

The background of the entire page is a deep blue. It is decorated with a network of white and light blue lines that resemble a circuit board or a digital data path. These lines are of varying thickness and form, some being straight and others bent at right angles, creating a sense of movement and technology. Small white circles are placed at various points along these lines, further enhancing the circuit-like appearance.

CPT

Professional for Drives and Power

CPT Drives and Power Public Company Limited

Annual Report 2018

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VISION

CPT is a company with the finest achievement in engineering and services in Southeast Asia and the market leader in Thailand through upholding the principle of professional management and total customer satisfaction.

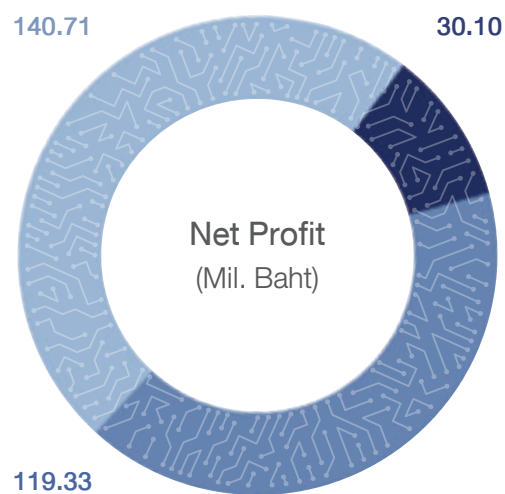
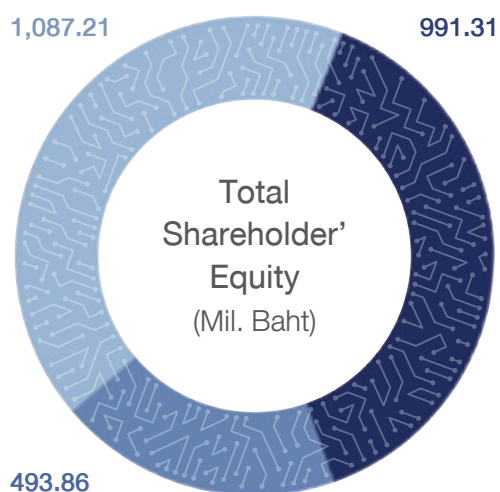
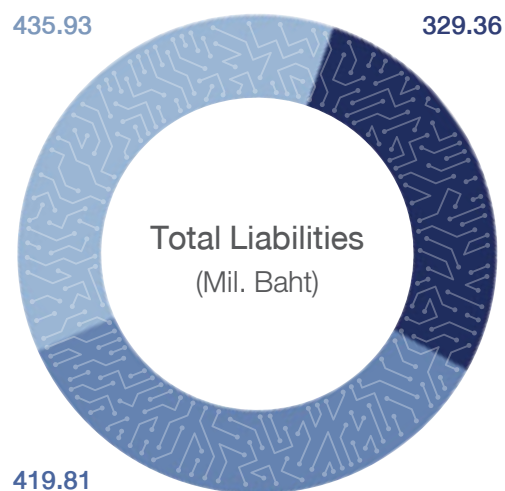
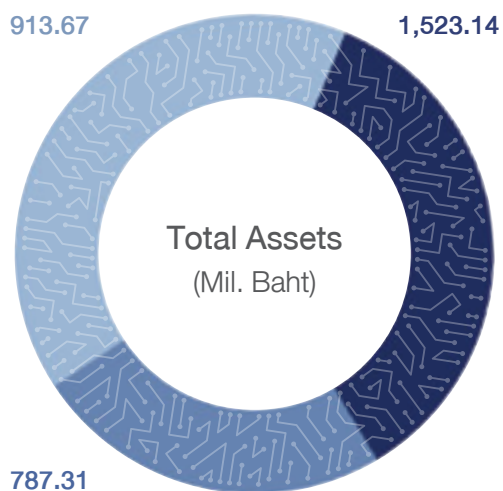


MISSION

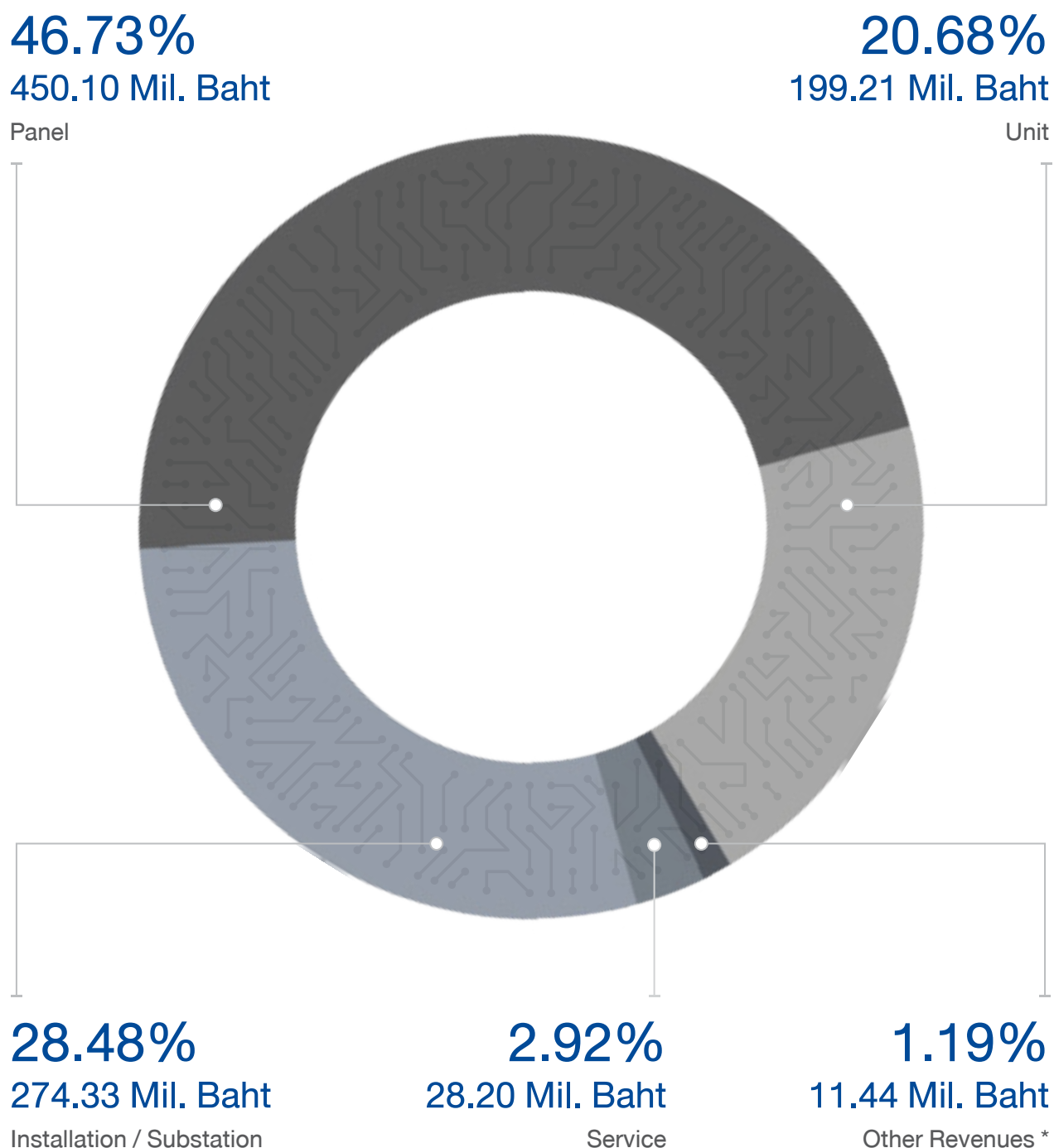
CPT operates the business of designing and fabrication of electrical control panels, machine control systems and electrical systems in a professional manner to ensure stable and sustainable growth of the company and its stakeholders.

Financial Highlights

Statement of Financial Position			
Financial Statement (Unit: million baht)	2016	2017	2018
Assets	913.67	1,523.14	1,320.67
Liabilities	419.81	435.93	329.36
Shareholders' equity	493.86	1,087.21	991.31
Profit and Loss Statement			
Operating Results (Unit: million baht)	2016	2017	2018
Revenue			
Revenue from Sales	826.70	952.11	649.31
Revenue from Construction Services and Installations	353.08	254.12	274.16
Revenue from Services	47.64	29.88	28.20
Other Revenue	13.02	3.18	11.44
Total Revenue	1,240.44	1,239.29	963.11
Expenditure			
Cost of Sales	598.19	695.00	510.56
Cost of Construction Services and Installations	306.39	206.15	236.35
Cost of Services	20.71	13.59	17.00
Selling Expense	74.99	62.83	57.76
Administrative Expense	83.77	82.40	121.27
Loss (Profit) from Currency Exchange	2.77	4.46	(1.10)
Total Expenditure	1,086.82	1,064.43	941.84
Profit Before Finance Costs and Income Tax	153.63	174.87	21.27
Profit before Tax	152.27	172.87	19.68
Profit for the Year	121.15	140.71	14.42
Profit (Loss) - Miscellaneous	(1.82)	-	15.67
Total Profit - Miscellaneous - for the Year	119.33	140.71	30.10
Financial Ratio			
Financial Ratio	2016	2017	2018
Liquidity Ratio (Times)	1.81	3.11	3.16
Gross Profit Margin (%)	24.61	26	19.73
Operating Profit Margin (%)	11.69	14.11	2.21
Net Profit Margin (%)	9.04	11.35	1.50
Return on Equity (%)	23.70	22.79	1.57
Return on Assets (%)	13.07	11.55	1.01
Return on Fixed Assets (%)	67.47	63.20	4.87
Debt to Equity Ratio (Times)	0.85	0.40	0.33
As at December 31, 2016-2018			



Revenue Structure 2018



*Note: Other revenues mean revenues obtained from sales of scraps, profits from exchange rates and interests.



Message from Chairman of the Board

Statistics from the Board of Investment (BOI) showed that there were 1,626 applications for investment incentives with total value of 901,770 million baht in 2018. This is greater than that in 2017 in terms of number of projects and investment value, with the number of projects increasing by 3% and the investment value increasing by 43%.

In 2019 the BOI has set its target at 750,000 million baht, which demonstrates that there is still a lot of room to grow in the future. The number of applications for investment incentives reflects a growing trend of investment of the private sector, particularly in 2019.

Thailand's economic situation has been moving in a positive direction in recent years because the state sector has set a clear policy to promote private investment. This can be seen from the Eastern Economic Corridor (EEC) project as well as the government's policy to eliminate barriers to the business endeavors to facilitate private sector's operations and build up its confidence.

On the CPT's part, even though the Company had to weather many challenges, we have been able to generate satisfactory operating results amid a fluid situation. In particular, the construction of a new plant, which has

been completed and is expected to begin operation in the second quarter of this year, will help the Company to grow in a concrete way.

Moreover, we will be enjoying a positive development as a result of the recognized income from our overseas investment, particularly in Indonesia where a large number of sugar mills are being built. This is an important opportunity for the Company to step in to expand business and distribution income in a more sustainable way.

On behalf of the Board of Directors, I wish to express my confidence in the ability and potential of our personnel and that we will have an opportunity to enjoy a steady growth. We are ready to meet the demand of the domestic as well as foreign markets in order to generate growth for stakeholders of the Company, including our trading partners, employees and shareholders.



Assoc. Prof. Prapart Praisuwanna

Chairman of the Board of Directors



Message from Chief Executive Officer

The year 2018 was a challenging one for CPT due to negative impacts on industry in general. Numerous projects which had completed purchase plans have to be postponed because of the economic slow-down, resulting in the value of project backlog in 2019 to decline.

Moreover, many contracted projects have faced delays because the work sites have not been cleared, causing the Company to have to deliver work in stages. As a result, CPT's financial outlook shows lower earning than expected, and we have to set aside a greater amount of reserve for expenditure, which resulted in the declined operating result compared to the previous year.

From the outset, the Company has been engaging in four main lines of business to satisfy customers' needs. They are: 1. Sales of electric panels; 2. Sales of completed units; 3. Assembly of 115kV substations; and, 4. Service and repair. Sales of electric panels, including machine control systems, have continued to earn customer trust in all industries and proved to be an important part in developing Thailand's industry.

However, CPT's business outlook in 2019 should be one of growth. Several positive trends, including the private sector's domestic investment and opportunities to participate in the government's projects, will contribute to the Company's growth.

In the meantime, earnings from our overseas investment have clearly been on the rise, particularly in Indonesia which has seen an increasing number of sugar mills being constructed or improved. This development will shore up CPT's revenue base, and in 2019 we will initiate cooperation with new business partners with an eye toward helping the Company grow.

In the name of CPT's executives, let me assure our shareholders that we will strive to build up the business to make it stronger and grow ever more sustainably in the future.

Somsak Limprasert
Chief Executive Officer

Board of Directors



Board of Directors



Assoc. Prof. Prapart Praisuwanna

Chairman of the Board / Independent Director

Education

- Master Degree, Engineering, King Mongkut Institute of Technology Ladkrabang
- Bachelor Degree, Engineering, King Mongkut Institute of Technology Ladkrabang
- Director Certification Program (DCP) Batch 119/2009 Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD) Batch 20/2013, Thai Institute of Directors (IOD)
- Certificate – Capital Market Academy (CMA) Batch 17

Work Experience

2018–Present	Chairman of the Board of Directors / Independent Director, CPT Drives and Power Plc.
2016 – Present	Director, PEA Encom International Co., Ltd.
2015 – Present	Director / Independent Director, CPT Drives and Power Plc.
2015 – Present	Director, KMIT Ladkrabang Co., Ltd.
2014 – Present	Chairman of the Audit Committee / Independent Director, Bangkok Sheet Metal Plc.
2012 – 2018	Member of the Audit Committee / Independent Director, CPT Drives and Power Plc.
2012 – 2014	Deputy President, King Mongkut Institute of Technology Ladkrabang
2012 – 2014	Director, National Cybersecurity Strategy Committee
2011 – 2014	Deputy Chairman of the Board / Executive Director / Member of Nomination Committee, CAT Telecom Plc.
2011 – 2014	Director, Provincial Electricity Authority
2009 – 2011	Director / Independent Director, Provincial Electricity Authority
2010 – Present	Director, State Enterprise Directors' Pool

Board of Directors



Mrs. Wanchalee Kanjanajongkol

Deputy Chairman of the Board /
Member of the Audit Committee /
Independent Director

Education

- Master Degree in Economic Development, National Institute of Development Administration (NIDA)
- Bachelor of Arts Degree (Accounting), Chiang Mai University
- Director Accreditation Program (DAP), Batch 104/2013, Thai Institute of Directors (IOD)

Work Experience

2018 – Present	Vice Chairman of the Board / Member of the Audit Committee / Independent Director, CPT Drives and Power Plc.
2012 – 2018	Member of the Audit Committee / Independent Director, CPT Drives and Power Plc.
2008 – 2013	Deputy Director, 19th Bangkok Area Revenue Office, Revenue Department

Board of Directors



Mr. Suvit Singhacha

Chairman of the Audit Committee /
Independent Director

Education

- Master Degree, Business Administration, National Institute of Development Administration (NIDA)
- Bachelor Degree, Law, Ramkhamhaeng University
- Director Certification Program (DCP), Batch 176/2013, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP), Batch SET/2012, Thai Institute of Directors (IOD)

Work Experience

2016 - Present	Chairman of the Audit Committee / Independent Director, CPT Drives and Power Plc.
2013 - Present	Chairman of the Audit Committee / Independent Director, Power Solution Technology Co., Ltd.
2012 - Present	Deputy Governor, Electricity Generating Authority of Thailand
2012 - Present	Professional Energy Regulatory Commission

Board of Directors



Mr. Vorapoj Yasathat

Member of the Audit Committee /
Independent Director

Education

- Bachelor Degree, Mechanical Engineering, Kasetsart University

Work Experience

2018 – Present	Member of the Audit Committee / Independent Director, CPT Drives and Power Plc.
2018 – Present	Chairman of the Board, Indra Sistemas S.A.
2013 – Present	Director, Poll Online Co., Ltd.
2013 – Present	Director, Cyber Vote Co., Ltd.
2012 – Present	Chairman of the Board, Thaitronic Co., Ltd.
2006 – Present	Director, Alangkarn Properties Co., Ltd.
2001 – Present	Advisor, Basler Turbo Conversions Co., Ltd.

Board of Directors



Mr. Somsak Limprasert

Chairman of the Executive Board /
Chief Executive Officer

Education

- Master Degree, Business Administration, Kasetsart University
- Bachelor Degree, Engineering, Faculty of Telecommunications Engineering, King Mongkut Institute of Technology Ladkrabang
- Director Accreditation Program (DAP), Batch 104/2013, Thai Institute of Directors (IOD)

Work Experience

2003 - Present Chairman of the Executive Board / Chief Executive Officer, CPT Drives and Power Plc.

Board of Directors



Mr. Noppadol Wichienkuer

Executive Director / Managing Director

Education

- Bachelor Degree, Engineering, Faculty of Electronic Engineering, King Mongkut Institute of Technology Ladkrabang
- Director Accreditation Program (DAP), Batch 100/2013, Thai Institute of Directors (IOD)

Work Experience

2018 – Present	Executive Director / Managing Director, CPT Drives and Power Plc.
2003 – 2018	Executive Director / Deputy Managing Director, CPT Drives and Power Plc.

Board of Directors



Ms. Haruthai Limprasert

Executive Director /

Deputy Managing Director (Administration)

Education

- Master Degree, Internet & E-Commerce, Assumption University
- Bachelor Degree, Business Administration- Finance, 1st-Class Honor, Dhurakij Pundit University
- Director Accreditation Program (DAP), Batch 100/2013, Thai Institute of Directors (IOD)
- Company Secretary Program (CSP), Batch 49/2013, Thai Institute of Directors (IOD)
- Chief Financial Officer Certification Program (CFO), Batch 10/2008, Federation of Accounting Professions (FAP)

Work Experience

2016 - Present	Executive Director / Deputy Managing Director (Administration) CPT Drives and Power Plc.
2013 - 2016	Executive Director / General Manager (Administration) CPT Drives and Power Plc.

Board of Directors



Mr. Monchai Thunthanase

Executive Director /

Deputy Managing Director (Sales and Engineering)

Education

- Master Degree, Business Administration, Assumption University
- Bachelor Degree, Power Electricity Engineering, King Mongkut Institute of Technology Ladkrabang

Work Experience

2018 – Present	Executive Director / Deputy Managing Director, CPT Drives and Power Plc.
2013 – Present	General Manager-Sales, CPT Drives and Power Plc.
2008 – 2012	Sales Manager, CPT Drives and Power Plc.

Part 1

Characteristics of The Business

Characteristics of CPT's Business

CPT's business is divided into four operations as follows:



1) ELECTRICAL PANEL SALES BUSINESS

CPT is experienced in selling electrical panels which are assembled at our own plant and distributed to our clients who are various industrial manufacturers, including electricity generation plants. There are two types of electrical panels:

1.1 Electrical control panels for machinery

CPT produces and sells electrical and machinery control systems to regulate automatically the working of industrial machines to boost efficiency.

1.2 Low-voltage (220-690V) and medium-voltage (3.3-36kV) electrical power distribution panels for industrial plants

Low-voltage electrical panels transform higher-voltage electric power to below 1,000V for household use. Medium-voltage panels provide power of between 3.3-36kV to drive large motors in industrial plants.



2) COMPLETE UNIT SALE BUSINESS

CPT has been a major authorized distributor of electrical products in the form of complete electrical units and high-standard control equipment for several well-known brands such as Hyosung, Siemens AG, ABB, WEG, Danfoss, Parker, LSIS, Hitachi, TMEIC, STEP and TT Electric.



3) CABLE INSTALLATION AND CONSTRUCTION OF SUBSTATIONS OF 115KV SERVICES

CPT designs and constructs high-voltage substations of 115kV. In addition, we also offers cable-installation services for electrical panel assembly in industrial plants and substations, such as LV power cable and control cable, MV power cable, overhead and underground lines, and system grounding.



4) SERVICE AND REPAIR BUSINESS

CPT maintains after-sales services for our products which are either still under or out of warranty. Customers may contact our service department when encountering issues with our products. If after inspection, the product is found to have malfunctioned, a new unit will be offered as replacement or for sale.



Characteristics of The Business

In 1994, a group of engineers with experience in electrical controls for machinery for industrial plants, consisting of Mr. Somsak Limprasert, Mr. Apichat Pepathum (resigned August 22, 2561) and Mr. Noppadol Wichienkuer, envisaged an opportunity to increase efficiency and productivity of machinery for Thai entrepreneurs by a Thai company. Consequently, the three executives have joined hands to found CPT (Thailand) Co., Ltd. on March 22, 1994 with a registered capital of 10 million baht.

The company's first purpose was to sell electrical systems to adapt old but functioning machinery to have faster and more accurate response. These systems control the speed or operations of motors as well as various machine-controlling sensors to operate in sync with the production process. Each system consists of various equipment of high quality at affordable prices.

Later on the company was restructured and re-established as CPT Drives and Power Co., Ltd. or CPT Drives and Power Public Company Limited at present. The acronym CPT in the company's name stands for "**Control Power and Transmission**" which means electrical control systems for controlling the operation of machinery. Our business operations are divided into four parts, namely:

1. Electrical panel sales business

The Company is experienced in the business of selling electrical panels which are assembled at our own manufacturing plant and distributed to our clients who are various industrial manufacturers including electricity generation plants.

The electrical panels the Company produces are divided into two types:

a) Electrical control panels for machinery and process:

The Company produces and sells electrical and machinery control systems to regulate automatically the working of machines in industrial plants. The systems boost efficiency of machines through networking with computer systems which store and analyze production data. The data is then used to regulate the working of various components of machinery, resulting in speedier and more accurate manufacturing processes.

The systems also ensure the production process consume energy at an appropriate level as well as help manage excess energy discharged by certain machinery by returning it to the electrical systems, thus saving energy. The result is that product quality and production standard are maintained and productivity increased. At the same time, the systems issue timely reminders for regular maintenance and report any errors in operations of each machine component through an error reporting and analysis program, which helps resolve any issues that may arise in a timely manner and thus reduces unexpected stoppages of production.

Furthermore, the electrical control system boosts efficiency of the power distribution system within the plant and synchronizes the system with that of the electricity authority to facilitate electricity sale to the state.

b) Electrical power distribution panels, low-voltage (220–690 V) and medium-voltage (3.3–36 kV) for industrial plants

The Company engages in the sales of low-voltage (i.e. below 1,000 V) electrical power distribution panels, which transform electro-motive force for household use. Medium-voltage (i.e. between 3.3–36 kV) electrical power distribution panels transform electrical power to drive large motors in industrial plants.

2. Complete unit sale business

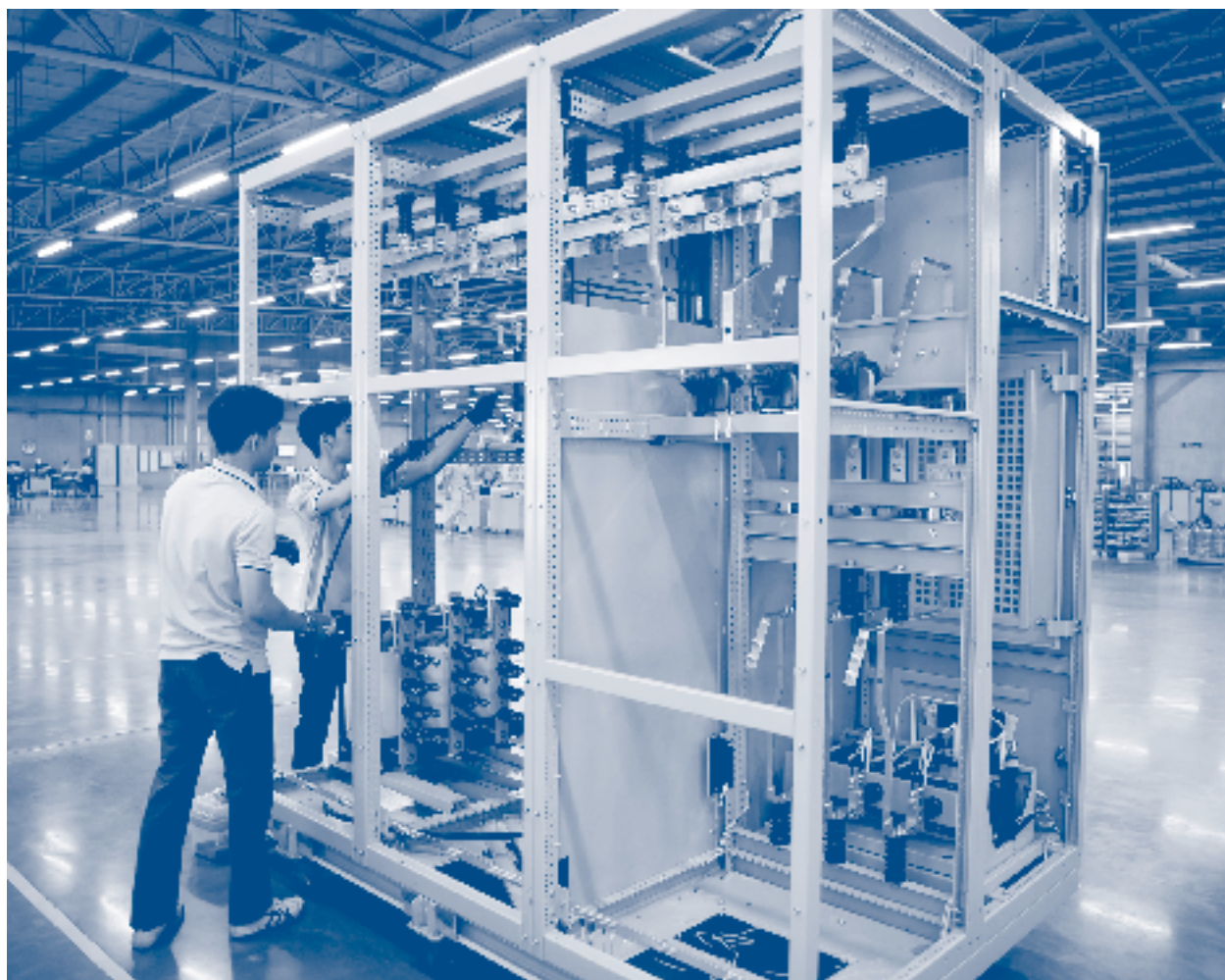
The Company has been a major authorized distributor of electrical products in the form of complete electrical units and high-standard control equipment.

Brand	Producing country	Type of products
Hyosung	South Korea	Large AC Motor
WEG	Brazil	Large & Small AC Motor
TT Electric	France	Large & Small DC Motor
Danfoss (VACON)	Finland	Inverter (220–690V.)
Parker Hannifin	United Kingdom	DC Drives
TMEIC	Japan	Medium Voltage Inverter & AC Motor
ZEZ SILKO	Czech Republic	LV Capacitor Bank and MV Capacitor Bank
LS	South Korea	PLC, MCCB, Contactor, Overload and MV Switchgear Component
AUCOM	New Zealand	MV and LV Softstarter
Siemens AG	Germany	LV/MV Switchgear Panels (License Partner)

3. Cable installation and construction of substations of 115 kV services

The Company designs and constructs high-voltage substations of 115 kV. High-voltage electrical distribution system begins at a substation which receives electricity from the Electricity Authority of Thailand at 230 kV or 115 kV load. This high-voltage power will be fed through a power transformer to reduce the voltage to 33 or 22 kV. Its distribution to end-users needs to go through another step-down transformer to ensure appropriate voltage for household use.

In addition, the Company also offers cable-installation services for electrical panel assembly in industrial plants and substations, such as LV power cable and control cable, MV power cable, overhead and underground lines, and system grounding.

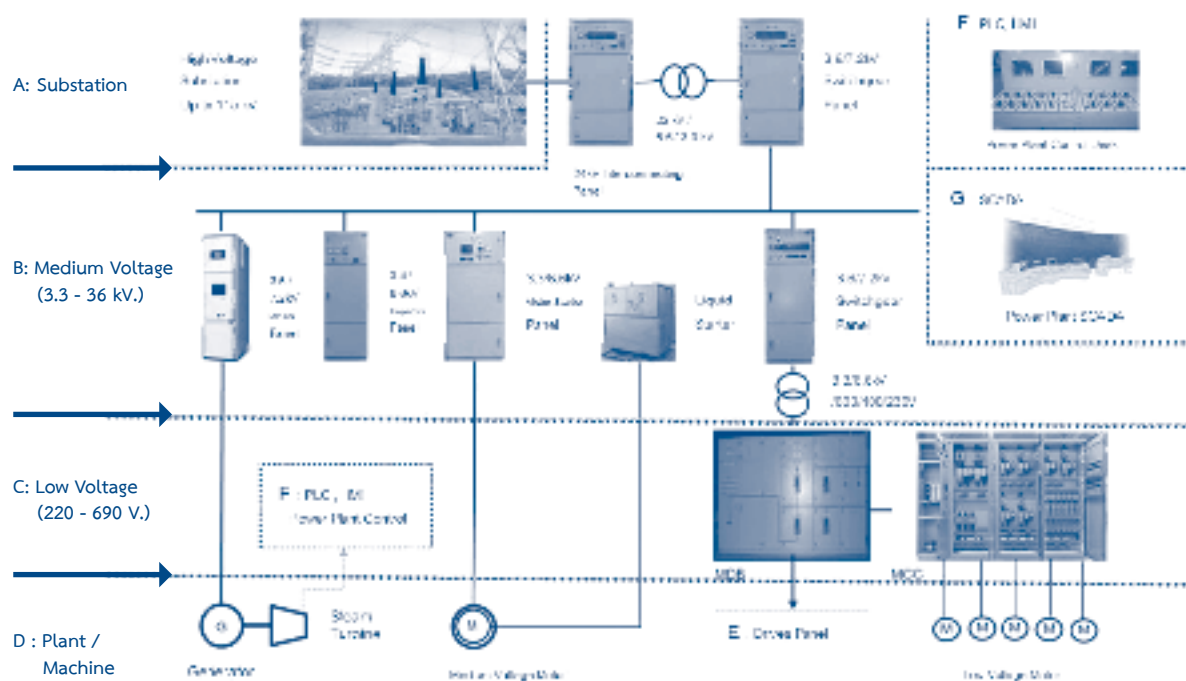


4. Service and repair business

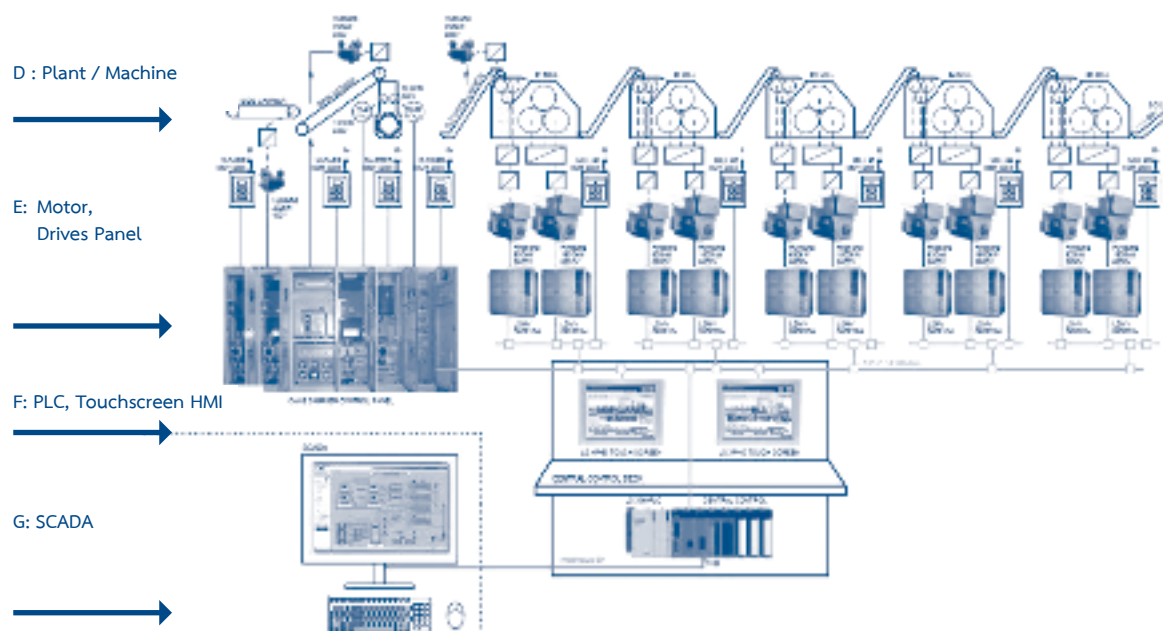
The Company maintains after-sales services for our customers whose products are either still under warranty or out of warranty period. Customers may contact our service department when encountering issues with our products. If after inspection, the product is found to have malfunctioned, a new unit will be offered as replacement. Under certain circumstances, reinstallation and readjustment of the electrical system will be conducted to restore the machinery to working conditions at the customer's premises.

Also available are repair services and spare parts for product maintenance in good working conditions. These services will be offered for only products supplied by us.

Overall schematic of the Company – Electrical Distribuion System



Overall schematic of the Company – Machine Control System



Customer groups, sales and distribution channels

Customer groups

Our customers are mainly industrial manufacturers, who need machinery control systems and electrical power systems. They represent about 90 percent of our clientele while distributors represent the remaining 10 percent.

1. Industrial plants represent about 90 percent of revenues from sales and services during 2014-2017. These are plant owners who need machinery for production, such as sugar mills, paper mills, automotive tire factories, cement plants, and palm oil mills. Sugar producers are the main industrial group, accounting for 50 percent of our revenue from industrial plants during 2014-2017.

2. Distributors represent about 10 percent of revenues from sales and services during 2014-2017. Most of them sell complete units. Distributors are appointed based on their past records, reputation and financial stability in order to reduce financial risks.

3. Original Equipment Manufacturers (OEMs) are those who produce machinery of various types for goods manufacturing, as well as those engage in construction of factories (Engineering, Procurement, Construction (EPC)). We produce and develop modern and user-friendly control systems that help boost efficiency for machinery. OEMs account for 10 percent of our revenue from sales and services.

4. Energy group. We have delivered to our renewable energy customers -- including biomass power plants, solar farms, and biogas power plants -- electrical panels and substations to connect with the power grid for the purpose of selling electricity to the electricity authorities. Moreover, we aim to offer steam turbines and generators for future power plant projects to increase the share of revenue from our energy customer group.

5. State enterprises. In the past, the Company has turned over completed projects to the Mae Moh Power Plant, the Irrigation Department, as well as Eastern Water Resources Development and Management Plc. (East Water). In the near future, we plan to provide services to more state enterprise clients, such as the Provincial Electricity Authority, and the Metropolitan Waterworks Authority. With regards to our production of electrical substations, we plan to actively engage with government authorities, specifically in auctioning for state projects, in accordance with the government's policy to support Thai-owned companies to help develop the country.

The table below summarizes our revenues from our domestic and international sales and services for the past five years (2014-2018).

Revenues from domestic and international sales and services during 2014-2018

Revenues from sales and services	2014 (adjusted)		2015 (adjusted)		2016		2017		2018	
	million baht	%	million baht	%	million baht	%	million baht	%	million baht	%
• Domestic	890.30	83.38	1,010.35	95.23	1,160.19	94.52	1,219.07	98.62	883.96	92.87
• International	177.45	16.62	50.60	4.77	67.24	5.48	17.03	1.38	67.88	7.13
Total	1,067.75	100.0	1,060.95	100.0	1,227.43	100.0	1,236.10	100.0	951.84	100.00

Below is a sample list of reputable companies, both domestic and overseas, served by CPT during the last four years (2015–2018):

A sample list of customers classified by industry

Type of industry	Name of company	
1. Sugar	<ul style="list-style-type: none"> • MitrPhol Group • Cristalla Sugar Group • K.I. Sugar Group • Kornburi Sugar Group • Buriram Sugar Group • Kaset Thai Sugar Group 	<ul style="list-style-type: none"> • Thai RoongRuang Sugar Group • Banpong Sugar Group • Ratchaburi Sugar Group • Khon Kaen Sugar Group • Thai Sugar Group
2. Sugar	<ul style="list-style-type: none"> • Millcon Steel Plc. Group • T.C. Metal World., Ltd. • Thai Steel Service Center Co., Ltd. • Parthongkij Steel Industry Co., Ltd. • United Coil Center Co., Ltd. • The Bangkok Iron & Steel Works Co., Ltd. • Samchai Steel Industry Plc. • Siam Yamato Steel Co., Ltd. • N.H.K. Steel Co., Ltd. 	<ul style="list-style-type: none"> • Danieli Co., Ltd. • The Steel Plc. • Thai Steel Profile Co., Ltd. • Magotteaux Co., Ltd. • Ratchasima Steel Products Co., Ltd. • Siam Steel Syndicate Plc. • Zubb Steel Co., Ltd. • Alucon Plc.
3. Paper	<ul style="list-style-type: none"> • Thai Card Board Co., Ltd. • SCG Packaging Plc. • Double A Plc. • Thai Paper Mill Co., Ltd. • Hiang Seng Fibre Container Co., Ltd. • United Paper Plc. • Inter-Pacific Paper Co., Ltd. • Thai Packaging Industry Plc. 	<ul style="list-style-type: none"> • Thai Containers Group., Ltd. • Kimberly-Clark Thailand Ltd. • Thai Cane Paper Plc. • The Eastern Industrial Co., Ltd. • Mahachai Kraft Paper Co., Ltd. • Riverpro Pulp & Paper Co., Ltd. • Asia Kraft paper Co., Ltd. • Environment Pulp and Paper Co., Ltd.
4. Cement	<ul style="list-style-type: none"> • SCG Cement (Kaeng Khoi) Co., Ltd. • SCG Cement (Thung Song) Co., Ltd. • Asia Cement Plc. 	<ul style="list-style-type: none"> • SCG Cement (Tha Luang) Co., Ltd. • SCG Cement (Lampang) Co., Ltd. • SCG Cement Co., Ltd.
5. Rubber and automotive tires	<ul style="list-style-type: none"> • Pan Innovation Group • Goodyear (Thailand) Co., Ltd. • Deestone Co., Ltd. • P.I. Industry Co., Ltd. 	<ul style="list-style-type: none"> • Siam Michelin Group • Zeon Advanced Polymix Company Limited • Bridgestone (Thailand) Co., Ltd. • Maxxis International (Thailand) Co., Ltd.

Type of industry	Name of company	
5. Rubber and automotive tires	<ul style="list-style-type: none"> • Otani Tire Co., Ltd. • Inoue Rubber (Thailand) Plc. • IRC Co., Ltd. • Continental Tyres Thailand Co, Ltd. 	<ul style="list-style-type: none"> • Lion Tyres (Thailand) Co., Ltd. • IRC (Asia) Research Co., Ltd. • Hwa Fong Rubber (Thailand) Plc.
6. Plastic and chemicals	<ul style="list-style-type: none"> • Linde (Thailand) Plc. • TPI Polene Plc. • Thai Nam Plastic Plc. • Thai Film Industry Plc. • TPI Polene Plc. • Metropolitan Plastic Industry Co., Ltd. • Focus Development and Construction Plc. • Surint Omya Chemicals (Thailand) Co., Ltd. • MMP Corporation Ltd. 	<ul style="list-style-type: none"> • C.P. Packaging Industry Co., Ltd. • Thai Central Chemical Plc. • Thai Plastic and Chemicals Plc. • Thai Vatana Plastic Co., Ltd. • PTT Global Chemical Plc. • PTT Maintenance and Engineering Co., Ltd. • Wilk & Hoeglund Plc. • Indorama Polyester Industries Plc. • IRPC Plc.
7. Construction	<ul style="list-style-type: none"> • CAT Telecom Plc. • Napasanan Property Co., Ltd. (Rangsit University) • V.M.P.C Co., Ltd. • Siam Alpha Tech Co., Ltd. • Siritanong Properties Co., Ltd. • All Inspire Development Plc. • Origin Property Plc. • S&W Power Plus Co., Ltd. (Kantharalak Hospital) • A House Property Co., Ltd. 	<ul style="list-style-type: none"> • Mass Rapid Transit Authority of Thailand • Rajamangala University of Technology Phra Nakhon • Liang Tawon Co., Ltd. • NSL Food Co., Ltd • King Mongkut's Institute of Technology Ladkrabang Prince of Chumphon Campus • I.S.R Engineering Co., Ltd. (103 Hospital, Vientiane) • Dinco Asset Co., Ltd.
8. Substations and cable installation	<ul style="list-style-type: none"> • Kamphaengphet Bio Power Co., Ltd. • Eastern Water Resources Development and Management Plc. (East Water) • Pharindhorn Co., Ltd. (BITEC2) • Otani Tire Co., Ltd. • Siam Retail Development Co., Ltd. • Advance Fiber Co., Ltd. • Alucon Plc. 	<ul style="list-style-type: none"> • Power Solutions Technologies Plc. (AEC Market) • Thai Roong Ruang Industry Co., Ltd. • Metro Industrial Park Co., Ltd. • Zubb Steel Co., Ltd. • Rangsit Plaza Co., Ltd. (Future Park) • Continental Tyres • Kohler (Thailand)
9. Government	<ul style="list-style-type: none"> • Royal Irrigation Department • Electricity Generating Authority of Thailand and EGAT subsidiaries 	<ul style="list-style-type: none"> • Provincial Waterworks Authority • Provincial Electricity Authority

Sales and distribution channels

CPT maintains two channels of distribution:

1. Direct Sales: CPT makes use of a direct-sales approach in distributing our machine control systems. In this approach, we present our past achievements to build trust among our customers. Presently, we have 174 employees divided into four teams of 12 salespersons to make sales in domestic and overseas markets.

2. Distributors: CPT sells our products through distributors to increase the number of distribution channels and scope of sales to reach customers in Bangkok as well as upcountry.

CPT currently has eight distributors, five of whom serve the Bangkok and vicinity areas while three others serve the provinces. Direct-sales and distributors together contribute about 90 percent of sales during 2014-2018 while the remaining 10 percent comes from regular sales and services.





Industry and Competition Outlook

CPT's products and services are important components for electrical and machine control systems in industrial plants, as well as the electrical systems in large buildings, such as shopping centers, office buildings and condominiums. Consequently, our revenue tends to grow in tandem with the expansion of the economy and investment in the manufacturing sector with the sugar mill group as our main customer base.

Industry and investment outlook

The government's implementation of economic stimulus measures has had positive impacts on the confidence of industrial entrepreneurs, leading to new and increasing business investments, such as construction of industrial plants and expansion of production capacities. As a result, demand for machinery, machine control systems and related equipment has increased. Data from the Board of Investment (BOI) has shown sustained growth of the industrial sector in Thailand.

Applications seeking BOI investment privileges (2013–2018)

Promotion data	2013	2014	2015	2016	2017	2018
Number of applications	2,002	3,469	988	1,455	1,456	1,626
Value of investment (Billion Baht)	1,009.9	2,192.7	197.73	524.34	641.98	901.77

Source: Board of Investment (BOI)

Applications for investment privileges in 2018 have increased in value. There were 1,626 applications with a total value of 901.77 billion baht or an increase of 43 percent over a year ago. The growth can be attributed to the fact that some categories of the BOI's investment promotion measures have expired in 2018. BOI data shows that government-targeted industries made up 84 percent of the investment applications, valued at 758 billion baht. Of these, five so-called "New S-Curve" industries -- aviation, biofuels, biochemicals and eco-friendly products, digital economy, medical hub, and robotics and automation -- have amassed 539 billion baht. Meanwhile, five so-called "First S-Curve" industries -- advance agriculture and biotechnology, food processing, intelligent electronics, next-generation automotive, and tourism -- have garnered 219 billion baht of investment.

Thailand's sugar milling industry

The Office of Cane and Sugar Board under the Ministry of Industry has prepared a 10-year cane and sugar strategy (2015–2026). Its objective is to enable the sugarcane and sugar industries to grow steadily as a source of food and energy security for the country through increasing sugarcane cultivation acreage, and production of sugarcane, sugar, ethanol and electric power, as shown in the table below.

Ten-year cane and sugar strategy (2015–2026)

Target / year	2015	2026	% increase
Land under cultivation (million rai)	10.53	16	51.95
Produce (million tons/cane)	105.96	180	69.88
Sugar production (million tons)	11.34	20.36	79.54
Sugar production efficiency (kg./ton/cane)	107.02	112	4.65
Ethanol (million liters)	2.5	5.38	115.20
Electricity (megawatts)	1,542	4,000	159.40

Source: The Office of Cane and Sugar Board

The 10-year strategy has become a catalyst that encourages the Thai sugar mill operators to make improvements in all areas in anticipation of an industry-wide restructuring. These include more effective management of production costs and increased competitiveness in producing better-quality sugar. The development has opened up an opportunity for CPT to realize more revenue from its operation in this sector.

The refurbishment of the control systems for machinery in each of the sugar mills has to take into account the useful life of the machinery, which is about 10 years. However, the intensely competitive environment of the cane and sugar industry was taken as an opportunity by operators to improve cost management and increase efficiency in sugar milling to achieve better yield of sugar per ton/cane throughout the sugar milling season of about four months in a year.

Consequently, many sugar mills have put heavy emphasis on improving the efficiency of sugar milling machinery. This involves an acquisition of new machines to replace the old ones or adapting the old machines and equipment to keep up with changing technologies, such as energy-saving production or control systems to boost sugar production efficiency. In general, about 90 percent of improvement plans involve adaptation or acquisition of new machines and equipment depending on the capability of each mill.

Opportunity to expand into ASEAN with the promulgation of AEC

The ASEAN Economic Community (AEC) provides regional economic linkages that benefits ASEAN member countries with the relaxation of rules and regulations. The movement of manufacturing facilities and investment can be done more freely, while the market size has expanded. The advantages of Thailand's manufacturing sector include the ready availability of agricultural raw materials and its central location in the region. The geographical advantages can be leveraged into the country becoming the region's main trade and investment link and a fantastic opportunity for Thai industries to strengthen themselves and move ahead to invest in neighboring countries to fully benefit from the growth in trading.

Thailand is the world's second biggest exporter of sugar with the main customer base being ASEAN countries, with Indonesia as Thailand's biggest customer. AEC agreement provides for tax-free imports among countries in the region. This puts Thailand in an advantageous position over competitors and other major sugar producers such as Brazil. Thailand is capable of satisfying the demand for sugar in this region where most countries are not producing enough of the material for their own consumption. For this reason, Thailand is presented with an opportunity to increase its sugar export to satisfy the demand in ASEAN that is poised to grow in the future while Thai sugar millers can take advantage of the situation to expand their investment in sugarcane cultivation and sugar production for export to other regional countries.



Opportunities arising from ASEAN Economic Community (AEC) and the Thailand 4.0 policy for Thai industry

The ASEAN Economic Community (AEC) has created economic linkages within the region due to the relaxation of rules and regulations among ASEAN member countries. The movement of production and investment can be done more easily, while the market base has grown steadily. The advantages of Thailand's manufacturing sector include the ready availability of agricultural raw materials and its location at the center of the region. Thailand is ASEAN's No. 1 exporter of sugar with Indonesia as Thailand's biggest customer. At present, there is no import tax on sugar as per AEC agreement. With its central location in the region and low taxes, Thailand is in an advantageous position to expand further in the ASEAN region. (Source: Office of Cane and Sugar Board)

Thailand 4.0 is the government's policy that is aimed at restructuring the economy through innovation. The agricultural sector is targeted by the government for further development and transformation from conventional to modern agriculture to boost farmers' income. Agriculture, food and biotechnology are targeted as an industry of the future. The aim is to add value to consumer products, such as rice, rubber, sugar and tapioca, by turning them into health or supplementary food.

Both the AEC and the Thailand 4.0 policy will help to propel Thailand's industries and economy forward. Enhancing efficiency of production process as well as adoption of modern technology to increase competitiveness is essential for the country's future. This presents a remarkable prospect for sales of the Company's products and services and our further growth together with the growth of Thailand's industries.





CPT Future Projects

Bidding for waterworks management projects

With expertise and experience accumulated over years in business, CPT is confident it has the potential to enter into bidding contests for waterworks management projects. In the past few years, the Company has paid serious attention to this line of business, considering the continuous expansion of urban areas which has pushed the demand for water ever higher. As such, systematic planning for waterworks management is crucial, and it opens up opportunities for new businesses in this field.

CPT will enter into bidding contests for projects to manage waterworks that will be coming up. During the second quarter, CPT will bid for 6-7 projects at the approximate value of 250 million baht with a good potential to win about 100 million baht. By the second half of the year, we can expect to recognize the revenue.

Bidding for projects in the sugar industry

The sugar industry is undergoing a major change, the first in five years. It is expected that a large number of sugar mills will be built, and the demand of sugar mills to renovate and install new machines will rise as well. In addition, many licenses for operating sugar mills granted by the Office of the Cane and Sugar Board are due to expire in July 2021. Many sugar mills will have to plan their acquisition needs around between mid-2019 and mid-2020 to be ready for the sugar milling season at the end of 2020. The development creates an opportunity for the Company to gain market share in this group of the industry.

However, in the recent past, CPT has focused on forming partnerships with experienced companies in ASEAN countries that have experienced high growth rates, such as Indonesia and the Philippines. Indonesia, particularly, is a large country with a population of 264 million, and new sugar mills have sprung up in large number. This presents a great opportunity for CPT to expand its market. In this case, the Company will enter bidding contests for large projects which we expect will increase our growth prospects in the long term.

Expansion of production capacity

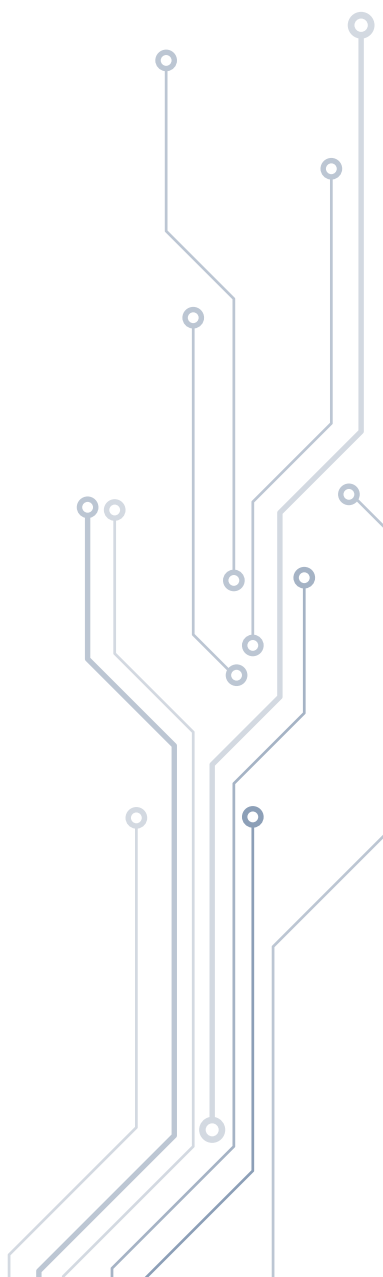
For quite some time, the Company has been determined to increase production capacity, and everything has proceeded as planned. Currently, construction of a new plant is completed, and the plant is undergoing production system tests to ensure utmost production efficiency in the future.

The new plant stands on a 3-rai plot of land and costs 200 million baht to build, with 80 million baht going toward construction cost and 50 million baht toward new machinery for producing electric panels. It is expected that commercial production would be able to commence in the fourth quarter, which would boost production capacity significantly.

Cooperation with allied companies in business expansion

CPT has entered into an alliance with SIEMENS, a leading company in electric engineering from Germany, following the signing of a contract in February this year allowing CPT to produce electric panels under the SIEMENS brand.

The cooperation will be an important factor enabling the Company to penetrate new markets with an emphasis on clientele in the petrochemical and infrastructure industries. The Company's new plant will serve as the production hub for this endeavor.





Risk Factors

In CPT's line of business, risks are inevitable just like with any other businesses. The risk factors that are described below are those that in our assessment could negatively affect our operations, financial standing and corporate performance in a significant way. In addition, there may be other risks that we may not be able to foresee at present, or risks that are considered to pose insignificant impact on our business.

BUSINESS RISKS

Risks arising from dependence on customers within the sugar industry

In the past, the sugar industry was our main customer base. If the industry's growth faces a decline, CPT's income will be affected. As it is, Thailand is the world's fourth largest sugar producer. Because domestic consumption is low, Thailand has been the world's second biggest sugar exporter. If the world's demand for sugar declines, it could negatively impact CPT's customer base in the sugar industry. However, the demand for sugar in Asia and the world is expected to continue to grow in the foreseeable future.

Although in recent times, CPT's revenue was derived mainly from sugar mills, our products can be sold to all types of manufacturing industries, such as automotive parts, paper mills, steel mills, construction, and power generation. Other industries also contribute to our earnings. For this reason, we do not need to rely solely on the sugar industry. Since 2015, we have come up with measures to mitigate risks from over-dependence on the sugar industry. We have drawn up a strategy to expand our customer base to cover more manufacturing industries, such as power substations, high-rise buildings, and control units for cement production machinery. We have continually developed new products as well as improved existing products and services to increase efficiency and better respond to customer's needs.

Risk arising from delayed projects

The risk arising from delays of projects is crucial to business operations. Delays may stem from customers, for example, changing specifications or installation plans, shortage of working capital and liquidity problems. CPT may also be responsible for delays caused by the failure of subcontractors to deliver their work in time. This may result in CPT being penalized for delays or faced with higher costs than projected and ultimately cause a delay in realizing the earnings. Most of the projects are in the forms of installation and substation contracts.

CPT has devised a plan to mitigate the risks on our own part by imposing stricter control and supervision over the contractors and subcontractors. If they fail to keep to their work plan, an emergency plan will be activated. In addition, weekly meetings have been introduced to let everyone involved be acquainted with the problems and to institute corrective measures in a timely manner. Contractors are to sign contracts committing to being responsible for damages resulting from late delivery of work as well as to sourcing working capital to cover the operation. In any case, CPT has never been penalized for late job delivery.

Risk arising from increased costs due to changes in raw material prices

A job tender to a customer, especially for installation of electrical control systems or construction of substations, needs to be a turnkey proposal, which takes into account all material costs and wages. Consequently, increases in material prices lead to higher project costs.

To mitigate this risk, our procurement department will check the prices of major items, most of which remain fixed. For other components, such as cables and copper, we will conduct price comparison to arrive at median prices. We will foster good relationship with suppliers; this makes it possible to bargain for better prices. Furthermore, we make purchases in advance to ensure stable costs before accepting job offers. We also stock up on some materials to reduce the impact of price fluctuations.

FINANCIAL RISKS

Risk arising from fluctuation in foreign currency exchange

CPT procures most electrical components for machine control systems used in industrial plants, including automatic control systems for electric motors and electrical power panels. In 2016 to 2017, we purchased approximately 37.67 percent of components from foreign suppliers, representing 31.80 percent of total procurement costs. Payments were made in US dollars and Euros. However, we earn about 95 percent of revenue in Thai baht. As a result, CPT faces a risk arising from fluctuation in exchange rates. If the baht weakens, it will affect our consolidated financial statement as we will incur a loss if we make a purchase when the exchange rate is lower than when we logs into the product cost.

CPT has mitigated the risks from foreign exchange losses by increasing domestic purchases. From 2014 to 2017, the amount of products and raw materials we purchased from abroad made up, respectively, 55.10 percent, 54.76 percent, 37.67 percent and 31.08 percent of the total annual purchases. We further reduced foreign exchange risk by using foreign exchange forward buy and sell when we needed to import products according to the purchase orders. However, we must log the loss from foreign exchange rate if the rate according to the forward contract was lower than the rate that we logged as the cost of the products on the delivery date.

In addition, CPT was also affected fiscally from the foreign exchange as the purchase order and the payment for the products or raw materials did not occur in the same fiscal period. Because of this, at the end of the fiscal period, CPT must log the profit or loss due to the foreign exchange rate that has not yet actually happened.



OTHER RISKS

Risks from over-reliance on executives and experienced and highly-skilled personnel

In our business, we need knowledge and expertise. We need experienced executives and personnel, especially those who could maintain good relationship with the customers. Normally, existing customers would place their orders with us when they need to expand their factories. We need technically skilled personnel to install new equipment in those factories. If we lose these executives or personnel, CPT could suffer damages. Therefore, we have placed great importance on personnel development to improve their knowledge, skills, and effectiveness in their lines of work by providing regular trainings to both old and new employees.

Importantly, CPT has relied on our top executives, namely, Chief Executive Officer Mr. Somsak Limprasert and Executive Director Mr. Noppadol Wichienkuer, who jointly founded CPT in 1994. Both are experienced in engineering, machine control systems, and electrical power systems for over 20 years. Moreover, they are also major shareholders of CPT. Therefore, CPT is confident of being able to retain the services of these two individuals for the foreseeable future.

Part 2

Shareholding Structure and Management





Shareholding Structure and Management

As of December 31, 2018, the Company has a registration capital of 450,000,000 baht, made up of 900,000,000 ordinary shares with a par value of 0.50 baht each, with 450,000,000 baht fully paid-up capital.

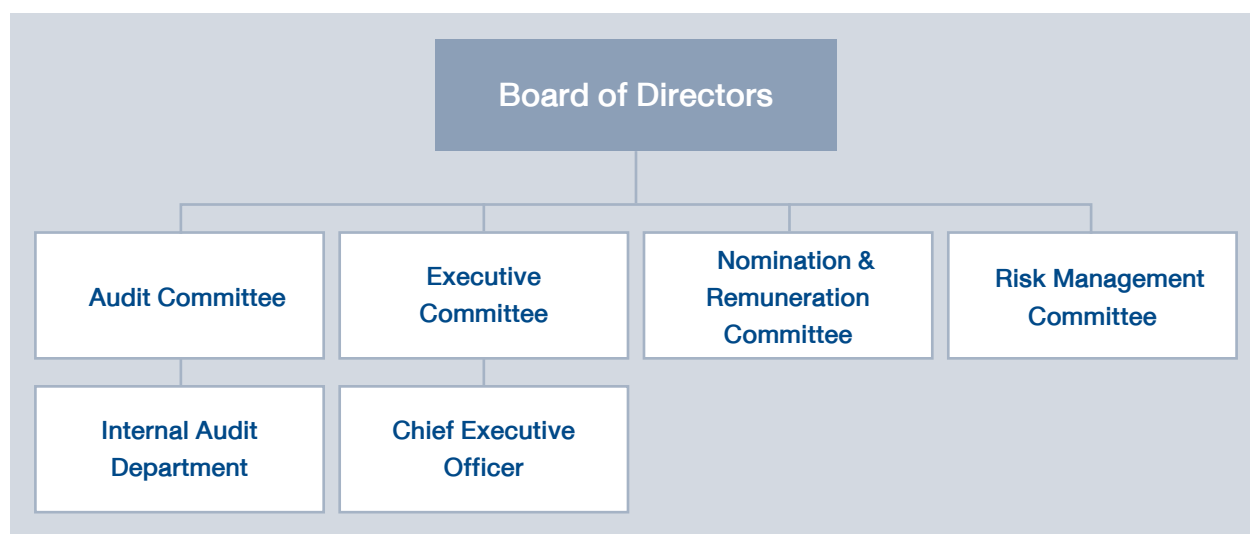
Shareholders

The list of top 10 major shareholders as of December 31, 2017, is as follow:

No.	Shareholder's Name	Shares	Percentage
1	Mr. Somsak Limprasert	117,798,600.00	13.08
2	Mr. Apichat Ppathum	105,191,900.00	11.68
3	Mrs.Kanya Limprasert	83,500,000.00	09.27
4	Mr. Noppadol Wichienkuer	80,650,000.00	08.96
5	Miss Haruthai Limprasert	63,890,000.00	07.09
6	Miss Thanwarat Peepathum	31,099,998.00	03.45
7	Mr. Wanchai Phanwichian	20,873,900.00	02.31
8	Mr. Jirawut Kuvanant by KBT Securities (Thailand) Pcl.	14,072,300.00	01.56
9	Miss Piyawadee Yanwaree	11,165,800.00	01.24
10	Mr. Prakrit Witbenjang	9,323,000.00	01.03

Management structure

As of December 31, 2018, the Company's management structure is composed of the Board of Directors and four committees, namely: the Audit Committee, the Executive Committee, the Nomination & Remuneration Committee, and the Risk Management Committee.



Chief Executive Officer

The Company's Board of Directors is composed of eight members, namely:

Name	Position
1. Assoc. Prof. Dr. Prapart Praisuwanna	Chairman of the Board/Independent Director
2. Mrs. Wanchalee Kanjanajongkol	Chairman of the Audit Committee/Independent Director
3. Mr. Suvit Singhachan	Chairman of the Audit Committee/Independent Director
4. Mr. Worapoj Yasathat	Audit Committee/Independent Director
5. Mr. Somsak Limprasert	Director/Chief Executive Officer
6. Mr. Noppadol Wichienkuer	Director
7. Miss Haruthai Limprasert	Director
8. Mr. Monchai Thunthanase	Director

Miss Chittima Kumwiengchan holds the position of Company Secretary. Miss Chittima holds a certificate of Company Secretary Program (CSP) Batch 80/2017 of the Thai Institute of Directors (IOD).

Authorized Directors

Authorized directors are Mr. Somsak Limprasert or Miss Haruthai Limprasert affixing either of their signatures together with either Mr. Noppadol Wichienkuer or Mr. Monchai Thunthanase, and affixed with company seal.

Scope of duty and responsibility of the Board of Directors

1. Carry out duties in accordance with the laws as well as the objectives and rules and regulations of the Company as well as resolutions of the shareholders meetings, with honesty, care and attention to the Company's interests.

2. Set out vision, policies and business directions of the Company and ensure that the business is operated according to the policies and business plans effectively to ensure utmost value to the business and the shareholders.

3. Set out goals, directions, policies and budget of the Company, administer the management and operation of the management team or the assigned personnel according to the policies formulated by the Board.

4. Assign the authority to conduct transactions and other management activities relating to the operations of the Company and call for review at least once a year.

5. Prepare a system to control operations, financial statement reporting, and adherence to the rules, regulations and policies. The Board should appoint a person or an independent agency to be responsible for the review of such control systems and review important systems at least once a year and publish the findings in the Annual Report.

6. Ensure the preparation of the Company's financial statement on the last day of the Company's fiscal year that the auditors have reviewed and presented to the shareholders meeting for review and approval.

7. Appoint the Audit Committee and approve the scope of work of the Audit Committee.

8. Acknowledge important reports submitted by the Audit Committee or internal auditors, including the Independent Auditor and the Company's various departmental consultants, and have the duty to set directions for making improvements or remedies where significant anomalies are found.

9. Verify the capacity and suitability of internal control systems and the risk management policy of the Company to ensure full coverage of the organization by assigning the management to implement policies and regularly report to the Board. There should also be a system review or evaluation of the risk management policy at least once a year, and to publish it in the annual report and any time that the risk factors have shifted, including to put emphasis on early warning signs or any anomalies.

10. Consider for approval other businesses involving the Company or any action that are deemed to be beneficial to the Company.

11. Scrutinize reports to be submitted to the shareholders for approval at the shareholders' meeting with the main agenda of the annual meeting as follow:

- Consider the Board of Directors' report to the meeting on the Company's operations;
- Consider and approve the budget;
- Consider the apportioning of profits;
- Propose a list of new directors to replace directors who have to vacate their seats at end of term and propose the name of the independent auditor and set the remuneration for the independent auditor;
- Consider issues that may result in conflict of interest that may require shareholders' approval;
- Other businesses.

12. Consider the management structure, appoint the Executive Committee, the Management and other subcommittees as the Board sees fit, as well as appoint the Company Secretary according to the SET law.

13. Evaluate the performance of the Board of Directors and all sub-committees as well as ensure that the Company has a good evaluation process in place for the senior management.

14. Approve the disbursement for consultancy fees after receipt of payment from customers, with authorization limit from 5 percent to no more than 10 percent of the total sales or project value, and such disbursement must not result in losses to the Company.

15. Members of the Board shall not engage in any business with similar operations and is competitive to that of the Company's, or become a partner in an ordinary partnership and a partner with unlimited liability in a limited partnership, or a director of a private company or other companies that engage in business with similar operations and is competitive to that of the Company, regardless of whether the action is for his/her own or others' benefit, except where the Shareholders Meeting has been notified to the effect before the said appointment.

16. Be consistently responsible to the shareholders, and perform duties with the shareholders' interest in mind. Produce general and financial reports of the Company to be submitted to the shareholders and the stakeholders or investors in a manner that is accurate, timely and in accordance with the law.

17. The Board may assign a Director, or a number of Directors, or a sub-committee or any other persons to carry out certain tasks on behalf but under the supervision of the Board. Or the Board may authorize such assigned party to carry out any tasks as the Board sees fit and within a time frame set by the Board. The Board may revoke, make changes or replace the authorized party as it sees fit.

The authorization by and the responsibility of the Board shall not be in the form of authorization or sub-authorization that will allow the Board or the party authorized by the Board to approve transactions that the party may be in conflict (as defined in the SEC announcement), may have interest or may have conflict of interest with the Company, except for the approved transactions that are conducted according to the policies and rules that the Board or the Shareholders Meeting has approved. This is to be in compliance with the SET law, regulations, announcements, orders, or stipulations of the SET or the SEC and/or the relevant laws.

18. In the execution of the Board as authorized above, if there are laws or regulations or company rules that have set specific scope of power of the Board, the Board must execute its authority within the said law, regulations and company rules. In any execution by any Board Member who has or may have vested interest or stakes or where the execution involves person(s) who may be in conflict as defined in the SEC and SET announcements and/or related laws, said Board Member will not have the power to authorize such an execution.

19. For the issues listed below, a Board Member may not act upon them without approval from a shareholders meeting. Where a Board Member has stakes or conflict of interest with the Company or its subsidiaries, said Board Member is not allowed to vote in that instance.

- Issues that the law stipulates must receive a resolution from a shareholders meeting;
- Execution of any transaction that a Board Member has a vested interest or which falls within the framework of the SEC or the SET laws which require approval from a shareholders meeting.

20. The following issues must receive an approval from the Board of Directors meeting

with a simple majority of those in attendance, and from the Shareholders Meeting with no less than $\frac{3}{4}$ of votes of the shareholders with voting rights who are present at the meeting:

- Sale or transfer of the Company business or part thereof to other parties;
- Acquisition of business of other listed or private companies;
- Execution, revision or revocation of contracts relating to the lease of the Company's business in whole or in part; authorization of other persons to manage the Company's business or to effect a merger with other person with the objective of sharing profits or losses;
- Issuance of new shares to pay the Company's debtors in a debt-to-equity project;
- Revision of or addition to the Memorandum of Association or regulations;
- Increase or reduction of equity, the issuance of debentures, the merger or cessation of business;
- Any other actions as stipulated in the laws on securities and/or the SET regulations must receive the approval from the Board of Directors and the Shareholders Meeting with the proportion of votes as stated above.

As such, any Board Member, who has a stake or a conflict of interest with the Company on any issue, forfeits the right to vote on the said issue.

In addition, the Board's scope of responsibilities covers the supervision of the Company to ensure that it adheres to the SET laws and regulations pertaining to connected transactions, the receipt or sale of assets according to the SET rules or announcements of the Security and Exchange Commission and the Capital Market Commission, or laws that are related to the Company's business.

Audit Committee

As of December 31, 2018, the Company's Audit Committee consists of:

1.	Mr. Suvit Singhachan	Chairman of the Audit Committee
2.	Mr. Worapoj Yasathat	Member of the Audit Committee
3.	Mrs. Wanchalee Kanjanajongkol	Member of the Audit Committee with knowledge and experience to examine the reliability of the Financial Statement.

Miss Boonnee Kusolsopit serves as secretary to the Audit Committee.

Scope of duty and responsibility of the Audit Committee

1. Review the accuracy and the adequacy of the Company's financial reports in accordance with the proper accounting practice, by coordinating with the Internal Auditor and the executives responsible for the preparation of the financial statements, both quarterly, and annually. The Audit Committee may request the Internal Auditor to make any necessary and crucial reviews in the course of the audit.
2. Review to ensure that the Company has suitable and effective internal control and in-

ternal audit systems; ensure the neutrality of the internal audit department as well as to approve the appointment, transfer or termination of the head of the internal audit department or other departments related to the internal audit process.

3. Review to ensure that the Company follows the securities and exchange laws, SET regulations and laws pertaining to the business of the Company.

4. Review and consult with the management regarding the Company's major risks and measures that the management can implement to mitigate those risks.

5. Consider, select and propose the appointment of an independent candidate as the Company's auditor and the remuneration for the person. Also attend the meeting with the auditor without the participation of the management at least once a year.

6. Consider transactions that are related or that may lead to conflict of interest to ensure compliance with the laws and the regulations of the SET and the SEC. This is to ensure that such transactions are reasonable and most beneficial to the Company.

7. Consider the Company's assets that were acquired or sold, which are sizable transactions that necessitate the Audit Committee's approval as required by laws, announcements and regulations of the SET and policies of the SEC.

8. Prepare the Audit Committee Report to be published in the Company's Annual Report. Such a report must be acknowledged and signed by the Chairman of the Audit Committee and must contain at least the following information:

- (a) Opinion on the propriety, completeness and credibility of the Company's Financial Statement;
- (b) Opinion on the sufficiency of the Company's internal audit process;
- (c) Opinion on the compliance with the securities and exchange laws, SET regulations and laws pertaining to the Company's business;
- (d) Opinion on the suitability of the auditor;
- (e) Opinion on transactions that constitute conflict of interest;
- (f) Number of Audit Committee meetings and the participation of each member of the Audit Committee;
- (g) Overall opinions or suggestions that the Audit Committee may have after performing its duty according to the Charter;
- (h) Other transactions deemed to be relevant to the shareholders and other investors, within the scope of responsibility given by the Company's Board of Directors.

9. Perform any duties assigned by the Board of Directors with the assent of the Audit Committee

10. In carrying out its duties, if the Audit Committee encounters or has doubts about the following transactions or actions that may significantly affect the Company's financial standing and performance, the Committee must report to the Board of Directors to take corrective measures within the time-frame that the Audit Committee sees fit:

- (a) Transactions that lead to conflict of interest;
- (b) Fraudulent or unusual acts or significant dereliction of duty within the internal control system;

- (c) Violation of the securities and exchange laws, laws pertaining to the Company's business, where the Board of Directors or the executives do not take remedial action within the timeframe stipulated in Paragraph 1 of the SEC or the SET.

If the Board of Directors or the executives do not take remedial action within the said timeframe, any member of the Audit Committee may report the said transgression to the SEC or the SET.

11. In carrying out its duties, the Audit Committee may seek counsel from external independent consultants or experts in any other fields if such an action is deemed necessary and proper while the Company will be responsible for all related expenses.

12. Review regulations and past year's performance at least once a year in the line of duty of the Audit Committee as stipulated above. The Audit Committee is directly answerable to the Board of Directors while the Board of Directors is responsible in its interaction with external parties.

Executive Committee

As of December 31, 2017, the Company's Executive Committee consists of:

1. Mr. Somsak Limprasert	Chairman of the Executive Committee / Chief Executive Officer
2. Mr. Noppadol Wichienkuer	Executive Director and Managing Director
3. Mr. Monchai Thunthanase	Executive Director and Deputy Managing Director (Sales and Engineering)
4. Miss Haruthai Limprasert	Executive Director and Deputy Managing Director (Administration)

Scope of duty and responsibility of the Executive Committee

1. Operate and manage the Company according to the objectives, policy, rules, regulations, orders, and resolutions of the Board of Directors and/or the resolutions of the shareholders meeting, by adhering to the regulations/terms of the Executive Committee meeting.

2. Set policy, direction and strategy for the Company's operations; draw up plans for budget, human resources management, investment, business expansion, and public relations in accordance with the framework defined and approved by the Board of Directors, and ensure successful operations of designated work teams.

3. Consider annual budget allocation proposed by the management before submission to the Board of Directors for consideration and approval. This also includes consideration and approval, revision and addition of the annual expenditure while there are no Board meetings, and propose to the Board for acknowledgement at its next meeting

4. Approve expenditure of 50 (fifty) million baht or more for purchase of merchandise as per normal business operation.

5. Approve expenditure for acquisition of equipment or assets required for normal business operation with a budget limit of 20 (twenty) million baht per transaction, and acquisition of movable assets with a budget limit of 5 (five) million baht.

6. Approve sales and services as per normal business operation, such as approval for sales of products or for contracts to produce goods worth 300 (three hundred) million baht or more.

7. Approve the opening and closing of all types of accounts at banks or financial institutions, while setting conditions for withdrawal or making any legal transactions in relation to those accounts.

8. Approve applications for loans, seek credit line, issue bonds, sign overdraft contracts or any other types of loans from banks or financial institutions or ordinary persons in accordance with normal business operation, with a limit of 20 (twenty) million baht per transaction; request letter of guarantee from banks for the purpose of normal business operation with a limit of 20 (twenty) million baht per transaction.

9. Approve the use of the Company's assets for collateral as guarantee for all type of existing debts or those to be committed in the future with a limit of 20 (twenty) million baht per transaction.

10. Approve the disbursement for consultancy fees after receipt of payment from customers, with authorization limited to not more than 5 percent of the total sales, and the Managing Director must co-sign with the Chief Executive Officer.

11. Approve the disbursement for major investment as stipulated in the annual budget as assigned by the Board of Directors or as the Board of Directors has approved in principle.

12. Act as the consultative committee in issues related to fiscal policy, marketing, human resources management and other areas of the business.

13. Draw up the organization chart and scope of management authority, including appointment, hiring, transfers, remuneration, compensation, bonuses for employees at the management level, and employment termination.

14. Authorize one or more Committee members or other persons to execute certain tasks under the supervision of the Executive Committee, or grant that said person authority as the Executive Committee sees fit and within a particular timeframe. The Executive Committee has the right to terminate, suspend or change the authorized person or the granted authority as it sees fit. In any case, no authority will be granted to any person who may have conflict of interest in the operation.

15. Execute any other tasks that may be assigned by the Board of Directors.

In any event, the Executive Committee cannot consider and approve transactions that the Executive Committee has a stake or conflict of interest with the Company, except when approving transactions in accordance with the policy and regulations that the Board of Directors or the Shareholders Meeting has previously approved and is in accordance with the legal procedure. However, the Board of Directors may cancel, terminate, revise or change the authority of the Executive Committee through a resolution of the Board.

Nomination & Remuneration Committee

As of December 31, 2018, the Company's Nomination & Remuneration Committee comprises:

1.	Mr.Suvit Singhachan	Chairman of the Nomination & Remuneration Committee
2.	Mr. Somsak Limprasert	Member of the Nomination & Remuneration Committee
3.	Mrs. Wanchalee Kanjanajongkol	Member of the Nomination & Remuneration Committeeedge and experience to examine the reliability of the Financial Statement.

Scope of duty and responsibility of the Nomination & Remuneration Committee:

Nomination:

1. Set rules and policy in the nomination of members of the Company's Board of Directors and respective committees by considering the number of members, structure and elements of the various committees; set the qualifications of committee members to be proposed to the Board of Directors and/or submit for approval to the Shareholders Meeting.
2. Search for, recruit and nominate suitable persons to replace members of the Board of Directors who have completed their term and/or to fill vacant position(s) and/or to become additional members.
3. Search for and recruit company executives, particularly for the position of Managing Director or Chief Executive Officer.
4. Perform any other tasks involving the nomination process as assigned by the Board of Directors

Remuneration:

1. Set rules and policy of remuneration for members of the Board of Directors and respective committees and executives to be proposed to the Board and/or submitted for approval to the Shareholders Meeting, as the case may be.
2. Set the necessary and appropriate remuneration both monetarily and otherwise for each member of the Board of Directors. In setting the remuneration for members of the Board and committees and executives, consideration must be given to their duties, responsibilities and performance, compared to other companies in similar field, and the benefits that can be expected from members of the Board and committees and executives to be proposed to the Board of Directors for consideration and the meeting of the Board of Directors for approval.
3. Be accountable to the Board of Directors and responsible for explaining and answering questions regarding remuneration to the Board, committees and senior executives of the Company at the Shareholders Meeting.

4. Report on policy, principles and reasons for the proposed remuneration for members of the Board of Directors and committees and executives in accordance with the SET regulations, and publish the information in the annual disclosure form and the Annual Report.

5. Perform any other tasks involving remuneration assigned by the Board of Directors, while the management and other departments must report or propose information and related documents to the Nomination & Remuneration Committee to support the Committee's execution to achieve its assigned tasks.

Risk Management Committee

As of December 31, 2018, the Risk Management Committee is composed of:

1.	Mr. Somsak Limprasert	Chairman of the Risk Management Committee
2.	Mr. Noppadol Wichienkuer	Member of the Risk Management Committee
3.	Miss Haruthai Limprasert	Member of the Risk Management Committee
4.	Mr. Monchai Thunthanase	Member of the Risk Management Committee and Committee Secretary

Scope of duty and responsibility of the Risk Management Committee:

The Board of Directors at the meeting of 1/2560 on March 17, 2017, has resolved to appoint and specify authority, duties and responsibility of the Risk Management Committee in order to support the Board of Directors in setting the risk management policy covering the entire company as follows:

1. Set policy and guideline on risk management by identifying the risks that have affected or may affect the Company as well as set policy and provide opinions on the management of both external and internal risks to cover the following areas:
 - Financial Risk
 - Operational Risk
 - Strategic Risk
 - Compliance Risk
2. Draft strategy and guideline in the management of risks to be consistent with the risk management policy to allow for the evaluation, follow-up and control of each type of risks to be within an acceptable level, by ensuring that all work units have a role to play in the management and control of the risks.
3. Monitor for compliance with the risk management policy under the guideline and policy approved by the Board of Directors
4. Set criteria to determine risks and the level of which is acceptable to the Company.
5. Set measures to be applied to manage risks as appropriate for each situation.
6. Evaluate risks at the organizational level and identify a mechanism to manage the risks to achieve an acceptable level as well as ensure risk management be carried out with prescribed means.

7. Review the risk management policy with an eye toward revising it to increase efficiency and effectiveness to ensure proper management.
8. Empowered to summon relevant persons to testify, or to appoint and assign scope of duty for personnel at all levels to take the roles in risk management as appropriate, and to report to the Risk Management Committee to ensure that the risk management has achieved its goal.
9. Report on the management, operation and risk situation of the Company, and any significant changes, including areas that need remedies to fall in line with stipulated policy and strategy, to be presented regularly to the Board of Directors.
10. Prepare the Risk Management Handbook.
11. To identify risks in all areas as well as to analyze and assess the risks that may occur, including any potential impacts on the Company.
12. Prepare a plan to prevent or reduce risks.
13. Evaluate and prepare the Risk Management Report.
14. Put in place an integrated risk management system connected to the IT system.
15. Perform any other duties that the Board of Directors may see fit.

Executive Team

As of December 31, 2018, the Executive Team is composed of six persons as follows:

1.	Mr. Somsak Limprasert	Chief Executive Officer
2.	Mr. Noppadol Wichienkuer	Managing Director
3.	Mr. Monchai Thunthanase	Deputy Managing Director (Sales and Engineering)
4.	Miss Haruthai Limprasert	Duty Managing Director (Administration)
5.	Mr. Teerayut Phechwong	General Manager (Production and Design)
6.	Mr. Prawit Rojanasriratana	General Manager (Product Development)

Scope of duty and responsibility of the Chief Executive Officer and Managing Director:

Scope of duty and responsibility of the Chief Executive Officer (CEO):

1. Supervise and approve matters pertaining to the routine operation of the Company, and delegate duties to the Managing Director, executives or other personnel to carry out routine daily operations as assigned by the Chief Executive Officer under the CEO's supervision and for the duration that is considered appropriate by the CEO, and the CEO may cancel, revoke, revise or change such assignments at any time.
2. Manage or execute tasks according to the policy, business plan and budget approved by the Executive Team and/or the Board of Directors.
3. Have authority to manage the Company according to the objectives, policy, rules, regulations, orders, and resolutions of the Shareholders Meeting and/or of the Executive Team meetings and/or of the Board of Directors in totality.

4. Have authority to delegate and/or assign another person to execute a specific task. Such assignment must be within the scope of authority and/or must be in accordance with the regulations, rules or orders stipulated by the Board of Directors and/or by the Company. Monitor and evaluate the performance of the Company regularly to prevent any risk factors arising from within or without the organization.

5. Approve purchases for the Company's normal operation, with the acquisition of raw materials within a budget limit of 50 (fifty) million baht per transaction; or equipment or assets for normal business operation within a budget limit per transaction of 10 (ten) million baht; or movable assets within a budget limit of 2 (two) million baht per transaction.

6. Approve sales and services in the course of normal operation of the Company, such as approving sales of products or approving contractual works worth no higher than 300 (three hundred) million baht.

7. Approve applications for loans, seek credit line, issue bonds, sign overdraft contracts or any other types of loans from banks or financial institutions or ordinary persons in accordance with normal business operation, with a limit of 10 (ten) million baht per transaction; request letter of guarantee from banks for the purpose of normal business operation with a limit of 10 (ten) million baht per transaction.

8. Approve the disbursement for consultancy fees after receipt of payment from customers, with authorization limit from 3 percent to no more than 5 percent of the total sales or project value, to be co-signed by the Managing Director.

9. Perform any other duties as assigned by the Board of Directors or the Executive Committee on a case-to-case basis.

In any event, the Chief Executive Officer may not consider or approve transactions in which the Managing Director has a stake or conflict of interest with the Company, except where such approval is granted in accordance with the policy and rules that have been approved by the Board of Directors or the Shareholders Meeting and are according to the law. By a resolution, the Board may cancel, revoke, change or amend the CEO's authority.

Scope of duty and responsibility of the Managing Director:

1. Supervise the Company's operations and/or day-to-day management.

2. Administer or execute tasks according to the policy, business plan and budget approved by the Executive Team and/or the Executive Committee and/or the Chief Executive Officer.

3. Have authority to manage the Company according to the objectives, policy, rules, regulations, orders, and/or resolutions of the Shareholders Meeting and/or resolutions of the Executive Team's meeting and/or the Executive Committee and/or the Chief Executive Officer in totality.

4. Have authority to delegate and/or assign another person to execute specific tasks. Such delegation and/or assignment must be within the granted authority and/or in accordance with the regulations, rules or orders stipulated by the Board of Directors and/or by the Company. No delegation shall be granted to any person who may have conflict of interest in the operation.

5. Monitor and evaluate the Company's performance regularly to prevent any risk factors arising from within or without the organization.

6. Scrutinize contracts affecting company business and other contracts which may be beneficial to the Company, including specifying the procedure and process in drafting those contracts, to be submitted to the Executive Committee and/or the Board of Directors and/or the Chief Executive Officer.

7. Approve purchases for the Company's normal operation, with the acquisition of raw materials within a budget limit of 30 (thirty) million baht per transaction; or equipment or assets for normal business operation within a budget limit per transaction of 5 (five) million baht; or movable assets within a budget limit of 1 million baht per transaction.

8. Approve sales and services in the course of normal operation of the Company, such as approving sales of products or contractual works worth no higher than 100 (one hundred) million baht.

9. Approve the disbursement of commission and fees for consultancy after receipt of payment from customers, with authorized limit of no more than 2 percent; and for consultancy and coordination on sales of no more than 3 percent of the total sales or project value; and for consultancy of 3 percent but no more than 5 percent of total sales with the Chief Executive Officer co-signing.

10. Allocate gratuities, rewards or other bonuses that have been approved by the Board of Directors to the Company's employees or workers or any persons who perform tasks for the Company.

11. Have authority to hire and promote employees as well as order cross-function and cross-department transfers, or to terminate employment, to determine salaries, remuneration, bonuses as well as all employee benefits, except those for senior executives.

12. Have authority to issue orders, regulations, announcements and memoranda to ensure that company operations are compliance to company policies and are carried out for the benefit of the Company, and that order and discipline within the organization are maintained.

13. Perform any other duties as assigned by the Board of Directors or the Executive Committee and/or the Chief Executive Officer on a case-by-case basis.

Company Secretary

The Board of Directors meeting of 1/2019 on February 27, 2019, has resolved to appoint Miss Pakamas Chimlek as Company Secretary. Miss Pakamas possesses all the required qualifications and has completed the Company Secretary Program (CSP) organized by the Thai Institute of Directors (IOD). She replaced Miss Chittima Kumwiengchan, the former Company Secretary, who has resigned. The Company Secretary being appointed shall perform duties in accordance with Article 89/15 of the Public Limited Companies Act, B.E. 2535 (1992), with responsibility, care and honesty, while at the same time complying with the law, the Company's objectives, regulations, the Board of Directors' resolutions as well as the resolutions of the Shareholders Meeting with the duties and responsibility as follow:

1. Prepare and maintain the following documents:
 - Directors registry;
 - Notices of the Board of Directors Meetings, Minutes of the Board of Directors Meetings and the Company's Annual Reports;

- Notices of the General Shareholders Meetings, Minutes of the General Shareholders Meetings.

2. Maintain reports of the Company's stakes that have been reported by members of the Board of Directors or the executives.

3. Submit copies of the reports of the Company's stakes per Article 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within seven (7) days from the date that the Company receives the reports. The Company must also ensure the safekeeping of the documents or evidence pertaining to the disclosure of information and ensure their proper and thorough safekeeping and availability for inspection for no less than 10 years from the date that the said documents or information were prepared.

4. Act as the center for enquiries and data collection that the Board of Directors requires from various departments, over and above those received from the executives, such as the auditor and the internal auditor, as well as organize meetings between the Board of Directors and the executives as required by the Board.

5. Perform any other functions as required by the announcements of the Capital Market Commission.

In 2017 and 2018, the Company has held four (4) and seven (7) Board of Directors meetings, respectively, and four (4) Audit Committee meetings each year, with the attendants' details as follows:

Table showing the attendance at the Board of Directors meetings and the Audit Committee meetings 2017-2018

Name / Surname	Board of Directors meeting		Audit Committee meeting		Nomination Committee meeting	
	2017	2018	2017	2018	2017	2018
1. Mr. Charoong Supanpong	4/4	2/7	-	-	-	-
2. Mr. Suvit Singhachan*	4/4	7/7	4/4	4/4	1/1	3/3
3. Mr. Prapart Praisuwanna	3/4	7/7	3/4	1/4	-	-
4. Mrs. Wanchalee Kanjanajongkol	4/4	7/7	4/4	4/4	1/1	3/3
5. Mr. Pradit Sukontasawad*	4/4	-	-	-	-	-
6. Mr. Worapoj Yasathat	-	2/7	-	1/4	-	-
7. Mr. Somsak Limprasert	4/4	7/7	-	4/4	1/1	3/3
8. Mr. Apichart Papatum	4/4	4/7	-	3/4	-	-
9. Mr. Noppadol Wichienkuer	4/4	7/7	-	4/4	-	-
10. Miss Haruthai Limprasert	4/4	7/7	-	4/4	-	-
11. Mr. Monchai Thunthanase	-	1/7	-	1/4	-	-

Note: * The Company has made changes to the Board of Directors by appointing Mr. Worapoj Yasathat to the Board as per the resolution of the Board of Directors meeting No. 3 for the year 2018 on May 24, 2018, and Mr. Monchai Thunthanase as per the Board of Directors meeting No. 6 for the year 2018.

Remuneration for the Directors:

1. Monetary remuneration

Remuneration for the Directors:

The 2018 Annual General Meeting on April 23, 2018 has determined the remuneration for members of the Board of Directors and members the Audit Committee in the form of meeting allowance as follows:

Position	Meeting allowance
<u>Board of Directors meeting</u>	
Chairman of the Board	20,000 baht/meeting
Deputy Chairman of the Board/Directors	15,000 baht/meeting
<u>Audit Committee meeting</u>	
Chairman of the Audit Committee	20,000 baht/meeting
Deputy Chairman of the Board/Audit Committee member	15,000 baht/meeting

In 2018, the Company has paid remuneration in the form of meeting allowance to the members of the Board of Directors as follows:

Name / Surname	2017	2018
1. Mr. Charoong Supanpong	80,000	40,000
2. Mr. Somsak Limprasert	60,000	105,000
3. Mr. Apichat Pepathum	60,000	60,000
4. Mr. Noppadol Wichienkuer	60,000	105,000
5. Miss Haruthai Limprasert	90,000	115,000
6. Mr. Suvit Singhachan	140,000	185,000
7. Mr. Prapart Praisuwanna*	90,000	145,000
8. Mrs. Wanchalee Kanjanajongkol	120,000	165,000
9. Mr. Worapoj Yasathat**	-	75,000
10. Mr. Pradit Sukontasawad	60,000	-
11. Mr. Monchai Thunthanase***	-	15,000

Note: * Director No. 7, Mr. Prapart Praisuwanna, was appointed Chairman of the Board of Directors during the Board meeting No. 3/2018 on May 24, 2018.

** Director No. 9, Mr. Worapoj Yasathat, was appointed Chairman of the Board of Directors during the Board meeting No. 3/2018 on May 24, 2018.

*** Director No. 11, Mr. Monchai Thunthanase, was appointed Chairman of the Board of Directors during the Board meeting No. 6/2018 on August 31, 2018.

Executive Committee

1. Monetary remuneration

In 2017 and 2018, the Company paid remuneration in the form of meeting allowance to the executives as follows:

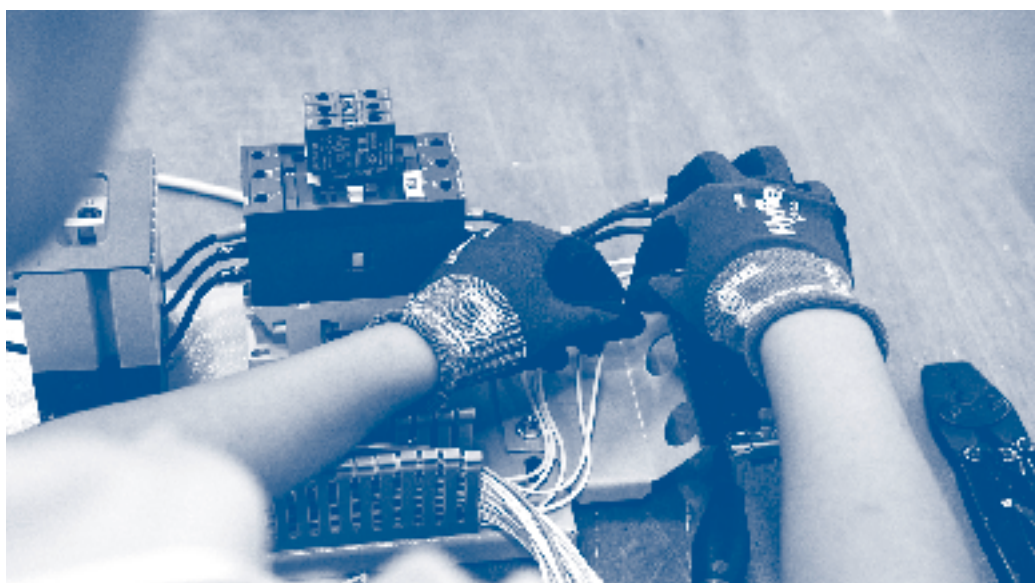
Remuneration for the Company's executives

Item	2017	2018
Number of executives	7	8
Total remuneration for executives (baht)	44,976,100.32	46,841,664
Type of remuneration	Salary/bonus	Salary/bonus

2. Other forms of compensation

The Company has established the Provident Fund for executives and employees with effect from September 1, 2013, with the conditions for the Provident Fund as below:

Duration of employment	Percentage of contribution and benefits of contribution
Less than 3 years	0
3 years but less than 5 years	50
5 years but less than 10 years	70
10 years and more	100





Good Corporate Governance Policy

CPT Drives and Power Public Company Limited fully realizes the importance of the commitment to good corporate governance in its business conduct. Therefore, the Company's Board of Directors set a policy to strictly follow the principles and good practices for members of the Board that are in line with the Stock Exchange of Thailand's "Code of Best Practices for Directors of Listed Companies". Realistic provisions have been implemented while the Company has applied the good corporate governance principles in its development of policies that cover the rights and equality of all stakeholders, framework, roles and duties, responsibility and autonomy of the Directors, disclosure and transparency, risk control and management, as well as business ethics to enable the management and business process of the Company to proceed efficiently and transparently, through the five (5) Good Corporate Governance principles as follows:

Article 1 – Rights of the Shareholders:

The Company is fully aware of the importance of shareholders' rights. The Company shall not violate or diminish the shareholders' rights, and shall encourage the shareholders to exercise their rights in accordance with the basic rights of the shareholders, including the right to buy, sell or transfer shares, the right to share in the Company's profit, the right to access company information adequately, the right to participate in the shareholders meetings to cast votes to terminate Directors, appoint the auditor and on other issues that may affect the Company, such as dividend allocation, defining or amending the regulations and memorandum of association, reduction or increase of capital and approval of extraordinary issues.

To support and facilitate the shareholders to fully exercise their rights, the Company will do the following:

- Mandate the Board of Directors to prepare the Notice of the Shareholders Meeting with adequate information and forward to the shareholders seven (7) days before the day of the Shareholders Meeting, or as stipulated by the SEC and the SET;
- In each Shareholders Meeting, the Chairman shall explain the rules of the meeting as well as the voting procedure, and to allocate adequate time for the meeting;
- Provide opportunity for the shareholders to submit opinions, suggestions or questions prior to the day of the Shareholders Meeting;
- Provide opportunity for the shareholders to express opinions and other suggestions fully with the Directors and relevant executives present at the Shareholders Meeting to answer questions from the floor. After the Shareholders Meeting, the Company shall prepare meeting minutes with accurate and complete information for scrutiny by the shareholders;
- In the case that the shareholders cannot attend the meeting in person, the Company shall allow the shareholders to assign a proxy to any Independent Directors or any other persons to participate in the meeting on their behalf, by filling in the form enclosed with the Notice of the Shareholders Meeting.

Article 2 – Equal treatment for all shareholders

The Company will treat all shareholders equally and fairly regardless of whether they are shareholding executives, non-executive shareholders, foreign shareholders or minority shareholders with the following principles:

- The Board of Directors shall not insert additional issues into the Shareholders Meeting agenda without prior notice to all shareholders, especially on crucial issues that the shareholders need time to study before making decision;
- Enable the shareholders to appoint proxy with stipulation on how their votes should be cast, and to appoint at least one Independent Director as proxy;
- Assign Independent Directors to attend to the minority shareholders so that the minority shareholders may make suggestions, opinions or complaints through Independent Directors, who will carry out investigation and arrive at appropriate solutions. Where a suggestion is deemed to have repercussions on all stakeholders or the Company's operations, the Independent Directors shall propose the suggestion for consideration to be put on the agenda of the Annual Shareholders Meeting;
- Promote the exercising of rights, such as provide opportunity to the minority shareholders to submit additional agenda before the Annual General Meeting such that the minority shareholders may nominate a person or persons for Directorship in a reasonable time period prior to the meeting along with supporting documents in the form of credentials and acceptance of the nominated person;
- The Company shall devise measures to prevent insider trading by stakeholders, including the Directors and company executives who are privy to the information (including spouses and children who are minors of such persons). In the case that an employee or an executive reveals the information or use it for his or her benefit, such action is considered a serious offense and is liable to severe disciplinary action.
- Promote the use of ballots for votes on important agendas of the Annual General Meeting, such as the procurement or sale of assets, to ensure transparency and accountability in case of post-meeting disputes;

- Provide opportunity for the shareholders to exercise the right to appoint individual Directors;

- At the Annual General Meeting, the Company's Directors and executives shall reveal their stakes in each of the agenda to allow the Board to determine whether any transaction constitutes a conflict of interest and make decision for the overall interest of the Company, while the affected Director or executive will not have the right to vote on the said agenda;

- Devise measures and procedure in writing for the safekeeping of internal documents and announce them to everyone in the organization to follow and to require the Directors and executives to report on the ownership of assets as required by law and to submit such report to the Company's Board of Directors.

Article 3 – Role of the stakeholders

The Company attaches foremost importance on the right of all stakeholders and has set policy to treat each important group of stakeholders as follows:

Shareholders: The Company is determined to operate its business with knowledge and management skills to the best of its ability in every circumstance, with honesty and fairness to the major and minor shareholders for the highest benefit of all stakeholders as well as to regularly disclose complete and accurate information.

Employees: The Company shall compensate employees fairly; care for the workplace environment to ensure safety for life and assets; place importance on development of skills for employees thoroughly and regularly; strictly adhere to the laws and regulations pertaining to employees as well as avoid any unfair practices that may affect employees' job security and to treat employees with politeness and respect their human dignity.

Customers: The Company is determined to produce high quality goods and services that meet the standards at reasonable prices; strive to seriously maintain customer confidentiality; unceasingly try to increase value for customers; and implement all conditions that have been promised to customers.

Business partners and creditors: The Company shall not engage in any fraudulent acts against business partners and creditors, and is determined to strictly comply with the conditions as agreed with the

creditors whether they be the purpose for loans, repayment, maintenance of collateral and any other matters as agreed with the creditors for the benefit of all parties.

Business competitors: The Company shall strictly adhere to the rules of fair competition and will not seek to gain competitors' business secrets through fraudulent or improper means and will not attempt to malign competitors' reputation through baseless accusations and allegations.

Society in general: The Company shall not engage in actions that are damaging to society, natural resources and the environment, and will seek opportunities to support worthy social activities, cultivate social awareness among employees at all levels earnestly and continuously, as well as to strictly control and abide by the intentions of the law and regulations issued by relevant agencies.

Article 4 – Information disclosure and transparency

The Company attaches importance to disclosure of information that is accurate, complete, transparent and timely and in accordance with criteria set by the SEC and the SET, including the financial statement and general information, as well as other information that may affect the share price and investors' decision-making process and the Company's stakeholders, so that all company stakeholders will receive complete information equitably through the SEC, the SET and the Company's website www.CPTthailand.com.

The Board of Directors is well aware of its responsibility for reporting the financial statement that is correct, complete, truthful and reasonable. The financial statement has been prepared in accordance with the proper standard accounting procedure and by choosing the right accounting policy. The recording of accounting information shall be done completely and accurately to protect the Company's assets and to discover any weak points to prevent any fraudulent act or any significant anomalous operation. The Company shall follow those procedures consistently and disclose crucial information adequately in the remarks in the Financial Statement. In addition, the Company has appointed the Audit Committee to audit financial statements, connected transactions, and the internal control system. The Audit

Committee shall submit its reports at all Board of Directors meetings. The reports of the Board of Directors, the Audit Committee and the Auditor are published in the Annual Report. With regard to investor relations function, the Company does not yet have a plan to establish an investor relations department in the near future, but has assigned Miss Tanatporn Thongsook, General Manager (Administration), to liaise with investors, analysts and other stakeholders.

Article 5 – Responsibility of the Board of Directors

(1) Structure of the Board of Directors

The Company's Board of Directors is composed of Directors who are knowledgeable, able and highly experienced in operating the business that will be most beneficial to the Company. The Board of Directors is appointed by the Shareholders Meeting and consists of nine (9) members – five (5) Independent Directors, one (1) Chairman of the Audit Committee and two (2) Members of the Audit Committee. At least one Member of the Audit Committee is fully knowledgeable in accounting to scrutinize the reliability of the financial statements. The Company has required at least one-thirds (1/3) of the full Board of Directors, but no fewer than three (3) persons, to be Independent Directors. Currently, the Company has five (5) Independent Directors who can ably represent the interests of the minority shareholders by scrutinizing and balancing the overall operations of the Company to ensure accountability, fairness and utmost interest of the shareholders. The Independent Directors have a term of three (3) years.

The Chairman of the Board of Directors shall not assume the position of the Chief Executive Officer, Chief Operating Officer or Managing Director, to ensure balance and accountability of the management. The Company has clearly defined the scope of authority, duty and responsibility of the Directors, Executive Committee members, Chief Executive Officer, and Managing Director, to ensure that the Chief Executive Officer, Executive Committee members and Managing Director do not have unfettered authority to approve unlimited expenditure.

(2) Committees

The Company's Board of Directors has appointed the following committees:

- The Executive Committee consists of four (4) members who are tasked with ensuring smooth operation of the Company under the guidance of the Board.
- The Audit Committee consists of at least three (3) members who are tasked with monitoring and supervising the Company's operations, with the scope of authority and duty as assigned by the Board of Directors. All members must have qualifications as stipulated in the securities and stock exchange laws or the rules, announcements, regulations or orders of the SEC and SET.
- The Nomination and Remuneration Committee consists of at least three (3) members, most of whom are Independent Directors, with an Independent Director serving as the Chairman of the Nomination and Remuneration Committee to be responsible for setting regulations and policies on nomination and remuneration for the Board of Directors and subsidiary committees as well as recruiting, selecting and proposing suitable persons to serve as members of the Board and to set remuneration for the Directors.
- The Risk Management Committee consists of at least three (3) members who do not need to be members of the Board. The Committee is tasked with supporting the Board of Directors to set policies in relations to risk management that encompasses the entire organization, as well as ensure an efficient system or process to mitigate the risks that may affect the Company's business operation.

However, the Company may in future appoint additional subcommittees to carry out tasks as assigned in order to lighten the Board's work load.

(3) Role, duty and responsibility of Directors

The Board of Directors shall set policy, vision, strategy, mission, business plan and budget for the Company, as well as ensuring that the administration manages the operation in accordance with the set policy efficiently and effectively within the scope of the law, objectives and regulation of the Company and resolutions

of the Shareholders Meeting. The Board of Directors has mandated:

3.1. Business ethics

The Company has set guideline on business ethics for the Board of Directors, the Audit Committee and all operational personnel to follow with the key issues being the maintenance of the Company's confidentiality, management with honesty, legitimacy, and respect for the rights of one another, and to take care of resources both within the Company and in the environment. Adherence to business ethics will lead to honesty in operations and efficiency of the internal control, boosting confidence in the capital market and among investors.

3.2. Policy on conflict of interest

The Company has set policy on conflict of interest based on the principle that all employees must perform their duties for the best interest of the Company. Any action or decision must not be influenced by personal or family interests or that of acquaintances. The policy encompasses two (2) issues as follows:

- **Connected transactions:** The Company will carefully consider the propriety before entering into every connected transaction as well as to set the price and conditions of the connected transaction on an arm's length basis, and the Audit Committee will consider the necessity and the propriety of the transaction. When the Company or any subsidiary has entered into a connected transaction, if it is related to the list specified in the SEC's announcement concerning disclosure and conduct of a listed company regarding connected transactions, and the announcement of the Capital Market Commission on the rules concerning connected transactions, the Company will strictly follow the regulations, conditions and processes of the said announcements as well as to disclose the transactions in the Annual Report and in the report on the disclosure of additional information (Form 56-1) to ensure transparency in the connected transactions and mitigate any conflict of interest or any situation that may lead to conflict of interest.

- **Other situations that may lead to conflict of interest, including:**

1. **Ordinary investment:** The Company does not allow company personnel who are shareholders or have

interest in competing businesses or vendors/suppliers that have transactions with the Company, to become involved in decision-making in connection with the relationship with the said business, except with the expressed approval by the Board of Directors;

2. **Acceptance of gifts:** Personnel at all levels should not accept gifts, transportation tickets, sporting event tickets, free trips, holiday accommodations, or any personal offers, if such offer will lead to any obligation on the Company's part or losses to the Company.

3. **Acceptance of academic work, public service work, speaking engagements or other positions:** Personnel at all levels may seek permission from relevant department chief to accept academic work, public service work, speaking engagements or other positions, such as member of a board of directors, or advisor, which will help to broaden vision and experience of such personnel. However, such personnel must not involve the Company or allow his/her position to be involved in those external activities, except when permission is explicitly given.

3.3. Internal control

The Company shall establish an internal control system to boost investors' confidence that the Company will conduct its business efficiently and to increase confidence in the budget plan. Since 2013, the Company has engaged BK IA & IC Co., Ltd. (service ceased during 2014-2015 and has since restarted in 2016), which has expertise in accounting and internal control, to be the advisor in laying the groundwork for a stringent internal control system as well as to work towards mitigating risks and anomalous transactions, and also establish an internal control office to monitor all control systems.

In addition, the Company has appointed Miss Boonmee Kusolsopis as Secretary of the Audit Committee to present the reports on internal audit to the Company's Audit Committee at least every three (3) months.

(4) Meeting of the Board of Directors

The Company's Board of Directors shall meet at least once every three (3) months, and may convene for an extraordinary meeting as necessary. Management shall submit performance reports to the Board of Directors each month, so that members of the Board

may direct, control and supervise the operation of the management in a continually and timely manner. A notice of meeting will be sent to all Directors for review at least seven (7) days before the date of the meeting, except when an urgent requirement occurs to safeguard the rights and interest of the Company. In such a case, Directors may request additional information from the Company Secretary.

(5) Reports of the Board of Directors

The Audit Committee shall review the Financial Statement in a joint meeting with the Accounting and Finance Department and the Auditor, and present the statement to the Board of Directors every quarter. The Board is responsible for the total budget of the Company as well as the financial information (report on the Board of Directors' responsibility for the Financial Statement) as appears in the Annual Report. Such financial statement is prepared in accordance with standard accounting procedure and audited by the Company's auditor through the application of appropriate and acceptable accounting policy that is consistently observed. Additionally, careful consideration shall be applied in the preparation and adequate disclosure of important information in the notes to the Financial Statement.

(6) Remuneration

The Company shall set remuneration for the Directors and members of the Audit Committee at the rates that make it possible to retain Directors with the right qualifications. The remunerations will be comparable to the prevailing rates within the same industry and related to the performance of the Company. Approval for the proposed remuneration shall be requested from the Shareholders Meeting.

The remuneration for the Chief Executive Officer, Managing Director and other senior executives shall be commensurate with their duties and responsibility according to the regulations and policy set by the Board of Directors and for the utmost benefit of the Company. The remuneration in the forms of salary, bonus and incentive in the long-term shall be consistent with the performance of the Company and of individual executives.

(7) The development of the Company's Directors and executives

The Board of Directors shall promote and facilitate training and education for those involved in overseeing the Company's operation, such as Board Directors, Audit Committee members, and executives, to enable steady improvement in their performance. The training and educational courses may be conducted in-house or through contract with external institutions.

At every change of directors, the Company Secretary shall prepare adequate and relevant information for the execution of duties by the new directors, including the introduction of the characteristics of the business and management process.



Nomination and Appointment of Directors and Executives

A. Board of Directors

The Company has a Nomination Committee to select candidates to be appointed members of the Board. Consideration is placed on qualifications, knowledge, ability, experience and consistent attendance in Board meetings. The Shareholders Meeting will appoint directors by a majority vote in accordance with the following rules and procedures:

1. A shareholder has one vote per share, based on the number of shares held.
2. In the election of directors, votes may be cast for individual nominees or groups of nominees as the Shareholders Meeting sees fit. However, in voting for any resolution, shareholders shall exercise their voting rights all at once in accordance with Clause 1. Split vote is not allowed.
3. Election of Directors shall be based on majority vote. If the votes are equally split, the Meeting Chairman shall have a decisive vote.

Composition and Appointment of the Board of Directors

1. The shareholders determine the number of company directors for a quorum in a meeting but must not be less than 5 persons. At least half of all directors must reside in the Kingdom.

2. The Board of Directors consists of a number of independent directors, which is not less than that prescribed by law. An independent director must not have any business or related work that might affect their independent decisions (as “Independent Director”). The following persons are not to be considered for independent directors:

- Holding shares in excess of 1% of the Company’s issued shares, including shares held by related persons;
- Participating in the management of the Company or for major shareholders of the Company or receiving salary from the Company or from major shareholders of the Company;
- Being a consultant who receives salary from the Company or major shareholders of the Company; or having any benefit directly or indirectly in financial terms or management from the Company or major shareholders of the Company; or being close relatives with senior management or major shareholders of the Company.

3. The Board of Directors shall elect one independent director to be Chairman of the Board by considering experience in at least one important aspect for the Company, such as business, marketing, human resources management, finance, and management, and the Chairman of the Board must not hold the position of Managing Director or Chief Executive Officer.

4. The election of Directors shall be in accordance with the Company’s Articles of Association and relevant legal requirements, and the proceeding must be clear and transparent.

5. The nomination of Directors shall proceed through the process of the Nomination and Remuneration Committee with sufficient information to facilitate decision-making by the Board of Directors and/or shareholders.

B. Audit Committee

Composition and Appointment of the Audit Committee

The Board of Directors appoints at least three Audit Committee members and appoints the Committee Chairman from among the committee members. The Committee Chairman must be a member of the Board and an independent director with qualifications as stipulated by the Securities and Exchange Act as well as announcements, rules and/or regulations of the Stock Exchange of Thailand. In addition, at least one of the Committee members must be knowledgeable and experienced in accounting or finance.

Qualification of Audit Committee

The Audit Committee is independent according to the definition of an independent director as follows:

1. Holds no more than 1% of the total voting shares of the Company, parent company, subsidiary, affiliate, or juristic persons that may have conflict of interest, including shares held by related persons.

2. Not being a director who is involved in the management, workers, employees, or advisors receiving regular salary, or controlling persons of the Company, parent company, subsidiary, affiliate, same-level subsidiary, or juristic entities that may have conflict of interest (presently and 2 years prior to appointment).

3. No relationship by blood or by registration in terms of being parents, spouses, siblings or children, including children’s spouses, of executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary.

4. No business relationship with the Company, parent company, subsidiary, affiliate or juristic persons that may have conflict of interest in a manner that may impede independent view. Audit Committee members may not be major shareholders, board members who are not Independent Directors, or executives of those who have business relations with the Company, parent company, subsidiaries, associate companies or juristic persons that may have conflict of interest.

5. Not being the auditor of the Company, parent company, subsidiary, affiliate or juristic persons that

may have conflict of interest in a manner that may impede independent view, as well as not being a major shareholder, non-independent Director, or executive of those who have business relations with the Company, parent company, subsidiary, affiliate, or juristic persons that may have conflict of interest.

6. Not being a professional in any field, including legal or financial advisors who are paid service fee of more than two million baht per year from the Company, parent company, subsidiary, affiliate, or juristic persons who may have conflict of interest, as well as not being a major shareholder, a non-independent Director, executive or managing partner of a professional service provider.

7. Not being a director appointed to represent the Company's directors, major shareholders, or shareholders who are related to major shareholders of the Company.

8. Have no other characteristics that make it impossible to express independent views.

9. Not being a director authorized by the Board of Directors to make administrative decisions of the Company, parent company, subsidiary, affiliate, same-level subsidiary, or juristic persons that may have conflict of interest; as well as not being a director of any listed company which is a major corporation, subsidiary, affiliate, or same-level subsidiary.

10. Has the same duties as specified in the announcements of the Stock Exchange of Thailand relating to qualifications and scope of authority of the Audit Committee.

C. Executive Director

Composition and Appointment of Executive Committee

1. The Board of Directors shall appoint a number of directors as deemed appropriate to be the Executive Committee to perform duties as assigned by the Board. The Board shall appoint an Executive Committee member as Chairman of the Executive Committee.

2. Committee Members must possess competency, honesty, and ethics in operating business and are able to devote time to perform duties for the Company.

3. Committee Members must not have qualifications prohibited by the Public Limited Companies Act and other relevant laws.

4. Committee Members cannot be partners or directors of other juristic persons with similar business interests in competition with the Company either for personal benefit or for the benefit of others, except where the Shareholders Meeting has been informed before a resolution is passed on the appointment of the Executive Committee members as proposed by the Board of Directors.

D. Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed by the Board of Directors and consists of at least three directors and half of them must be independent directors. Chairman of the Audit Committee shall be Chairman of the Nomination and Remuneration Committee.

E. Risks Management Committee

Composition of the Risks Management Committee

The Risks Management Committee consists of at least three members who do not need to be members of the Board of Directors. The Risks Management Committee elects a member among themselves to serve as Committee Chairman and appoints a secretary to assist in the operation of the Committee having to do with organizing meetings, preparing agenda, delivering meeting documents, and recording meeting proceedings.

Qualifications of the Risks Management Committee

Members of the Risks Management Committee shall have the following qualifications:

1. Have ability and knowledge, honesty, business ethics and are able to devote sufficient time to perform their duties for the Company;

2. Are fully qualified and possess no prohibited characteristics under the law on public companies and other relevant laws;

3. Are not engaged in any businesses of similar nature and in competition with the Company's business; are not partners or directors of any juristic persons with similar operations and in competition with the Company's business either for own or others' benefits unless having informed the Board of Directors' meeting before the issuance of a resolution for the appointment.

4. The Risks Management Committee consists of at least one financial, accounting or risks management specialist.

F. Senior Executives

When an executive position becomes vacant or an executive is not capable of performing his or her duties, another executive at a relatively similar level or a level below shall act in that position until another person possessing qualifications in accordance with the Company's criteria is nominated for the post. The person must have vision, ability and experience compatible with the organizational culture as determined by the Nomination and Remuneration Committee which is responsible for the recruitment to be proposed to the Board of Directors to consider and approve.



Taking care of internal information

The Company has set a policy and process to monitor Directors and executives in their use of the Company's internal information, which has not been made public, for their own benefits in securities trading as follows:

1. Educate the Directors and executives on their duty to declare their assets, those of their spouses and under-aged children to the SEC as per Article 59 and the SEC Announcement Sor Jor 12/2552 regarding the



preparation and disclosure of assets of directors, executives and auditors and the punitive clause Article 275 of the Securities and Securities Market Act of B.E. 2553 (and its amendments), as well as declaring the origin or the sale of their assets and those of their spouses and under-aged children to the SEC as per Article 246 and punitive clause Article 298 of the Securities and Securities Market Act of B.E. 2553 (and its amendments).

2. The Company requires its Directors and executives as well as spouses and under-aged children to prepare and disclose a report of assets and any changes thereof to the SEC as per Article 59 and the punitive clause Article 275 of the Securities and Securities Market Act of B.E. 2553 and the SEC Announcement Sor Jor 12/2552 regarding the preparation and disclosure of assets of directors, executives and auditor, and submit this report to the company on the same-day of its submission to the SEC so that the Company could inspect all company executives' stock trading.

3. The Company requires its Directors and executives as well as related personnel, who have access to vital information that could impact share prices, to cease trading of the Company's shares one (1) month before the release of financial statements or the inside information to the public, or 24 hours after the inside information is made public. The said personnel are also prohibited from revealing vital information to any person before the information has been submitted to the SET. If it is found that the inside information has been used in a way that could cause damage to the reputation of the Company or the shareholders and the perpetrator is a person at the Executive Committee level, the Board of Directors will determine punitive measures to be imposed on the person as it sees fit. If the person is in the junior executive position, the Executive Committee will consider the suitable punishment.



Remuneration for the Auditor

1. Audit fee

The Company's financial statement has been audited by Mr. Yuttapong Chua-muangpan, Certified Public Accountant Registration Number 9445 of ANS Audit Company Limited. The Company has paid the audit fee for the year 2017 the amount of 1.5 million baht and has resolved to approve the payment of the audit fee for the year 2018 the amount of 1.65 million baht for the annual audit and quarterly review.

2. Non-audit fee

None

Dividend payment policy

CPT Drives and Power Plc. has set the dividend payment of no less than 40 percent of net profit after corporate income tax and reserves according to the law. However, the amount of dividend payment may be changed depending on investment plans, liquidity, necessity and other factors in the future.

If the Company has a subsidiary or affiliate company, that company must pay the Company dividend from 100 percent of net profit after corporate income tax and reserves according to the law. However, the subsidiary or affiliate may pay less than the required amount as dividend if they need the net profit to expand their operations.

Connected Transactions

Type of relationship

The Company has engaged in connected transactions with persons who may have conflict of interest, including Directors, shareholders, executives and related companies – meaning companies in which there are persons who may have conflicted interest with the Company, or have relationship with Directors, executives or shareholders of the said companies, that can be summed up thus:

**Summary of relationships among persons and juristic persons
that may have conflict of interest**

Persons/juristic persons who may have conflict of interest	Relationship
1. Communication and System Solution Plc. Co., Ltd. (CSS) (CSS imports, distributes and install cables for communication)	Has a mutual independent director and Audit Committee member, that is Assoc. Prof. Prapart Praisuwanna
2. Bangkok Sheet Metal Plc. Co., Ltd. (BM) (BM manufactures Communication Rack, Cabinet and Enclosure)	Has a mutual independent director and Audit Committee member, that is Assoc. Prof. Prapart Praisuwanna. (Assoc. Prof. Prapart Praisuwanna is Chairman of the Audit Committee of BM)
3. Power Solution Technology Plc. (PSTC) (PSTC provides sales and services for Renewable Energy)	Has a mutual independent director and Chairman of the Audit Committee, that is Mr. Suwit Singhachan



Summary of connected transactions

of CPT Drives and Power Public Company Limited for January–December 2018

Persons / juristic persons who may have conflict of interest	Relationship	Type of Transaction	Transaction Value (million baht)		Balance (million baht)		Board of Directors' Comments: Necessity and Rationale of Transactions	Audit Committee's Comments
			2017	2018	2017	2018		
Trading between related parties								
Communication and System Solution Plc. (CSS) CSS imports, distributes and installs cables for communication system.	Has a mutual independent director and chairman of the Board of Directors that is Mr. Prapart Praisuwanna	Purchase goods	2.02	2.02	-	-	CSS's main business is sales of cables, which CPT uses as raw material. CPT purchases 115kV electric cables for production of substations and other types of electric cables. Such purchases were carried out in accordance with CPT's policy on term of payment with reasonable prices, quality of goods and prompt delivery in comparison with other suppliers. As at report date, the Company has paid all due balances except those within credit term.	The Audit Committee has considered and opined that those purchase orders were placed as ordinary transactions with same terms and conditions as the Company has done with other parties, and were therefore reasonable.
		Payables	-	-	0.31	-		
Bangkok Sheet Metal Plc. (BM) BM manufactures Communication Racks, Cabinets and Enclosures.	Has a mutual independent director and chairman of the Board of Directors, that is Mr. Prapart Praisuwanna. Mr. Prapart is also chairman of the Audit Committee of BM	Purchase goods	6.28	6.28	-	-	BM mainly manufactures communication racks and enclosures, which CPT needs as raw materials. These merchandises are used for producing substations. Such purchases were carried out in accordance with CPT's policy on term of payment with reasonable prices, quality of goods and prompt delivery in comparison with other suppliers. As at report date, the Company has paid all due balances except those within credit term.	The Audit Committee has considered and opined that those purchase orders were placed as ordinary transactions with same terms and conditions as the Company has done with other parties, and were therefore reasonable.
		Payables	-	-	2.72	17.36		

Persons / juristic persons who may have conflict of interest	Relationship	Type of Transaction	Transaction Value (million baht)		Balance (million baht)		Board of Directors' Comments: Necessity and Rationale of Transactions	Audit Committee's Comments
			2017	2018	2017	2018		
Trading between related parties								
Power Solution Technology Plc. PSTC designs and installs electrical systems for renewable energy.	Has a mutual independent director and chairman of the Audit Committee, that is Mr. Suwit Singhachan	Revenue from installation services	50.32	2.55	-	-	PSTC designs and installs renewable energy systems. CPT provides contractual services and installation of substations to PSTC with reasonable service charges which may be compared with similar transactions provided for other customers. CPT derives revenue from selling electrical equipment (i.e., bus ducts) at prices comparable to those CPT charged other parties. All accounts receivables were duly settled except those within credit term. However, CPT has unbilled revenue for the same project, which is standard conditions as stated in the contract and in comparative terms as other clients.	The Audit Committee has opined that with regard to such installation services in connection with substations, the Company has based its price calculation on standard gross margin which is CPT's standard practice. Terms and conditions stated in the contracts were the same as in contracts with other parties on similar projects. Sales of electric equipment were carried out with reasonable prices comparable to those charged other parties including unbilled revenue.
		Revenue from sales	8.15	1.39	-	-		
		Trade Receivables	-	-	3.60	-		
		Unbilled Receivables	-	-	1.88	1.37		
		Advance payment received from customer	-	-	-	-		
CPT TTG Innovation Co., Ltd. (CPT TTG)	Subsidiary	Rental income	-	0.03	-	-	CPT TTG is a subsidiary of CPT, targeting small- and medium-sized biomass power plants as well as helping saw mills in southern Thailand to boost efficiency of their biomass power plants. CPT TTG has leased office space on the second floor of CPT's building with a one-year lease contract (Aug. 1, 2018-July 31, 2019) with rent of 5,000 baht a month on normal conditions as stated in general lease contracts.	The Audit Committee has opined that the lease is a regular business transaction between a parent company and its subsidiary, and is based on normal and reasonable business conditions.

The trend of future connected transactions

The Company expects that future connected transactions may include the transactions and services rendered that are ordinary trade agreement with persons who may have conflict of interest, stakes or may have conflict in the future. The Company will strictly adhere to the policy and process as mentioned.

As such, the future connected transactions and the conditions must adhere to the norms of ordinary trade agreement with reference to proper prices and market conditions. The Company will require the Audit Committee and/or Independent Directors to provide opinions on the remuneration as well as the necessity and propriety of the transactions. If there are transactions that may involve persons who may have conflict of interest in the future, the Company will act in accordance with the rules, announcements and/or regulations of the SEC and/or the SET. The Company may assign an independent expert or the Company's auditor to provide opinions on such connected transactions to assist decision-making by the Board of Directors or the shareholders, as the case may be. As such, the Company will disclose the connected transactions in the addendum to the Financial Statement that has been reviewed by the Company's auditor.





Internal Control and Risk Management

CPT Drives and Power Plc. has always recognized the significance of internal control system to ensure operational effectiveness and more efficiency in production. The Company's Board of Directors has appointed an Audit Committee to be responsible for monitoring a proper internal control system and to ensure that internal audit is carried out according to the principle of good corporate governance. In meetings to consider approval of transactions relating to internal control, the Audit Committee will be joined by the Company's auditor, independent auditor, or executives, as the case may be, to present information for the Audit Committee to acknowledge, follow up, or look for solutions in a timely manner.

The Company has also appointed an internal auditor, which is an independent third party. In 2018, BK IA & IC Co., Ltd., represented by Miss Boonmee Kusolsopit, was appointed as consultant to set up the internal audit system and to remove risks and anomalous transactions. Miss Boonmee, an Internal Auditor as well as Certified Public Accountant, is well versed in both accounting and internal control.

Furthermore, auditors from ANS Audit Co., Ltd. have examined the Company's internal control mechanisms relating to the preparation and presentation of financial statements to ensure accuracy and reliability. The auditors have found no significant anomalies.

The parties involved in both internal control and risk management have produced concrete presentations in terms of observations, suggestions and issues to follow up, as follows:

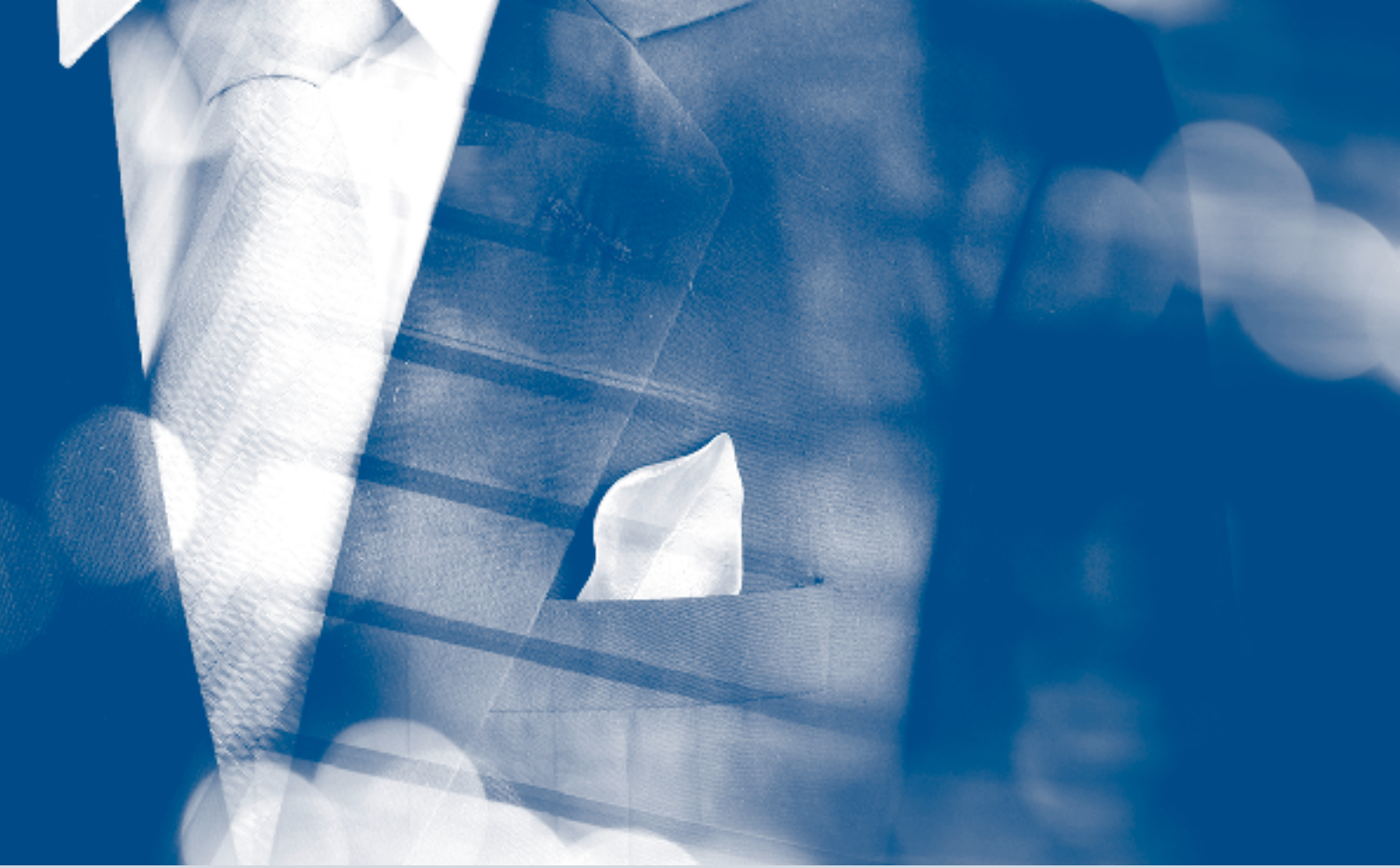
**1. Assessing the adequacy of the internal control system
by the Board of Directors**

In 2019, during the first Board of Directors meeting on February 27, the Audit Committee was in attendance to assess the internal control system by questioning the management about the adequacy of the system, covering five areas, namely: Control Environment, Risk Assessment, Control Activities, Information and Communication; and Monitoring Activities. The committee has subsequently come to a conclusion that the Company has adequate internal control in relation to transactions with major shareholders, directors, executives or related persons. The Company's internal control system is suitable and adequate to protect assets from being misused by executives. The system is found to be independent in monitoring and evaluating internal control. However, the committee has emphasized strict adherence to good corporate governance principles to ensure the Company's operations proceed with transparency and utmost efficiency. In addition, the Company has a system to keep important documents for directors, auditors and legally authorized persons to examine within an appropriate timeframe.

2. Assessing the internal control system by the internal auditor

The Company's internal auditor is appointed to evaluate, examine, and follow up on the improvement of the internal control system by assessing risks and preparing an annual internal control plan, and report the findings to the Audit Committee at least every quarter. The main purpose for having an internal auditor is to assess the current internal control system to ensure its adequacy and efficiency, compliance to policies and related regulations as well as the suitability and reliability of the Company's financial statements. Generally, the internal auditor examines the Company's operational processes and offers observations and suggestions for improving efficiency, which the executives take seriously and put into practice to achieve improvement as suggested.

As such, the Audit Committee has approved the Internal Control Report by examining the internal audit report and the report on follow-up activities as suggested by the internal control system, which have been prepared by the internal auditor. The Company has subsequently implemented internal control system improvements, particularly those involving observations about substantial risks to its operations.



Corporate Social Responsibility

A Overall policy

Corporate Social Responsibility (CSR) means conducting business with care for stakeholders, economy, society and the environment with morality, ethics and integrity as well as having good corporate governance in carrying out all activities with honesty, integrity, transparency and fairness. The Company conducts its business with responsibility towards the society, environment and stakeholders in accordance with the eight CSR principles laid down by the Stock Exchange of Thailand (SET) as a policy guideline that the Company may use in management as part of its CSR-in-Process as detailed below:

(1) Conduct business with fairness

Conducting business with fairness creates confidence among stakeholders. The Company is determined to conduct its businesses with integrity towards competitors for fair competition with the followings as guideline:

1. Operate within the proper rules of good of competition, promote free trade, and avoid cronyism or collusion;
2. Refrain from seeking competitors' trade secrets through dishonest or improper means, such as bribing competitors' employees;
3. Refrain from trying to tarnish competitors' reputation through baseless accusations;
4. Refrain from supporting any actions that are deemed to have infringed on Intellectual property rights and from using products and services that do not have proper property rights.

(2) Resist corruption

The Company shall conduct its business with transparency, adhere to righteousness and not condone operational success through dishonest conduct. The Company's Board of Directors shall strictly observe the anti-corruption law through a set of guidelines as detailed in (E).

(3) Respect human right

Respecting human rights means to do unto stakeholders, communities and society at large with respect in human dignity and to not violate the basic rights of others. The Company and its subsidiaries are determined to respect and avoid violating human rights through the following means:

1. Support and respect human rights protection by being vigilant in ensuring that no business of the Company will be involved in human rights violations, such as forced labor and child labor;
2. Promote human rights principles in its business conduct and encourage adherence to the international human rights principles.

(4) Fair treatment to the labor force

The Company shall treat all employees equally and fairly, to take care of their well-being, safety and hygiene in the work place as well as to promote learning at the organization level and personnel development to improve their skills, develop better work system and create innovation in the work place through the following means:

1. Create conditions for fairness in employment and to ensure fair compensation for the employees;
2. Ensure proper and adequate benefits for the employees, such as annual leaves, appropriate overtime work and proper health benefits;
3. Promotions, transfers, rewards and punishments shall be applied fairly, equally and based on knowledge, ability and suitability of the employees;
4. Take care of the work place environment to ensure safety for life and property of the employees;
5. Develop the skills and ability of the employees and provide regular training and learning opportunities for all;
6. Strictly follow the law and other rules and regulations concerning the work force;

7. Avoid any unfair practices that may affect employment security of the employees and treat them with courtesy.

(5) Responsibility to consumers

The Company is determined to create products and services that are of high quality and standard at reasonable prices; take keeping customers' confidentiality seriously; continuously seek to create value for the customers; and strictly follow all conditions agreed upon with the customers, with the following guidelines:

1. Deliver products of high quality and standard according to customers' demand under fair conditions;
2. Continuously develop products and services to add value to business and benefits for customers;
3. Provide correct and adequate information without embellishment on the products and services to help customers make the right decision;
4. Maintain customers' confidentiality and refrain from using it fraudulently for the Company's own benefit or benefit of others.

(6) Care for the environment

The Company is fully aware of the importance of care for environment to avoid creating pollution problems or aggravating global warming that will impact human quality of life and the ecosystem. Therefore, the Company has set a policy to not perpetrate any action that will adversely impact natural resources and the environment with the following guidelines:

1. Utilize natural resources efficiently, institute energy conservation measures and consider the recycling of resources;
2. Develop products and services that will have no impact on the environment and are safe to operate;
3. Use high-standard technology and production process with an aim to reduce waste and treat it before releasing into the environment;
4. Regularly support activities to promote social development and the environment.

(7) Engage in community and society development

The Company has set a policy to promote the business process that is beneficial to the development of quality of life and advance the economy and strength of the community and society according to the following guidelines:

1. Support hiring from local communities;
2. Seek opportunities to support activities that benefit the society and communities;
3. Cultivate an awareness of responsibility for the society and the environment among employees at all levels;
4. Ensure strict compliance to the intent of the laws as well as regulations and rules issued by regulatory agencies.

(8) Innovate and disseminate innovations arising from action of responsibility towards society, the environment and stakeholders

The Company is fully aware that stakeholders have important roles in dictating the direction of its business operations. Therefore, the Company attaches importance to caring for and looking after all stakeholders both inside and outside the organization. The Company has set a policy to support the Co-Creation concept, i.e. involvement of stakeholders in the development of innovation to create a balance between value and benefit to communities, society and the environment, along with the sustainable growth of the company business, according to the following guidelines:

1. Thoroughly analyze work process to create opportunities for development leading to business innovations;
2. Create opportunity to innovate new products in cooperative efforts with stakeholders to ensure sustainable growth together with profit making;
3. Cooperate with government agencies in the development of products beneficial to the under-privileged and society.

To ensure that all persons in the organization are aware of the anti-corruption policy, the Company will disseminate the said policy through its communication channels, such as letters, emails, Annual Registration Statement (Form 56-1) and Summary of Specified Items (Form 56-2), and will undertake review of the policy on an annual basis.

B Operation and reporting

The corporate social responsibility as detailed above is part of the Company's business practices and has been adopted as policy and guideline of operation, including the procurement process for high quality raw materials at reasonable prices. To ensure fair competition and avoid cronyism, the Company compares quality and prices of raw material from a number of suppliers to increase bargaining leverage.

Where production process is concerned, the Company has stringent checking and control of product quality from the initial to the final steps before delivery to customers as well as providing instruction on the use of the Company's products in the customers' production process to shorten production cycle time. The marketing staff will also follow up with after-sales evaluation to learn of any problems and suggestions from customers and use them to make improvement to the products and develop new products to better respond to customer needs.

As the Company's operations need personnel with knowledge, skills, and experience, our management realizes the importance of human resources and has the policy to promote people of new generations who have knowledge and abilities and are able to keep up with changing technology by providing training for employees to acquire knowledge of innovative technology directly from foreign manufacturers who have created such technology.

C Operations that impacts social responsibility

None

D Protective measures against involvement in corruption

Corruption means the misuse of power or wealth for the benefit of oneself, family, friends and acquaintances, or for other unearned benefits, which is harmful to others. Corruption occurs in many forms, such as bribing officials, receiving bribes in the form of cash or gifts, conflict of interest, money laundering, concealing facts, and obstructing justice.

The Company has drafted a guideline in accordance with its anti-corruption policy as follow:

1. Directors, executives and employees of the Company and subsidiaries shall not contribute to, accept or support corruption in all its forms both directly and indirectly; and reviews of practices in compliance with the policy, regulations, rules, announcements, laws and any changes in business practices shall be carried out regularly.
2. Anti-corruption measures are a part of business operations and the responsibility of the Board of Directors, executives, supervisors and personnel at all levels to play a part in providing suggestions regarding the effective ways to ensure success of the anti-corruption policy.
3. The Company shall not condone or support payments of bribes in any form, in any operation under its jurisdiction, including control over donations for charity and political donations. Giving of gifts to businesses and support for various activities shall be transparent and not intended to sway officials of government or the sector to commit unlawful acts.
4. The Company has prepared proper and constant internal controls to prevent employees from acting improperly, especially in sales, marketing and procurement functions.
5. The Company shall build a corporate culture of honesty and justice that promotes honesty, integrity and responsibility, as well as to communicate the Company's determination in this regard.
6. The Company shall be responsible for preparing financial statements that are accurate and complete according to the accepted accounting standards.
7. The Company shall avoid conflict of interest, which could lead to corruption, such as refraining from holding shares in competing companies, or avoiding the use of insider information for own benefit in the Company's stock trading or providing insider information to others.
8. The Company shall provide for stringent and effective internal control systems and annual assessment of the systems. For this purpose, the Company has outsourced a company to serve as an internal auditor to evaluate the risks and anomalous transactions and submit its findings to the Audit Committee every three months.

9. Anybody who witnesses suspected corrupt practices involving the Company either directly or indirectly are encouraged to report them to the Managing Director immediately. The Company pledges to keep the identity of the witness in strict confidence.

10. To ensure everyone in the Company is aware of the anti-corruption policy, the Company shall disseminate the said policy through its communication channels, such as letters, emails, Annual Registration Statement (Form 56-1) and Summary of Specified Items (Form 56-2), which will be reviewed on an annual basis.



Financial Statement



Board of Directors' Report on Financial Statements

The Board of Directors, CPT Drives and Power Public Company Limited, is responsible for the preparation, disclosure, and presentation of the Company's Financial Statements as well as information in the Annual Report. The financial statements have been prepared in conformity with the Thai Financial Reporting Standards, applying careful discretion to select appropriate accounting policies together with proper estimation and assumptions that are commonly practiced. There has also been sufficient disclosure of information in the Notes to Financial Statements, of which the Independent Auditor has examined and given opinions in the Independent Auditor's Report.

The Board of Directors has appointed the Audit Committee, which consists of a panel of Independent Directors, to be in charge of overseeing the internal control and internal audit systems to ensure efficiency and effectiveness as well as preparing the Financial Statements in compliance with the Thai Financial Reporting Standards, which are in line with the International Financial Reporting Standards. This is to ensure that accounting data are recorded completely, timely and accurately with measures to prevent fraud and anomalous entries. The Audit Committee has rendered its opinions in its report in the Annual Report.

The Board of Directors are of the opinion that, with the Company's internal control and internal audit systems, the Financial Statements of CPT Drives and Power Public Company Limited can be recognized as a fair presentation of financial status, operating result and cash flow account with the contents therein.



Assoc. Prof. Prapart Praisuwanna
Chairman of the Board of Directors

Audit Committee Report

The Audit Committee of CPT Drives and Power Public Company Limited is composed of three (3) Independent Directors, namely Mr. Suvit Singhachan as Committee Chairman, Mrs. Wanchalee Kanjanajongkol and Mr. Worapoj Yasathat. The scope of duties and responsibilities of the Audit Committee is mainly to ensure the Company's financial statements be prepared according to Thai Financial Reporting Standards (TFRS); review company operations to ensure observance of good corporate governance, having an effective internal control and audit system and compliance with related laws and regulations as well as examining any transactions that may lead to a conflict of interest between the Company and related persons. In 2018, the Audit Committee has conducted four (4) meetings with details as follows:

Name	Title	Number of Attendance / Meeting
Mr. Suvit Singhachan	Chairman of the Audit Committee	4/4
Mr. Prapart Praisuwanna	Committee Member	1/2
Mrs. Wanchalee Kanjanajongkol	Committee Member	4/4
Mr. Worapoj Yasathat	Committee Member	1/2

Notes:

1. Mr. Prapart Praisuwanna resigned from his position as Independent Director/Audit Committee Member to assume the position of Chairman of the Board of Directors on May 24, 2018.
2. Mr. Worapoj Yasathat has been appointed an Independent Director/Audit Committee Member on May 24, 2018.

Also participating in the meetings were related executives, internal auditors and the Independent Auditor. The proceedings of the meetings may be summarized as follows.

Financial Statements: The Audit Committee, together with the Independent Auditor and the Company Management, has reviewed the quarterly and annual Financial Statements for 2018, to ensure that they have been prepared accurately in accordance with the Thai Financial Reporting Standards (TFRS); that there is sufficient, complete and reliable disclosure of information in compliance with related laws and announcements; that revised accounting standards, revised financial reporting standards, related guidelines and interpretations as stipulated by the Thai Financial Reporting Standards (TFRS) have been adopted; and that the specific meetings of auditors took place without the participation of the company management to ensure the auditors' independence.

Connected Transactions: The Audit Committee has considered information disclosed by the Company relating to connected transactions or transactions that may lead to conflict of interest with the Company to ensure accuracy and compliance with the regulations of the Stock Exchange of Thailand and that the Company has operated according to the principle of good corporate governance.

Internal Control System: The Audit Committee has evaluated the Company's internal control system to ensure compliance with the Security and Exchange Commission of Thailand (SEC) regulations, which cover the internal control environment within the organization, risk management, operating line control, information system and technology as well as the monitoring system, all of which have been found to be adequate and efficient.

Internal Audit System: Internal audit is conducted independently by a third party. BK IA & IC Company Limited, a professional internal audit system provider, has been engaged to serve as the internal auditor. The Audit Committee has reviewed the annual internal audit plan, reported the internal audit results, monitored internal audit together with the company management as well as provided suggestions to the internal auditor to ensure the annual internal audit proceed effectively and efficiently. The Audit Committee has found no significant indications of fraud or error in the internal control system.

Risk Management: The Audit Committee and the company management together have reviewed and monitored the Company's risk management practices as well as proposed a more effective risk management process to ensure the Company be consistent in managing risks. Measures to prevent and manage risks affecting the Company now and in the future have also been considered and additional measures instituted for better management.

Compliance with the Securities and Exchange Act and regulations of the Stock Exchange of Thailand (SET) and relevant laws relating to the Company's business: The Audit Committee has undertaken a review of the Company to ensure compliance with announcements of the SEC and the SET and relevant laws relating to the Company's business to achieve maximum efficiency and effectiveness as well as to treat stakeholders with fairness, transparency and accountability in line with the principle of good corporate governance so as to build trust among investors and stakeholders.

Nomination of Independent Auditor: The Audit Committee has deliberated on the nomination of an independent auditor for the year 2019 by considering accounting knowledge and experience of the candidates and appropriate remuneration. The Audit Committee has proposed to the Board of Directors to propose for approval from the General Annual Meeting of 2019 the appointment of Mr. Athipong Athipongsakul, Certified Public Accountant Registration Number 3500, or Mr. Sathian Wongsanant, Certified Public Accountant Registration Number 3495, or Mr. Vichai Rujitanont, Certified Public Accountant Registration Number 4054, or Miss Kulthida Pasurakul, Certified Public Accountant Registration Number 5946, or Mr. Yuttapong Chuamuangpan, Certified Public Accountant Registration Number 9445 from ANS Audit Company Limited as the Company's Independent Auditor with remuneration of 1,700,000 baht.

February 27, 2019

On behalf of the Audit Committee



Mr. Suvit Singhachan
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders and the Board of Directors of CPT Drives and Power Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of CPT Drives and Power Public Company Limited and its subsidiary, and of CPT Drives and Power Public Company Limited respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the CPT Drives and Power Public Company Limited and its subsidiary, and of CPT Drives and Power Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

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 Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Revenue from construction services

Risk

The Group has revenues from construction services for the year ended December 31, 2018 in the amount of Baht 274.16 million. The Company recognized revenues based on the stage of completion of contracts which it assessed with reference to the proportion of contract costs incurred for the work performed as at the statement of financial position date, relative to the estimated total costs of the contract at completion. The recognition of revenues, therefore, relies on estimates on the stage of completion of each contract. Profit or loss on contracts is a key risk for the audit because of the judgment involved in preparing suitable estimates of the forecast costs on such contracts which could affect the amount of revenues recognized in the year ended December 31, 2018.

Auditor's Response

My audit procedures included sampling selecting those contracts that could have a significant impact on the Company's financial results in order to:

- Assess the appropriateness of Management's estimated total construction cost by verification with reliable sources of external and internal audit evidence;
- Verify the costs incurred with purchase documents;
- Test the calculations of the state of completion; and
- Compare the state of completion with the information from the Company's engineers.

In addition, I also conducted site visits for certain significant projects from the selected sampled items.

Allowance for doubtful account

Risk

As at 31 December 2018, the Group had significant balances of trade accounts receivable. Determining the net realizable value of trade accounts receivable, as disclosed in Note 4 and 8 to the financial statements, requires significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. This impact the amounts of allowance for doubtful accounts to be set aside. I therefore gave significant attention to allowance for doubtful accounts.

Auditor's Response

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for doubtful accounts and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for disputed and long.

outstanding debts as presented in aging analysis report, considered the credit terms given and assessed collectability by taking into account historical debt collection experience. Moreover, I analyzed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable, considered subsequent collections after the period-end date, tested the calculation of the allowance for doubtful accounts according to the policy set by the management, and enquired about the rationale for the recording of specific allowances. I also considered the reasonableness and adequacy of the allowance for doubtful accounts.

Allowance for devaluation of inventories

Risk

As described in Note to Financial Statement No. 10, the Group Company has allowance for inventory devaluations as of December 31, 2018 in the amount of Baht 11.97 million. The allowance is estimated from the percentage of each aging inventory based on the historical experience of the Management and on the information from suppliers about the useful lives of the products. The appropriateness of the allowance for inventory devaluations requires significant Management's judgment.

Auditor's Response

I gained an understanding of the internal control related to the estimation of the allowance for inventory devaluations. I also verified the accuracy of the aging report used for estimating the allowance for inventory devaluations. I then determined the appropriateness of the allowance for inventory devaluations by comparing the allowance with the historical movements of inventory and by obtaining information from significant suppliers regarding the useful lives of the products.

Other Information

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

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

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

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible 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 consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements
- or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, the auditor determines 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. The auditor describes these matters in the 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.



(Yuttapong Chuamuangpan)
Certified Public Accountant Registration Number 9445
ANS Audit Company Limited
Bangkok, February 27, 2019

CPT DRIVES AND POWER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 Financial Statements and Independent Auditor's Report
 For The Year Ended December 31, 2018



CPT Drives and Power Public Company Limited and It's Subsidiary

Financial Statements and Indepenent Auditor's Report

For The Year Ended December 31, 2018

Statement of Financial Position

As at December 31, 2018

Unit : Baht

	Notes	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Assets				
Current assets				
Cash and cash equivalents	6	58,318,755.68	56,114,273.29	222,232,133.28
Current investment - net	7	387,039,286.90	387,039,286.90	450,126,759.21
Trade and other current receivables - net	5, 8	350,515,416.28	350,500,112.71	407,938,742.94
Unbilled receivables	5, 9	69,637,517.04	69,637,517.04	43,684,713.92
Inventories - net	10	94,868,567.94	94,868,567.94	126,353,862.47
Total current assets		960,379,543.84	958,159,757.88	1,250,336,211.82
Non-current assets				
Restricted deposits at financial institution	11	-	-	2,398,796.47
Deposit for purchases fixed assets	26.5	9,200,000.00	9,200,000.00	-
Investments in subsidiary - net	12	-	1,199,950.00	-
Property, plant and equipment - net	13	333,958,688.30	333,958,688.30	257,835,493.49
Intangible assets - net	14	970,813.74	970,813.74	752,411.78
Deferred tax assets - net	15	15,288,830.02	15,288,830.02	11,651,939.98
Other non-current assets		1,894,031.77	1,894,031.77	167,905.61
Total non-current assets		361,312,363.83	362,512,313.83	272,806,547.33
Total assets		1,321,691,907.67	1,320,672,071.71	1,523,142,759.15

Statement of Financial Position

As at December 31, 2018

Unit : Baht

	Notes	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Liabilities and Shareholders' Equity				
Current liabilities				
Short-term loans from financial institutions	16	24,669,781.89	24,669,781.89	34,447,693.63
Trade and other current payables	5, 17, 27	228,167,969.56	228,017,719.56	272,609,872.85
Advance received from customers and deferred revenue 9		16,216,593.80	16,216,593.80	38,068,627.04
Current portion of liabilities under financial lease agreements	18	1,889,445.56	1,889,445.56	1,550,646.70
Income tax payables		5,576,826.31	5,576,826.31	26,096,515.33
Provision for product warranty		15,960,099.29	15,960,099.29	16,269,706.07
Other provisions		10,850,211.36	10,850,211.36	10,850,211.36
Total current liabilities		303,330,927.77	303,180,677.77	399,893,272.98
Non-current liabilities				
Liabilities under financial lease agreements - net	18	1,769,995.25	1,769,995.25	1,739,408.55
Non-current provisions for employee benefits	19	23,831,287.00	23,831,287.00	32,560,008.00
Other non-current liabilities	27	563,994.02	578,994.02	1,737,561.00
Total non-current liabilities		26,165,276.27	26,180,276.27	36,036,977.55
Total liabilities		329,496,204.04	329,360,954.04	435,930,250.53
Shareholders' equity				
Share capital	20			
Registered				
900,000,000 ordinary shares at Baht 0.50 each		450,000,000.00	450,000,000.00	450,000,000.00
Issued and fully paid-up				
900,000,000 ordinary shares at Baht 0.50 each		450,000,000.00	450,000,000.00	450,000,000.00
Premium on common shares		469,628,844.14	469,628,844.14	469,628,844.14
Retained earnings	21			
Appropriated				
Legal reserve		34,105,889.45	34,105,889.45	33,384,699.76
Unappropriated		37,627,113.97	37,576,384.08	134,198,964.72
Total shareholders' equity attributable to owners of parent		991,361,847.56	991,311,117.67	1,087,212,508.62
Non-controlling interests		833,856.07	-	-
Total shareholders' equity		992,195,703.63	991,311,117.67	1,087,212,508.62
Total liabilities and shareholders' equity		1,321,691,907.67	1,320,672,071.71	1,523,142,759.15

Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2018

Unit : Baht

	Notes	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Revenues	3, 5, 23, 24			
Revenues from sales of goods		649,307,455.57	649,307,455.57	952,113,097.97
Revenues from construction services		274,162,184.10	274,162,184.10	254,118,017.01
Revenues from services		28,198,426.12	28,198,426.12	29,875,902.69
Other income		11,419,486.01	11,442,729.15	3,185,318.83
Total Revenues		963,087,551.80	963,110,794.94	1,239,292,336.50
Expenses				
Cost of sales		510,556,133.14	510,556,133.14	694,997,258.83
Cost of construction services		236,354,203.99	236,354,203.99	206,149,146.20
Cost of services		17,003,041.40	17,003,041.40	13,588,063.67
Selling expenses		57,758,804.29	57,758,804.29	62,833,278.51
Administrative expenses		121,358,197.02	121,265,976.12	82,399,579.29
(Gain) loss on exchange rates		(1,096,884.63)	(1,096,884.63)	4,457,975.64
Total Expenses		941,933,495.21	941,841,274.31	1,064,425,302.14
Profit before finance costs and income tax		21,154,056.59	21,269,520.63	174,867,034.36
Finance costs		(1,590,960.71)	(1,590,960.71)	(1,993,800.83)
Profit before income tax		19,563,095.88	19,678,559.92	172,873,233.53
Tax expenses	15	(5,254,766.07)	(5,254,766.07)	(32,164,698.35)
Profit for the years		14,308,329.81	14,423,793.85	140,708,535.18
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Actuarial gain - net from tax		15,674,815.20	15,674,815.20	-
Total comprehensive income for the years		29,983,145.01	30,098,609.05	140,708,535.18
Profit (loss) attributable to				
Equity holders of the Company		14,474,523.74	14,423,793.85	140,708,535.18
Non-controlling interests		(166,193.93)	-	-
		14,308,329.81	14,423,793.85	140,708,535.18
Total comprehensive income (loss) attributable to				
Equity holders of the Company		30,149,338.94	30,098,609.05	140,708,535.18
Non-controlling interests		(166,193.93)	-	-
		29,983,145.01	30,098,609.05	140,708,535.18
Basic earnings per share				
Equity holders of the Company	3	0.02	0.02	0.22
Weighted average number of issued and fully paid-up ordinary shares (shares)	3	900,000,000.00	900,000,000.00	640,356,164.38

Statement of Changes in Shareholders' Equity

For The Year Ended December 31, 2018

Unit : Baht

		Consolidated financial statements						
Notes	Issued and paid-up Share capital	Premiums on common shares	Retained earnings		Other components of equity	Total shareholders' equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
			Appropriated Legal Reserve	Unappropriated	Other comprehensive income	Actuarial gain		
Balance as at January 1, 2018	450,000,000.00	469,628,844.14	33,384,699.76	134,198,964.72	-	1,087,212,508.62	-	1,087,212,508.62
Legal reserve	-	-	721,189.69	(721,189.69)	-	-	-	-
Dividend paid	-	-	-	(126,000,000.00)	-	(126,000,000.00)	-	(126,000,000.00)
Increase in non-controlling interests	-	-	-	-	-	-	1,000,050.00	1,000,050.00
Total comprehensive income (loss) for the year	-	-	-	14,474,523.74	15,674,815.20	30,149,338.94	(166,193.93)	29,983,145.01
Transfer actuarial gain	-	-	-	15,674,815.20	(15,674,815.20)	-	-	-
Balance as at December 31, 2018	450,000,000.00	469,628,844.14	34,105,889.45	37,627,113.97	-	991,361,847.56	833,856.07	992,195,703.63

Statement of Changes in Shareholders' Equity

For The Year Ended December 31, 2018

Unit : Baht

	Notes	Separate financial statements					
		Issued and paid-up Share capital	Premiums on common shares	Retained earnings		Other components of equity	Total shareholders' equity
				Appropriated Legal Reserve	Unappropriated	Other comprehensive income	
Balance as at January 1, 2018		450,000,000.00	469,628,844.14	33,384,699.76	134,198,964.72	-	1,087,212,508.62
Legal reserve	21	-	-	721,189.69	(721,189.69)	-	-
Dividend paid	22	-	-	-	(126,000,000.00)	-	(126,000,000.00)
Total comprehensive income for the year		-	-	-	14,423,793.85	15,674,815.20	30,098,609.05
Transfer actuarial gain		-	-	-	15,674,815.20	(15,674,815.20)	-
Balance as at December 31, 2018		450,000,000.00	469,628,844.14	34,105,889.45	37,576,384.08	-	991,311,117.67
Balance as at January 1, 2017		315,000,000.00	-	26,349,273.00	152,505,856.30	-	493,855,129.30
Share capital increased	20	135,000,000.00	486,000,000.00	-	-	-	621,000,000.00
Directly attributable expenses of the initial public offering	20	-	(16,371,155.86)	-	-	-	(16,371,155.86)
Legal reserve	21	-	-	7,035,426.76	(7,035,426.76)	-	-
Dividend paid	22	-	-	-	(151,980,000.00)	-	(151,980,000.00)
Total comprehensive income for the year		-	-	-	140,708,535.18	-	140,708,535.18
Balance as at December 31, 2017		450,000,000.00	469,628,844.14	33,384,699.76	134,198,964.72	-	1,087,212,508.62

Statement of Cash Flows

For The Year Ended December 31, 2018

Unit : Baht

	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Cash flows from operating activities :			
Profit before income tax	19,563,095.88	19,678,559.92	172,873,233.53
Adjustments to reconcile profit before income tax to cash provided by (used in) operating activities			
Depreciation and amortization	14,417,734.31	14,417,734.31	16,484,625.90
Allowance for doubtful account	24,518,900.00	24,518,900.00	-
Allowance for inventories devaluation	2,401,890.33	2,401,890.33	949,740.71
Allowance for impairment of investments in subsidiary	-	300,000.00	-
(Gain) loss from disposal of assets	1,058,832.78	1,058,832.78	(250,961.55)
Gain on disposal of current investments	(3,712,086.84)	(3,712,086.84)	(422,645.34)
Unrealized gain on current investments	(440.85)	(440.85)	(26,898.40)
Unrealized loss on forward exchange contracts	730,344.31	730,344.31	2,418,531.41
Unrealized gain on exchange rates	(357,330.87)	(357,330.87)	(630,978.03)
Interest income	(2,149,080.93)	(2,149,080.93)	(248,511.71)
Interest expenses	1,590,960.71	1,590,960.71	1,993,800.83
Provision for product warranty	4,774,990.55	4,774,990.55	5,493,809.47
Non-current provisions for employee benefits	12,045,800.00	12,045,800.00	5,242,819.00
Profit from operating activities before changes in operating assets and liabilities	74,883,609.38	75,299,073.42	203,876,565.82
Operating assets - (increased) decreased :			
Trade and other current receivables	34,393,861.10	34,409,164.67	(20,955,941.12)
Unbilled receivables	(25,952,803.12)	(25,952,803.12)	(28,139,562.53)
Inventories	29,083,404.20	29,083,404.20	49,421,228.32
Other non-current assets	(1,726,126.16)	(1,726,126.16)	216,618.66
Operating liabilities increased (decreased) :			
Trade and other current payables	(45,819,592.39)	(45,969,842.39)	19,659,376.20
Advances received from customers and deferred revenue	(21,852,033.24)	(21,852,033.24)	2,563,805.22
Provision for product warranty	(5,084,597.35)	(5,084,597.35)	(3,861,595.66)
Other non-current liabilities	(1,173,566.98)	(1,158,566.98)	-
Cash provided by operating activities	36,752,155.44	37,047,673.05	222,780,494.91
Employee benefit obligations paid	(1,181,002.00)	(1,181,002.00)	-
Interest paid	(1,590,960.71)	(1,590,960.71)	(1,993,800.83)
Income tax paid	(33,330,048.93)	(33,330,048.93)	(34,398,644.32)
Net cash from operating activities	650,143.80	945,661.41	186,388,049.76

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2018

Unit : Baht

	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Cash Flows from Investing Activities :			
Interest income	534,813.81	534,813.81	248,511.71
Cash received from disposal of current investment	596,800,000.00	596,800,000.00	153,524,678.86
Payment for current investment	(530,000,000.00)	(530,000,000.00)	(576,000,000.00)
Decrease in restricted deposits at financial institution	2,398,796.47	2,398,796.47	6,774,342.83
Cash paid for purchase of investment in subsidiary	-	(1,499,950.00)	-
Cash payment for deposit for purchases fixed assets	(9,200,000.00)	(9,200,000.00)	-
Cash received from disposal of fixed assets	1,626,168.22	1,626,168.22	288,785.05
Payment for purchases of fixed assets	(89,915,996.24)	(89,915,996.24)	(20,016,530.89)
Payment for purchases of intangible assets	(547,699.00)	(547,699.00)	(660,348.13)
Net cash used in investing activities	(28,303,916.74)	(29,803,866.74)	(435,840,560.57)
Cash flows from financing activities :			
Decrease in short-term loans from financial institutions	(9,467,190.68)	(9,467,190.68)	(12,939,626.78)
Repayment of liabilities under financial leases agreements	(1,799,306.03)	(1,799,306.03)	(1,710,506.30)
Cash payments for long-term loans from financial institutions	-	-	(66,000,000.00)
Cash received from increase ordinary shares	-	-	621,000,000.00
Directly attributable expenses of the initial public offering	-	-	(16,371,155.86)
Dividend paid	(125,993,157.95)	(125,993,157.95)	(151,980,000.00)
Non-controlling interest increase	1,000,050.00	-	-
Net cash from (used in) financing activities	(136,259,604.66)	(137,259,654.66)	371,998,711.06
Net cash and cash equivalents increase (decrease)	(163,913,377.60)	(166,117,859.99)	122,546,200.25
Cash and cash equivalents at the beginning of the years	222,232,133.28	222,232,133.28	99,685,933.03
Cash and cash equivalents at the end of the years	58,318,755.68	56,114,273.29	222,232,133.28
Supplemental Disclosures of Cash Flows Information			
Non-cash flows items consist of:			
Increase in assets from financial lease agreements	2,168,691.59	2,168,691.59	-
Increase in accounts payables for purchase of fixed assets	811,945.25	811,945.25	551,242.85
Increased in land from long-term debt	-	-	66,000,000.00
Dividend payables	6,842.05	6,842.05	-

CPT Drives and Power Public Company Limited and It's Subsidiary

Notes to Financial Statements

For The Year Ended December 31, 2018

1. GENERAL INFORMATION

CPT Drives and Power Public Company Limited (The "Company") was registered as a juristic person under the Civil and Commercial Code of Thailand on July 25, 2003. On September 16, 2013, the Company converted to a public company limited under the law governing public limited companies. The Company's registered address is No.230/7, Thetsabarnrungruknuer Road, Ladyao, Jattujak, Bangkok. The Company operates in Thailand. The Company engages in the distribution of electrical equipment and control systems used in industrial plants, including installation and construction of substations.

2. Basis for PrePARATION of the Financial Statements

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development, dated October 11, 2016, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and are expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant in the Thai language, an English translation of the Thai version of the financial statements is provided.

The accompanying financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

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

Basis for preparation of the consolidated financial statements

- A) The consolidated financial statements include the financial statements of CPT Drives and Power Public Company Limited, and its subsidiary (together referred to as the “Group”).

The Company’s subsidiary is as follows:

Subsidiary	Business type	% Equity interest Owned by the Company
CPT-TTG Innovation Co., Ltd.	Design and sourcing electrical power and energy systems and the construction of small to medium-sized biomass power plants, all as a one stop service	59.99

- B) The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.
- C) The financial statements of subsidiary is prepared using the same significant accounting policies as the Company.
- D) The balances between the Company and its subsidiary, and significant intercompany transactions have been eliminated in the consolidated financial statements.
- E) The separate financial statements prepared for the benefit of the public by presenting the investments in subsidiary at cost method.

Changes in the structure of the Group during the current year

The Company entered into a Shareholder’s Agreement with another company to establish a subsidiary. As at July 17, 2018, the Company has a 59.99 percent shareholder stake in the subsidiary, as well as common shareholders and directorships. For these reason, the Company has control over the subsidiary. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commenced.

New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year 2018, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019

During the year 2018, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiary has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

(c) Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after January 1, 2020

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis.

Sales are recognized upon the delivery of products, and the transfer of significant risk and ownership to the customers.

Revenue from repair and services are recognized when the services have been rendered.

Revenue from installations and construction of substations are recognized in proportion to the stage of completion, by calculating the actual construction costs incurred up to the end of the period as compared to the total anticipated construction costs to be incurred to completion. This also considers the results of the evaluation by the Company's engineers. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. The construction costs incurred during the periods are recognized as an expense in the event there is a probability that total project costs exceed contract revenues. The Company immediately recognized estimated loss as an expense in the statement of profit or loss.

Penalties arising from delay

Contingent liabilities from penalties are recognized as an expense in the accounting period in which they are incurred.

The amount of contract revenues that maybe decreased as a result of penalties arising from delay caused by the contractor in the completion of the contract where there is no any impact on the financial statements in the past.

Cash and cash equivalents

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

Current investments

Current investments are investments in an Open-End Fund, which are classified in the statements of financial position as trading securities, are carried at their fair values. The fair value is calculated by net asset value of the fund as at the reporting date. Gain or loss on valuation is realized in the statements of profit or loss.

The Company calculated the cost of disposed securities during the year by the weighted average method.

Trade receivables and allowance for doubtful accounts

Trade receivables are stated at net realizable value. Allowance for doubtful accounts is an estimate of those amounts which may prove to be uncollectible based on a review of the current status of existing accounts receivables and the domestic economic environment.

Unbilled receivables and advance received from customers

The recognized revenues which are not yet due as per contracts are presented as “Unbilled receivables” in the statement of financial position. The instalment amounts due and received according to the contracts, but not yet recognized as revenue, are presented as “Advance received from customers” in the statement of financial position.

Inventories

Inventories are stated at the lower of cost (First-in, First-out) or net realizable value. Cost of material comprises the purchase price and cost directly attributable to the acquisition of the material. The cost of finished goods, work in progress and work under installation comprises those of raw materials, direct labor, other direct costs and related production overhead allocated on the basis of normal operating activities.

The Company sets up allowance for the decline in value of inventories on the basis of damage, and long outstanding or obsolete inventories.

Property, plant and equipment – net

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciations of plant and equipment are calculated by reference to their costs on a straight-line basis over their estimated useful lives as follows:

Types of assets	Useful lives Years
Buildings	5, 20, 50
Buildings improvements	5
Office equipment	5
Furniture and fixtures	5
Tools and equipment	5
Vehicles	5

Land is stated at cost. No depreciation is provided.

Depreciation method, useful life and the residual value will be reviewed at the end of the accounting period and adjusted if appropriate.

Borrowing costs directly attributable to the acquisition, construction or production of an asset in preparation for its intended use are capitalized as part of the cost of the respective assets.

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

Intangible assets

Computer software is stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is calculated on the straight-line basis over their estimated useful lives of 5 years.

Finance lease

Finance leases which transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated 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, while the interest element is charged to the profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Operating leases

Lease of assets where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are recognized as expenses in the profit or loss over the period of the lease.

Employee benefits

Short-term benefits

The Company's salaries, wages, bonuses and social security contributions are accounted as expenses on an accrual basis.

Post-employment benefits – defined contribution plan

The Company operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

Post-employment benefits – defined benefit plan

Employee benefit obligations for severance payment, set-up according to labor law, are recognized as a charge to results of operations over the employee's service period. They calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Company recognized actuarial gains or losses in other comprehensive income for the period in which they arise.

Provisions

Provisions are recognized 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 reimbursement for a provision, the reimbursement is recognized as a separate asset, but only when there is virtually certainty of the reimbursement.

Income tax

Income tax expenses comprise current tax and deferred tax.

Current tax

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

Deferred tax

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

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

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

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

Segment reporting

Segment performance reported to the Company's executive committee (decision makers with highest authority over the operation) represents transactions directly from the operating segment, including the appropriate allocation items.

Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate prevailing at the end of reporting period.

Gains and losses on exchange are included in determining income.

Derivatives

Forward exchange contracts

Forward currency contracts are presented in the financial statements at fair value. Any gains or losses arising from changes in the fair value of those forward currency contracts are recorded in profit or loss.

Fair value measurement

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

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

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

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

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the years.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcomes in terms of actual costs or revenues may be higher or lower than estimated at the reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Estimated construction project costs

The Company estimated costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labor costs and other miscellaneous costs to be incurred to completion of service, and taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Allowance for loss on construction projects

The Company reviews its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of profit or loss when it is probable that total contract costs will exceed total contract revenue as determined by the management.

Allowance for doubtful accounts

The Company recorded allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at the reporting date.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgment with respect to estimating loss from slow moving and deteriorated inventories, including the effect from declines in net realisable values of inventories.

Property, plant and equipment and depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodic basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding the forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant judgment by management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future profits.

Leases

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rates, future salary increase rates, mortality rates and staff turnover rates.

5. TRANSACTIONS WITH RELATED PARTIES

Related parties are defined as persons or companies that control other persons or companies or have significant influence over other persons or companies in making financial and/or operational decisions. This includes the companies that have common shareholders or executive management.

Transactions with related parties are conducted at agreed prices on market value or, where no market value exists, at contractually agreed prices.

The followings present relationships with enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or have common directors or shareholders with the Company.

Name of related parties	Nature of relationships
Communication and System Solution Public Co., Ltd.	Common independent directors and audit committee
Bangkok Sheet Metal Public Co., Ltd.	Common independent directors and audit committee
Power Solution Technologies Public Co., Ltd.	Common independent directors and audit committee
CPT-TTG Innovation Co., Ltd.	Subsidiary

The Company had significant business transactions with related parties for the years ended December 31, as follows:

	Unit : Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Revenues from sales of goods			
Power Solution Technologies Public Co.,Ltd.	1,394,000.00	1,394,000.00	8,154,000.00
Revenues from construction services			
Power Solution Technologies Public Co.,Ltd.	2,552,510.33	2,552,510.33	50,317,027.68
Other income			
CPT-TTG Innovation Co.,Ltd.	-	25,000.00	-
Purchase of inventories			
Communication and System Solution Public Co.,Ltd.	218,900.00	218,900.00	2,016,749.00
Bangkok Sheet Metal Public Co.,Ltd.	16,340,400.41	16,340,400.41	6,279,973.42

The Company has transactions with related parties by using cost plus profit as mutually agreed.

Significant balances with related parties as at December 31, can be summarized as follows:

	Unit : Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Trade and other current receivables			
Power Solution Technologies Public Co.,Ltd.	-	-	3,595,200.00
Unbilled receivables			
Power Solution Technologies Public Co.,Ltd.	1,369,538.02	1,369,538.02	1,877,027.68
Trade and other current payables			
Communication and System Solution Public Co.,Ltd.	-	-	308,643.37
Bangkok Sheet Metal Public Co.,Ltd.	17,355,338.09	17,355,338.09	2,718,598.48
Total Trade and other current payables	<u>17,355,338.09</u>	<u>17,355,338.09</u>	<u>3,027,241.85</u>
Other non-current liabilities			
CPT-TTG Innovation Co.,Ltd.	-	15,000.00	-

Management compensation

Compensation for management for the years ended December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Short-term benefits	41,216,097.00	42,474,283.92
Post-employment benefits	5,625,567.00	2,501,816.00
Total management compensation	<u>46,841,664.00</u>	<u>44,976,099.92</u>

Management comprises those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consisted of:

	Unit : Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Cash on hand	547,090.13	544,076.13	523,270.40
Cash at banks – saving accounts	57,161,865.83	54,985,647.44	218,504,162.48
Cash at banks – current accounts	83,750.00	58,500.00	58,500.00
Cheque due	526,049.72	526,049.72	3,146,200.40
Total cash and cash equivalents	58,318,755.68	56,114,273.29	222,232,133.28

7. CURRENT INVESTMENTS – NET

Current investments as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Investment in Open-end Fund – Fair value	39,286.90	450,126,759.21
Fixed deposits	387,000,000.00	-
Total current investments – net	387,039,286.90	450,126,759.21

Current investment in Open-end Fund-Debt securities as at December 31, consisted of:

	Unit : Baht			
	Consolidated and Separate financial statements			
	2018		2017	
	At cost	Fair value Level 2	At cost	Fair value Level 2
Open-end Fund – Debt securities				
– at cost	38,846.05	38,846.05	450,099,860.81	450,099,860.81
Add unrealized gain on				
investments revaluation	-	440.85	-	26,898.40
Total current investments – net	38,846.05	39,286.90	450,099,860.81	450,126,759.21

During for the years ended December 31, 2018 and 2017, the Company sold the investment with a gain before tax of Baht 3.71 million and Baht 0.42 million, respectively, which is shown as “other income” in the statement of profit or loss for the years ended December 31, 2018 and 2017.

8. TRADE AND OTHER CURRENT RECEIVABLES – NET

Trade and other current receivables as at December 31, consisted of:

	Unit : Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Trade receivables			
Trade receivables – related party	-	-	3,595,200.00
Trade receivables – other companies			
Post – dated cheque	4,413,750.00	4,413,750.00	2,489,676.00
Trade receivables – other companies	343,643,193.06	343,643,193.06	376,523,706.09
Total trade receivables – other companies	348,056,943.06	348,056,943.06	379,013,382.09
Total trade receivables	348,056,943.06	348,056,943.06	382,608,582.09
Less allowance for doubtful account	(24,518,900.00)	(24,518,900.00)	-
Trade receivables – net	323,538,043.06	323,538,043.06	382,608,582.09
Other current receivables			
Accrued income under contracts	7,491,021.65	7,491,021.65	6,370,415.00
Retention receivables	60,000.00	60,000.00	10,255,320.82
Advance payments	241,793.72	241,793.72	445,537.68
Advance payment for goods	12,404,435.26	12,404,435.26	1,855,536.70
Accrued interest income	1,614,267.12	1,614,267.12	-
Prepaid expenses	1,440,896.69	1,440,896.69	1,005,454.59
Undue input tax	1,311,695.37	1,311,695.37	4,187,130.10
Revenue department receivable	1,224,365.94	1,209,079.94	-
Other	1,188,897.47	1,188,879.90	1,210,765.96
Total other current receivables	26,977,373.22	26,962,069.65	25,330,160.85
Total trade and other current receivables – net	350,515,416.28	350,500,112.71	407,938,742.94

Accrued income under contracts is revenue from sales of unbilled items under the terms of the particular agreement. The Company will bill to the customers when the Company’s products conjoin with other components of the customer.

The Company has trade receivables classified by age analysis as follows:

		Unit : Baht	
		Consolidated and Separate financial statements	
		2018	2017
Trade receivables – related party			
Current		-	3,595,200.00
Total trade receivables – related party		-	3,595,200.00
Trade receivables – other companies			
Current	128,422,397.51	285,176,121.36	
Not over 3 months		132,810,096.55	19,767,170.03
Over 3–6 months		17,770,171.31	20,418,338.24
Over 6–12 months		43,564,537.84	41,148,074.86
Over 12 months		25,489,739.85	12,503,677.60
Total trade receivables – other companies		348,056,943.06	379,013,382.09

9. UNBILLED RECEIVABLES/ADVANCES RECEIVED FROM CUSTOMERS AND DEFERRED REVENUE

Unbilled receivables/advances received from customers and deferred revenue as at December 31, consisted of:

		Unit : Baht	
		Consolidated and Separate financial statements	
		2018	2017
Revenues recognition from percentage of completion method			
		274,162,184.10	254,118,017.01
Unbilled receivables			
Project value as per contract		321,280,651.79	202,719,331.45
Accumulated amount recognized as revenues under the percentage of completion basis		227,377,387.94	163,920,309.55
<u>Less</u> value of total billed		(157,739,870.90)	(120,235,595.63)
Unbilled receivables		69,637,517.04	43,684,713.92

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Advances received from customer and deferred revenue		
Project value as per contract	42,350,000.00	19,277,500.00
Value of total billed	10,115,000.00	4,459,100.00
<u>Less</u> accumulated amount recognized as revenues under the percentage of completion basis	(9,098,296.20)	(1,497,894.19)
Deferred revenue	1,016,703.80	2,961,205.81
<u>Add</u> advances received from customer	11,036,000.00	-
<u>Add</u> deposit receipts of goods	4,163,890.00	35,107,421.23
Total	16,216,593.80	38,068,627.04

10. INVENTORIES – NET

Inventories as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Raw material	98,310,866.46	117,277,198.97
Work in process	2,826,434.24	9,298,816.44
Finished goods	2,986,472.32	8,981,761.90
Goods in transit	2,717,284.57	366,684.48
Total inventories	106,841,057.59	135,924,461.79
<u>Less</u> allowance for inventories devaluation	(11,972,489.65)	(9,570,599.32)
Inventories – net	94,868,567.94	126,353,862.47

11. RESTRICTED DEPOSITS AT FINANCIAL INSTITUTIONS

As at December 31, 2017, restricted deposits at financial institution were pledged as collateral for loans from financial institutions, letters of credit, bank overdraft and letters of guarantee for business of the Company (Note 16).

12. INVESTMENTS IN SUBSIDIARY – NET

Investments in subsidiary as at December 31, 2018, were as follows:

Subsidiary	Percentage of Investment (%)	Unit : Baht	
		Issued share capital	Separate financial statements Cost method
CPT-TTG Innovation Co., Ltd.	59.99	2,500,000.00	1,499,950.00
Total investments in subsidiary			1,499,950.00
Less allowance for impairment of investments in subsidiary			(300,000.00)
Investments in subsidiary – net			1,199,950.00

The following is summarized financial information of subsidiaries before inter-company elimination

	Unit : Baht
As at December 31, 2018	
Current assets	2,219,785.96
Non-current assets	15,000.00
Current liabilities	(150,250.00)
Non-controlling interests	(883,856.07)
For the year ended December 31, 2018	
Loss for the year attributable to non-controlling interests	(166,193.93)
Net cash provided by (used in)	
Operating activities	(295,517.61)
Financing activities	2,500,000.00
Cash and cash equivalents increase – net	2,204,482.39

Property, plant and equipment as at December 31, 2018 consisted of:

Property, plant and equipment as at December 31, 2018 consisted of:

CPT Drives and Power Public Company Limited

Depreciation for the years ended December 31, 2018 and 2017 amounted to Baht 14.09 million and Baht 16.17 million, respectively, were included in the statements of profit or loss.

As at December 31, 2018 and 2017, some of the Company's land and buildings have been mortgaged as collateral for loans from financial institution, letters of credit, bank overdraft and letters of guarantee for business of the Company (Note 16).

As at December 31, 2018 and 2017, the Company's utility system building and improvement and equipment, which have been fully depreciated but are still in use, amounted to Baht 69.58 million and Baht 27.10 million, respectively.

14. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2018 consisted of:

	Unit : Baht			
	Consolidated and Separate financial statements			
	As at	Movement during the year		As at
	January 1, 2018	Increase	Decrease	December 31, 2018
Computer software				
Cost	2,915,848.13	547,699.00	-	3,463,547.13
Accumulated amortization	(2,163,436.35)	(329,297.04)	-	(2,492,733.39)
Intangible assets – net	752,411.78			970,813.74

Amortization for the years ended December 31, 2018 and 2017 amounted to Baht 0.33 million and Baht 0.31 million, respectively, were included in the statements of profit or loss.

15. DEFERRED TAX ASSETS – NET

Movements in deferred tax assets during the year were as follows:

	Unit : Baht			
	Consolidated and Separate financial statements			
	As at January 1, 2018	Movement increase (decrease)		As at December 31, 2018
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Trade and other current receivable	-	4,903,780.00	-	4,903,780.00
Inventories	1,914,119.85	480,378.05	-	2,394,497.90
Investments in subsidiary	-	60,000.00	-	60,000.00
Provision for long-term				
employee benefits	6,512,001.60	2,172,959.60	(3,918,703.80)	4,766,257.40
Provision for product warranty	3,253,941.21	(61,921.36)	-	3,192,019.85
Assets under financial leases	(28,122.68)	397.55	-	(27,725.13)
Total deferred tax assets – net	11,651,939.98	7,555,593.84	(3,918,703.80)	15,288,830.02

Income tax expenses for the years ended December 31, were as follows:

Unit : Baht			
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Profit before income tax	19,563,095.88	19,678,559.92	172,873,233.53
Income tax rate	20%	20%	20%
Current income tax expenses as tax rate	3,912,619.18	3,935,711.99	34,574,646.70
Non-deductible expenses by the Revenue Code	1,582,286.89	1,582,286.89	945,355.95
Double expenses by the Revenue Code	(323,232.81)	(263,232.81)	(81,073.13)
Tax deductible on initial public offering expenses	-	-	(3,274,231.17)
Unutilized tax loss carry forward	83,092.81	-	-
Income tax expenses	5,254,766.07	5,254,766.07	32,164,698.35
The effective tax rate	26.86%	26.70%	18.61%

The Group applied the 20% corporate income tax rate for the years ended December 31, 2018 and 2017.

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Trust receipts	24,669,781.89	34,447,693.63

As at December 31, 2018, and 2017 the Company obtained credit facilities (bank overdrafts, short-term loans, and letters of guarantee) totaling Baht 600 million and Baht 625.26 million, respectively and forward exchange contracts amount to U.S. Dollars 6.52 million.

As at December 31, 2018, and 2017, short-term loans from local financial institutions are secured by mortgage of the Company's land and building (Note 13), restricted deposits at financial institutions (Note 11).

17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, consisted of:

	Unit : Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Trade payables			
Trade payables - related companies	17,355,338.09	17,355,338.09	3,027,241.85
Trade payables - other	183,205,610.55	183,205,610.55	209,813,388.27
Total trade payables	200,560,948.64	200,560,948.64	212,840,630.12
Other current payables			
Accrued commission expenses	6,079,752.57	6,079,752.57	10,380,870.58
Accrued expenses	8,998,586.53	8,848,586.53	31,024,249.53
Accounts payables for purchase of fixed assets	1,363,188.10	1,363,188.10	551,242.85
Liabilities from forward exchange contracts	730,344.31	730,344.31	2,418,531.41
Accrued bonuses expenses	254,000.00	254,000.00	-
Withholding tax payables	2,228,807.00	2,228,557.00	13,252,186.00
Undue out put VAT	1,022,284.71	1,022,284.71	222,195.40
Retention payables	6,296,716.44	6,296,716.44	1,213,532.08
Other	633,341.26	633,341.26	706,434.88
Total other current payables	27,607,020.92	27,456,770.92	59,769,242.73
Total trade and other current payables	228,167,969.56	228,017,719.56	272,609,872.85

18. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS – NET

Liabilities under financial lease agreements as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Due within 1 year		
Minimum payments	2,013,202.70	1,660,360.11
Deferred interest	(123,757.14)	(109,713.41)
Present value of minimum payment	1,889,445.56	1,550,646.70
Due over 1 year not exceeding 5 years		
Minimum payments	1,843,751.56	1,895,535.31
Deferred interest	(73,756.31)	(156,126.76)
Present value of minimum payment	1,769,995.25	1,739,408.55
Net book value of asset under financial lease	7,792,119.33	6,434,504.29

As at December 31, 2018 and 2017, the Company has vehicles from certain companies under financial lease agreements for periods of 3-4 years. and bear effective interest rates of 3.14% to 7.46% per annum.

19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of non-current provision for employee benefits for the years ended December 31, is as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Non-current provisions for employee benefits		
beginning of the years	32,560,008.00	27,317,189.00
Included in profit or loss:		
Current service costs	11,406,781.00	4,699,179.00
Cost of interest	639,019.00	543,640.00
Benefit paid during the periods	(1,181,002.00)	-
Actuarial (gains) losses arising from		
Financial assumptions changes	(12,510,510.00)	-
Demographic assumptions changes	277,223.00	-
Experience adjustments	(7,360,232.00)	-
Non-current provisions for employee benefits		
ending of the years	23,831,287.00	32,560,008.00

Employee benefit expenses for the years ended December 31, consisted of.

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Current service costs	11,406,781.00	4,699,179.00
Cost of interest	639,019.00	543,640.00
Total employee benefits expenses	12,045,800.00	5,242,819.00

Employee benefit expenses for the years ended December 31, as shown in the statements of profit or loss are as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2018	2017
Costs of sales	2,149,084.00	1,379,625.00
Selling expenses	2,947,436.00	2,057,091.00
Administrative expenses	6,949,280.00	1,806,103.00
Total employee benefits expenses	12,045,800.00	5,242,819.00

Principal actuarial assumptions at the valuation date are as follows:

	(Percentage (%) / annum)	
	2018	2017
Discount rate	2.73	1.99
Future monthly salary increase rate	6.00	9.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2008

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, are summarized below:

	Unit : Baht			
	Consolidated and Separate financial statements			
	2018		2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	21,281,802	26,815,799	29,158,570	36,570,304
Salary increase rate	26,528,573	21,461,361	36,705,880	28,970,743
Turnover rate	21,075,200	24,983,194	28,935,675	34,159,807

As at December 31, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit : Baht	
	2018	2017
Within 1 year	717,333	608,407
Over 1 and up to 5 years	3,058,240	13,096,225
Over 5 and up to 10 years	17,084,820	15,232,830

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and has additional liabilities for long-term employee benefits. has recorded the effect of the change by recognising past service costs as expenses immediately in the income statement of the year 2018.

20. SHARE CAPITAL

During December 13 – 15, 2017, the Company offered its new common shares to the benefactors and to the public by issuing 270 million shares at the price of Baht 2.30 per share. The Company registered the increased share capital with the Ministry of Commerce on December 18, 2017. The shares of the Company were trading on the Stock Exchange of Thailand on December 20, 2017. Directly attributable expenses of the initial public offering amounted to Baht 16.37 million were deductible from the premium on share capital.

The Company received the entire a capital increase in December 2017.

The Extraordinary Shareholders' Meeting No. 2/2017 held on June 15, 2017, passed the resolutions as follows:

- Approved to amendment in par value of ordinary shares from 1 Baht per share to 0.50 Baht per share. After the changing of par value, the Company has the ordinary shares of 900 million shares.
- The Company registered its changing of share capital with the Ministry of Commerce on June 29, 2017.

21. LEGAL RESERVE

Pursuant to the Public Limited Company Act B.E. 2535, the Company must set aside a reserve fund constituting no less than 5 % of the annual net profit deducted by the total deficit brought forward (if any) until the reserve equals no less than 10 % of the registered capital. This legal reserve is not available for dividend distribution.

22. DIVIDEND

On April 23, 2018, the Annual General Meeting of Shareholders for the year 2018 has resolved to pay a dividend from its operating result for the year ended December 31, 2017 for 900 million shares at the rate of Baht 0.14 per share, amounting Baht 126 million. Dividends were paid to shareholders on May 2018.

Board of Directors' Meeting No. 4/2017, held on November 9, 2017, passed a resolution authorizing payment of an interim dividend from the retained earnings at September 30, 2017, amounting to Baht 91.98 million to shareholders in proportion to their shares held. Dividends were paid to shareholders on December 20, 2017.

The Extraordinary Shareholders' Meeting No. 2/2017 held on June 15, 2017, passed a resolution authorizing payment of a dividend amounting to Baht 20 million to shareholders in proportion to their shares held. Dividends were paid to shareholders on July 15, 2017.

Board of Directors' Meeting No. 1/2017, held on March 17, 2017, passed a resolution authorizing payment of an interim dividend from the retained earnings at December 31, 2016, amounting to Baht 20 million to shareholders in proportion to their shares held. Dividends were paid to shareholders on May 12, 2017.

The Extraordinary Shareholders' Meeting No. 1/2017 held on January 28, 2017, passed a resolution authorizing payment of a dividend amounting to Baht 20 million to shareholders in proportion to their shares held. Dividends were paid to shareholders on February 28, 2017.

23. SIGNIFICANT EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, consisted of:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	2018	2017
Changes in finished goods		
And work in process decrease	12.47	36.86
Purchases electrical equipment	548.65	656.22
Raw materials and consumable materials used	2.25	2.65
Employee benefit expenses	105.20	101.35
Directors benefit expenses	46.84	44.98
Depreciation and amortization	14.42	16.48
Allowance for inventories devaluation	2.40	0.95
(Gain) loss on exchange rate	(1.10)	4.46
Provision for product warranty	4.77	5.49

24. OPERATING SEGMENTS

The Company operates in three business segments: production and distribution, construction contracts and services. Revenues and expenses relate to business segments and geographical segments for the years ended December 31, as follows:

Unit : Thousand Baht							
Consolidated financial statements							
	Revenues from production and distribution		Revenues from construction services		Revenues from services		Total
	2018	2017	2018	2017	2018	2017	
Revenues	649,307	952,113	274,162	254,118	28,198	29,876	1,236,107
Segment gross profit	138,751	257,116	37,808	47,969	11,195	16,288	321,373
Other income							3,186
Selling expenses							(62,833)
Administrative expenses							(82,400)
Gain (loss) on exchange rates							(4,458)
Finance costs							(1,994)
Tax expenses							(32,165)
Profit for the year	10,574	112,575	2,881	21,003	853	7,131	140,709
Assets:							
Property, plant and equipment - net							257,835
Other							1,265,308
Total assets							1,523,143

..... (Ms. Haruthai Limprasert) **Director**
 (Mr. Noppadol Wichienkuer) **Director**

Geographic information

During the years ended December 31, 2018 and 2017, export sales amounted to Baht 65.78 million and Baht 13.36 million, respectively.

Major customers

For the years ended December 31, 2018 and 2017, the Company has revenue from one major group and one individual customer in amount of Baht 224.36 million and Baht 469.65 million, respectively, from three major groups.

25. FINANCIAL INSTRUMENTS

Credit risk

The Company provides credit terms to each customer after confirming their credit worthiness. The collection of accounts receivables is closely monitored and focuses on the overdue receivables. The Company will make a provisions for accounts receivable that are overdue. Presently, the Company's management believes that there is no significant loss arising from the uncollected receivables.

The trade accounts receivable classified by age analysis is disclosed in Note 8.

Interest rate risk

Interest rate risk occurs when the value of financial instruments change in accordance with the fluctuation of market interest rates, which may affect interest income and interest expense of the present and future years.

The management believes that the interest rate risk is minimal. As such, the Company has no hedging agreement to protect against such risk.

Fair value

The fair value of the financial instruments is the amount at which the instruments may be exchanged in a current transaction between willing parties. The following methods and assumptions are used to estimate the fair value for each class of the Company's financial instruments:

- Financial assets are stated at estimated fair value.
- Financial liabilities are stated at book values which are almost the same as the fair value, because such liabilities will mature in the short term and long-term liabilities have floating interest rates.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to purchase of major raw materials and sales of goods which are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at December 31, as summarized below.

Unit : Million Baht		
Consolidated and Separate financial statements		
	2018	2017
Asset in foreign currencies		
Deposits with financial institutions		
US Dollars	0.25	0.27
Pound Sterling	0.09	0.09
Trade receivables		
US Dollars	0.33	-
Other receivables - accrued income under contracts		
US Dollars	0.05	-
Liabilities in foreign currencies		
Short-term loans from financial institutions - trust receipts		
US Dollars	0.76	1.05
Trade payables		
US Dollars	0.55	0.72
EUR	0.05	-

Forward exchange purchase contracts outstanding as at December 31, as summarized below.

Unit : Million Baht		
Consolidated and Separate financial statements		
	2018	2017
US Dollars	1.27	1.85
EUR	0.06	0.04

The outstanding forward exchange purchase contracts as at December 31, 2018 will mature within 11 months.

26. COMMITMENTS AND CONTINGENT LIABILITIES

- 26.1 As at December 31, 2018 and 2017, the Company has obligations under leased service charges. The remaining rental and service charges of existing contracts to be paid in the future are as follows:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	2018	2017
Within 1 year	0.63	0.54
Over 1 and up to 5 years	1.25	0.16
Total	1.88	0.70

- 26.2 As at December 31, 2018 and 2017, the Company is contingently liable for bank guarantees issued by the banks as follows:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	2018	2017
Baht	119.54	139.96
US Dollars	-	0.08

- 26.3 As at December 31, 2018 and 2017, the Company had unutilized letters of credit amounting to U.S. Dollars 0.12 million (equivalent to Baht 3.84 million) and U.S. Dollars 0.04 million (equivalent to Baht 1.31 million), respectively.
- 26.4 As at December 31, 2018 and 2017, the Company had obligations to pay according to the contract, advisory and advisory services, and the project amount to Baht 0.18 million and Baht 0.04 million per month, respectively.
- 26.5 As at December 31, 2018, the Company has the purchase order of machinery of Baht 46 million and the Company paid a deposit in the amount of Baht 9.20 million.

27. RECLASSIFICATION

During the year, the Company has reclassified certain accounts in the financial statement for the year ended December 31, 2017 to be consistent with the classification of current period of which no impact net income or shareholders' equity as follows:

Unit : Baht			
Separate financial statements			
	Before reclassification	Reclassification	After reclassification
The statement of financial position for the year ended December 31, 2017			
Trade and other current payables	274,347,433.85	(1,737,561.00)	272,609,872.85
Other non-current liabilities	-	1,737,561.00	1,737,561.00

The accounting reclassified did not impact to the balance brought forward as of January 1, 2017.

28. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting No. 1/2019, held on February 27, 2019, resolved to pay a dividend for the year 2018 from its operating result for the year ended December 31, 2018 for 900 million shares at the rate of Baht 0.012 per share, amounting Baht 10.80 million. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors to be issued on February 27, 2019.

February 27, 2019

Subject: CPT – Management Discussion and Analysis of operating result for the year ended December 31, 2018

To: Presidents

The Stock Exchange of Thailand

CPT Drives and Power Public Company Limited informed the operating result for the year ended December 31, 2018 as following

Operating Results

Revenues				
Revenue's structures	2017		2018	
	Million baht	%	Million baht	%
1. Revenue from sales of				
1. Electric Panel	700.52	56.53	450.10	46.74
2. Unit Products	251.59	20.30	199.21	20.68
Total sales revenue	952.11	76.83	649.31	67.42
2. Revenue from Cable Installation and Substation	254.11	20.50	274.16	28.46
3. Revenue from Services	29.88	2.41	28.20	2.93
Total services revenue	283.99	22.91	302.36	31.39
Total operating revenues	1,236.10	99.74	951.67	98.81
Other revenues *	3.19	0.26	11.44	1.19
Total revenues	1,239.29	100.00	963.11	100.00
*Remark Other revenues consisted of Sales of scrap and interest income etc.				

1. Sales Revenues : For the years 2018 and 2017 ending on Dec. 31 were 649.31 million baht and 952.11 million baht respectively. The decline of revenue in 2018 compared to that of 2017 was a result of our customers postponing industrial investment in the second half of 2018 due to lack of confidence in the country's economic and political situation. Revenues for the year 2018 were derived mainly from electrical panel assembly and sales of complete electrical units for our major customers, most of whom are sugar mills and machinery manufacturers including electrical system installation contractors. However, there remained a backlog of jobs at the end of 2018

amounting to 434.99 million baht. Most of the Company's customers have been sugar mills, cement plants, paper mills, electricity generation plants, and industrial plants. Our main revenues come from sugar mills, which are consistent with the growth of the sugar industry as well as the growth of our customers among the machinery manufacturers. In addition, we have gained an increasing number of customers among contractors and distributors of bus ducts and electrical equipment.

2. Revenues from Cable Installation and Substation : For the year ended December 31, 2018 and 2017, Revenues from Cable Installation and Substation were 274.16 million baht and 254.11 million baht respectively which had been increased when compared to 2017. The project work increased while new projects in 2018 started in the end of quarter 3. Thus, the percentage of completion and revenues increased.

3. Services revenue : For the year ended December 31, 2018 and 2017, Services revenues were 28.20 million baht and 29.88 million baht respectively. During 2018, customers purchased finished products together with services in order to replace the existing products and some items were repair services. Revenues in this segment are from existing customers in every industry such as sugar factories, Paper factories and Industrial factories. The number of service projects and project value was less complete than 2017.

4. Other revenues : For the year ended December 31, 2018 and 2017, Other revenues were 11.44 million baht and 3.19 million baht respectively which had been increased when compared to 2017. The reasons were the increase of sales of scrap, the return of short-term investment and interest income of fixed deposit from remaining IPO funds and not yet utilized as proposed.

Cost of goods and services

Cost of goods sold

A Main component of cost of goods sold was cost of material, accounted for approximately 80-85% of total cost. Main raw materials contained assembly parts of machine control panel such as Panel, Motors, Invertors PLC (Programmable Logic Control), etc. which were purchased both domestically and internationally. Besides, other costs were direct labor, miscellaneous expenses, consultant fees and building depreciation etc, accounted for approximately 15-20% of total costs.

For the year ended December 31, 2018 and 2017, cost of goods sold were 510.56 million baht and 695.00 million baht respectively, equivalent to 53.01% and 56.08% of total revenues respectively or accounted as gross profit margin of 21.37% and 27.00% respectively. Gross profit margin decreased because the decrease of 2018 sales compared to 2017 leading to the higher fixed cost to sales.

Cost of Cable Installation and Substation

Which was the actual cost of completed projects until the end of the year. In 2018 and 2017, actual construction cost were 236.35 million baht and 206.15 million baht respectively, accounted for 24.54% and 16.63% of total revenues respectively or equal to gross profit margin of 13.79% and 18.88% respectively. Gross profit margin decreased because revenue in 2018 was from the huge project while the normal gross profit margin of cable installation and substation was approximately 10-15%

Costs of services

are cost of services and cost of repairs (in case that product warranty was expired). During 2018 and 2017, cost of services were 17.00 million baht and 13.59 million baht respectively, accounted for 1.77% and 1.10% of total revenues respectively or equivalent to gross profit margin of 39.70% and 54.52% respectively. The Company gave a service to customers who purchased CPT's products with impression and quickness because the machine needed to be fixed immediately when it was out of service. It could not leave for a long time in order to avoid the

disruption of production line. Besides, the above figure has shown that CPT's product needed to be repaired in a low rate. The normal gross profit margin of services and repairs was approximately 30-50%.

Selling expenses and administrative expenses

Selling expenses

In 2018 and 2017, selling expenses were 57.76 million baht and 62.83 million baht respectively, accounted for 6.00% and 5.07% of total revenues which was decreased when compared to 2018. Most of selling expenses was employee's expenses. During 2018 and 2017, employee's expenses were 40.97 million baht and 45.26 million baht or accounted for 70.93% and 72.04% of total selling expenses respectively. It was decreased because of expenses which were varied to revenues i.e. commission were decreased in the same way as the decrease in revenues in 2018.

Administrative expenses

In 2018 and 2017, administrative expenses were 121.27 million baht and 82.40 million baht respectively or accounted for 12.59% and 6.65% of total revenues which was increased from 2017. Main reasons were allowance for doubtful debt was recorded for 24.52 million baht in 2018 for the long overdue customer. Also, management team considered that might unable to repay, the increase of employee's salary resulting from the annual salary raising, SET fees and travel expenses to abroad for management. Other administrative expenses were constant. There was a policy to control and monitor the Company's expenses regularly. Significant expenses consisted of expenses related to employees, allowance for doubtful debt and depreciation which accounted for 56.67% and 20.22% and 6.22% of total administrative expenses in 2018 and expenses related to employees and depreciation which accounted for 73.10% and 9.08% of total administrative expenses in 2017 respectively.

Gain/(Loss) from exchange rate

In 2018 and 2017, gain from exchange rate was 1.10 million baht and loss from exchange rate was 4.46 million baht respectively. Gain (Loss) from exchange rate shown in income statement was both realized and unrealized. The company minimized the risk from exchange rate's fluctuation by using forward contracts when the Company purchased materials from overseas as purchase orders. Although the Company entered in forward contracts, the company still faced the effect from realized loss from exchange rate. At the date of materials' ownership, the company used the exchange rate as bill of lading date to record the purchase and accounts payable. At payment date, the company used the exchange rate as forward contract to reverse accounts payable. The difference between 2 exchange rates were considered as realized gain/loss from exchange rate. At the end of period, the company might be affected from the unrealized exchange rate from the adjustment of receivables or payables as the requirement of accounting standard if there was accounts receivable or payable balance in foreign currency.

Finance Cost

In 2018 and 2017, finance costs were 1.59 million baht and 1.99 million baht respectively. Finance cost for 2018 and 2017 was interest expenses for short term loan from financial institution which was trust receipt for the purpose of importing raw materials from overseas and interest expenses for vehicle's leasing. In 2017, the company issued 2-month promissory note for purchasing land and repay the whole amount in 2017.

Profit for the year

In 2018 and 2017, net profit were 14.42 million baht and 140.71 million baht respectively, equal to net profit margin of 1.50% and 11.35%. Profit for the period declined by 89.75% compared to the previous year due to the revenue decrease and allowance for doubtful debt. Therefore, operating results decreased as mention above.



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