

### **2.18 Share Capital**

Ordinary shares are classified as equity.

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

### **2.19 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. The interim dividend is approved by the Company's Board of Directors.

### 3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 3.1 Financial risk factors

##### 3.1.1 Foreign exchange risk

The Company does not enter into any foreign currency forward contracts to cover the exchange risk because a substantial portion of our revenues, costs and expenses are directly linked to, or denominated in US dollars. The Company is exposed to fluctuations in the value of the Baht on account of employee-related and other costs denominated in Baht. An appreciation of the Baht against the US dollar causes, among other things, their Baht denominated costs to increase in US dollars, which has a negative effect on US dollar-denominated results of operations. Also, an increase in volatility in the value of the Baht against the US dollar may also increase the cost that the Company incurs in converting the Baht that the Company receives as proceeds from the sale of their petroleum products into US dollars required to pay for crude oil and imported feedstock.

##### 3.1.2 Interest rate risk

The Company is exposed to interest rate risk in relation to its current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company does not enter into any financial instruments. However, the Company has insignificant impact from interest rate risk.

##### 3.1.3 Credit risk

The Company has no significant credit risk because the Company sells majority of its total sales to its shareholders and related companies who have reputable and strong financial position. Apart from sales of products to the shareholders, sales are made to other customers with an appropriate credit history. Financial transactions are limited to high credit quality financial institutions.

##### 3.1.4 Liquidity risk

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

#### 3.2 Accounting for derivative financial instruments and hedging activities

The Company has no derivative financial instruments.

### 4 Critical accounting estimates and assumptions

The Company have not applied the significant accounting estimates and assumptions in preparation financial statements. Estimates, assumptions, 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.

### 5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.



## 6 Segment information

The Company produces petroleum products in Thailand for both domestic and export markets, utilising the same assets. The Company has one reportable segment which is the refinery. The chief operating decision maker (the Chief Financial Officer) reviews the internal management report which reported the performance of the Company as a whole in order to assess performance and allocate resources. The chief operating decision maker assesses the performance of the reportable segment based on a measure of revenue, cost of goods sold, gross margin and earnings before interest income and expense, tax, depreciation and amortisation which are the same information as these financial statements.

The Company derived 56% of its revenue (2015: 91%) from sales to its related parties. Refer to Note 30 for the amount of revenue from each related party.

### Geographical information

Revenues are presented by the entity's country of domicile and foreign countries which the entity derives revenues as shown in table below.

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Sales:				
- Local Sales	4,032,835,173	4,745,296,770	142,977,963,787	162,438,825,306
- Export Sales	337,066,357	472,275,736	11,975,550,168	16,326,846,630
Total Sales	4,369,901,530	5,217,572,506	154,953,513,955	178,765,671,936

The Company only operated in Thailand, therefore geographical information of non-current asset has not been presented.

## 7 Cash and cash equivalents

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Cash on hands	1,389	1,379	50,000	50,000
Deposits held at call with banks	6,467,825	108,911,676	232,857,490	3,948,461,029
	6,469,214	108,913,055	232,907,490	3,948,511,029

During 2016, the interest rates of cash at bank ranged between 0.25% and 1.46% per annum (2015: 0.25% and 0.63% per annum).

## 8 Trade and other receivables

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Trade receivables				
- related parties	158,876,662	120,992,985	5,710,702,570	4,383,168,896
- third parties	157,976,139	110,779,496	5,680,722,939	4,012,832,079
	<u>316,852,801</u>	<u>231,772,481</u>	<u>11,391,425,509</u>	<u>8,396,000,975</u>
Other receivables				
- related parties	179,060	109,814	6,385,049	3,944,865
- Liquefied Petroleum Gas (LPG) Subsidy	434,245	1,271,214	15,633,917	46,086,335
- fuel subsidy	424,837	104,540	15,295,182	3,789,970
- third parties	6,073,098	5,786,432	218,011,725	209,767,989
	<u>7,111,240</u>	<u>7,272,000</u>	<u>255,325,873</u>	<u>263,589,159</u>
Trade and other receivables	<u>323,964,041</u>	<u>239,044,481</u>	<u>11,646,751,382</u>	<u>8,659,590,134</u>

Outstanding trade receivables can be analysed as follows:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Up to 3 months	316,852,801	231,772,481	11,391,425,509	8,396,000,975
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total trade receivables	316,852,801	231,772,481	11,391,425,509	8,396,000,975
<u>Less</u> provision for impairment of trade receivables	-	-	-	-
	<u>316,852,801</u>	<u>231,772,481</u>	<u>11,391,425,509</u>	<u>8,396,000,975</u>

Liquefied Petroleum Gas (LPG) Subsidy and Fuel Subsidy are the liabilities of Thai government to the Company.

As at 31 December 2016 and 2015, the LPG subsidy was the outstanding subsidy that the Company was compensated for the difference between the Government's controlled price and a separate controlled wholesale price set by the Ministry of Energy through the Oil Fuel Fund.

As at 31 December 2016 and 2015, fuel subsidy was the outstanding that the Company was compensated for the price cut of Gasohol set by the Ministry of Energy through the Oil Fuel Fund.

## 9 Inventories, net

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Crude oil	166,461,999	87,911,076	5,993,048,110	3,187,110,560
Petroleum products	81,350,346	65,976,054	2,928,815,842	2,391,882,684
Materials and supplies (net with allowance)	22,466,210	22,821,506	808,839,715	827,366,316
	270,278,555	176,708,636	9,730,703,667	6,406,359,560
Crude oil in transit	56,822,727	72,452,571	2,045,760,224	2,626,681,008
Inventories, net	327,101,282	249,161,207	11,776,463,891	9,033,040,568

According to the Ministry of Energy, the Company is required to maintain a minimum oil reserve of 6% of total finished products produced for domestic sales in each period (2015: 6%). The reserve fluctuates upon production plan and volume produced. As at 31 December 2016, the above inventories include USD 148,357,520 or Baht 5,341,241,629 of crude oil and finished products set aside as minimum reserve (2015: USD 106,502,766 or Baht 3,861,129,970).

During 2016, the Company has no debit to the statement of comprehensive income with respect of loss on declining in value of inventories (2015: reversal of USD 75,605,567 or Baht 2,476,815,131).

During 2016, USD 664,935 or Baht 23,528,087 was debited to the statement of comprehensive income with respect to loss on obsolete materials and supplies (2015: USD 520,333 or Baht 17,477,712).

## 10 Other current assets

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Advance to suppliers	766,283	405,903	27,406,875	14,604,710
Prepaid income tax	-	5,460,153	-	197,951,299
Others	638,917	764,484	23,002,609	27,715,463
Other current assets	1,405,200	6,630,560	50,409,484	240,271,472

11 **Property, plant and equipment, net**

Unit: US Dollar						
	Land	Buildings	Refinery plant & machinery	Furniture, fixtures and equipment	Construction in progress	Total
<b>At 1 January 2015</b>						
Cost	73,442,578	52,962,703	1,952,793,472	63,748,716	27,619,974	2,170,567,443
Less Accumulated depreciation	-	(19,923,162)	(945,462,478)	(61,057,171)	-	(1,026,442,811)
Net book amount	73,442,578	33,039,541	1,007,330,994	2,691,545	27,619,974	1,144,124,632
<b>Year ended 31 December 2015</b>						
Opening net book amount	73,442,578	33,039,541	1,007,330,994	2,691,545	27,619,974	1,144,124,632
Assets transferred from construction in progress	-	1,052,271	17,938,184	7,502,253	(26,492,708)	-
Additions	-	-	43,574	-	12,472,259	12,515,833
Disposals - Cost	-	-	(1,085,965)	(336,658)	-	(1,422,623)
Disposals - Depreciation	-	-	711,986	336,658	-	1,048,644
Depreciation charge	-	(1,280,103)	(77,592,657)	(1,492,201)	-	(80,364,961)
Closing net book amount	73,442,578	32,811,709	947,346,116	8,701,597	13,599,525	1,075,901,525
<b>At 31 December 2015</b>						
Cost	73,442,578	54,014,974	1,969,689,265	70,914,311	13,599,525	2,181,660,653
Less Accumulated depreciation	-	(21,203,265)	(1,022,343,149)	(62,212,714)	-	(1,105,759,128)
Net book amount	73,442,578	32,811,709	947,346,116	8,701,597	13,599,525	1,075,901,525

# 11 Property, plant and equipment, net (Cont'd)

Unit: US Dollar					
	Land	Buildings	Refinery plant & machinery	Furniture, fixtures and equipment	Construction in progress
<b>At 1 January 2016</b>					
Cost	73,442,578	54,014,974	1,969,689,265	70,914,311	13,599,525
Less Accumulated depreciation	-	(21,203,265)	(1,022,343,149)	(62,212,714)	-
Net book amount	73,442,578	32,811,709	947,346,116	8,701,597	13,599,525
<b>Year ended 31 December 2016</b>					
Opening net book amount	73,442,578	32,811,709	947,346,116	8,701,597	13,599,525
Assets transferred from construction in progress	-	887,730	4,421,093	4,980,427	(10,289,250)
Additions	-	-	-	-	10,348,514
Disposals - Cost	-	(544,606)	(425,028)	(2,056,193)	-
Disposals - Depreciation	-	216,220	179,793	2,032,545	-
Depreciation charge	-	(1,468,914)	(78,028,303)	(1,486,747)	-
Closing net book amount	73,442,578	31,902,139	873,493,671	12,171,629	13,658,789
<b>At 31 December 2016</b>					
Cost	73,442,578	54,358,098	1,973,685,330	73,838,545	13,658,789
Less Accumulated depreciation	-	(22,455,959)	(1,100,191,659)	(61,666,916)	-
Net book amount	73,442,578	31,902,139	873,493,671	12,171,629	13,658,789

As at 31 December 2016, certain fully depreciated items of machinery and equipment are still in use, their original costs are approximately US Dollar 44.46 million (2015: US Dollar 44.81 million).

11 **Property, plant and equipment, net (Cont'd)**

Unit: Baht						
	Land	Buildings	Refinery plant & machinery	Furniture, fixtures and equipment	Construction in progress	Total
<b>At 1 January 2015</b>						
Cost	2,431,918,767	1,753,764,575	64,663,240,800	2,110,923,960	914,585,711	71,874,433,813
Less Accumulated depreciation	-	(659,719,672)	(31,307,288,098)	(2,021,798,272)	-	(33,988,806,042)
Net book amount	2,431,918,767	1,094,044,903	33,355,952,702	89,125,688	914,585,711	37,885,627,771
<b>Year ended 31 December 2015</b>						
Opening net book amount	2,431,918,767	1,094,044,903	33,355,952,702	89,125,688	914,585,711	37,885,627,771
Assets transferred from construction in progress	-	37,874,494	620,092,087	269,206,051	(927,172,632)	
Additions	-	-	1,500,681	-	429,540,822	431,041,503
Disposals - Cost	-	-	(36,135,241)	(11,490,540)	-	(47,625,781)
Disposals - Depreciation	-	-	23,697,640	11,490,540	-	35,188,180
Depreciation charge	-	(44,084,598)	(2,670,167,836)	(52,180,186)	-	(2,766,432,620)
Exchange differences on translation	230,653,760	101,714,316	3,049,956,643	9,314,421	76,080,498	3,467,719,638
Closing net book amount	2,662,572,527	1,189,549,115	34,344,896,676	315,465,974	493,034,399	39,005,518,691
<b>At 31 December 2015</b>						
Cost	2,662,572,527	1,958,248,061	71,408,720,686	2,570,913,229	493,034,399	79,093,488,902
Less Accumulated depreciation	-	(768,698,946)	(37,063,824,010)	(2,255,447,255)	-	(40,087,970,211)
Net book amount	2,662,572,527	1,189,549,115	34,344,896,676	315,465,974	493,034,399	39,005,518,691

## Property, plant and equipment, net (Cont'd)

	Unit: Baht				
	Land	Buildings	Refinery plant & machinery	Furniture, fixtures and equipment	Construction in progress
<b>At 1 January 2016</b>					
Cost	2,662,572,527	1,958,248,061	71,408,720,686	2,570,913,229	493,034,399
Less Accumulated depreciation	-	(768,698,946)	(37,063,824,010)	(2,255,447,255)	-
Net book amount	2,662,572,527	1,189,549,115	34,344,896,676	315,465,974	493,034,399
<b>Year ended 31 December 2016</b>					
Opening net book amount	2,662,572,527	1,189,549,115	34,344,896,676	315,465,974	493,034,399
Assets transferred from construction in progress	-	31,496,400	157,869,424	175,578,170	(364,943,994)
Additions	-	-	-	-	366,951,076
Disposals - Cost	-	(19,341,399)	(15,069,269)	(72,596,939)	-
Disposals - Depreciation	-	7,677,942	6,374,495	71,755,848	(107,007,607)
Depreciation charge	-	(52,074,954)	(2,767,348,439)	(52,730,207)	-
Exchange differences on translation	(18,456,120)	(8,750,328)	(278,766,985)	736,241	(3,290,965)
Closing net book amount	2,644,116,407	1,148,556,776	31,447,955,902	438,209,087	491,750,516
<b>At 31 December 2016</b>					
Cost	2,644,116,407	1,957,027,440	71,057,606,077	2,658,372,189	491,750,516
Less Accumulated depreciation	-	(808,470,664)	(39,609,650,175)	(2,220,163,102)	-
Net book amount	2,644,116,407	1,148,556,776	31,447,955,902	438,209,087	491,750,516

As at 31 December 2016, certain fully depreciated items of machinery and equipment are still in use, their original costs are approximately Baht 1,600.51 million (2015: Baht 1,624.36 million).



**12 Intangible assets, net**

	Unit: US Dollar	Unit: Baht
<b>At 1 January 2015</b>		
Cost	6,581,430	217,932,204
<u>Less</u> Accumulated amortisation	(3,861,585)	(127,869,428)
Net book amount	2,719,845	90,062,776
<b>Year ended 31 December 2015</b>		
Opening net book amount	2,719,845	90,062,776
Additions	278,637	10,027,547
<u>Less</u> Amortisation charge	(839,102)	(28,859,562)
Exchange differences on translation	-	7,054,960
Closing net book amount	2,159,380	78,285,721
<b>At 1 January 2016</b>		
Cost	6,860,067	248,703,485
<u>Less</u> Accumulated amortisation	(4,700,687)	(170,417,764)
Net book amount	2,159,380	78,285,721
<b>Year ended 31 December 2016</b>		
Opening net book amount	2,159,380	78,285,721
Additions	4,341,434	154,752,423
<u>Less</u> Amortisation charge	(1,227,121)	(43,500,082)
Exchange differences on translation	-	328,054
Closing net book amount	5,273,693	189,866,116
<b>At 31 December 2016</b>		
Cost	11,201,501	403,282,029
<u>Less</u> Accumulated amortisation	(5,927,808)	(213,415,913)
Net book amount	5,273,693	189,866,116

**13 Trade and other payables**

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Trade payables				
- related parties	147,145,470	54,203,770	5,297,604,795	1,965,092,652
- third parties	62,128,062	119,168,010	2,236,765,538	4,320,293,189
	209,273,532	173,371,780	7,534,370,333	6,285,385,841
Other payables				
- related parties	723,117	363,085	26,034,017	13,163,184
- third parties	18,680,385	21,723,718	671,955,269	786,961,668
	19,403,502	22,086,803	697,989,286	800,124,852
Trade and other payables	228,677,034	195,458,583	8,232,359,619	7,085,510,693

#### 14 Capital reduction payable

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	30 December 2016	31 December 2015
- Chevron South Asia Holding Pte., Ltd.	-	63,198,892	-	2,291,200,000
- PTT Public Company Limited	-	35,549,377	-	1,288,800,000
	-	98,748,269	-	3,580,000,000

At the Extraordinary General Meeting of Shareholders held on 7 July 2015, the shareholders approved a reduction in the registered and paid-up share capital of the Company from Baht 41,029,510,250 to Baht 28,392,421,093 by reducing the par value of each share from Baht 10.00 to Baht 6.92. The difference was returned to the shareholders in the proportion of their shareholding in the Company. The remaining payable amount was paid to Chevron South Asia Holding Pte., Ltd. and PTT Public Company Limited on 17 May 2016.

#### 15 Borrowings

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Current</b>				
Current portion of long-term borrowings				
Borrowings from financial institutions	106,666,667	36,666,667	3,840,266,667	1,329,306,000
Total current borrowings	106,666,667	36,666,667	3,840,266,667	1,329,306,000
<b>Non-Current</b>				
Borrowings from financial institutions	71,666,667	73,333,333	2,580,179,166	2,658,612,000
Total non-current borrowings	71,666,667	73,333,333	2,580,179,166	2,658,612,000
<b>Total borrowings</b>	<b>178,333,334</b>	<b>110,000,000</b>	<b>6,420,445,833</b>	<b>3,987,918,000</b>

The interest rate exposure on the borrowings of the Company is as follows:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Borrowings:				
at floating rate	178,333,334	110,000,000	6,420,445,833	3,987,918,000
Total borrowings	178,333,334	110,000,000	6,420,445,833	3,987,918,000

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the statement of financial position dates are as follows:

	Unit: US Dollar				
	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 2016					
Total borrowings	53,333,333	53,333,334	71,666,667	-	178,333,334

	Unit: Baht				
	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 2016					
Total borrowings	1,920,133,316	1,920,133,351	2,580,179,166	-	6,420,445,833

Weighted average effective interest rates of long term borrowings from financial institutions were stated from 1.45% to 1.64% per annum for loan issued in US Dollar.

**15 Borrowings (Cont'd)**

Carrying value and fair value of long-term borrowings are as follows:

	Unit: US Dollar			
	Carrying amounts		Fair values	
	2016	2015	2016	2015
Long-term borrowings from financial institutions	71,666,667	73,333,333	71,608,757	73,243,456

	Unit: Baht			
	Carrying amounts		Fair values	
	2016	2015	2016	2015
Long-term borrowings from financial institutions	2,580,179,166	2,658,612,000	2,578,094,264	2,655,426,105

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate from 1.55% to 1.70% per annum (2015: 1.17%) and are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Within 1 year	106,666,667	36,666,667	3,840,266,667	1,329,306,000
Over 1 year to 5 years	71,666,667	73,333,333	2,580,179,166	2,658,612,000
Over 5 years	-	-	-	-
Total long-term borrowings	178,333,334	110,000,000	6,420,445,833	3,987,918,000

**16 Dividend payable**

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
- Chevron South Asia Holding Pte., Ltd.	-	106,394,010	-	3,857,187,137
- PTT Public Company Limited	-	59,846,630	-	2,169,667,765
	-	166,240,640	-	6,026,854,902

Dividend payable comprises amount from third declaration on Extraordinary General Meeting of Shareholders on 28 May 2012. The following payment will be made on 120 days after public trade of shares in Stock Exchange of Thailand. The total amount was paid on 5 April 2016.

## 17 Other current liabilities

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Accrued excise tax	27,244,763	28,624,417	980,879,593	1,037,743,906
Accrued withholding tax	211,621	4,950,401	7,618,897	179,470,858
Accrued interest	280,856	103,871	10,111,498	3,765,680
Other current liabilities	27,737,240	33,678,689	998,609,988	1,220,980,444

## 18 Deferred income taxes

The analysis of deferred tax assets (liabilities) is as follows:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	-	81,543	-	2,956,226
Deferred tax assets to be recovered after more than 12 months	2,487,074	1,986,511	89,540,923	72,018,579
Total deferred tax assets	2,487,074	2,068,054	89,540,923	74,974,805
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be recovered within 12 months	(315,816)	(159,047)	(11,370,149)	(5,766,054)
Deferred tax liabilities to be recovered after more than 12 months	(39,088,199)	(43,652,570)	(1,407,272,959)	(1,582,571,552)
Total deferred tax liabilities	(39,404,015)	(43,811,617)	(1,418,643,108)	(1,588,337,606)
Deferred tax liabilities, net	(36,916,941)	(41,743,563)	(1,329,102,185)	(1,513,362,801)

The movement in the deferred tax assets (liabilities) account is as follows:

	Unit: US Dollar		Unit: Baht	
	2016	2015	2016	2015
At 1 January	(41,743,563)	16,480,275	(1,513,362,801)	545,714,642
Charged (Credited) to profit or loss (Note 25)	588,220	(44,215,126)	20,835,713	(1,459,732,369)
Exchange differences on translation	4,238,402	(14,008,712)	163,424,903	(599,345,074)
At 31 December	(36,916,941)	(41,743,563)	(1,329,102,185)	(1,513,362,801)

18 Deferred income taxes (Cont'd)

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

	Unit: US Dollar				
	Tax effect of currency translation on tax base	Long-term debt acquisition cost	Retirement benefit obligation	Loss on obsolete materials and supplies	Net operating loss
					Total
At 1 January 2015	(97,971)	415,300	1,113,951	758,907	46,226,249
Charged (credited) to profit or loss	62,675	(298,460)	9,585	104,067	(44,036,062)
At 31 December 2015	(35,296)	116,840	1,123,536	862,974	2,068,054
At 1 January 2016	(35,296)	116,840	1,123,536	862,974	2,068,054
Charged (credited) to profit or loss	35,296	(116,840)	367,577	132,987	419,020
At 31 December 2016	-	-	1,491,113	995,961	2,487,074

	Unit: Baht				
	Tax effect of currency translation on tax base	Long-term debt acquisition cost	Retirement benefit obligation	Loss on obsolete materials and supplies	Net operating loss
					Total
At 1 January 2015	(3,244,155)	13,751,902	36,886,498	25,129,854	1,530,699,043
Charged (credited) to profit or loss	1,964,506	(10,797,127)	296,204	3,495,542	(1,452,934,782)
Exchange differences on translation	-	1,281,100	3,549,786	2,660,695	2,251,419
At 31 December 2015	(1,279,649)	4,235,875	40,732,488	31,286,091	74,974,805
At 1 January 2016	(1,279,649)	4,235,875	40,732,488	31,286,091	74,974,805
Charged (credited) to profit or loss	1,279,649	(4,204,118)	12,976,101	4,705,617	14,757,249
Exchange differences on translation	-	(31,757)	(24,753)	(134,621)	(191,131)
At 31 December 2016	-	-	53,683,836	35,857,087	89,540,923

## 18 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Unit: US Dollar		
	Tax effect of currency translation on tax base	Depreciation	Total
<b>Deferred tax liabilities</b>			
At 1 January 2015	(28,796,874)	(949,100)	(29,745,974)
Charged to profit or loss	(14,071,387)	5,744	(14,065,643)
At 31 December 2015	(42,868,261)	(943,356)	(43,811,617)
At 1 January 2016	(42,868,261)	(943,356)	(43,811,617)
Charged to profit or loss	4,203,106	204,496	4,407,602
At 31 December 2016	(38,665,155)	(738,860)	(39,404,015)

	Unit: Baht		
	Tax effect of currency translation on tax base	Depreciation	Total
<b>Deferred tax liabilities</b>			
At 1 January 2015	(953,556,655)	(31,427,746)	(984,984,401)
Charged to profit or loss	(600,580,700)	207,794	(600,372,906)
Exchange differences on translation	-	(2,980,299)	(2,980,299)
At 31 December 2015	(1,554,137,355)	(34,200,251)	(1,588,337,606)
At 1 January 2016	(1,554,137,355)	(34,200,251)	(1,588,337,606)
Charged to profit or loss	162,095,126	7,358,113	169,453,239
Exchange differences on translation	-	241,259	241,259
At 31 December 2016	(1,392,042,229)	(26,600,879)	(1,418,643,108)

## 19 Employee benefit obligations

The amount recognised in the statement of financial position are determined as follows:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Present value of unfunded obligation	7,455,571	5,617,685	268,419,182	203,662,442
Net liabilities recognised in the statement of financial position	7,455,571	5,617,685	268,419,182	203,662,442

The movement in the defined benefit obligation over the year is as follows:

	Unit: US Dollar		Unit: Baht	
	2016	2015	2016	2015
At 1 January	5,617,685	5,569,757	203,662,442	184,432,493
Current service cost	684,248	370,290	24,242,268	12,777,958
Interest cost	170,475	233,132	6,039,762	8,044,940
Past service cost	132,957	-	4,710,540	-
Loss from change in financial assumptions	931,350	-	32,917,270	-
	1,919,030	603,422	67,909,840	20,822,898
Effect from change of foreign exchange rate	6,665	(509,332)	-	-
Payment for plans: Benefit payment	(87,809)	(46,162)	(3,153,100)	(1,592,949)
At 31 December	7,455,571	5,617,685	268,419,182	203,662,442

### Major Actuarial Assumptions

#### The Company's financial assumptions

For the year ended 31 December:

	% per annum	
	2016	2015
Discount rate	2.5	4.4
Salary growth rate	5.0	6.0



## 19 Employee benefit obligations (Cont'd)

### Major Actuarial Assumptions (Cont'd)

#### The Company's demographic assumptions

- Mortality assumption: The mortality rate is from the Thailand Mortality Ordinary 2008 (TMO08) issued by the Office of the Insurance Commission. The TMO08 contains the results of the most recent mortality investigation of policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates would reflect of the mortality rate of the population in Thailand.

- Turnover rate assumption

For the year ended 31 December:

Age	% per annum	
	2016	2015
Below 21	1.00	7.50
21 - 24	1.00	6.00
25 - 30	1.00	4.50
31 - 34	3.00	3.75
35 - 40	3.00	3.00
41 - 44	2.00	1.50
45 - 50	2.00	0.75
Above 50	0.00	0.00

The turnover rate above reflects the rate at which employees voluntarily resign from service. It does not include death, disability, and early retirement. The calculation for the employee benefits is based on these assumptions.

Sensitivity analysis for each significant assumption disclosed:

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	1.00%	1.00%	Decrease by 11.38%	Decrease by 11.58%	Increase by 13.37%	Increase by 13.58%
Salary growth rate	1.00%	1.00%	Increase by 11.72%	Increase by 14.79%	Decrease by 10.16%	Decrease by 12.69%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit cost method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 18 years. (2015: 18 years)

**19 Employee benefit obligations (Cont'd)**

Expected maturity analysis of undiscounted retirement benefits:

	Unit: US Dollar			
	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
At 31 December 2016				
Retirement benefits	3,062	1,295,663	27,875,106	29,173,831
Total	3,062	1,295,663	27,875,106	29,173,831

	Unit: Baht			
	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
At 31 December 2016				
Retirement benefits	110,250	46,647,107	1,003,573,503	1,050,330,860
Total	110,250	46,647,107	1,003,573,503	1,050,330,860

**20 Share capital**

	Number of shares	Ordinary shares US Dollar	Ordinary shares Baht
At 1 January 2015	4,102,951,025	1,184,955,167	41,029,510,250
Capital reduction	-	(364,966,192)	(12,637,089,157)
Issue of shares	232,951,100	44,724,833	1,612,021,612
At 31 December 2015	4,335,902,125	864,713,808	30,004,442,705
Issue of shares	-	-	-
At 31 December 2016	4,335,902,125	864,713,808	30,004,442,705

The total number of authorised ordinary shares with a par value of Baht 6.92 per share (2015: Baht 6.92 per share) is 4,335,902,125 shares (2015: 4,774,343,003 shares). The number of issued and paid-up ordinary shares is 4,335,902,125 shares (2015: 4,335,902,125 shares).

At the Extraordinary General Meeting of Shareholder held on 16 December 2016, the shareholders approved the reduction of the company's registered capital from 4,774,343,003 ordinary shares to 4,335,902,125 ordinary shares with a par value of Baht 6.92 per share by cancelling 438,440,878 existing registered shares. The company registered the declared share capital with the Ministry of Commerce on 27 December 2016.

At the Extraordinary General Meeting of Shareholder held on 7 July 2015, the shareholders approved a reduction in the registered and paid-up capital of the Company from Baht 41,029,510,250 to Baht 28,392,421,093 by reducing the par value of each share from Baht 10.00 to Baht 6.92. The Company registered the decreased share capital with the Ministry of Commerce on 15 September 2015.

At the Extraordinary General Meeting of Shareholder held on 7 July 2015, the shareholders approved an increase in the authorised share capital from 4,102,951,025 ordinary shares with a par value of Baht 6.92 per share to 4,774,343,003 ordinary shares with a par value of Baht 6.92 per share by issuing 671,391,978 additional shares at par value of Baht 6.92 per share. The Company registered the increased share capital with the Ministry of Commerce on 16 September 2015.

## 20 Share capital (Cont'd)

From approval of the offer for sale of the Employee Stock Ownership Plan or ESOP (the "ESOP") to the management (exclude management secondees) and employees on 7 July 2015, the Company issued newly shares of 35,728,800 at the price equivalent to the Initial Public Offering price of its newly-issued ordinary shares (IPO Price). The Company has registered paid-up share capital with Ministry of Commerce on 3 December 2015. Direct cost arising from public offering share capital USD 0.13 million (Baht 4.51 million) is offset to premium on share received from shareholders.

In November 2015, the Company has entered into initial public offering share capital from 197,222,300 ordinary shares with value of 9.00 Baht (par value of Baht 6.92 per share with premium on share capital 2.08 Baht per share) totaling to Baht 1,775,000,700. The Company has registered paid-up share capital with Ministry of Commerce on 3 December 2015. Public offering shares were trade on SET on 8 December 2015. Direct cost arising from public offering share capital USD 1.71 million (Baht 61.28 million) was offset to premium on share received from shareholders.

## 21 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. At present, the Company has set aside legal reserved at 10% of registered capital.

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Balance at the beginning of year	84,652,251	61,418,972	2,886,500,098	1,965,065,317
Appropriation during the year	3,213,660	23,233,279	113,944,173	921,434,781
Balance at the end of year	<u>87,865,911</u>	<u>84,652,251</u>	<u>3,000,444,271</u>	<u>2,886,500,098</u>

## 22 Dividend paid

At the Board of Director Meeting No.3 held on 11 August 2016, the Board approved a resolution to declare interim dividend payment from unappropriated retained earnings after legal reserve allocation of the net profit of 1 January 2016 to 30 June 2016 in the amount of USD 66,335,931 or an equivalent of Baht 0.5378 per share, totalling Baht 2,331.8 million. The dividend was paid on 9 September 2016.

At the Annual General Meeting of Shareholder held on 26 April 2016, the shareholders approved a resolution to declare dividend payment from unappropriated retained earnings after legal reserve allocation of the net profit of six months ended 31 December 2015 for USD 31,880,487 which is equivalent of Baht 0.26376772 per share, totalling Baht 1,143.7 million. The dividend was paid on 19 May 2016.

At the Board of Director Meeting No.3 held on 13 August 2015, the Board approved a resolution to declare interim dividend payment from unappropriated retained earnings after legal reserve allocation of the six months net profit of 2015 in the amount of USD 200,441,476 or an equivalent of Baht 1.71 per share, totalling Baht 7,031.0 million. The dividend was paid on 11 September 2015.

At the Extraordinary General Meeting of Shareholder No.2 held on 7 July 2015, the shareholders approved a resolution to declare dividend payment from unappropriated retained earnings after legal reserve allocation as of 31 December 2014 in the amount of USD 15,059,128 or an equivalent of Baht 0.12 per share, totalling Baht 509.3 million. The dividend was paid on 6 August 2015.

**22 Dividend paid (Cont'd)**

At the Extraordinary General Meeting of Shareholder No.1 held on 16 June 2015, the shareholders approved a resolution to declare dividend payment from unappropriated retained earnings after legal reserve allocation of the net profit of 2013 in the amount of USD 62,163,717 or an equivalent of Baht 0.47 per share, totalling Baht 1,922.6 million. The dividend was paid on 16 July 2015.

At the Extraordinary General Meeting of Shareholder held on 28 May 2012, the shareholders approved a resolution to declare dividend payment from unappropriated retained earnings after legal reserve allocation in the amount of USD 529,759,436 or an equivalent of Baht 4.10 per share, totaling Baht 16,826.9 million. Dividend payment was made into three times. The first payment amount to USD 170,008,060 or Baht 5,400 million was paid to shareholders on 8 June 2012. The second amount of USD 170,008,060 or Baht 5,400 million was paid on 16 July 2015. The last payment amount to USD 166,240,640 or Baht 6,026.8 million was paid to shareholders on 5 April 2016. (Note 16)

**23 Expenses by nature**

The following expenditure items, classified by nature, have been charged in arriving at profit for the year:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Changes in inventories of finished goods	(14,853,291)	37,627,801	(526,687,289)	1,372,042,917
Raw materials and consumables used	3,947,962,630	4,735,806,708	139,992,182,634	162,359,308,125
Staff costs	32,185,233	39,337,842	1,141,265,850	1,362,315,644
Repair and maintenance expenditure on property, plant and equipment	31,081,346	31,483,004	1,102,122,781	1,080,910,040
Depreciation on property, plant and equipment (Note 11)	80,983,964	80,364,961	2,872,153,600	2,766,432,620
Amortisation on intangible asset (Note 12)	1,227,121	839,102	43,500,082	28,859,562
Operating lease rental	126,098	126,098	4,472,173	4,337,916
Total cost of sales and administrative expenses	4,078,713,101	4,925,585,516	144,629,009,831	168,974,206,824

Depreciation, amortisation, and operating lease rental related to production assets:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Recognised as cost of sales	73,981,603	73,312,838	2,623,842,839	2,523,812,348
Recognised as administration expenses	8,355,580	8,017,323	296,283,016	275,817,750
	82,337,183	81,330,161	2,920,125,855	2,799,630,098

**24 Other income**

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Finance income	839,398	2,670,459	29,831,591	90,492,667
Others	945,485	4,234,328	33,513,128	143,164,994
	1,784,883	6,904,787	63,344,719	233,657,661

## 25 Income tax expenses

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Current tax	64,733,984	26,208,086	2,293,569,280	922,948,779
Deferred tax (Note 18)	(588,220)	44,215,126	(20,835,713)	1,459,732,369
Prior year tax adjustment	(327,982)	(7,695)	(11,681,162)	(260,710)
	<u>63,817,782</u>	<u>70,415,517</u>	<u>2,261,052,405</u>	<u>2,382,420,438</u>

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit before tax	308,854,999	314,964,952	10,949,140,732	10,609,894,488
Tax calculated at a tax rate of 20% (2015: 20%)	61,771,000	62,992,990	2,190,378,526	2,106,436,377
Expenses more deductible for tax purposes	(349,830)	(39,608)	(12,404,724)	(1,364,088)
Expenses not deductible for tax purposes	47,362	14,566	1,679,412	501,640
Tax effect from translation of tax base	2,677,232	7,455,264	94,932,836	256,757,052
Prior year tax adjustment	(327,982)	(7,695)	(11,681,162)	(260,710)
Exchange differences on translation	-	-	(1,852,483)	20,350,167
Tax charge	<u>63,817,782</u>	<u>70,415,517</u>	<u>2,261,052,405</u>	<u>2,382,420,438</u>

## 26 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to shareholders	245,037,217	244,549,435	8,688,088,327	8,227,474,050
Weighted average number of ordinary shares in issue (Shares)	4,335,902,125	4,135,946,763	4,335,902,125	4,135,946,763
Basic earnings per share	0.06	0.06	2.00	1.99

## 27 Significant contractual agreements

The significant contractual agreements can be summarised as follows:

### Construction and Operation of the Petroleum Refinery Agreement

On 22 November 1992, the Company accepted the transfer of all of the rights and obligations under the Agreement for the Construction and Operation of the Petroleum Refinery ("MOI Agreement") from Caltex Trading and Transport (Thailand) Limited ("CTTTL") in accordance with the MOI Agreement made between CTTTL and the Ministry of Industry ("MOI") dated 29 November 1991. According to the latest amendment in 2015, the Company shall proceed at least 30 percent of registered shares to be sold to the public and register the Company's securities for trading in the Stock Exchange of Thailand at the latest within 2015.

The Company has successfully listed to the Stock Exchange of Thailand and started first day of trading of the Company's shares on the Stock Exchange of Thailand on 8 December 2015.

### Land Lease Agreement

On 20 November 1992, the Company entered into a lease agreement for certain parcels of land with the IEAT. The agreement is for a period of thirty years beginning 20 November 1992. The Company's total fee, including interests from the date of the lease to the date of payment, was approximately Baht 302 million.

### Joint Operation Agreement

On 1 December 1993, the Company entered into a joint operation agreement with the IEAT whereby the Company is committed to pay an annual fee of approximately Baht 2.5 million in return for joint operation and maintenance of roads and utilities for the refinery.

### Natural Gas Sales Contract - Cogeneration

On 18 October 1996, the Company entered into a natural gas sales contract with PTT Public Company Limited ("PTT") whereby the Company is committed to purchase natural gas based on the term stipulated in the agreement to be supplied for an electricity generating system called "Cogeneration". The agreement expires twelve years from the date commercial use of gas commenced on 17 March 1997.

On 25 December 2002, the contract was amended to reflect the new pricing calculation by using Thailand Producer Price Index to replace Thailand Wholesales Price Index.

On 19 December 2008, the Company entered into a new natural gas contract with PTT with effective from 17 March 2009 and expires on 16 March 2019.

### Natural Gas Sales Contract - Petroleum Product Manufacturing Process

On 22 September 1999, the Company entered into a natural gas sales contract with PTT Public Company Limited ("PTT") whereby the Company is committed to purchase natural gas based on the terms stipulated in the agreement to be supplied for its Petroleum product manufacturing process. The agreement has been renewed after its expiration on 31 December 2003. The renewed agreement expires four years from the date commercial use of gas commenced on 1 January 2004.

On 19 December 2008, the Company entered into a new natural gas contract with PTT with effective from 1 January 2009 and expires on 31 December 2018.

### Feedstock Supply Agreement

On 5 June 2012, the Company entered into a new feedstock supply agreement with Chevron U.S.A. Inc. whereby the Company is committed to purchase feedstock from Chevron U.S.A. Inc. which is based on the term stipulated in the agreement effective upon the first day of trading of the Company shares on the SET which is on 8 December 2015.

## **27 Significant contractual agreements (Cont'd)**

The significant contractual agreements can be summarised as follows: (Cont'd)

### **Feedstock Supply Agreement (Cont'd)**

On 5 June 2012, the Company entered into a new feedstock supply agreement with PTT whereby PTT will be granted certain rights to offer a supply crude oil to the Company which is based on the term stipulated in the agreement effective upon the first day of trading of the Company shares on the SET which is on 8 December 2015.

### **Purchase and Sale Agreement**

On 10 August 1993, the Company entered into a purchase and sale agreement with PTT Public Company Limited ("PTT") and Chevron (Thailand) Limited ("CTL"). According to this agreement, the Company has committed to sell a portion of the refined petroleum products it produces to PTT and CTL starting on the date commercial operations commenced, 1 July 1996, based on the terms of the agreement.

On 5 June 2012, the agreement was amended which is effective upon the first day of trading of the Company shares on the SET which is on 8 December 2015.

On 15 Mar 2016, the agreement was amended on its duration, price and dispute mechanism.

## **28 Contingent liabilities and bank guarantees**

As at 31 December 2016 and 2015, the Company has banks guarantees issued on the Company's behalf relating to land use in Map Ta Phut Industrial Estate, electricity and others amounting to USD 0.73 million or Bath 26.22 million and USD 0.72 million or Baht 26.24 million, respectively.

## **29 Commitments**

As at 31 December 2016 and 2015, the Company had commitment as follows:

- a) Purchase of machinery, equipment and installations in progress of approximately USD 2.71 million or Baht 97.44 million and USD 5.89 million or Baht 213.48 million, respectively.
- b) Purchase of raw materials and utilities which include crude oil, hydrogen, natural gas and back-up electricity of approximately USD 527.17 million or Baht 18,979.34 million and USD 553.10 million or Baht 20,052.02 million, respectively.
- c) Operating land lease commitment of approximately USD 1.43 million or Baht 51.46 million and USD 1.62 million or Baht 58.60 million, respectively.





### 30 Related party transactions

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

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

Related parties	Relationship
Chevron South Asia Holding Pte., Ltd.	Major shareholder
PTT Public Company Limited	Shareholder*
Chevron Group	Related Party of major shareholder
Chevron (Thailand) Limited	Related Party of major shareholder
B8/32 Partners Ltd.	Related Party of PTT*
Dhipaya Insurance Public Company Limited	Related Party of PTT*
HMC Polymers Company Limited	Related Party of PTT*
Orange Energy Limited	Related Party of PTT*
PTT Energy Solutions Company Limited	Related Party of PTT*
PTT Exploration and Production Public Company Limited	Related Party of PTT*
PTT Global Chemical Public Company Limited	Related Party of PTT*
PTT International Trading PTE., Ltd.	Related Party of PTT*
PTTEP International Limited	Related Party of PTT*
Thai Oleochemicals Co., Ltd.	Related Party of PTT*
UBE Chemicals (Asia) Public Co., Ltd.	Related Party of PTT*
Ubon Bio Ethanol Company Limited	Related Party of PTT*

The accompanying financial statements include transactions with PTT, the Chevron Group and other related companies. The basis of transactions approximates those in the normal course of business. The Company acquires substantially all of its raw materials from its parent companies or affiliates at agreed prices and sells substantially all of its petroleum products to its parent companies or affiliates at agreed prices.

PTT Public Company Limited held major portion of shares and voting rights until 2 December 2015.

\* From 2 December 2015 onward, PTT Public Company Limited has diluted its ownership to 5.41% of total shares. Therefore, PTT Public Company Limited and its related parties are excluded from the Company's related parties. That means business transactions after 2 December 2015 are not considered as related party transactions.

### 30 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

#### i) Sales of goods and services

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Sales of goods with related parties:				
- Chevron Group	78,294,034	199,570,749	2,779,275,106	6,948,664,674
- Chevron (Thailand) Limited	2,361,647,019	2,439,063,829	83,697,540,601	83,647,148,443
- HMC Polymers Company Limited	-	123,025,901	-	4,193,457,313
- PTT Global Chemical Public Company Limited	-	244,861,047	-	8,324,859,348
- PTT International Trading PTE, Ltd.	-	223,589,741	-	7,643,997,937
- PTT Public Company Limited	-	1,488,074,695	-	50,728,361,262
- UBE Chemicals (Asia) Public Co., Ltd.	-	4,079,513	-	139,653,856
	<u>2,439,941,053</u>	<u>4,722,265,475</u>	<u>86,476,815,707</u>	<u>161,626,142,833</u>

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Sales of services with related parties:				
- Chevron (Thailand) Limited	68,695	869,547	2,441,770	29,449,389
- PTT Global Chemical Public Company Limited	-	1,459,578	-	49,634,844
- PTT Public Company Limited	-	1,057,109	-	35,604,414
	<u>68,695</u>	<u>3,386,234</u>	<u>2,441,770</u>	<u>114,688,647</u>

The above transactions were carried out on commercial terms and conditions which is reference from market prices.

Transaction with related parties of PTT Public Company Limited was occurred in coverage of 2 December 2015.

**30 Related party transactions (Cont'd)**

The following transactions were carried out with related parties: (Cont'd)

**ii) Purchases of goods and services**

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Purchases of goods with related parties:				
- Chevron Group	2,078,509,863	1,797,405,869	73,647,896,483	61,853,631,903
- B8/32 Partners Ltd.	-	64,406,350	-	2,197,983,904
- Orange Energy Limited	-	69,398,227	-	2,374,750,250
- PTT Exploration and Production Public Company Limited	-	7,670,118	-	264,034,563
- PTT Global Chemical Public Company Limited	-	160,331,665	-	5,502,837,850
- PTT International Trading PTE, Ltd.	-	15,680,436	-	531,983,870
- PTT Public Company Limited	-	1,082,107,180	-	37,085,639,775
- PTTEP International Limited	-	12,643,700	-	431,472,660
- Thai Oleochemicals Co., Ltd.	-	5,761,001	-	196,389,545
- Ubon Bio Ethanol Company Limited	-	3,154,880	-	106,081,190
	<u>2,078,509,863</u>	<u>3,218,559,426</u>	<u>73,647,896,483</u>	<u>110,544,805,510</u>
	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Purchases of services with related parties:				
- Chevron Group	5,277,648	5,255,075	187,298,143	180,564,606
- Chevron (Thailand) Limited	300,378	300,371	10,651,215	10,350,545
- Dhipaya Insurance Public Company Limited	-	2,663,068	-	91,115,596
- PTT Global Chemical Public Company Limited	-	708,794	-	24,183,122
- PTT Energy Solutions Company Limited	-	287,618	-	10,231,195
	<u>5,578,026</u>	<u>9,214,926</u>	<u>197,949,358</u>	<u>316,445,064</u>

The above transactions were carried out on commercial terms and conditions which is reference from market prices.

Transaction with related parties of PTT Public Company Limited was occurred in coverage of 2 December 2015.

### 30 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

#### iii) Management remuneration

Key management includes directors (executives and non-executive). The compensations paid or payable to management for employment services are as follows:

	Unit: US Dollar		Unit: Baht	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
- Salaries and other short-term employee benefits	4,939,671	5,659,250	175,475,125	194,685,278
- Retirement benefits	59,208	40,658	2,098,414	1,391,433
	<u>4,998,879</u>	<u>5,699,908</u>	<u>177,573,539</u>	<u>196,076,711</u>

# Auditor Fee

## Auditor Fee

In 2016, the shareholders approved the appointment of PricewaterhouseCoopers ABAS Ltd. to serve as auditor for the Company.

The company made total audit payments of Baht 3,069,521 Baht, including out of pocket expenses as follows:

Description	Amount (Baht)
Audit fee	2,881,500
Out of pocket expenses	188,021
Total	3,069,521

# GENERAL INFORMATION

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## Name

Star Petroleum Refining Public Company Limited

## Initial

SPRC

## Business

Founded in 1992, SPRC is one of the leading petroleum product producers and oil refiner in Thailand and the Asia Pacific region.

SPRC owns and operates a complex refinery with a capacity, as of 31 December 2016, of 165,000 barrels per day of crude oil, which represents 13.4% of the refining capacity in Thailand.

SPRC strategically located in Map Ta Phut, Thailand's premier petrochemicals hub and our key products consist of LPG, premium and regular grade of gasoline, jet fuel, diesel and fuel oil.

Our unique configuration and flexibility in production enables us to produce more gasoline compared to other Thai refineries.

## Registration number

0107555000155

## Address

No.1, I-3B Road, Map Ta Phut,  
Muang Rayong, Rayong 21150  
Tel: +66 (0) 38 699 000  
Fax: +66 (0) 38 699 999

## Website

[www.sprc.co.th](http://www.sprc.co.th)

## Listing Date

Trading commencement on 8 December 2015

## Capital As of 31 December 2016

### Registered Capital

Baht 30,004,442,705 comprising common shares  
4,335,902,125 shares at Baht 6.92 per share

### Paid-up Capital

Baht 30,004,442,705 comprising common Shares  
4,335,902,125 shares at Baht 6.92 per share

## Secondary Market

The Stock Exchange of Thailand (SET)

## Investor Relations

Telephone number: +66 (0) 38 699 887

Website: <http://investor.sprc.co.th>

Email: [ir@sprc.co.th](mailto:ir@sprc.co.th)

## Securities Registrar

Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

Tel: +66 (0) 2 009 9000

Fax: +66 (0) 2 009 9991

SET Contact Center : +66 (0) 2 009 9999

Website: [www.set.or.th/tsd](http://www.set.or.th/tsd)

E-mail: [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th)

## External Auditor

PricewaterhouseCoopers ABAS Ltd.

15<sup>th</sup> Floor Bangkok City Tower, 179/74-80 South Sathorn Road,  
Bangkok 10120, Thailand.

Investors can obtain more information  
about the Company from the Company's  
Annual Registration Statement  
(Form 56-1) available at [www.sec.or.th](http://www.sec.or.th)  
or [www.sprc.co.th](http://www.sprc.co.th)



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