



2019



Annual Report

CAZ (THAILAND) PUBLIC COMPANY LIMITED



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Vision and Mission

Vision

“To be a leader in Construction services with the most competitive capabilities and potential, playing a part in the steady and sustainable prosperity of Thailand”

Mission

- To offer professional construction services with the potential to be provider of engineering, procurement and construction.
- To develop engineering service capabilities and expand international markets.
- To be the leader in providing integrated construction services (EPC player) with strong presence in Asia Pacific.



Message from **Chairman of the Board**



In the past year of 2019, the Company was successful in operating its business with the overall performance indicators of gross profit and net profit for the year 2019 being higher than those of 2018, and satisfactorily high ratio of net profit to cost. Such achievement stemmed from the determination of executives and personnel who have joined together in performing and completing their duties, which is highly commendable.

The Company worked on projects which increase the potential to generate revenues in the future by purchasing land and building in Pluak Daeng District, Rayong Province of approximately 79 rai and plans to increase the pre-fabrication production capacity, which will lead to decreased production costs in the long term. From the assessment of the overall economic situation of various countries in the region including new construction projects commencing in the next 1 - 2 years in the Eastern Economic Corridor, the Company has the potential to continuously grow. Due to, in 2019, the Company has revenue from construction contracts been contracted for construction projects in the form of EPC and other types of THB 2,034 million. And that revenue from contracts have not yet been recognized (Backlog) of approximately THB 2,288 million. Thus, the Board of Directors places importance on close corporate governance to support executives in executing efficient management of the business, leading to successful and safe delivery of construction work, fostering appropriate work environment, delivering projects of quality in a timely manner, driving the growth of revenues, and significantly increasing the investment value to shareholders. In addition, the Board of Directors promotes and supports the implementation of risk assessment procedure and management covering the aspects of business strategy, financial liquidity management, and personnel development to enhance skills and expertise in both engineering technique and management, the development of internal control system to control production costs and construction expenses at a reasonable level, careful and cautious decision-making involving executives of all levels, compliance to the code of conduct by personnel for honesty and transparency, improvements to the work procedure to support partners, cooperative counterparts, and all stakeholders for fair joint benefits, and the engagement with clients, partners, and cooperative counterparts to enhance the perception of reliability of the organization towards investors.

Lastly, the Board of Directors will support and encourage, and would like to express gratitude to executives and personnel who have all been a driving force in propelling the Company to accomplish success and acceptance by major players in the petroleum, petrochemical, and energy industry in Thailand as well as key partners overseas.

Mr. Narongrit Tavorntvisitport
 Chairman of the Board

Message from **the Chief Executive Officer**

CAZ (Thailand) Public Company Limited (“the Company” or “CAZ”) operates its business in providing a comprehensive range of construction-related services to target customers, which include petrochemical plants, oil refinery projects, power plant projects, and infrastructure projects. With the expertise of our team of engineers coupled with cost-efficient management, the Company’s business portfolio is wider than any other company as we provide Engineering, Procurement, and Construction services for every discipline of work such as civil and building work, structure and piping mechanical work, and electrical and instrument work, through our own personnel and worker without subcontracting. Meanwhile, the Company’s objective is to create satisfaction for customers who can deliver projects with high quality and safety within the milestone schedule as specified in the contract. Since our establishment in 2014, the Company has achieved its targets, which can be measured through customers who are continuously entrust the Company in offering its services for numerous projects.



In 2019, Thailand’s economic growth rate (GDP) stood around 2.4 percent, according to the Bank of Thailand. Despite having a direction of slowing down somewhat from last year from external demand factors. By this year, 2020, it is expected that domestic demand both of consumption and private investment will play an important role for Thailand’s economic growth and large-scale investment projects under the previous government’s plan are continually. It is expected that it will help to boost the confidence of the private sector as well. And is still considered an important year for large-scale government investment projects to be more clear, including the double track railway project and the infrastructure of the Eastern Economic Corridor (EEC). Investment plans include the expansion of Map Ta Phut Industrial Port Development Project Phase 3, aimed to enhance the transportation of liquid goods such as oil, gas, and petrochemical. The project will cover 3 provinces, namely Chonburi, Rayong, and Chachoengsao. As a result, petrochemical businesses are starting to expand their investment and production in LNG projects, which are constructed over a 5-year period from the inception of the project in 2017, to support the potentially increasing demand of LNG in Thailand.

Year 2019, is another key milestone for the Company’s growth. We became a listed company on the Market for Alternative Investment (mai) since January 2019 with good response from investors and financial institutes. In addition, 2019, the company has a higher rate of income growth which resulted from government EEC policy. The Company could achieve its goals by building and gaining trust and confidence from both customers and main contractors, as seen from the continuously increasing number of projects that the Company was hired and awarded. In addition, the Company’s consolidated financial statements showed an increase in revenues from THB 1,387 million in 2018 to THB 2,034 million in 2019, equivalent to 46.67 percent increase. The Company also has backlog of over THB 2,288 million.

Moreover, the Company strives to maintain good performance and standards in order to grasp more opportunities in construction projects from both customers and main contractors. Moreover, the Company will seek other opportunities in expanding the market overseas to neighboring countries for the prosperity and sustainable growth of the Company and for Thailand. Finally, as Chief Executive Officer, I would like to thank our customers, shareholders, investors, business partners and all related parties who continue to show unwavering confidence in the Company. I would also like to thank all of the Company’s personnel for their patience and dedication in achieving the company’s goals. I promise that we are committed to operating the business in order to achieve stable and sustainable growth and will continue to do so going forward.

Mr. Chung Sik Hong
Chief Executive Officer

General Information and Other Important Information

General Information

Company Name	: CAZ (Thailand) Public Company Limited
Registration Number	: 0107561000145
Nature of Business	: Full-range contractor services (EPC), structure and system installation, civil construction, fabrication works and other services in the oil & gas and petrochemical industry.
Head Office	: 239 Huaypong-Nongbon Road, Huaypong Sub-district, Muang Rayong District, Rayong
Telephone	: 038-606-242
Fax	: 038-606-166
Website	: www.caz.co.th
E-Mail	: info@caz.co.th
Registered Capital	: THB 140,000,000 (One hundred and forty million baht)
Issued and Paid-up Capital (As at 17 January 2019)	: THB 140,000,000 (One hundred and forty million baht)
Par Value	: THB 0.50 per share
Company Secretary / Investor relation	: Ms. Nattiya Charusombat

Information on Other Related Parties

Auditor	: PricewaterhouseCoopers ABAS Ltd. 179/74-80, 15 th Floor Bangkok City Tower, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Telephone : 02-344-1000
Internal Auditor	: Dharmniti Internal Audit Company Limited 5th Floor, Dharmniti Building, 178 Soi Prachacheun 20, Prachacheun Road, Bangsue, Bangkok 10800 Telephone : 02-596-0500
Securities Registrar Common Shares	: Thailand Securities Depository Company Limited The Stock Exchange of Thailand, 62 Ratchadapisek Road, Khlong Toei, Bangkok 10110 Telephone : 02-229-2800 Fax : 02-359-1259

Board of Committee



Mr. Narongrit Tavorntvisitporn

Independent Director / Chairman of the Board of Directors / Audit Committee Member / Nomination and Remuneration Committee Member



Mr. Natie Tabmanie

Independent Director / Chairman of the Audit Committee / Nomination and Remuneration Committee Member



Mr. Yingyong Techarungnirun

Independent Director/
Audit Committee Member



Mr. Somchai Kanbuakaew

Executive Committee Member / Director / Chairman of the Nomination and Remuneration Committee / Risk Management Committee Member



Mr. Chung Sik Hong

Director (Executive Director) /
Chairman of the Executive Committee /
Chief Executive Officer / Chairman of
the Risk Management Committee



Mr. Prasert Treeveeranuwat

Director / Executive Committee Member /
Risk Management Committee Member



Ms. Nita Treeweeranuwat

Director /
Executive Committee Member



Ms. Kanchana Rimpanichayakij

Director



Mr. Yeong Cheol Choi*

Director

*Remark : *Appointed to be the Director in the Board Meeting no. 1/2020 on 27 February 2020.
With effective from 29 February 2020.*



Report of the Audit Committee

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of CAZ (Thailand) Public Company Limited consists of three independent directors who are not executive directors, employees, or consultants of the company or its subsidiaries. The committee has performed the engagements independently under Audit Committee Charter to oversee and support the company so that the company has sufficient corporate governance. This is consistent with the rules and guidance for the Audit Committee specified by the Securities and Exchange Commission and the Stock Exchange of Thailand.

In year 2019, the Audit Committee held seven meetings, occasionally with the management, internal auditors, and independent auditors to discuss on relevant issues, as summarized below.

Review of the Financial Statements

The Audit Committee has reviewed quarterly and annually consolidated and company financial statements for the year 2019 of CAZ (Thailand) Public Company Limited. All of which were prepared and conducted according to Thai Financial Reporting Standards (TFRS) and Thai Accounting Standards (TASs) with accuracy and adequately information disclosed. In addition, the Audit Committee had held six independent meetings with the independent auditors in the absence of the management so as to freely discuss important issues in preparing the financial statements, adjusting entries materially affecting the statements, adequacy and suitable of accounting entry methods, auditing scope, disclosure which benefits for the intended users and disclosure in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and , as well as the independence of auditors. This is to ensure that preparation of the financial statements is complied with the company's legal compliance, financial reporting standards, accounting standards, and generally accepted accounting principles. The Audit Committee has reviewed and approved that the Audited Financial Statements, with unqualified audit opinion, is free of material misstatements.

Review of the Risk Assessment

The Audit Committee has reviewed risk management report and quarterly followed up its results by considering both internal and external risk factors, probability, impact, and risk appetite to ensure that the Company remains its risks within acceptable levels. The Audit Committee found that the Company clearly institutionalized the risk management process and communicate it to all related person at every level of the organization. Through the culture, everyone in company understood that risk management is collective responsibility of all management and employees.

Review of the Internal Control and Audit System

The Audit Committee has reviewed the assessment results of the internal control system prepared by internal auditors and found that the system is appropriate for the Company's operation which covers significant risk factors and has effective performance as well as and a continuous development in both personnel and audit operation according with international standards. There is no material deficiency impacting the company financial statements that the finding corresponds to the independent auditors' opinion.

In addition, the Audit Committee has considered and approved the internal audit plan for the year 2020 which is conducted according to risk basis of the Company. The Audit Committee also provided scope of the internal audit to cover all significant business transactions and operation.

Review of the Corporate Governance and Regulatory Compliance

The Audit Committee has reviewed the code of conduct and corporate governance and found that the Company has complied with all laws, regulations and requirements of The Stock Exchange of Thailand and related law in its industry. In addition, the Company has strictly adhered to good governance practices and aim to operate its business in a sustainable manner. The Board of Directors always promotes each employee at every level focusing on awareness and adhering to ethic. They also set the policy of anti-corruption and made it in the written form.

Appointment of the Certified External Auditors

The Audit Committee was satisfied with the independence, professionalism and expertise, and quality of the existing auditors. Thereby, the Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by shareholders in the Shareholder Meeting for the appointment of Ms. Vipavan Pattavanvivek Certified Public Accountant (Thailand) No. 4795; and/or Ms. Bongkot Amsageam , Certified Public Accountant No.3684; and/or Ms. Marisa Tharathornbunpakul, Certified Public Accountant No.5752 of KPMG Phoomchai Audit Limited as the Company and its subsidiaries independent auditors for the fiscal year 2020.

Review of the Connected Transactions or Transactions with Potential Conflicts of Interest

The Audit Committee has considered the relevant transactions which may have conflicts of interest according to the conditions of fairness, transparency, and adequate disclosure for the greatest benefit of the company specified by the Stock Exchange of Thailand. The Audit Committee concludes that the Company's connected transactions were fair, transparent and not led to conflicts of interest, strictly complied with the stipulated business conditions, and reasonable price to optimize benefits of the shareholders.

In 2019, the Audit Committee has performed their assigned duties as specified in the Audit Committee Charter which is approved by the Company's Board of Directors. The Audit Committee carried out the responsibilities by using knowledge, prudence, and adequate independence for interests of stakeholders equally. The Audit Committee agrees that the Financial Reports of the Company for the year 2019 were accurate, reliable, sufficiently disclosed, and prepared in accordance with generally accepted accounting principles. The Company's risk management process is proper and the overall internal control system of the Company is effective and appropriate for the operations. The business has complied with all laws, regulations, and obligation related to the business as well as sufficiently integrated corporate governance with work performance leading to transparency and reliability. The Audit Committee also agrees that the Company continuously improved its operation systems to be higher quality and appropriate of its business environment.

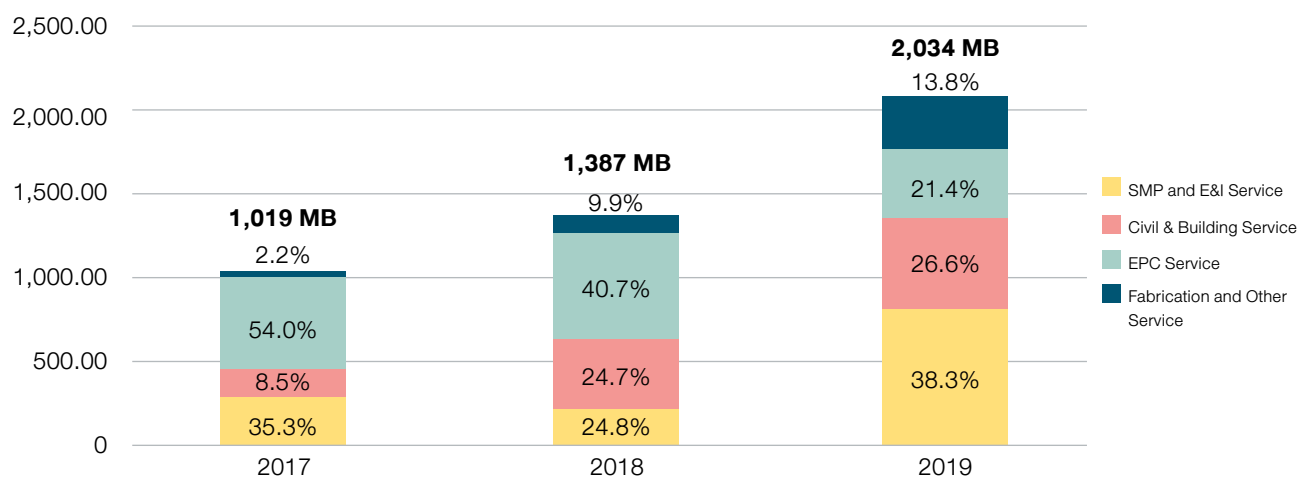
(Mr. Natie Tabmanie)
Chairman of the Audit Committee

Financial Highlight

CAZ (Thailand) Public Company Limited and its Subsidiary

Revenue Structure	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Engineering, Procurement, and Construction (EPC Service)	550.23	53.98	563.97	40.66	434.44	21.35
2. Structure Mechanical and Piping (SMP) and Electric & Instrument (SMP and E&I Service)	359.85	35.30	343.49	24.76	778.26	38.25
3. Civil and Building Service	86.66	8.50	341.85	24.65	540.30	26.56
4. Fabrication and Other Service	22.55	2.22	137.77	9.93	281.46	13.83
Total revenue from construction services	1,019.29	100.00	1,387.08	100.00	2,034.46	100.00

Revenue from construction services



Profitability's	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross profit	101.75	9.98	145.99	10.52	182.59	8.97
Profit attributable to owners of the parent	22.91	2.24	52.98	3.81	75.46	3.70

Statement of Financial Position

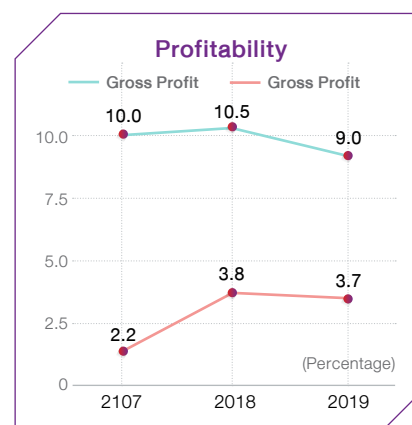
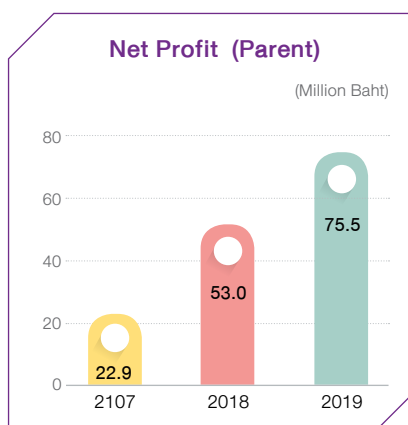
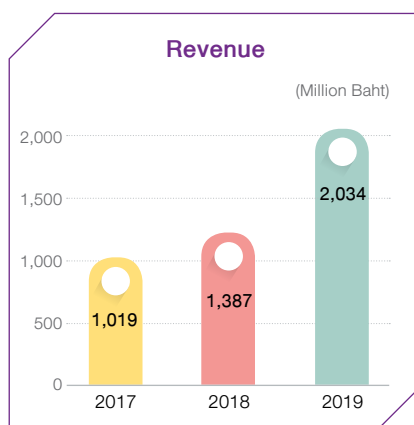
Assets	2017	2018	2019
Cash and cash equivalents	91.98	35.22	31.33
Trade and other receivables	165.67	208.40	186.08
Unbilled receivables	88.85	273.72	564.88
Property, plant and equipment	314.79	357.14	527.97
Other assets	67.84	275.28	177.34
Total assets	729.13	1,149.76	1,487.60
Liabilities and equity			
Trade and other payables	171.60	286.57	327.16
Advance received from construction contracts and construction income received in advance	163.81	422.43	217.25
Long-term borrowing from banks	220.98	182.34	143.70
Other liabilities	31.23	96.82	300.21
Equity	141.51	161.60	494.28
Total liabilities and equity	729.13	1,149.76	1,487.60

Financial Ratio

Description	2017	2018	2019
Current ratio (%)	0.93	0.79	0.97
Return on equity (%)	19.78	35.88	23.26
Return on assets (%)	7.11	8.80	8.40
Debt to equity ratio (time)	4.27	6.26	2.02
Book value per share (Baht)	1.18	0.81	1.79
Earnings per share (Baht)	0.19	0.26	0.27

Operating results

CAZ (Thailand) Public Company Limited and its Subsidiary



Important events 2019



▲ Joining in the sign of the contract of appointment KTB Securities (Thailand) Plc. as an underwriter and guarantor of the newly issued ordinary shares. And co-appointment with Finansia Syrus Securities Plc. and Country Group Securities Plc. joint distribution, CAZ preparing to offer 80 million shares.



▲ 11-15 January 2019, CAZ offers to sell the newly issued shares to the public for the first time (IPO) 80 million shares at THB of 3.90 per share and start trading on Market for Alternative Investment (mai) on 22 January 2019.



▲ Officers from the Office of the Securities and Exchange Commission Market for Alternative Investment (mai) visited CAZ and construction site project in Map Ta Phut Industrial Estate, Rayong Province.



▲ CAZ received the certificate of promotion of energy conservation in small and medium sized industrial plants of the Department of Alternative Energy and Energy Conservation.

▼ Mr. Chung Sik Hong (1st from right), the Chief Executive Officer, represented CAZ to receive the Outstanding Partner Award. The most outstanding partner in a foreign country from Mr. Sun Gan Choi the President and Chief Executive Office of Samsung Engineering Co., Ltd at Samsung Engineering Co., Ltd., head office in South Korea.



Highlight Project



▲ PTTGC Olefins Reconfiguration (SMP)



▲ BANGCHAK Enclosed Ground Flare (EPC)



▲ BANGCHAK CCR (Civil)



Thailoil Clean Fuel (Civil)

WP BangPa-kong LPG Terminal Phase 3 (EPC)



PTT LNG Nongfab LNG
Receiving Terminal (Civil)





Business Operations

Policy and Overview of Business Operations

1. Strategy and Business Goals

Referred to the Company's Vision and Mission, the Company set up Strategy and Goals as follows;

Strategy

- To develop and create a standard for professional engineering services
- To achieve excellence in project operations in enhance engineering service capabilities and standards, receiving quality certification issued by the American Society Mechanical Engineers: ASME, which is an internationally renowned organization
- To closely and continuously plan and manage operating costs for secure and sustainable growth

Business Goals

- To offer engineering services for large projects of up to THB 3 billion, providing locally and internationally-accepted quality services
- To expand the client base to Asia Pacific
- To procure cutting-edge equipment and develop personnel capabilities to support future growth

2. Major Changes and Milestones

CAZ (Thailand) Public Company Limited ("the Company" or "CAZ") operates its business in offering engineering design services, machinery and equipment procurement, and Engineering, Procurement, and Construction (EPC). Led by Mr. Chung Sik Hong and teams of experienced engineers, the Company is widely-accepted and known for its integrated services in the oil, gas, and petrochemical industry, with the following key milestones.

2014

- ▶ CAZ (Thailand) Public Company Limited ("the Company" or "CAZ") was established on 6 February with initial registered capital of THB 23.00 million, comprising of 230,000 shares with par value of THB 100 per share. Founded by Mr. Chung Sik Hong, an engineer experienced in the provision of engineering services for clients in the oil, gas, and petrochemical industry for over 30 years and Chief Executive Officer of Thai Woo Ree Engineering Company Limited (TWRE), the Company began providing its services mainly as subcontractor for civil engineering work.

2015

- ▶ On 20 March, the Company issued 260,000 new shares for a total amount of THB 26.00 million to Takuni (Thailand) Company Limited (TT) as co-investor, accounting for 47.72% of paid-up capital. As a result, the Company's paid-up capital amounted to THB 54.50 million, comprising of 545,000 shares with par value of THB 100 per share.

2016

- ▶ On 7 April, the Company issued 40,000 new shares for a total amount of THB 4.00 million to TT to increase TT's shareholding portion in the Company from 47.72% to 51.30%, changing the Company's

status as being TT's associate company to being a subsidiary, with paid-up capital of THB 58.50 million, comprising of 585,000 shares with par value of THB 100 per share.

- ▶ On 27 April, the Company purchased land, together with office building and factory building, covering 108 rais and equipment for a total value of THB 285.00 million, located at 239 Huaypong-Nongbon Road, Huaypong Sub-district, Muang Rayong District, Rayong from TWRE as the land owner of the Company's originally leased space faced financial issues resulting in the Company not being able to continue with the lease coupled with factory space being insufficient for potentially increasing usage. The Company took out THB 35.00 million of loans from TT and THB 250.00 million of loans from Siam Commercial Bank with loan tenor of 7 years, totaling THB 285.00.
- ▶ On 1 June, the Company invested in JKEC Company Limited (JKEC), a civil and foundation work construction service provider founded by Mr. Jeong Kyu Choi, an engineer experienced in civil engineering with for over 7 years. The Company held 21,000 shares in JKEC, reflecting shareholding portion of 51.22% of paid-up capital, as part of cost control initiative for projects undertaken by the Company involving civil and foundation work.

2017

- ▶ On 19 December, the Company issued new shares for a total amount of THB 41.50 million to serve as working capital and to support bids for new projects. As a result, the Company's paid-up capital amounted to THB 100.00 million, comprising of 1,000,000 shares with par value of THB 100 per share.

2018

- ▶ On 3 May, the Company transformed its status from CAZ (Thailand) Company Limited to CAZ (Thailand) Public Company Limited and increased its registered share capital by THB 40.00 million to support the offering of new shares to the public (IPO), resulting in registered capital of THB 140.00 million. In addition, the Company changed its par value from THB 100 per share to THB 0.50 per share, resulting in the Company having 280,000,000 shares with paid-up capital of THB 100.00 million, comprising of 200,000,000 shares.
- ▶ On 28 September, the Company purchased 9,000 shares of JKEC from Mr. Chang Goo Kim, resulting in an increase in the Company's shareholding portion in JKEC from 51.22% to 73.17%.

2019

- ▶ On 11-15 January, the Company offered to sell the newly issued shares to the public for the first time in the amount of 80,000,000 shares by selling the new shares to the subscribers at the price of THB 3.90 per share, totaling THB 312.00 million by the listed Company. The increase of paid-up capital with the Ministry of Commerce on 17 January 2019 and the shares of the company began to be traded on the Stock Exchange of Thailand on 22 January 2019.
- ▶ On 30 August, the Company invested in land Buildings and factories in Pluak Daeng District, Rayong Province, with a total area of 79 rai 47 square meters in the amount of THB 100.00 million to support company capacities of existing projects on hand and additional future projects.
- ▶ The Company invested in additional 43,902 ordinary shares of JKEC (a subsidiary company) with a par value of THB 100 totaling THB 4,390,200 and still maintaining the proportion of investment in the subsidiary at the rate of 73.17 percent on 1 October 2019.

Business Overview

The Company operates the business as engineering service provider to clients in the oil, gas, and petrochemical industry, of which the nature of work and services can be divided into the following 4 categories.

1. Engineering, Procurement and Construction (EPC): a single service contract with the scope of service covering engineering design, procurement of raw materials, machinery and equipment, and construction management including commissioning of systems and equipment before actual operations as required by the client.

2. Structural Mechanical Piping (SMP) and Electrical and Instrument Service: the Company provides steel structure, pipe mechanical structure, machinery, electrical, and control system installations as well as commissioning of systems and equipment before actual operations.

3. Civil and Building Service: the Company provides services relating to civil work such as pile work, foundation work, building structural work, and paint work.

4. Fabrication and Other Service: the Company provides manufacture and assembly of steel structure, piping, heat exchanger, tanks fabrication, pressure vessel fabrication, as well as procurement of materials and labor

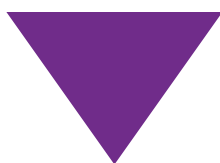
With the experience and expertise from its business operations, coupled with successful proven track record on various projects in Thailand, cost control and management, and control systems, the Company is able to efficiently management control costs and make timely delivery of work. The Company was also awarded quality certification and engineering equipment production standard certification, especially the ASME standard from the USA, which resulted in credibility and built trust for clients in the oil, gas, and petrochemical industry ranging from oil refinery business, petrochemical plant business, power plant business, and natural gas business such as PTT Public Company Limited, Thai Oil Public Company Limited, Bangchak Corporation Public Company Limited, IRPC Public Company Limited, PTT Global Chemical Public Company Limited, and leading global construction companies such as China Petroleum Pipeline Bureau, Samsung Engineering (Thailand) Company Limited, Posco Engineering Company Limited, IHI Corporation, Hyundai Engineering Company Limited, Sinopec Engineering Group (Thailand) Company Limited, and Samsung-ITD Joint Venture.

3. Group Structure

As at 31 December 2019, the Company's group structure is as follows.

CAZ (Thailand) Public Company Limited ("CAZ")

73.17%



JKEC Company Limited ("JKEC")

JKEC Company Limited (JKEC) was established on 29 January 2016 with initial registered of capital of THB 2.00 million. It later increased its registered capital to THB 4.10 million on 10 May 2016, with the Company purchasing 21,000 of JKEC's shares, equivalent to 51.22% shareholding portion, making JKEC the Company's subsidiary. On 28 September 2018, the Company purchased 9,000 shares of JKEC from Mr. Chang Goo Kim, resulting in the Company holding a total of 30,000 shares leading to an increase in the Company's shareholding portion in JKEC from 51.22% to 73.17%.

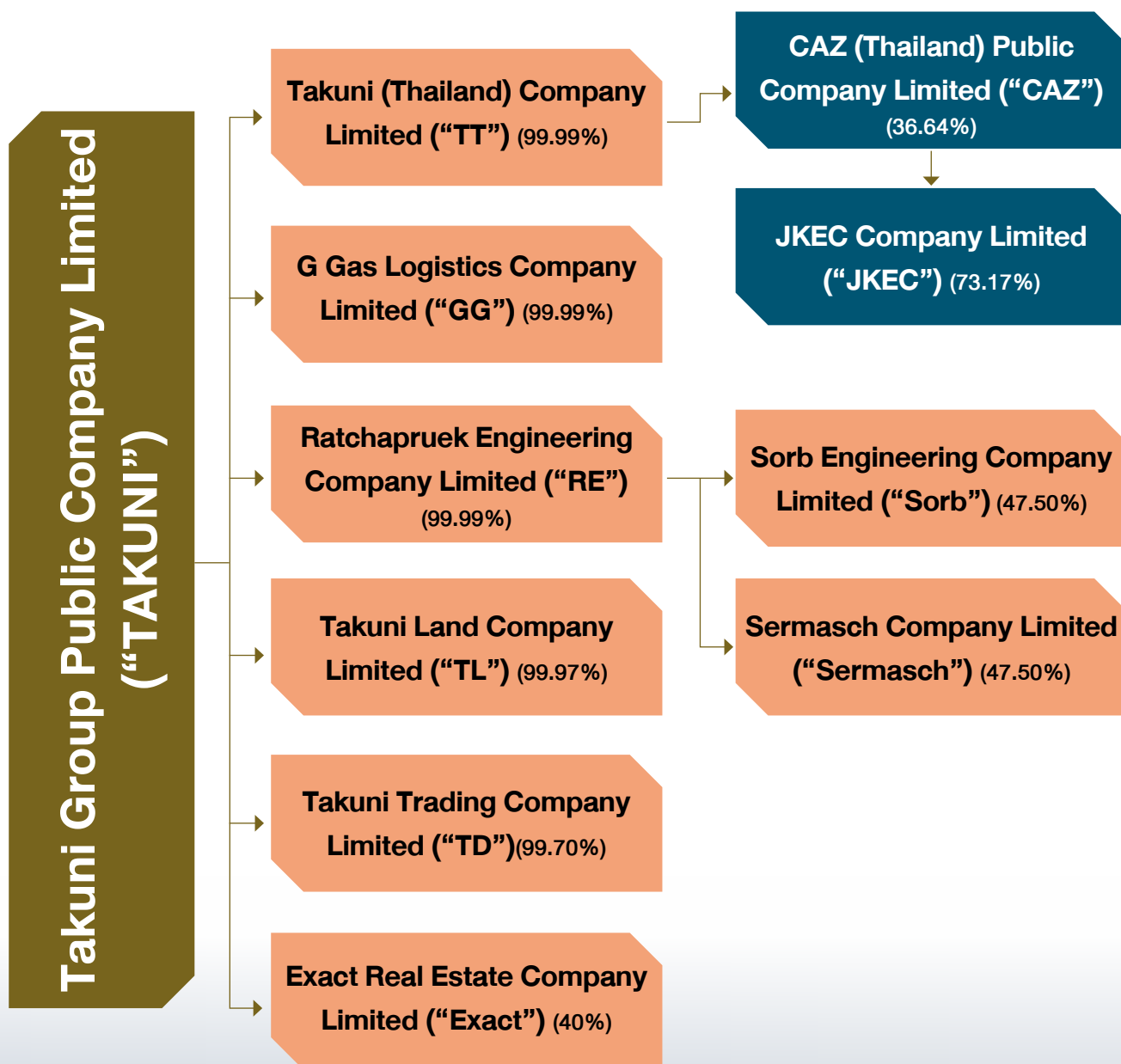
On 1 October 2019, JKEC registered capital increase from THB 4,100,000 (41,000 shares with a par value of THB 100 per share) to THB 10,100,000 (101,000 shares with a par value of THB 100 per share). Investment in subsidiary companies at the rate of 73.17 percent by investing in 43,902 additional ordinary shares of JKEC with a par value of THB 100, totaling THB 4,390,200.

4. Business Relationship with Major Shareholders as at 31 December 2019

Major shareholders are divided into

1. Executives holding 19.55 percent of paid-up capital

2. Takuni (Thailand) Company Limited, subsidiary of Takuni Group Public Company Limited, holding 36.64% of paid-up capital, with details on TAKUNI's group structure as follows;



Operations of companies in the Takuni Group Public Company Limited group

Company	Business
Takuni (Thailand) Company Limited	Automobile gas installation and gas piping system construction
G Gas Logistics Company Limited	Transportation
Ratchapruerk Engineering Company Limited	Engineering safety testing service
Takuni Land Company Limited	Property Development
Takuni Trading Company Limited	Electric motorcycles Manufacturing and Distribution
Exact Real Estate Company Limited	Property Development
Sorb Engineering Company Limited	Sales and installation of tools and machinery
Sermasch Company Limited	Repair and Maintenance of tools and machinery
CAZ (Thailand) Public Company Limited	Construction service for clients in the oil, gas and petro chemical industry
JKEC Company Limited ("JKEC")	Civil and foundation construction service

CAZ would still retain its status as TAKUNI's subsidiary and TAKUNI would continue to prepare consolidated financial statements.

4.1 Preventive Measures on Business Competition Between TAKUNI Group and the Company

Business operations of TAKUNI Group and the Company may seem similar in the provision of construction service. However, the businesses of both parties differ in terms of expertise and standard of work. Thus, clients would decide to engage the services based on suitability to the job.

CAZ (Thailand) Public Company Limited operates its business as construction service provider with its clients being large operators in the oil, gas, and petrochemical industry. This requires experience, emphasis on standards of raw materials, controlled manufacturing process, teams of engineers with expertise and understanding in various products able to advise clients and teams of craftsmen standard-certified for welding various types of products, enabling the Company to ensure high quality services with quality control exercised in every production and installation process. In addition, the Company received certificates of standard from renowned organizations such as ASME and NBIC, with regular checks every 3 years, resulting in high cost of service.

Takuni (Thailand) Company Limited (TT), which is TAKUNI's subsidiary, like CAZ, also operates its business in construction service. However, the scope of construction business is limited to LPG pipe construction system such as shopping centers, hospitals, and restaurants. In addition, the standards regarding construction, raw materials, and labor quality are at a level as required by law. As such, TT is not able to deliver standards comparable to CAZ due to limitations such as expertise other than in LPG pipe system, engineers' capabilities, and specialized labor qualifications.

However, should TAKUNI Group plan to engage the services of CAZ or CAZ's subsidiary in the future in any matter, TAKUNI and CAZ will consider market prices, normal terms of trade, and appropriateness of the transaction. In such case, The Audit Committee and internal auditor of both TAKUNI Group and CAZ will review such related party transaction, disclose information to the public, and proceed in accordance with the regulations on the matter.

4.2 Related Party Transactions Which May Occur in the Future

Related party transactions between the Company and TAKUNI Group in the future, in case of normal business transactions with normal terms of trade, would be done in accordance with related party transaction review measures as approved by the Board of Directors in compliance with the Securities and Exchange Act. The agreement shall

be strictly adhered to, and pricing and terms shall be clearly and fairly specified, resulting in no transfer of benefits. In case that the Audit Committee has no expertise in the related party transaction currently under consideration, the Company will arrange for a person with knowledge and specialized expertise such as the auditor or independent asset appraiser to provide opinion on the related party transaction, to support the decision of the Board of Directors or shareholders (whichever may be the case). This is to ensure that such transactions will not constitute any transfer of benefits between the Company or potentially conflicting persons, but are for the greatest benefit of shareholders. The Company will also proceed in accordance with the regulation with regards to disclosure of information and guideline for listed companies on related party transactions.

On 2019, the Company has income from the construction of a gas depot of other private Company from TAKUNI as a subcontractor which is a continuous work from the year 2018 (contract period September 2018 - March 2020). Initially, the TAKUNI group has compared the construction price of the CAZ with other subcontractors. And price and other trade conditions that CAZ proposed to TAKUNI were similar to other CAZ's clients. In summary, the terms of this transaction of both TAKUNI and CAZ are in accordance with general trade conditions. However, CAZ already rechecked and reviewed trade conditions from company's financial advisors and an internal auditor before active this transaction. At results, this project has similar margin and trading conditions are not different with other customers. Moreover, the CAZ's Audit Committee has already considered and provided opinions on the reasonability of the said price.



Nature of Business

1. Revenue structure

Revenue structure for 2017 – 2019 by the business segment could be divided into 4 categories as follows.

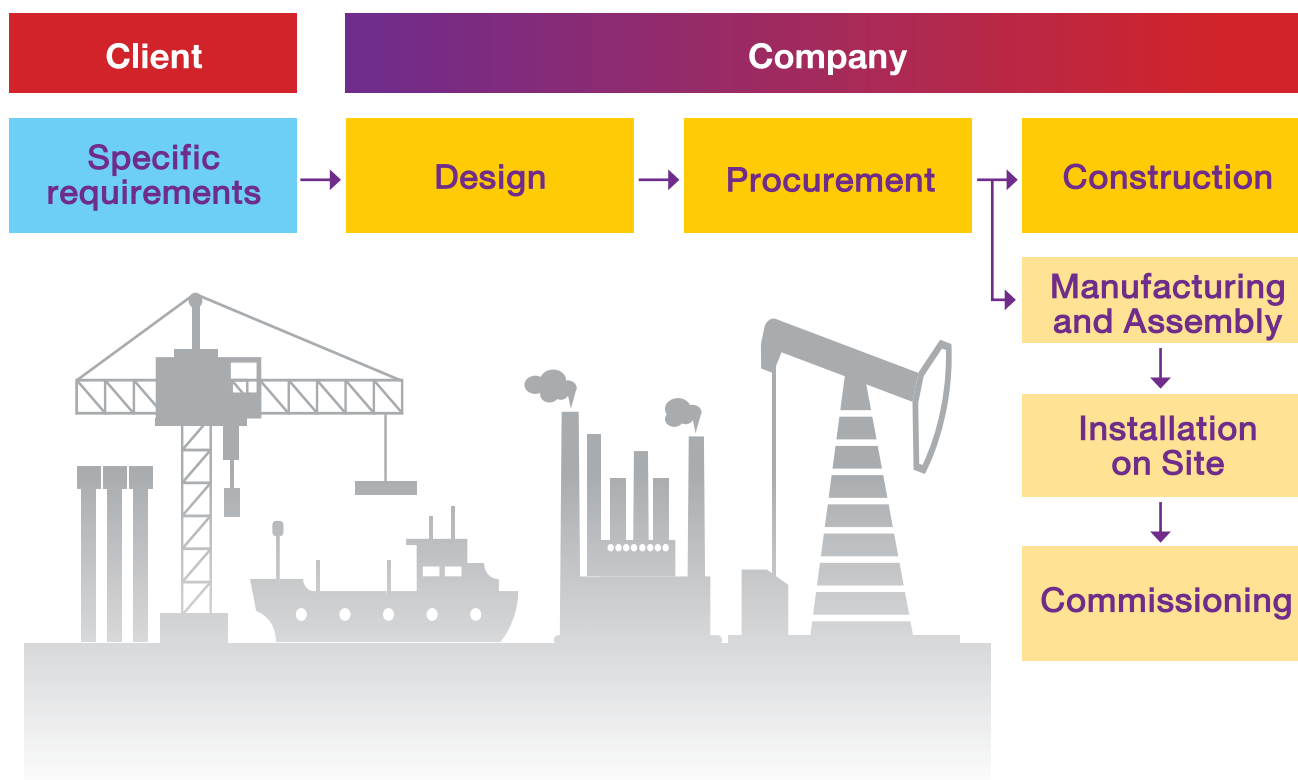
Type of Business	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Engineering, Procurement and Construction (EPC) Service	550.23	53.84	563.97	40.58	434.44	21.29
2. SMP & E&I Services	359.85	35.21	343.49	24.71	778.26	38.14
3. Civil and Building Service	86.66	8.48	341.85	24.60	540.30	26.48
4. Fabrication and Other Service	22.55	2.21	137.77	9.91	281.46	13.79
Total Revenue from services	1,019.29	99.74	1,387.08	99.80	2,034.46	99.70
Other income ^{1/}	2.69	0.26	2.79	0.20	6.19	0.30
Total revenue	1,021.98	100.00	1,389.87	100.00	2,040.65	100.00

Remarks: ^{1/} Other income comprises of rental income from lease of office spaces and sales of scrap metal or other unused assets

2. Description of Business

The nature of business provided by the Company and its subsidiaries could be divided into 4 categories as follows.

1. Engineering, Procurement and Construction Service: EPC includes engineering design, the supply of raw materials, machinery and equipment and construction management by the operation system of machinery and equipment, and Pre-Commissioning to satisfy the needs of clients by the contract.



The kinds of services could be categorized as follows.

- 1.1 **Engineering** refers to engineering design as per client request. The Company employs highly-skilled engineers with expertise and technical knowledge about civil and architectural, structural, mechanical and piping, electrical, and instrument. The in-depth understanding of construction procedure and process allows the Company perform fully-integrated structural, civil and infrastructure services. The cost reduction about sub-contractor through internal-external coordination makes the Company manage our business most effectively.
- 1.2 **Procurement** refers to the procurement of construction materials and related equipment for use in construction and installation in accordance with operational procedures which was laid out by the Company as per client request. The Company is trusted to carry out procurement service along with construction service, in which the Company will procure all related equipment and machinery required for the project in conjunction with negotiation with suppliers covering cost, terms and conditions, quality control, and coordination with vendors to assure timely handling of materials, equipment and machinery to comply with overall project timeline. Clients such as affiliated companies like PTT Public Company Limited (PTT Group) often set out required material and equipment specification and a list of qualified vendors. The majority of Company's clients where operate natural gas, petroleum and petrochemical businesses entitled to investment incentives provided by the Board of Investment (BOI). As such, the Company commands extensive knowledge and experience in the procurement and import procedure of offshore machinery in accordance to the conditions set by the BOI.

- 1.3 Construction** refers to construction contractor services and the installation of engineering systems after completion of design and procurement. The Company will allocate construction team of experts with technical expertise appropriate to each type of project. Each team will comprise a variety of engineers of different levels across related multi-disciplinary engineering fields, where the engineers will collaborate in executing the operations of each project from coordinating with clients or representatives, sub-contractors, manufacturers and distributors of machinery and equipment, and design engineers, overseeing quality control and overall construction timeline, conducting project management in cost and disbursements, and conducting overseeing overall work safety. The Company provides construction contractor services in the areas of Civil Work, Building Work, Production and Fabrication Work of Steel Structure, Piping Work, Mechanical Work, E&I Work, and Scaffolding & Painting Work.

Projects Example of EPC Service



▲ Project Name: PTT LNG Cold Water Facilities

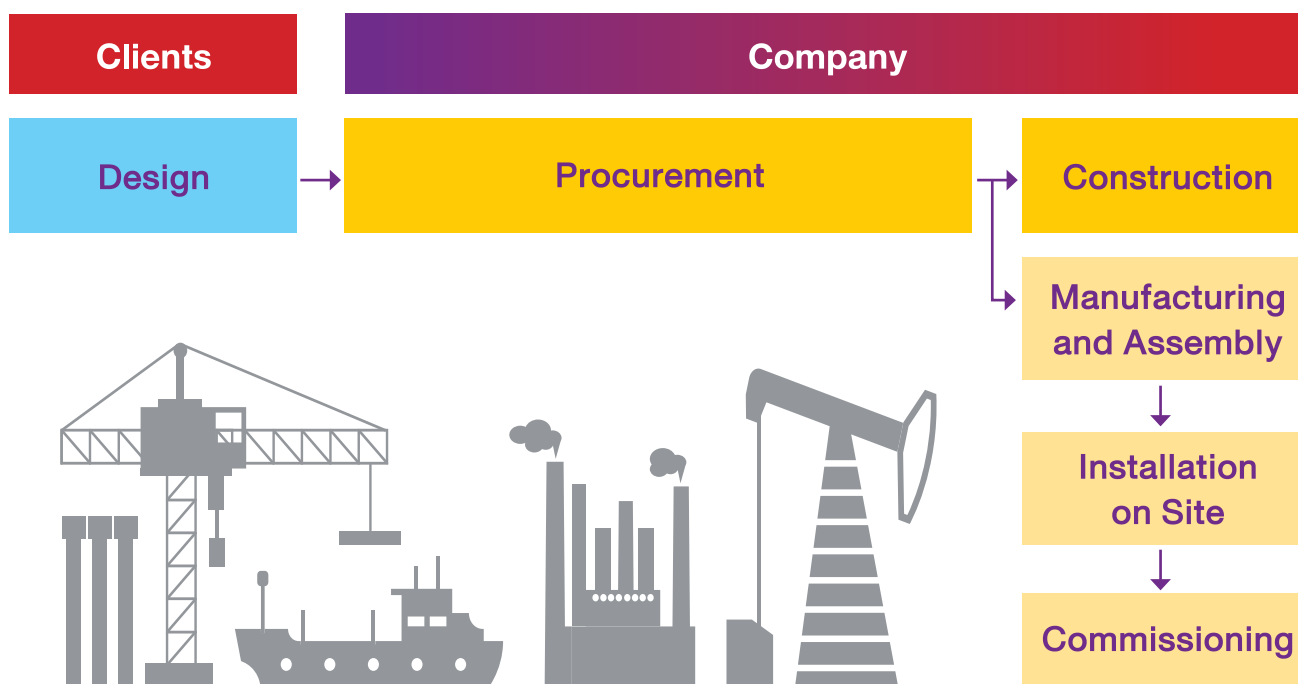


▲ Project Name: PTT Tank Terminal



▲ Project Name: BCP Enclosed Ground Flare (EGF)

2. Construction Service: Structural Mechanical Piping (SMP) and Electrical & Instrument (E&I) Services includes construction and installation service for steel structure, piping (systems), mechanical equipment and machinery, electrical work, control system, as well as providing system and Pre-commissioning and commissioning.



The kinds of services could be divided into the following categories.

- 2.1 Steel Structure** The Company fabricates, procures, assembles and installs steel structure both inside and outside of the building to support pipe bridge and pipe rack, as well as to create a foundation for heavy equipment and machinery for industrial uses such as oil refinery plant, petrochemical plant, and power plant in accordance with clients' request before (progressing to on-site) installation on site.
- 2.2 Mechanical work** The Company procures, assembles and installs machinery and equipment as per clients' request.
- 2.3 Piping** The Company assembles, installs (this includes the assembly, installation,) and welding of pipes used in transmission pipeline of liquid and gas, such as oil and solvents, in accordance with the design instruction set for industrial factories such as petrochemical plant, oil refinery plant and power plant. Most of the time clients would prepare customized pipes from overseas or through importers because it is mostly unable to be produced locally, with the customized pipes usually made from specialized metal materials that contain special properties. Such customized pipes are seamless steel pipes with large diameter, thicker when compared to standard industrial pipes such as carbon steel (pipes), stainless steel (pipes), and alloy (pipes), produced from various mix of metal materials including carbon, nickel, stainless steel, and titanium alloys depending on the requirement. The assembly and installation of such customized pipes require special technique and technical expertise such as x-ray or post-weld heat treatment to release internal pressure, to deliver products that meet quality standards. As these pipes will be used in heavy industries, attention needs to be given to the properties they hold including pressure level, heat, pH balance, and resistance to corrosion to prevent damage to the overall production process.
- 2.4 Electrical & Instrument Service** The Company procures, assembles and installs of machinery, equipment, and control electrical system as per clients' request, as well as Pre-commissioning and commissioning.

Examples of Steel Structure Construction Services



▲ Project Name: PTT Midline Compressor Station



▲ Project Name: PTT LNG Receiving Terminal Expansion



▲ Project Name: PTT LPG Terminal Khao Bo Ya E&I



▲ Project Name: PTT LNG In-Plant Power Generation

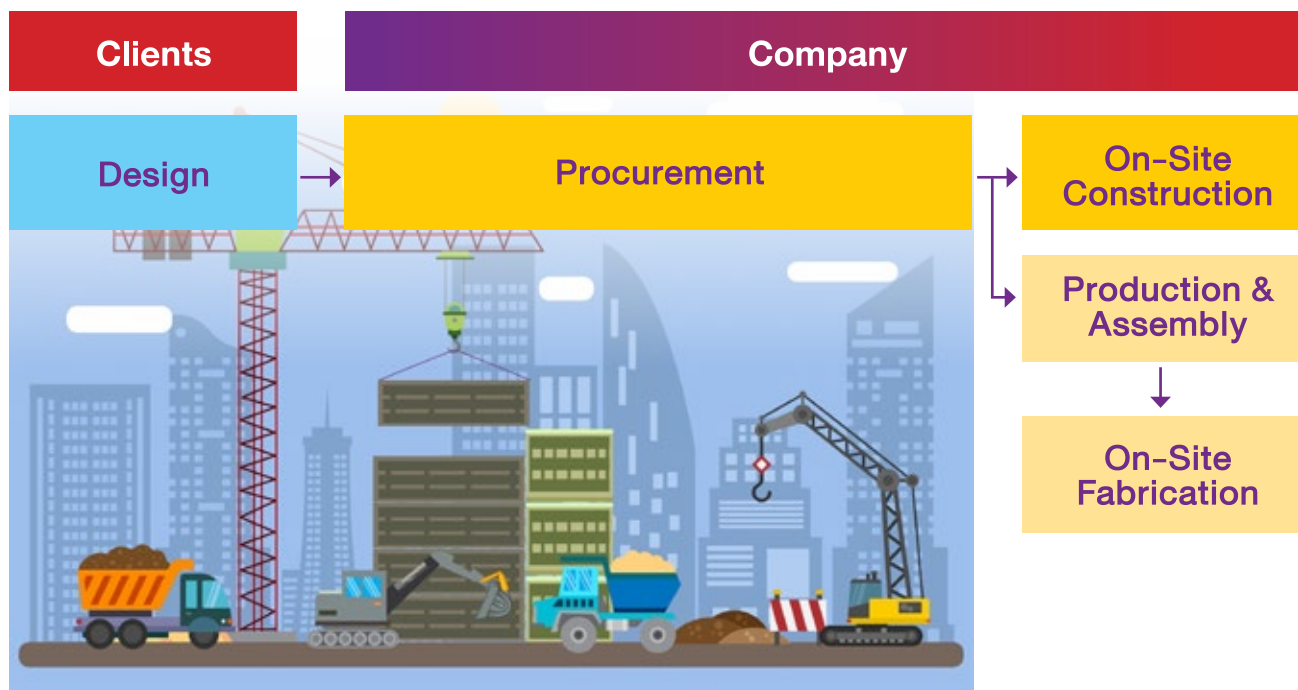


▲ Project Name: PTT Wangnoi Compressor Station



▲ Project Name: PTTGC Olefins Reconfiguration

3. Civil & Building Services The Company provides civil engineering services such as pile work, foundation work, building structural work, and painting work.



Examples of Civil Engineering Work



▲ Project Name: TOP 202MW Small Power Producer Building



▲ Project Name: PTT LNG Nongfab Civil



▲ Project Name: PTT LNG In-Plant Power Generation



▲ Project Name: PTTGC Wangnoi Compressor Station

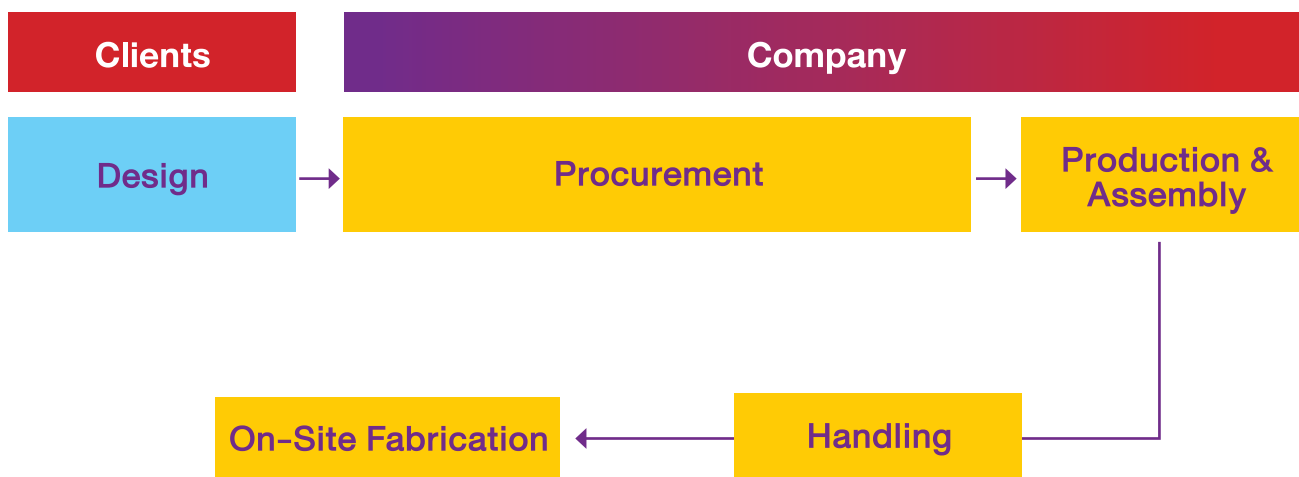


▲ Project Name: BCP CCR



▲ Project Name: PTTGC Propylene Oxide

4. Fabrication and Other Service The Company provides services relating to the manufacture and assembly of steel structure, piping, heat exchanger, tanks fabrication, pressure vessel fabrication, as well as procurement of materials supply manpower.



The kinds of services could be divided into the following categories.

- 4.1 **Shop Fabrication** The Company provides steel fabrication service to produce various structural steel parts through the cutting, bending, welding, and assembling of main raw materials including steel, steel pipes, and steel plates per clients' request. The Company produces custom-made steel fabrication in a variety of sorts with details as follows.
 - i. **Steel Structure** The Company will be responsible for steel structure fabrication, procurement, assembly, and delivery to clients.
 - ii. **Piping** includes cutting, bending, or welding to shop specification, as well as assembling and installing as per clients' request. A third party X-Ray or heat treatment must be applied to remove the induced internal pressure as part of quality standard inspection upon the completion of piping work before delivery to clients.
- 4.2 **Tanks Fabrication** The Company provides services in manufacturing industrial-grade liquid tanks and gas tanks such as metal tank and sphere tank through cutting, bending, welding, rolling, and assembling of raw steel materials into tanks as required by clients, most of which have diameters of no more than 30 meters.

4.3 Pressure Vessel Fabrication involves the cutting and assembling of steel in accordance with clients' requirements, most of which would be used in such industries as petrochemical and gas, requiring the such vessel to be leak-proof to prevent any damage. The process with such level of complexity requires specific engineering knowledge and technical expertise to deliver products with quality in accordance to specified safety standards. Pressure vessel fabrication work include furnace & heater where the Company transformed steel pieces into furnace parts to be used in heat generation equipment in industries such as oil refinery, petrochemical plant, and electric power plant.

Examples of Shop Fabrication Work



▲ Steel Structure



▲ Furnace & Heater



▲ Bending Work



▲ Drilling and Cutting Work



▲ Heat Pipe Fabrication



▲ Heat Exchanger Fabrication

Key factors in steel fabrication include the capability of engineers and craftsmen in such work related to steel structure, including cutting, bending, drilling and welding of steel to deliver products of the highest quality and design accuracy for construction. The Company has knowledgeable and experienced teams of engineers to advise clients as well as certified welders who are qualified by the corresponding manufacturing standards of each product type, reinforcing the capability to provide exceptional service quality under strict quality control throughout the entire manufacturing and assembling process. Additionally, the Company has received various quality assurance certificates from renowned institutions with regular inspection held every 3 years.

Standards and Certificates

The Company has received various certificates from renowned international institutions with the following details.

Certificate	Description	Name of Institution	Country
S	Standards relating to the manufacture, assembly and installation of fired pressure vessels	The American Society of Mechanical Engineers (ASME)	USA
U	Standards relating to the manufacture and installation of unfired pressure vessel		
U2	relating to the manufacture and installation of unfired pressure vessel level 2 (a higher compared to U)		
R	Standards relating to the repair and refinement of boiler and pressure vessel	The National Board of Boiler and Pressure Vessel Inspectors (NBIC)	USA

The Company recognizes the importance of work safety, provides safety training to all personnel prior to commencement of work operations, provides sufficient safety equipment for its personnel, as well as arranges for specialized safety officers to be assigned to every project, resulting in the achievement of receiving ISO 9001:2008 certification for its work safety management matching that of international standards. Additionally, the Company has been well recognized by its clients for high work safety level demonstrated in historical projects' operational performance such that the Company received several certificates of recognition from both clients and government as follows.

Safety certification

Project	Certificate
PTTGC Aromatics Debottlenecking	2 Million hours of operation without major work accidents resulting in halt of operations
TOP SPP Project	6 Million hours of operation without major work accidents resulting in halt of operations
PTTLNG Nongfab terminal Project	1 Million hours of operation without major work accidents resulting in halt of operations
PTTGC PO Project	1 Million hours worked without a lost time accident 10 Million hours worked without a lost time accident
PTTGC ORP Project	10 Million hours worked without a lost time accident

Work safety statistics in 2017 – 2019 are as follows.

Year	Statistics			IFR	LTIR	Working Hours
	MTC	LTI	FC			
2017	1	0	0	0.08	0	2,592,783
2018	2	0	0	0.09	0	4,353,957
2019	3	0	0	0.09	0	6,986,502

Remark:

MTC – Medical Treatment Case (with more than prescription of drugs – such as stitches and cast)

LTI – Lost Time Incident Case (with continuous treatment more than 1 day)

FC – Fatalities Case

IFR – Incident Frequency Rate

LTIR – Lost Time Incident Frequency Rate

Another important factor that the Company prioritizes is quality. Throughout the design, procurement and construction processes, the Company's Quality Assurance Division, which consists of specialized experts, monitor quality control by inspecting each process from the selection of engineers and welders who possess the qualifications and skillsets in accordance with the standard set by clients, as well as conducting tests to ensure quality of welders able to deliver products as required by each client. Welders who pass the aforementioned test would be awarded the WQT Certificate & Card Test, and would then be allowed to commence welding work. The work itself will be thoroughly examined in detail to ensure quality and safety before installation. The Company will evaluate the quality of construction works, including engineers and other relevant parties, in order to improve and develop the work process and quality of subsequent products.

Additional, the Company is focusing on society and the environment in the workplace. Especially, drug problem. Therefore, is determined to control factories and establishments into a drug-free zone in order to promote the quality of life of workers and employees in factories and establishments. By following the measures of the Labor Welfare Division Department of Labor Protection and Welfare "White factory"

In 2019, the Company received level 1 certificate for following projects;

Project	Certificate
PTT WCS Project	White Factory Level 1
PTTGC PO Project	White Factory Level 1
PTTGC OPR Project	White Factory Level 1

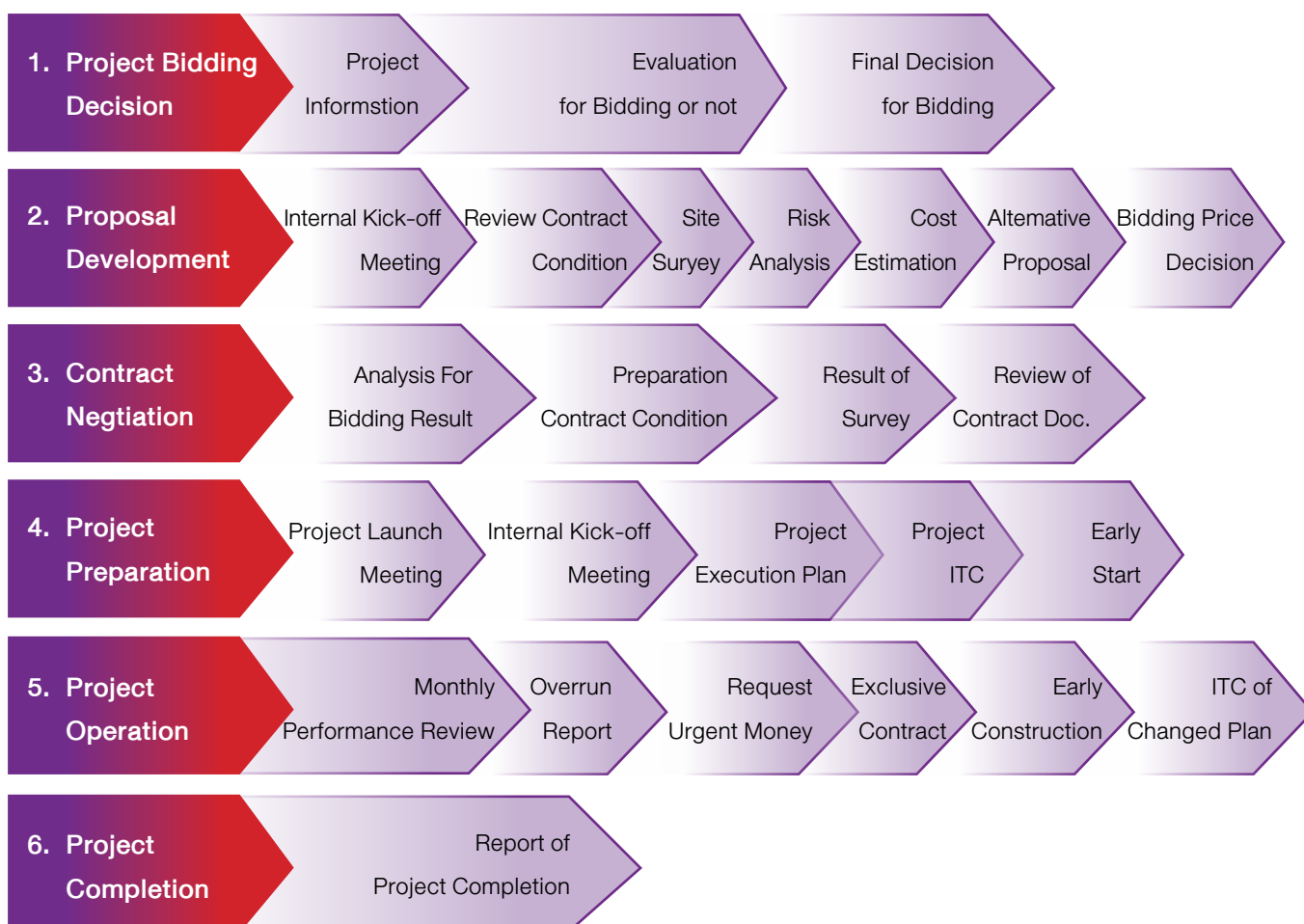
The criteria for evaluating the white factory project of the Labor Welfare Division Department of Labor Protection and Welfare has evaluated 8 criteria, which can be divided into 3 levels as follows;

White Factory Guidelines ¹	Level 1	Level 2	Level 3
1. Set up policy	/		/
2. There is a sign or announcement of prevention and suppression measures	/	/	/
3. Appoint a working group or responsible person	/		
4. Educate employees	/		
5. Campaign activity	/	/	
6. Health check up	/		
7. Employees do not have drug-related behaviors	/	/	/
8. Having an inspection process	/	/	

Source: ¹Manual for prevention and solution of drug problems in the workplace of the White Factory Project Division of Labor Welfare Department of Labor Protection and Welfare

Work process, Control and Project Management

The Company's project management procedure for various projects from the bidding process to project completion and delivery to clients involves a 6-step Risk Management Gate with details as follows.



In project control, the Company invested in the utilization of information technology starting from raw materials process, quality control, inspection and monitoring, and project success monitoring at every stage of the manufacturing process through the use of bar code and GPS systems. From the procurement of the raw materials, the Company uses the Tools, Assets & Consumable Management System (TCMS) to control, manage and examine raw materials, tools and equipment. After raw materials serve as input to the structure and piping manufacturing process, the Structure Production Control System (SPCM) and Spool Tracking Management System (STMS) is used to follow-up on the progress and transfer the product through each process up to installation on-site for clients. Moreover, the Company utilizes the Welding Control System (CWCS) in the quality checks process to assist in the inspection of the works to ensure that the products are up to standard as required by clients. The four aforementioned systems assist the Company in ensuring precision, timeliness, accuracy, and prevention of delays.

3. Benefits

– None –

4. Marketing Nature of Competition

4.1 Policies and Nature of Marketing

The Company's policy is to focus on expanding its markets to the oil, gas and petrochemical industries as these industries expand according to economic conditions. The Company has established an investment policy to develop its production capabilities as well as its personnel, especially the highly skilled professionals to be equipped for the current competition in the market, to maintain its service standards and long term relationship with its clients, and to continuously develop its production capabilities to strengthen its competitiveness, produce distinguished quality of work in various dimensions as well as timely make timely deliveries of work. The Company has formulated its strategy and policy in its main operations with details as follows.

1) Product quality and service

The Company focuses on the quality of products and services it provides with good work ethics and professional integrity by using materials that meet the standards and strictly controlling the quality of products and services. A monitoring system is used to control the quality of the product in every stage of production and installation to ensure that every detail of the product meets the specified standards and safety regulations to end users and other related parties. As the Company's product and construction service offerings are mainly for large industrial businesses, product quality and service standards are an integral part of the Company and therefore, meeting the specified standard is integral. Product quality and service standards are controlled by the Company's internal quality control system that covers clients' expectation and inspects the materials used in construction. The supervisor, along with the designer, is responsible for monitoring the quality of the materials used by checking the production quality, installation and testing in all stages to ensure that implementation is in accordance with the standards and plans. This process will ensure that the quality of the product meets clients' requirements.

Moreover, the Company received quality certification from ASME, which is an internationally renowned institution. The Company also tests its product quality and service standards through non-destructive testing and inspection and certification in accordance with international standards, regulations, and requirements.

The Company has continuously modified its work process to achieve success by adopting modern technologies such as modern computer systems which the Company has incorporated into some stages of its production processes such as size measurement, cutting, and punching, resulting in reduced working hours as well as limited errors. The Company constantly maintains the machinery for efficiency and develops its personnel, focusing on continuous training and teamwork.

2) Diversity of products and services

In the past, the Company was able to fully meet the needs of its clients, creating satisfaction and convenience. At present, the Company provides an array of construction services as mentioned in 2.2 (Description of Products and Services). The Company's previous services are widely recognized by both project owners and contractors, especially from large leading companies that have continuously entrusted and used the services of the Company.

During 2019, the Company invested in land building and factory in Pluak Daeng District, Rayong Province, with a total area of 79 rai 47 square meters. And the location of this factory is far away from head quarter around 30 kilometers. To support company capacities for existing projects on hand and additional future projects. And also increasing opportunities to expand new customers base in an industrial area near Pluak Daeng District, Rayong Province.

3) Timely delivery and service quality

The Company focuses on timely delivery of work, which is a key factor taken into consideration when clients choose to engage a contractor for construction or production. As such, to ensure timely delivery, the Company will investigate the procurement period and estimate the time needed in each process prior to accepting a project. Normally, the Company uses around 4-24 months starting from the contract execution until delivery of work, depending on the complexity of the project. In addition, the Company has a production control division to monitor and ensure that work process is in accordance with standards and set plan, as well as adopts new technology in the work process to further enhance efficiency and personnel capabilities, focusing on continuous training and cultivating efficient teamwork which would reduce working hours required as well as limit potential errors. As a result, the Company is able to deliver quality work in a timely manner as per clients' request

4) Management efficiency

The Company has a good management and cost control system by adopting modern systems to monitor the overall process, especially for construction services, in order to increase efficiency in management and reduce work redundancy. Such system will be able to review and control procurement volume of raw materials and control project costs, enabling executives and project managers to verify construction cost in real time. In addition, the system allows project engineers to control raw material disbursements in accordance with the plan. Together with the use of bar code and GPS system, the Company is able to update work progress, reduce costs and working hours, as well as achieve high quality products that meet clients' expectation and make its delivery of work on time.

5) Personnel Development

The Company has been widely recognized for the quality of work and timely delivery, attributable to the management of the Company's highly competent and well-experienced executives and engineers in the construction industry for petroleum and petrochemical businesses. The Company is entrusted by clients and continuously receives new projects opportunities. Therefore, the Company places emphasis on personnel development with a policy to continuously enhance the potential of its personnel in different aspects including knowledge and skillset and to retain highly skilled personnel in the long-term. The Company organizes training sessions on technical knowledge and other relevant techniques, with annual training plans prepared in accordance with suitability for each department, coupled with the development on management skills, team work, and information technology-related knowledge for work efficiency improvement.

4.2 Target customers and Distribution channels

The Company services clients in oil, gas, and petrochemical-related industries including crude oil refinery, petrochemical plants especially for PTT group, which has a comprehensive range of businesses including drilling and processing of natural gas, oil refinery, and petrochemical products. The proportion of customer type will vary from year to year depending on bidding opportunities from target customers and the Company's decision on project engagement. Revenues classified by project types in 2016 – 2018 are as follows:

Revenue Contribution by Project Type

Unit: THB Million

Revenue by project type	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Petrochemical	20.20	1.98	419.73	30.26	1,842.06	90.54
PTT and its subsidiaries ¹	20.20	1.98	357.95	25.81	1,249.01	61.39
Other companies ²	-	-	61.78	4.45	593.05	29.15
Gas	1,000.51	98.16	807.45	58.21	163.93	8.06
PTT and its subsidiaries ¹	1,000.51	98.16	807.45	58.21	163.93	8.06
Other companies ²	-	-	-	-	-	-
Power plant	(1.76)	(0.17)	159.90	11.53	28.47	1.40
PTT and its subsidiaries ¹	(1.76)	(0.17)	159.90	11.53	28.47	1.40
Other companies ²	-	-	-	-	-	-
Others	0.34	0.03	-	-	-	-
Total	1,019.29	100.00	1,387.08	100.00	2,034.46	100.00

Remark: ¹ PTT and its subsidiaries include PTT, PTTGC, PTTLNG, PTT TANK, Thai Oil, IRPC

² Other companies are companies in the petrochemical, gas and power plant industry

4.3 Type of Contract

The Project Control Management team (PCM) of the Company is responsible for selecting target projects by monitoring bid announcements through various channels such as websites, newspapers, television, invitation emails from partners, and telephone inquiries. Bids are sometimes referred to by clients who are confident in the Company's business profile as well as by referral from business partners. The type of contract could be divided into two types as follows.

(1) Main Contractor

The Company works as sub-contractor through main contractors as its primary partners to secure construction projects. Main contractors secure large-scale projects by going into bids in the form of a single contract with the project owner, which covers the design, procurement, and construction for a large-scale industrial factory. The main contractor would then subcontract a portion of the work to the Company and other subcontractors. The majority of the Company's clients are obtained through this channel.

These main contractors usually have a specialized vendor list who are able to deliver quality of works that meet industrial standards, in which the Company's name is usually included since the Company has been well recognized for the quality of service matching international standards, the Company continues to secure projects and receive referrals from main contractors. Some of the main contractors are Samsung Engineering (Thailand) Company Limited, China Petroleum Pipeline Bureau, and Posco Engineering Company Limited, which are renowned contractors in Thailand and internationally recognized for their long history of their business profile

(2) Project Owner

The Company works as main contractor with project owners who have plans to expand their investments, branches, production, and/or improve existing projects. Most clients are existing clients who have maintained good relationship with the Company. This type of contract is usually done through bids where the project owner will consider business profile and then contact the Company for the bidding process. At present, the Company intends to focus more on obtaining projects directly from project owners to increased.

Revenue by the type of contract in 2017 - 2019

Unit: THB Million

Type of the contract	2017		2018		2019	
	Revenue	%	Revenue	%	Revenue	%
Main Contractor	469.09 ¹	46.02	829.06 ²	59.77	1,785.30 ³	87.75
Project Owner	550.20	53.98	558.02	40.23	249.15	12.25
Total	1,019.29	100.00	1,387.08	100.00	2,034.46	100.00

Note: ¹Korean companies accounted for 12.94%

² Korean companies accounted for 57.69%

³Korean companies accounted for 71.35%

4.4 Industry and Competition

4.4.1 Industry and Market Trend

The government has set up the EEC (Eastern Economic Corridor) in 2017 which is an international strategic plan under the scheme Thailand 4.0, with investment plans in infrastructures supporting 10 target industries. Investment plans include the expansion of Map Ta Phut Industrial Port Development Project Phase 3, aimed to enhance the transportation of liquid goods such as oil, gas, and petrochemical. The project, under joint investment between the government and private sector with the budget of THB 1.5 trillion, will cover 3 provinces, namely Chonburi, Rayong, and Chachoengsao. As a result, petrochemical businesses are starting to expand their investment and production in LNG projects, which are constructed over a 5-year period from the inception of the project in 2017, to support the potentially increasing demand of LNG in Thailand.

Thailand's plan to reform the energy sector in 2018 - 2022, for oil, gas, and petrochemicals in the short-term in 2018 - 2019 aims to improve the management of energy, plan the sourcing of energy, support alternative energy and energy conservation, and determine the direction for development and investment in new technology for Thailand, in order to fulfill the following goals:

- ▶ Construction of power plants aimed to support domestic investment
- ▶ Establishment of National Information Center for Energy
- ▶ Power plant sites proposed by the public for the first time
- ▶ Adjustment of energy sourcing plan for electricity, natural gas, and oil by the government
- ▶ Amendment of the electricity management structure and promotion of electricity liberalization in alternative energy
- ▶ Exploring the opportunity to develop into Regional LNG Trading Hub
- ▶ Commence a new economic foundation from petrochemical
- ▶ Determine investment direction and development of electric vehicles

- ▶ Establish laws and relevant regulations regarding energy conservation and efficient use of energy such as the implementation of Building Energy Code (BEC) and the implementation of Thailand's Energy Service Company (ESCO) for government agencies

Mid-term plan for 2020 - 2022 focuses on energy management with good governance, investment in infrastructure, promotion of investment in energy, and significant increase in Thailand's capabilities in order to achieve its goals, divided into:

- ▶ Power plants, transmission lines, and piping system in accordance with the infrastructure investment and sourcing plan
- ▶ Commence investment base for Petrochemical Phase 4
- ▶ Alternative energy industry, electric vehicles, and energy storage
- ▶ Reduce monopolistic power, increase competition, create public accessibility to fairly-priced energy, higher quality, and better services
- ▶ Enforce relevant laws and regulations on the conservation and efficient use of energy
- ▶ Create jobs, income, and enhance quality of life

Becoming the Regional LNG Trading Hub increases the opportunity for new economic activities as the development of Petrochemical Phase 4 will create value of investment more than THB 300,000 million within 2-3 years, and will give Thailand the opportunity to step up as a developed nation with more than THB 15,000 of income per capital, increasing Thailand's competitiveness in accordance with what the government has planned.

Source: The Eastern Economic Corridor Policy Committee/Ministry of Energy

4.4.2 Competition

Competition for EPC within the oil, gas, and petrochemical industries are usually not intense, since clients usually have a vendor list from which they make selections, making it hard for new entrants. New entrants who want to be on the vendor list would need to start from being a subcontractor, accumulate reliable business profile with good quality, timeliness of project delivery, and safety controls that match international standards, and create a name in the industry. Currently, the Company is listed in the vendor list of PTT Group including PTT LNG, IRPC, PTTGC, Thai Oil, and BCP.

The field of construction service in the Company, on the other hand, faces intense competition since there exists a number of players with high potential and experience. This is especially the case in construction work for lower value projects, since the project requires lower capital, technology, expertise, and management as compared to larger scale construction work. The barrier to entry is therefore lower. Meanwhile for construction works in mid- to large-scale, the required capital, experience, and expertise result in lower competition. To be able to compete, the Company needs to accumulate experience, good quality control up to standards, bargaining power with suppliers for good pricing and terms, as well as strong financial position in order to increase the chance of winning the bid. In the past, the Company was entrusted and delivered work earning satisfaction from numerous clients. Currently, the Company is aiming for a more integrated construction or EPC work to achieve sustainable growth opportunities in the long run.

4.5 Procurement and Related Services

Recruitment of Labor

The Company's policy is to employ outsourced labor, namely those in civil construction and general construction such as paint, steel fabrication, and insulation. Outsourcing is a means to achieve lower labor costs as compared having an in-house unit, which would incur more expenses relating to salaries and benefits. The Company has engineers and control teams serving as full-time personnel, having had trainings and permits from the Council of Engineer as inspector

engineer, to monitor and control all phases in the operation. The Company then employs outsourced labor to reduce costs and issues on labor quality.

In labor outsourcing, the Company will consider from experience and business profile especially from similar projects, quality of construction work, punctuality in project delivery, as well as readiness in terms of financial position. Moreover, the Company has set up a supplier list database to avoid reliance on any particular supplier.

Procurement and Disbursement of Materials

In each project, clients determine the specification of materials used. Hence, the Company does not have a policy to store materials and equipment for a long period of time, but will procure according to necessity of use in order to control cost efficiently. The Company's inventory mainly comprises of steel, which is the key material for the production of steel products such as steel plate and steel section, and thus are stored to reduce production time and facilitate prompt installation for clients.

In sourcing for materials for each projects, during the bidding prior to the execution of contract with the clients, the Company will negotiate on the sourcing of raw materials. Clients usually determine the grade and specification of materials, as well as the client's own supplier list. The Company will then conduct preliminary price examination from the supplier once the contract is executed.

The procurement of materials is made directly from manufacturers and through distributors. Procurement of materials from abroad is done only for steel or certain materials which the clients have specifically identified and could not be sourced in Thailand. Procurement is done through Procurement Department of the Company, in which the procurement officer will proceed in accordance with the process and allocated budget, with comparisons made in terms quantity, price, and the ability to deliver on time between different suppliers. In every delivery, the Company's Quality Control Division (QC) and the client's representative will inspect the quantity and quality of the materials in accordance with the client's requirements before use in the production process. Moreover, executives will constantly evaluate operations and monitor the construction budget in order to control material costs for the highest efficiency and effectiveness.

The Company has set criteria for selection and evaluation of supplier in terms of quality, price, timeliness of project delivery, after-sales service, and business profile to support future procurement decision, with supplier evaluation not be conducted at least once a year.

In terms of material and equipment disbursement by the contractor, the Company specifies that the contractors are to inform warehouse staff to specify the type and quantity of materials to be disbursed each day. Warehouse staff will record the disbursement of materials and equipment before passing on to the foreman for inspection of whether disbursements are correct. After inspection by the foreman, the contractor will then sign off on the disbursement, and are entitled to record their work progress. Project engineers control the use of materials and equipment in line with construction plan, as well as inspect the quality of work in comparison with the amount of materials disbursed and the construction plan. In case that the contractor is not able to finish installation by the end of day, the contractor must inform the foreman in order to set aside disbursed materials to be stored in a separate compartment from inventory, and the contractor is responsible for any damage of such materials and equipment. The control on disbursement of materials is a crucial mechanism in reducing the issue of excess labour cost, redundant payments, and reduced damaged goods. If materials within the contractor's responsibility are lost, the project manager will inform the Accounting and Finance Department to proceed with deduction of payment to the contractor.

Sourcing for Bids

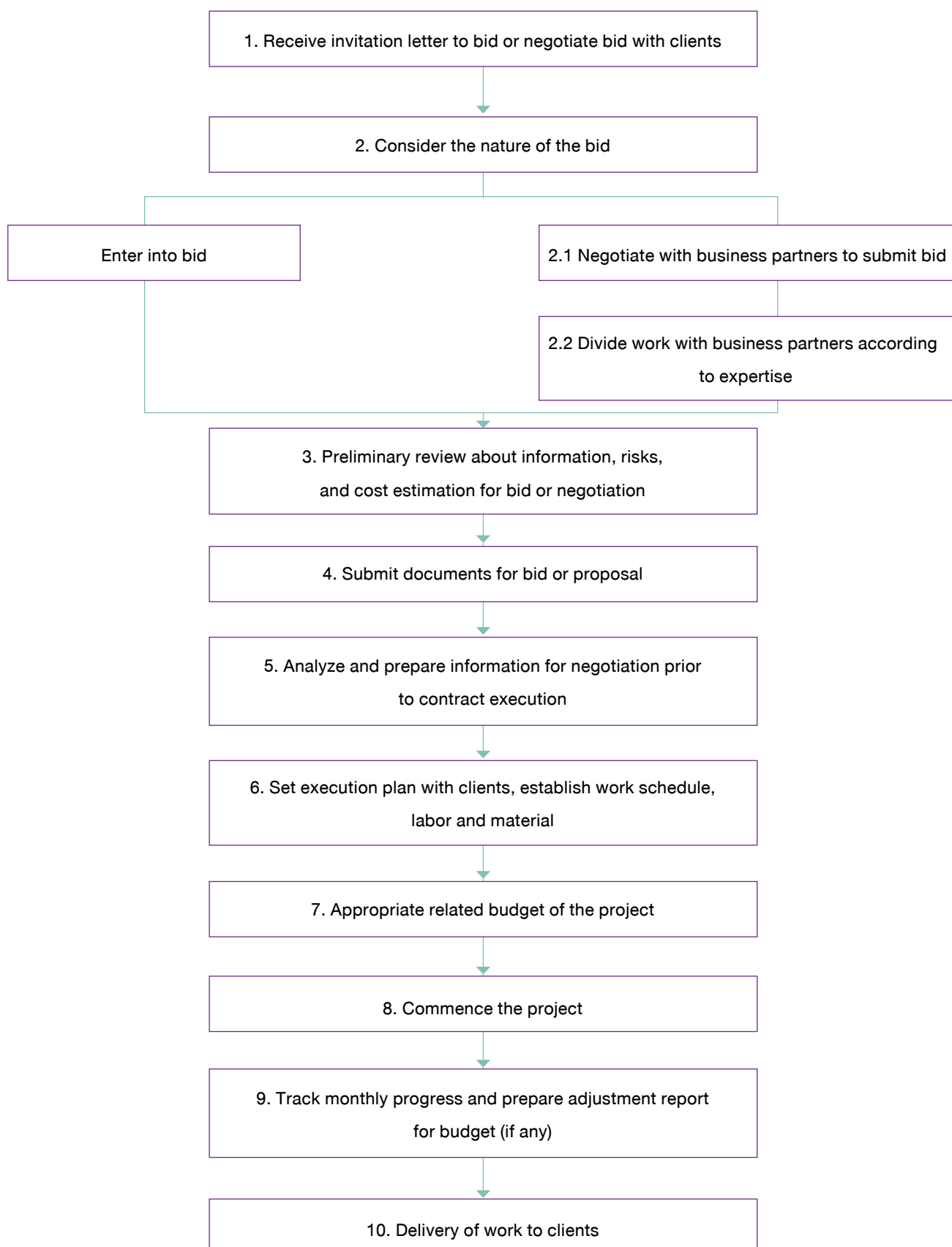
The Company's products and services are mostly projects of different types. The Company has to directly present to the client to be considered on a case by case basis. For an open bid where the project owner sets up a bid for anyone interested, the number of participants depend on the complexity and size of the project. In case of special procurement, the project owner will only send out invitations to selected companies based on their capabilities and track record on sales and services. The Company's Support Division tracks bid announcements through different media channels and coordinates with price evaluation team to proceed with preparation of the bid. Some bids are referred to by the clients who believe in the Company's business profile, and some are referred to by the Company's trade partners.

In a bid, the Company must submit a bid bond for the project of approximately 10% of a neutral price. After the Company has been selected by the client, the Company must enter into a procurement contract with the client together with a performance bond and advanced payment bond where the contractor will disburse approximately 10 percent of project value, according to the contract, from the project owner. These serve as guarantees in the performance of duties as outlined in the contract and for any defect which the project owner may receive. In order to ensure that the Company return advance payment to the client according to terms, the client will deduct a portion from the amount which the client shall pay to the Company in installments, as a retention, of approximately 10 percent of each installment payment value. The Company will receive the retention amount after conditions in the contract have been fulfilled, typically in 1-2 years after final project delivery. Therefore, for each project, the Company requires working capital or credit line from banks sufficient to support the aforementioned collateral.



Work Procedure

Work procedure for contractor service



Prior to the bid, the Company will request documents relating to the bid from clients such as Term of Reference (TOR), criteria, and construction design to conduct studies into the project. Executives will delegate the study the information and conduct quantities take-off to the price estimation team to ultimately prepare a preliminary quotation. The take-off must be in terms of quantities and price per unit, until conclusion is reached, and would then be presented to the working team and executives for joint discussion on whether or not the Company would participate in the bid. Should the Company decide to participate, related parties would consider the bid price. In case the Company wins the bid, the Company will host meetings with relevant parties such as project consultant, engineering team, and executives, to set up a work plan. The Company will then use the conclusion from the meeting to set up guidelines for construction plan and materials and equipment procurement, as well as labor sourcing, consistent with the work plan up to delivery of the project to clients.

Typically, the Company spends approximately 6 months to 2 years from the day of contact with the clients until project delivery, depending on the size of project and specification from the project owner.

4.6 Environmental Impact

The Company places emphasis on management such that the Company's operations do not impose adverse impact to the environment. The Company has set a policy to strictly abide by relevant regulations with the following details.

- ▶ The measurement of heat, light, color, and sound – the Company has a policy on inspection according to Article 15 of the Ministerial Regulation on the establishment of management standard. in terms of occupational health and safety concerning heat, light, and sound, B.E. 2016
- ▶ Fire extinguishment training and fire evacuation training, according to Ministerial Regulation Articles 27 and 29 and 30.
- ▶ Inspection of wastewater from the factory, according to the law promote and preserve the quality of the national environment 1992.
- ▶ Environmental management, the company has implemented the environmental management system (ISO 14001: 2015) as a standard for environmental management and control, starting from the 3rd quarter of the year 2019 and expected that Will receive the certificate within the 2nd quarter of the year 2020.

In addition, the Company is focusing on creating competitiveness by increasing production that reduces environmental impact and has safety and occupational health in accordance with the guidelines of the Ministry of Industry, which has promoted industrial development in Thailand to be in line with the green industry. And eco industry which focuses on building competitiveness and social responsibility together. Therefore, in 2019, the Company is determined to implement measures as promoted by the Department of Industrial Works Ministry of Industry. And received the certificate as follows;

Project	Certificate
Green Industry	Green Activity Level 2
Saving energy	Certificate of promoting of energy conservation in small and medium industrial plants
ECO Factory	Certification through industrial upgrading According to the indicator of the annual eco-industrial city (Level 2, Indicator 7.1.1 and Level 3, Indicator 10.2.1)

There are 5 levels of practice guidelines for industrial entrepreneurs to develop their organization to become a green industry, which are

Level	Definition
Level 1 Green Commitment	Mean; Demonstration of commitment in the form of policies, targets, and plans to reduce environmental impact. And the internal communication in the organization to be known.
Level 2 Green Activity	Mean; The implementation of policy activities Goals and plans that are set out to reduce the impact on the environment in a concrete manner and to achieve the set goals.
Level 3 Green System	Mean; Systematic environmental management, there is monitoring, evaluation and review for continuous development or receiving an acceptable environmental award. Or certified standards related to the conservation of resources and the environment.
Level 4 Green Culture	Mean; Everyone in the organization has a common conscience in preserving and preserving good environment and cooperating in all aspects of operating the business to be environmentally friendly and to take action to become part of the organization's culture.
Level 5 Green Network	Mean; Expanding the scope of being a green industry from the inside of the organization itself to the outside. Throughout the supply chain by encouraging trade partners and partners to become a green industry as well.

Source: *Green Industry Guide Department of Industrial Works Ministry of Industry (9th edition, 2019)*

Furthermore, the Company has never been in any dispute or been in charged with any lawsuit regarding environment impact by government agencies.

4.7 Projects valuation which not yet recognized revenue (Backlog) as at 31 December 2019

Project	Nature of Work	Type of Work	Project Commencement – Expected Completion	Project Value (THB million)	Project Progress (%)	Value Recognized as Revenue (THB million)	Value Not Yet Recognized as Revenue (THB million)
1 Engineering design, procurement of machinery and equipment, and construction and installation of enclosed ground flare (EGF) for Bangchak	Main Contractor	EPC	April 2018 – March 2020	271.83	93.55	254.28	17.54
2 New olefins project with structure, mechanical, Piping, Painting for PTTGC Olefins Reconfiguration SMP Project for package 2,3,4,5	Main Contractor	SMP	May 2018 – July 2020	1,184.71	67.90	804.37	380.34
3 Propylene Oxide Project, civil engineering for items 2 and 4	Sub Contractor	Civil and Building Service	January 2018 – March 2020	468.30	79.61	372.80	95.50
4 Steel structuring for PTTGC olefins reconfiguration project	Sub Contractor	Fabrication and Other Service	April 2018 – January 2020	304.91	95.08	289.90	15.01
5 Construction of Bangpakong LPG Project Phase 3 with designing work, structuring and installation LPG storage tank	Sub Contractor	EPC	September 2018 – March 2020	206.55	93.72	193.58	12.97
6 Efficiency, Energy and Environment improvement Project Phase 2 or 3 E Phase 2 Project by installing a new octane technology, Continuous Catalyst Regeneration (CCR) and Hydrocracker Unit (HCU) Civil Activities	Sub Contractor	Civil	October 2018 – April 2020	312.00	58.97	183.99	128.01
7 New olefins project with designing work and structuring of steel floor, staircase, and rails	Sub Contractor	Fabrication and Other Service	September 2018 – January 2020	89.54	91.44	81.88	7.67
8 PTTLNG Nong Fab LNG Receiving Terminal Project (Package 2)	Sub Contractor	Civil	July 2019 – March 2021	643.68	15.69	100.98	542.70
9 Thai Oil Clean Fuel Project	Sub Contractor	Civil	November 2019 – May 2022	921.50	0.87	8.02	913.48
10 Other projects	Sub Contractor	Fab and Other Service		211.30		37.13	174.17
Total				4,614.32		2,326.93	2,287.39

Risk Factors

Risk Factors

Risk factors relating to the Company's business operations which may significantly impact the Company's operating results and financial position, as well as return on investment in the Company's common shares can be summarized as follows.

Management Risk

1. Risk from Dependence on Executives

The Company was initially founded by a group of key executives, namely Mr. Chung Sik Hong, Mr. Yeong Cheol Choi, and Mr. Wang Youp Jhee, who possess the experience, expertise, and credibility accepted by clients in the oil, gas, and petrochemical industry as well as Korean clients. Thus, in the early stage of operations, the Company relied on credibility of executives in securing projects, most of which are subcontracted from clients. Currently, the Company is able to continuously secure large projects from renowned clients as the Company has taken time to build on knowledge, technology, quality standards, and the overall composition of the Company, to enlist itself in clients' vendor list to secure its position as main contractor for PTT Group, Thai Oil, Bangchak Public Company Limited, and other companies. In addition, the Company secures subcontracted projects recommended by former and existing clients who have witnessed the Company's success in project delivered, resulting in the Company being able to secure both types of project without having to rely on the reputation of certain individuals like it did in the past.

Nonetheless, the Company is aware of the risk that changes in the key group of executives may result in loss of Korean clients and prospective clients who believe in the key executives. To reduce such risk of dependence on executives and foster sustainability for the Company, the Company entered into employment contracts with key executives, namely Mr. Chung Sik Hong, Mr. Yeong Cheol Choi, and Mr. Wang Youp Jhee with renewal of the contract for a duration of 5 years after the Company's listing. In addition, the Company prepared succession plans for key positions to reduce risk of individual dependence by specifying responsibilities, position, nature of the job, and names of persons to fill in the position, as well as placed emphasis on the development of personnel by supporting the attendance of training courses and set a policy on recruitment of capable individuals to reduce dependence on executives.

As at 31 December 2019, the Company has 360 employees, excluding executives, divided into the Construction Department and Engineering Department with a total of 319 engineers, comprising of 306 Thais and 11 Koreans, 2 Filipinos and other departments with a total of 41 employees, comprising of 34 Thais and 7 Koreans.

Moreover, the Company currently has had an increasing portion of clients of other nationalities to reduce dependence on Korean clients, with details on revenue contribution by client group as follows.

	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Korean group of companies	131.90	12.94	800.20	57.69	1,451.60	71.35
Other groups of companies	887.39	87.06	586.88	42.31	582.86	28.65
Total	1,019.29	100.00	1,387.08	100.00	2,034.46	100.00

Financial Risk

2. Risk on Adherence to Loan Covenants

The covenant of loans which the Company received from a commercial bank requires the Company to maintain its Debt to Equity Ratio at no more than 2 : 1 (two to one) from 2019 until the end of the loan term, and to maintain its Debt Service Coverage Ratio (DSCR) at no less than 1.2 (one point two) times throughout the loan term. The Company failing to adhere to such stipulation may impact the loan agreement whereby the commercial bank may cancel all loan credit and the Company may be suspended from refiling for a credit facility, and carry tainted records on adherence to loan conditions which will have an effect on new credit requests in the future. Therefore, the Company provides financial management and regularly assesses its ability to comply with financial maintenance conditions.

However, the company has requested grace period from the terms and conditions stipulated in the agreement to maintain the debt to equity ratio (D/E) and the ratio of debt service capability (DSCR) with the said commercial bank of financial statement for the year ended 31 December 2019. Because of the components of current liabilities of the company are quite high and current liabilities tend to increase every year. In accordance with the rate of income growth of the company that receives more awarded each year. And may result in excess D/E and DSCR ratios set by the bank under the agreement.

As results, the Company has received a breach of the conditions to maintain the debt to equity ratio (D/E) and the debt service coverage ratio (DSCR) from the bank for the financial statements for the year ended 31 December 2019, which is not considered a violation loan agreement.

3. Risk of Failing to Receive Service Fees from the Contractor

In the case that the Company subcontracts from a private company, who is the main contractor, there exists the risk of the project contractor facing financial issues and not being able to pay the Company for its services, which could create significant impact to the Company's operating results and lead to the Company having to maintain cash flows from operations sufficient for its business.

Thus, the Company put in place strict measures in the evaluation of credibility and financial position of the contractor, review of financial statements, and inquiring on the contractor's credit from partners before accepting to bid for a project. The Company also has a policy to only accept construction work from contractors with credibility and good financial status and not participate in bid for projects belonging to contractors with high risk. The Company also aims to deal directly with project owners with credibility and good financial standing such as PTT Global Chemical Public Company Limited, Thai Oil Public Company Limited, and IRPC Public Company Limited to help reduce the risk of not receiving payment for its services to a certain level. From its past operating results, the Company has had an increasing portion of revenue from services provided to project owners, with details as shown in the revenue contribution by client sourcing channels.

4. Risk of Insufficient Working Capital

The Company's business operations require a large amount of working capital, especially for large projects which may take an extended period of time to complete. Therefore, issues in the sourcing of financial support may pose an issue for the project as the terms of payment from the client as specified in the contract may not be consistent with the actual level of completion of the project, resulting in the Company receiving late payment compared to its investment. The impact on working capital would have to be mitigated by the sourcing of short-term working capital from commercial banks and financial institutions' credit lines, resulting in additional financial costs to the Company.

The Company is well aware of such issue, and has set protective measures by applying for sufficient credit line from commercial banks and financial institutions to increase the chances and liquidity in business operations and reduce the risk of losing the opportunity to accept new projects should the letter of guarantee credit amount exceed the credit line approved by commercial banks, as well as efficiently plan and manage the procurement and payment terms to suppliers.

However, after listing on the Stock Exchange of Thailand and raising funds through Initial Public Offering (IPO) completed in January 2019. Lead the Company's ability to the expansion of the Company's business and to serve as another channel in providing the Company with working capital. And also can reduce such short of working capital risk.

Operating Risk

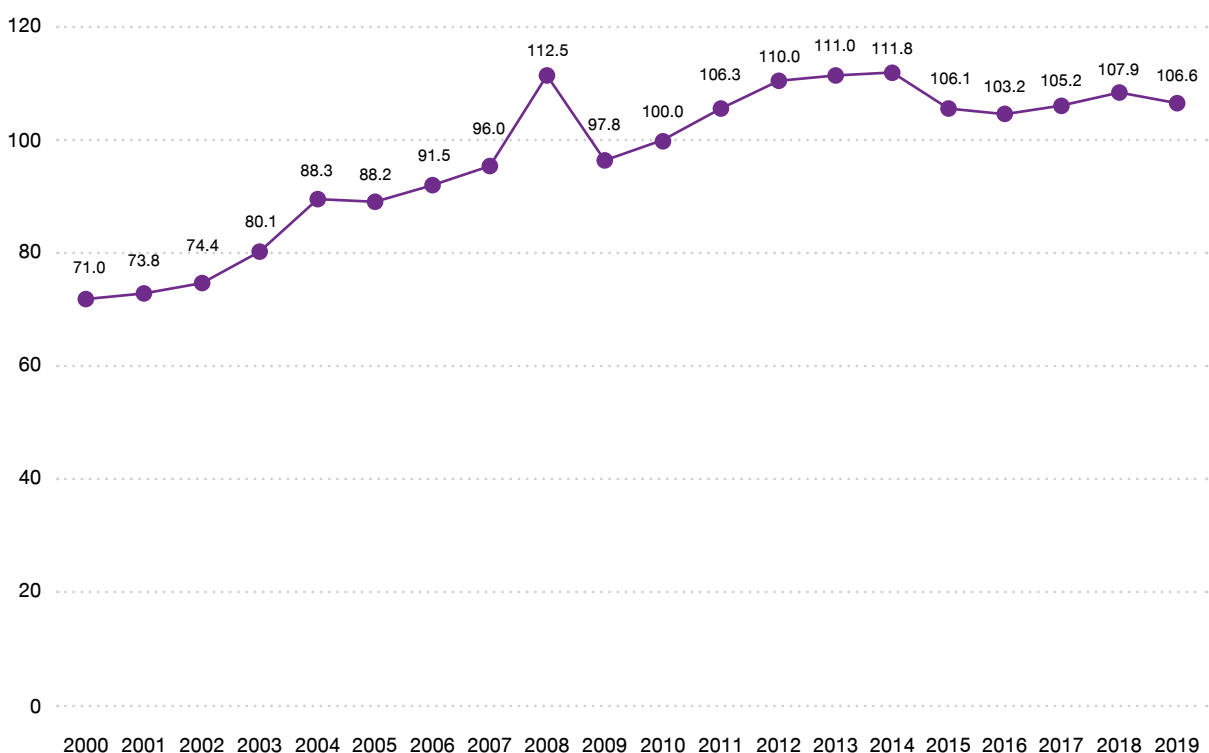
5. Risk of Competition and Continuity of Revenue from Bids

The Company's provision of engineering design services, EPC services, structural and system installation, civil engineering services, and the production and fabrication of industrial piping systems involve bids being made to the project owner. As a result, the Company's revenue fluctuates in accordance with being awarded the project from the bid. Should the Company fail to bid or new projects as planned, especially during economic slowdowns or high bid price competition, the Company's operating results may not be as planned. Thus, the Company set a policy to manage risks and maintain continuity of revenue by ensuring the quality of projects and services performed for clients, such that they are accurate in terms of engineering, provide value for money, and timely, as well as offer construction warranty with penalty compensation for a period of 1 year from construction completion. This is to create satisfaction and trust from clients, resulting in existing clients continuously utilizing the services of the Company, selecting the Company as a contractor for other projects, and recommending other clients to use the services of the Company.

6. Risk of Price Volatility of Raw Materials and Equipment Used in Installation

Cost of raw materials and equipment are an important component of the Company's business operations, with key items being steel plates and copper wire. In case of significant changes to the price of these materials during project operations, the Company's profitability may be directly affected. Prices of construction materials vary in accordance with domestic and international market conditions. Construction Materials Price Index disclosed by the Bureau of Trade and Economic Indices, Ministry of Commerce indicates construction material prices in the past 5 years from 2014–2019 with average volatility of 97.09, compared to the same period of the previous year (Base year 2010 = 100) as shown in the following chart.

Chart 1 : Construction Materials Price Index 2000–2019



Source : Bureau of Trade and Economic Indices, Ministry of Commerce

The Company set a policy to reduce the risk of construction material price volatility by estimating construction cost before entering into a project bid. The information used for the consideration of such costs are obtained from the Company's internal database and information on past construction projects provided to clients. Moreover, the Company will plan and set materials price ahead by issuing Purchase Orders to vendors in advance to prevent any price adjustments. As a result, the Company is able to calculate cost of services with reasonably high accuracy and has felt little impact from the price adjustment of construction materials on the past.

7. Risk of Inaccurate Construction Cost Estimations

Cost estimations are crucial in business operations as the Company will have to enter into a flat-rate agreement with the predetermined price set at the award of the project bid. Cost evaluations and control are thus necessary to ensure conformance to the set budget and vital to the Company's profitability. Accurate estimations will allow executives to make efficient operating decisions and result in profitability. On the other hand, inaccurate estimations may result in the Company failing to secure projects from price quotes higher than competitors or having net loss from underestimated costs.

However, the Company is aware of such risk and has set guidelines on construction cost estimation, comprising of raw materials and product cost, subcontractor costs, personnel costs, as well as various production costs. Utilizing the experience and expertise of the engineering team, coupled with construction cost calculation database on various activities performed by the Company in the past and the integrated production control system, developed by the Company to control, analyze, and improve project costs to achieve efficiency and up-to-dateness in terms of material disbursements and engineer working hours in line with set goals, the Company is able to control its construction cost at a level similar in each year. Executives also hold monthly internal meetings to update the status of costs incurred in each project and update project costs each quarter. Each quarter, there may also be adjustments to the budget of projects which have passed the Indicative Target Cost (ITC) which reports the cost status of each project should there be increases or decreases to the cost. Risk from inaccurate construction cost estimation is reduced as a result.

8. Risk of Foreign Exchange Volatility

The Company purchases raw materials, equipment, and machinery from overseas, especially welding consumable or steel plate certified for the Japanese Industrial Standards (JIS) and American Society for Testing and Materials (ASTM) imported from South Korea, Indonesia, Malaysia, and Japan. The Company, as a result, faces the risk of foreign exchange volatility which would impact project costs in case of depreciation in value of the Thai Baht, which would increase the value of imports and reduce profitability. Thus, the Company reduces this risk by analyzing the foreign exchange outlook before making purchases.

9. Risk of Labor Shortage

The Company's construction service business relies on knowledgeable, specialized, and experienced personnel. The loss or shortage of these personnel accounts for one of the Company's risk factors which would affect the operations and competitiveness of the Company in the future.

The Company set a policy on personnel management by supporting employee development while fostering good relationship between all personnel. In the past, the Company's personnel turnover for lead engineers are relatively low, with key labor group in the operations being day laborers and project-based employees of a total of 1,780 people, which the Company would employ in accordance with the work load. Wage is set at a level comparable to the industry and payment is continuously done on time. Moreover, as the Company is located near Map Ta Phut Industrial Estate in Rayong province, the Company has access to a large group of labor living in the area, and recommendations through word of mouth from such labor groups. This resulted in the Company not being greatly affected in the recruitment of labor.

10. Risk to Safety, Hygiene, and Surrounding Areas

Errors in project construction affecting third parties, whether in the form of danger from construction error posing damage to life and assets or environmental impact such as noise pollution, diffusion of dust from construction and collapse of surrounding building areas will not only be the cause of tainted reputation and credibility as a construction service provider, but may also lead to lawsuits being filed against the Company with significant damage relief.

The Company is aware of the importance of safety in the provision of services. As a result, personnel of all levels from executives to labor workers are trained to understand and consider safety in every step of operations such as the Department of Labor Protection and Welfare's training on work safety, specifying that safety professional officers inform new personnel of key safety information before commencing work, providing health check-up personnel welfare benefits, and hosting preliminary fire extinguishing and evacuation training. The Company believes that personnel who understand preventive measures and place emphasis on work safety will help reduce the impact to third parties. As for environmental impact regarding diffusion of dust particles, the Company conforms to the Occupational Safety, Health, and Environment Act. Moreover, the Company manages noise pollution by avoiding after-hours operations. However, should there be a necessity of operations which may create noise in the community, the Company will inform community members in advance so that such representatives can act as medium in creating understanding within the community.

During the year 2019, the company is in the process of environmental management system standard (ISO 14001): 2015. These focus on the environmental responsibility of factories and establishments in the prevention of pollution. Also focus on preserving and reducing environmental impact. In addition, the company has implemented international standards for occupational health and safety management (ISO 45000: 2018) in order to reduce waste accidental injuries and prevent the health deterioration of employees from work.

11. Risk of Project Delays and Inability to Make Timely Delivery of Work

The Company may face risk of fines or burden of charges from making delivery of work past the deadline, which could arise from delays of the contractor or project owner regarding modifications to construction plan and installation, changes in the contract or terms of the contract during project operations, shortage of funding and liquidity of the project owner, or delays in material delivery from suppliers, resulting in the Company being fined or being responsible for additional costs not initially included. Also, to create a better working environment for employees in the workplace which is expected to be completed by 2020.

However, the Company reduces such risk by implementing IT systems to perform checks in each step and progress of the project such as the SPCM system which is able to monitor operations from the receipt of materials from suppliers to assembly, spray paint, welding, and installation. As such, project managers are able to review the status of operations through such system. The Company also arranges for monthly meetings with executives to acknowledge the progress of every project, resulting in the Company being notified regularly and any issues which may arise being monitored and reported in a timely manner such that executives could advise on the issue. In the past, the Company has never been fined for any delay in delivery of work.

12. Risk of the Counterparty to a Joint Venture Not Adhering to the Agreement

In some cases, a project may require large investment amount or high credibility in which the Company has to enter into a joint venture with other juristic persons to enable the Company's access to the bid and the project. In such case, parties are jointly and severally liable and joint efforts will succeed only if each party performs duties within in accordance with the agreement. If the Company's counterparty in a joint venture is unable to perform duties as set out in the joint venture

agreement, the Company faces the risk of being responsible on the part of the counterparty such as sourcing of funding portion which the counterparty is unable to execute or the risk of being responsible for the execution of the counterparty's scope of work to ensure completion in accordance with set plan. Moreover, in case of damage to the project, the contractor has the right to demand relief from non-conformance to the agreement from the Company and the Company may also be liable for the counterparty, resulting in legal liability and damage to the Company.

At present, the Company has not engaged in any joint ventures. However, the Company has set preventive measures in analyzing prospective counterparties in terms of profile, track record, and financial status before agreeing to joint cooperation to ensure that such counterparty can be held responsible should any issue arise, and reduce the risk to the Company.

13 Risk Arising from Lawsuit

Due to the company as hired outside companies to subcontract (Subcontract) for construction work in the project. At present, the company has one legal dispute and is in process. On 30 November 2019, the Company received a subpoena from the Civil Court. A company ("Plaintiff") has filed a claim for compensation of Baht 18.31 million, including interest at the rate of 7.5 percent per year for breach of the employment contract. And appointed the date of mediation between the parties on 16 January 2020. And specifying the date of the settlement point, including the determination of prosecution or witness examination of the plaintiff on January 27, 2020.

Resulting to, the Company submitted a petition requesting to extend the period for submission of statements and counterclaims on 27 January 2020. As well as requesting to extend the date of issue to 2 March 2020. Currently in the process of examination of witnesses to be held on 28 and 29 May 2020.

The Company has already recorded a provision of certain contingent liabilities from the lawsuit. Including, the management believes that the damage that will occur will not exceed the estimated liabilities already recorded.

Securities and Shareholders Information

Shareholders Structure

The Company has paid capital of 280,000,000 ordinary shares at a par value of THB 0.50 per share. (Fully paid-up on 17 January 2019).

The top 10 names of shareholders which appear on the list of shareholders as at 3 March 2020 are as follows.

No.	Shareholders name	Number of share	%
1	Takuni Group ¹		
	Takuni (Thailand) Co., Ltd.	102,599,000	36.64
	Treeweeranuwat Family	12,168,547	4.35
	Total Takuni Group	114,767,547	40.99
2	Mr. Chung Sik Hong	31,418,800	11.22
3	Mr. Yeong Cheol Choi	13,675,200	4.88
4	Mr. Kiattanan Denpaisan	10,800,200	3.86
5	Mr. Bum Wook Kwak	11,353,000	4.05
6	Mr. Wang Youp Jhee	9,669,000	3.45
7	Mr. Wirat Pattaramaetakul	5,000,000	1.79
8	Mr. Santi Amsawat	4,000,000	1.43
9	Mr. Phongsin Churdchaipun	3,700,000	1.32
10	Ms. Preeyanuk Wongpraphas	3,069,800	1.10
	Total	207,453,347	74.09

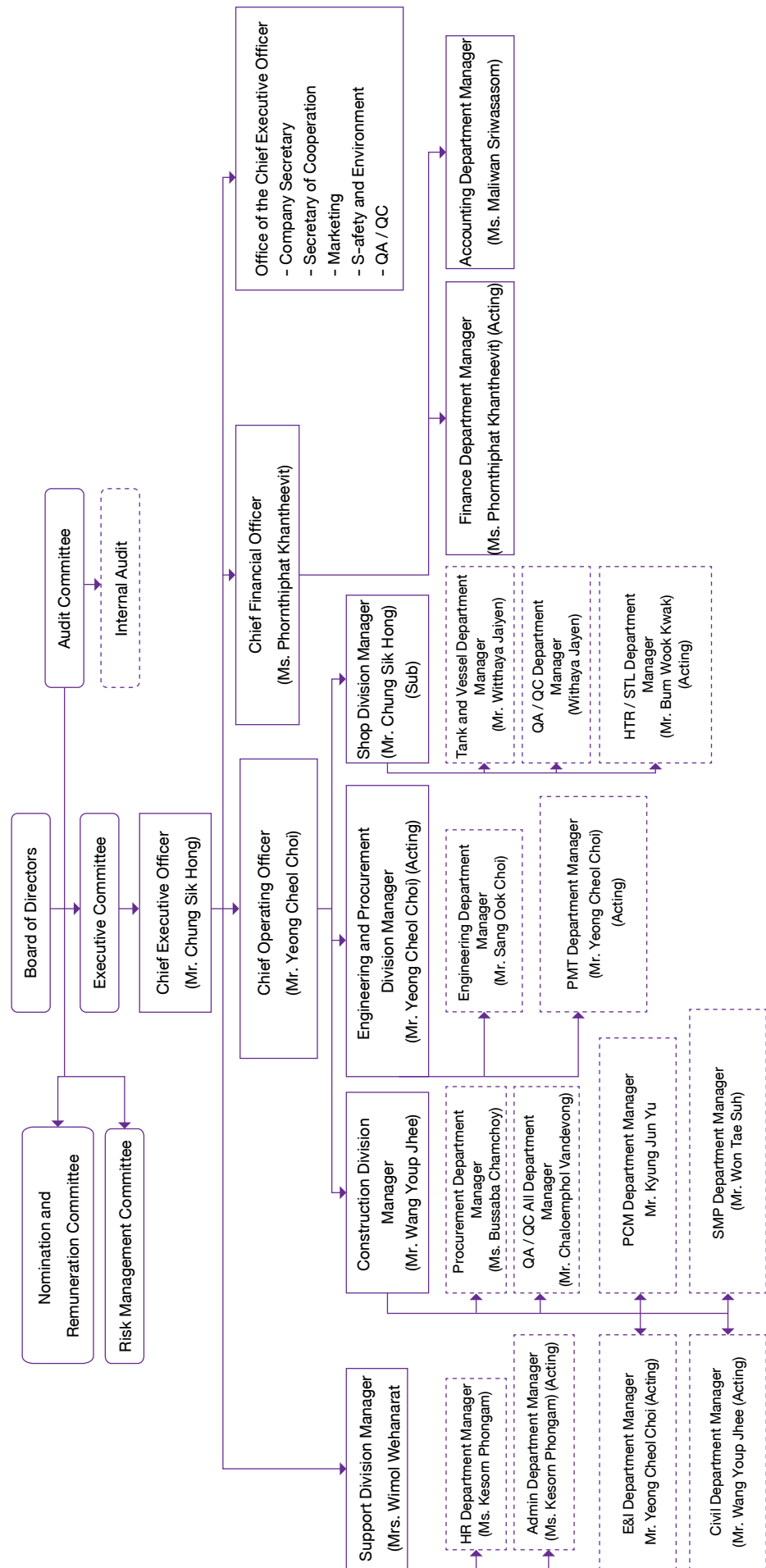
Remarks : ¹Takuni (Thailand) Company Limited held by Takuni Group Public Company Limited at 99.99% of total amount of share capital.
Takuni Group Public Company Limited which major shareholder is Treeweeranuwat Family at 51.80% of total amount of share capital.

Dividend Payout Policy

The Company has a dividend payout policy rate of no less than 40% of net profit from the Company's separate financial statements after the deduction of corporate income tax and legal reserve, and such payment shall not significantly impact the Company's normal business operations. However, the Company may consider dividend payout which deviates from the aforementioned in line with the Company's operating results, financial position, liquidity, business plan, other necessity in the future, and other factors related to management as the Board of Directors and/or shareholders deem fit. Such proceedings must be of greatest benefit to shareholders.

Management Structure

The Company's organization structure is as follows.



The Company's organization structure comprises of the Board of Directors, Audit Committee, Executive Committee, and Nomination and Remuneration Committee. The aforementioned committees comprise of experienced directors fully qualified as specified in Section 68 of the Public Limited Companies Act, B.E. 2535 and Notification of Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016.

1. Board of Directors

As at 31 December 2019, the Board of Directors comprises of the following 9 directors.

Name of Director	Position
1. Mr. Narongrit Tavorvisitporn	Chairman of the Board of Directors, Audit Committee Member, Nomination and Remuneration Committee and Independent Director
2. Mr. Natie Tabmanie	Chairman of the Audit Committee, Independent Director and Nomination and Remuneration Committee
3. Mr. Yingyong Techarungnirun	Audit Committee Member, and Independent Director
4. Mr. Chung Sik Hong	Director / Chief Executive Officer
5. Mr. Prasert Treeveeranuwat	Director (Representative from TAKUNI Group)
6. Ms. Nita Treeveeranuwat	Director (Representative from TAKUNI Group)
7. Mr. Somchai Kanbuakeaw	Director (Representative from TAKUNI Group) Chairman of the Nomination and Remuneration Committee
8. Ms. Kanchana Rimpanichayakij	Director (Representative from TAKUNI Group)
9. Mr. Charoenchai Amnatsomboonsuk ¹	Director (Representative from TAKUNI Group)

Remark: ¹ Mr. Charoenchai Amnatsomboonsuk resigned from the Board of Directors effective from 28 February 2020. The Board of Directors' meeting No. 1/2020 appointed Mr. Yeong Cheol Choi as a replacement director, effective from February 29, 2020.

² Ms. Nattiya Charusombat is the Board of Directors Secretary.

The Audit Committee comprises of 3 independent directors who serve to audit the operations of the Company and provide checks and balance in the management of the Company. All directors have at least taken the Director Accreditation Program (DAP) held by the Thai Institute of Directors.

Attendance of the Board of Directors' Meetings in 2018 and 2019 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2018	2019
1. Mr. Narongrit Tavorvisitporn	10/10	7/7
2. Mr. Suthi Thum-Umnauysuk ¹	9/10	6/7
3. Mr. Yingyong Techarungnirun	10/10	7/7
4. Mr. Chung Sik Hong	10/10	4/7
5. Mr. Prasert Treeveeranuwat	10/10	7/7
6. Ms. Nita Treeveeranuwat	10/10	7/7
7. Mr. Somchai Kanbuakeaw	10/10	7/7
8. Ms. Kanchana Rimpanichayakij	1/2	6/7
9. Mr. Charoenchai Amnatsomboonsuk	2/2	3/7
10. Mr. Natie Tabmanie ²	-	0/7

Remark: ¹ Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

² Appointed to be the chairman of the Audit Committee in the Board Meeting no. 7/2019 on 11 November 2019.

Authorized Director

Mr. Chung Sik Hong and Mr. Somchai Kanbuakeaw or Ms. Nita Treeveeranuwat are directors authorized to act on behalf of the Company through joint signatures and affixed Company seal.

2. Audit Committee

As at 31 December 2019, the Audit Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Narongrit Tavorntvisitporn	Chairman of the Board of Directors, Audit Committee Member and Independent Director
2. Mr. Natie Tabmanie	Chairman of the Audit Committee and Independent Director
3. Mr. Yingyong Techarungnirun	Audit Committee Member, and Independent Director

Remark: Ms. Nattiya Charusombat is the Audit Committee Secretary.

The 3 Audit Committee members are fully qualified as specified by the Stock Exchange of Thailand. The Audit Committee member with knowledge in Accounting and Finance is Mr. Yingyong Techarungnirun (please refer to Appendix 1 for additional information of director background). Mr. Narongrit Tavorntvisitporn is the Chairman of the Board of Directors and Mr. Natie Tabmanie is the Chairman of the Audit Committee.

Attendance of the Audit Committee Meetings in 2018 and 2019 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2018	2019
1. Mr. Narongrit Tavorntvisitporn	7/7	4/6
2. Mr. Suthi Thum-Umnauysuk ¹	7/7	6/6
3. Mr. Yingyong Techarungnirun	7/7	6/6
4. Mr. Natie Tabmanie ²	-	0/6

Remark: ¹ Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

² Appointed to be the Chairman of the Audit Committee in the Board Meeting no. 7/2019 on 11 November 2019.

3. Risk Management Committee

As at 31 December 2019, the Risk Management Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Chung Sik Hong	Chairman of the Risk Management Committee
2. Mr. Prasert Treeveeranuwat	Risk Management Committee Member
3. Mr. Somchai Kanbuakeaw	Risk Management Committee Member

4. Nomination and Remuneration Committee

As at 31 December 2019, the Nomination and Remuneration Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Somchai Kanbuakeaw	Chairman of the Nomination and Remuneration Committee
2. Mr. Narongrit Tavorntvisitporn	Nomination and Remuneration Committee Member
3. Mr. Natie Tabmanie ¹	Nomination and Remuneration Committee Member

Remark: ¹ Appointed to be the Nomination and Remuneration Committee in the Board Meeting no. 7/2019 on 11 November 2019.

Attendance of the Nomination and Remuneration Committee Meetings in 2019 are as follows.

Name of Director	Attendance / Total Number of Meetings
	2019
1. Mr. Somchai Kanbuakeaw	2/2
2. Mr. Suthi Thum-Umnauysuk ¹	1/2
3. Mr. Narongrit Tavorntvisitporn	2/2
4. Mr. Natie Tabmanie ²	0/2

Remark: ¹ Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

² Appointed to be the Nomination and Remuneration Committee in the Board Meeting no. 7/2019 on 11 November 2019.

5. Executive Committee

As at 31 December 2019, the Executive Committee comprises of the following 6 directors.

Name of Director	Position
1. Mr. Chung Sik Hong	Chairman of the Executive Committee
2. Mr. Prasert Treeveeranuwat	Executive Committee Member
3. Ms. Nita Treeveeranuwat	Executive Committee Member
4. Mr. Somchai Kanbuakeaw	Executive Committee Member
5. Mrs. Thitima Tanapakit	Executive Committee Member
6. Ms. Phornthiphat Khantheevit	Executive Committee Member

Attendance of the Executive Committee Meetings in 2018 and 2019 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2018	2019
1. Mr. Chung Sik Hong	7/7	6/6
2. Mr. Prasert Treeveeranuwat	7/7	6/6
3. Ms. Nita Treeveeranuwat	7/7	6/6
4. Mr. Somchai Kanbuakeaw	7/7	6/6
5. Mrs. Thitima Tanapakit	7/7	6/6
6. Ms. Phornthiphat Khantheevit	7/7	6/6

6. Executives

As at 31 December 2019, the Company has 7 executives as defined in the Notification of the Securities and Exchange Commission No. Kor Jor. 17/2551 dated 15 December 2008 (including its amendments) with details as follows.

Name	Position ¹
1. Mr. Chung Sik Hong	Chief Executive Officer
2. Mr. Yeong Cheol Choi	Chief Operating Officer
3. Ms. Phornthiphat Khantheevit	Chief Financial Officer
4. Mrs. Wimol Wehanarat	Support Division Manager
5. Mr. Wang Youp Jhee	Construction Division Manager
6. Mr. Bum Wook Kwak	Shop Division Manager
7. Mr. Yeong Cheol Choi (Acting)	Engineering and Procurement Division Manager
8. Ms. Maliwan Sriwasasom	Accounting Department Manager

Remark: ¹ Executive refers to a manager or the next four executives succeeding the manager and every person holding an equivalent position to the fourth executive, including persons holding the position of departmental manager or equivalent or higher in accounting or finance. Please refer to the Appendix for additional details on executives.

7. Company Secretary

The Board of Directors' Meeting No. 1/2018 held on 24 January 2018 passed a resolution appointing Ms. Nattiya Charusombat as Company Secretary (please refer to Appendix 1 for qualifications) with the following key roles and responsibilities.

- 1) To prepare and safeguard the following documents
 - (a) Directors' register
 - (b) Notices and minutes of the Board of Directors' Meetings and the Company's annual reports
 - (c) Notices and minutes of the Shareholders' Meetings
- 2) To safeguard reports on conflicts of interest of directors and executives
- 3) To submit a copy of the reports on conflicts of interest in accordance with Section 89/14 of the Securities and Exchange Act B.E. 2535 to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days of the Company's receipt of said report, and for the Company to arrange for a system to safe keep documents or evidence in regards to disclosure, and ensure the accuracy, completeness, availability for inspection for a period of no less than 10 years from the documents' date of preparation
- 4) To perform other proceedings as stipulated by the Capital Market Supervisory Board

8. Directors and Executives Remuneration

The Company has a policy to offer compensation to directors and executives at an appropriate level which induces incentive, taking into account operating results of the Company, comparability to other companies in the same business or industry, and in line with the roles and responsibilities of each director and executive.

The Company takes caution to offer compensation at an appropriate level, competitive between peers in the industry, to maintain qualified executives. Executives with greater roles and responsibilities will be rewarded greater compensation fit to the position. Compensation paid to executive committee members and executives will be considered in line with operating results of the Company and performance of individual executives. However, compensation for the Board of Directors and subcommittee will be proposed in the Board of Directors' Meeting for consideration and the Annual General Meeting for approval each year.

Monetary Compensation

A. Compensation for the Board of Directors

The 2019 Annual General Meeting held on 18 April 2019 passed a resolution in determining director compensation with the following details.

Committee	Meeting Allowance (THB)
Chairman of the Board of Directors	15,000.00
Chairman of the Audit Committee	12,500.00
Director	12,000.00
Audit Committee Member	10,000.00

Moreover, the total compensation for the Board of Directors and subcommittee for the year 2019 shall not exceed THB 1,500,000.



Compensation for directors in 2018 and 2019 are as follows.

Unit: THB

	2018				2019			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
1. Mr. Narongrit Tavornvisitporn	150,000	80,000	10,000	240,000	105,000	60,000	20,000	185,000
2. Mr. Suthi Thum-Umnauysuk	108,000	100,000	10,000	218,000	72,000	50,000	10,000	132,000
3. Mr. Yingyong Techarungnirun	120,000	80,000	-	200,000	84,000	60,000	-	144,000
4. Mr. Chung Sik Hong	120,000	-	-	120,000	48,000	-	-	48,000
5. Mr. Yeong Cheol Choi	36,000	-	-	36,000	-	-	-	-
6. Mr. Prasert Treeveeranuwat	120,000	-	-	120,000	84,000	-	-	84,000
7. Ms. Nita Treeveeranuwat	120,000	-	-	120,000	84,000	-	-	84,000
8. Mr. Somchai Kanbuakeaw	120,000	-	12,500	132,500	84,000	-	25,000	109,000
9. Ms. Kanchana Rimpanichayakij	12,000	-	-	12,000	72,000	-	-	72,000
10. Mr. Charoenchai Amnatsomboonsuk	24,000	-	-	24,000	36,000	-	-	36,000

Remark: Director remuneration for each year is subject to change, depending on the resolution of the Annual General Meeting.

B. Compensation for the Executive Committee

- None -

C. Compensation for Executives

Compensation for Executives of the Company and its subsidiary, such salary and other benefits for 2018 and 2019 were totaling of THB 15.21 million and THB 17.32 million, respectively.

D. Other Forms of Compensation

- None -

9. Employees

9.1 Number of Employees

The total number of employees of the Company (excluding Executives) as at 31 December 2018 and 31 December 2019 are 244 persons and 360 persons, respectively, with the following details.

Department	Head Count (Person)						
	As at 31 December 2018				As at 31 December 2019		
	Thai	Korean	Total	Thai	Korean	Philippines	Total
Company Secretary	1	-	1	1	-	-	1
Information Technology Department	2	-	2	2	-	-	2
Marketing Department	1	-	1	-	1	-	1
Construction Division	191	9	200	306	11	2	319
Accounting / Finance Department	5	-	5	5	-	-	5
Procurement Department	5	-	5	5	-	-	5
Planning Department	-	-	-	2	-	-	2
Cost CTL Team	4	2	6	-	2	-	2
Store and Warehouse Team	2	-	2	2	-	-	2
HR and Admin Department	6	-	6	7	-	-	7
Engineering Department	12	4	16	10	4	-	14
Total	229	15	244	340	18	2	360

9.2 Employee Compensation

Compensation paid to employees (excluding Executives) in 2018 and 2019 amounted to 115.51 million and THB 156.34 million, respectively, paid in the form of salary, bonus, social security, employee benefits, and other incentive-based compensation for example, paid out of cost savings as compared to project costs specified in the Company policy.

9.3 Provident Fund

The Company has set up a provident fund under TISCO Master Pooled Fund, which is registered under the management of TISCO Asset Management Company Limited, an asset management company in accordance with the Provident Fund Act B.E. 2530 (including its amendments). Employees taking part may choose to contribute 2-15% of each individual's salary while the Company contributes 3-5% (depending on employment duration) of the employee's salary.

9.4 Labor Disputes

As at 31 December 2019, the Company has no labor disputes.

9.5 Personnel Development Policy

The Company has a policy to hold training and conferences to strengthen the skills and capabilities of its personnel, as well as allow its employees to request to attend training courses or conferences held by third parties as deemed fit by his or her superior.

10. Management Structure of JKEC Company Limited

10.1 Board of Directors

As at 31 December 2019, the Board of Directors comprises of the following 3 directors.

Name of Director	Position
1. Mr. Jeong Kyu Choi	Director / Chief Executive Officer
2. Mr. Chung Sik Hong	Chairman of the Board of Directors (representative from CAZ Public Company Limited)
3. Ms. Maliwan Sriwasasom	Director (representative from CAZ Public Company Limited)

Authorized Director

Mr. Jeong Kyu Choi and Ms. Maliwan Sriwasasom are directors authorized to act on behalf of the Company through joint signatures and affixed Company seal.

10.2 Number of Employees

The total number of employees of the Company as at 31 December 2018 and 31 December 2019 are 44 persons and 62 persons, respectively, with the following details.

Department	Head Count (Person)					
	As at 31 December 2018			As at 31 December 2019		
	Thai	Korean	Total	Thai	Korean	Total
Chief Executive Officer	-	1	1	-	1	1
HR and General Admin Department	3	-	3	10	-	10
Accounting / Finance Department	2	-	2	2	-	2
PMT Department	2	1	3	4	-	4
Construction Department	35	-	35	45	-	45
Total	42	2	44	61	1	62

10.3 Compensation for employees

Total remuneration for employees of the Company (Excluding executives) in 2018 and 2019 in the amount of THB 19.06 million and THB 25.80 million respectively, which are compensation in the form of salaries, bonuses, social security, employee benefits other compensation paid to the Incentive, which is paid from the cost of saving compared to the estimated cost of the project under the Company's policy.

Detail on Directors, Executives, Controlling Interest, and Company Secretary of the Company and its Subsidiary

Detail on Directors, Executives, Controlling Interest, and Company Secretary

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 31 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
1.	Mr. Narongrit Tavornvisitporn - Chairman of the Board of Directors - Audit Committee Member - Independent Director - Nomination and Remuneration Committee Member	68	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Engineering in Electrical Engineering (2nd class honors), Chulalongkorn University - Executive Master of Business Administration (MBA), Thammasat University - Post Graduate Diploma in Electrical Power Generation and Distribution System, The Norwegian Institute of Technology, University of Trondheim, Norway - General Member of the Council of Engineers in Electrical Engineering (Sor.For.Gor. 1489) - Director Certification Program (DCP) Batch of 166/2012 - National Director Conference 2019 	-None-	-	2018 – Present	<ul style="list-style-type: none"> - Independent Director - Chairman of the Board of Directors - Chairman of the Audit Committee 	<ul style="list-style-type: none"> - STC Concrete Product Public Company Limited
						2018 – Present	<ul style="list-style-type: none"> - Independent Director - Chairman of the Board of Directors - Audit Committee Member 	<ul style="list-style-type: none"> - Successmore Being Public Company Limited
						2017 – Present	<ul style="list-style-type: none"> - Independent Director - Chairman of the Board of Directors - Audit Committee Member - Nomination and Remuneration Committee Member 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2016 – Present	<ul style="list-style-type: none"> - Independent Director - Chairman of the Audit Committee - Chairman of Nomination and Remuneration Committee 	- Dacon Inspection Services Company Limited
						1984 – 2012	- Assistant Managing Director	- Thai Oil Public Company Limited
2.	Mr. Natie Tabmanie - Chairman of the Audit Committee - Independent Director - Nomination and Remuneration Committee Member	61	<ul style="list-style-type: none"> - BBA and MBA International Business, Schiller International University, London, England - MBA in Economics, University of Strathclyde, Glasgow, Scotland - Governing Executive, Higher Level, Ministry of Interior Batch of 55 - National Defense College, Batch of 54 - Training Course preparing Thai government officials to the ASEAN Community for executive positions budget of the year 2012 in Singapore - Inspector General in Ministry level - Ethics, Governance and Anti corruption, Korean Development Institution School (KDI) School of Public Policy - Training Course on Security Management Professional in an Advanced level , Batch of 6 - Leadership Development Program III (LDP III) Batch of 2/2015 - Strategic Administrator for the Prevention and Suppression of Corruption, Higher Level Batch of 7 	-None-	-	2019 – Present 2007 – 2013	<ul style="list-style-type: none"> - Chairman of the Audit Committee - Independent Director - Nomination and Remuneration Committee Member - Director, office of petroleum and petrochemical policy, energy - Director, office of policy and planning division ministry of energy - Specialist in energy strategy planning - Director of the office of policy and strategy, office of the permanent secretary 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited - Ministry of Energy

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
			<ul style="list-style-type: none"> - Course Top Management in Industrial Business Development and Investment Batch of 6, Institute of Business and Industrial Development - Course Top Management for Nation-Building Batch of 9 in Nation-Building Institute - Director Certification Program (DCP) Batch of 168/2020 			2009 – 2011	<ul style="list-style-type: none"> - Deputy Director of Energy Policy and Planning Office, Ministry of Energy - Director of Public Communications and Public Acceptance Nuclear Power Plant Project Development Office - Spokesperson for the Ministry of Energy 	- Ministry of Energy
3.	Mr. Yingyong Techarungnirun - Audit Committee Member - Independent Director	39	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Commerce and Accountancy in Accounting, Thammasat University - Master of Business Administration (MBA), University of Connecticut, USA - Certified Public Accountant (CPA) - Director Accreditation Program (DAP) Batch of 145/2018 - National Director Conference 2019 	-None-	-	2017- Present 2017 – Present 2011- Present	<ul style="list-style-type: none"> - Audit Committee Member - Independent Director - Director - General Manager - Sale Manager 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited - Klang Kao Klang Mai Company Limited - Thai brass Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
4.	Mr. Chung Sik Hong - Director (Authorized Director) - Chairman of the Executive Committee - Chief Executive Officer - Chairman of the Risk Management Committee	61	- Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea - Director Accreditation Program (DAP) Batch of 146/2018	11.22	-	2014 - Present	- Director Executive - Chairman of the Executive Committee - Chief Executive Officer - Chairman of the Risk Management Committee	- CAZ (Thailand) Public Company Limited
						2017 - Present	- Director	- JKEC Company Limited
						2004 - 2013	- Chief Executive Officer	- Thai Woo Ree Engineering Company Limited
						1987 - 2004	- Piping Engineering Team Leader - Construction Manager - Project Manager	- SK Engineering & Construction
						1984 - 1987	- Piping Engineer	- Hyundai Engineering

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
5.	Mr. Prasert Treeveeranuwat - Director - Executive Committee Member - Risk Management Committee Member	59	- Director Accreditation Program (DAP) Batch of 103/2013	0.92	He is the husband of Ms. Kanchana Rimpan-ichayakij and the father of Ms. Nita Treeweer-anuwat	2016 – Present	- Director - Executive Committee Member - Risk Management Committee Member	- CAZ (Thailand) Public Company Limited
						2007 – Present	- Director - Chairman of Executive Committee - Chairman of the Executive / Chief Executive Officer - Chairman of Risk Management Committee - Chairman of Anti-Corruption Committee	- Takuni Group PLC.
						2002 – 2018	- Managing Director	- Takuni (Thailand) Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
6.	Ms. Nita Treeveeranuwat - Director (Authorized Director) - Executive Committee Member	33	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Thammasat University / University of Nottingham - Bachelor's Degree in Accounting, Sukhothai Thammathirat Open University - Master's Degree in Financial Management, Queen Mary University of London, UK - Director Accreditation Program (DAP) Batch of 100/2013 - Director Certification Program (DAP) Batch of 208/2015 - Director Certification Program (DAP) Batch of 53/2015 	1.09	She is the daughter of Mr. Prasert Treeveer-anuwat and Ms. Kanchana Rimpan-ichayakij	2015 - Present	<ul style="list-style-type: none"> - Director - Executive Committee Member 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited
						2011 - Present	<ul style="list-style-type: none"> - Director - Executive Committee Member - Deputy Managing Director of General Administration - Acting Deputy Managing Director of Human Resources 	<ul style="list-style-type: none"> - Takuni Group Public Company Limited
						2017 - Present	<ul style="list-style-type: none"> - Director / Chief Executive Officer (Acting) 	<ul style="list-style-type: none"> - Takuni Land Company Limited
						2019 - Present	<ul style="list-style-type: none"> - Director - Chief Executive Officer 	<ul style="list-style-type: none"> - Takuni Trading Company Limited
						2019 - Present	<ul style="list-style-type: none"> - Director 	<ul style="list-style-type: none"> - Sermasch Company Limited
						2019 - Praesent	<ul style="list-style-type: none"> - Director 	<ul style="list-style-type: none"> - Sorb Engineering Company Limited
						2019 - Present	<ul style="list-style-type: none"> - Director 	<ul style="list-style-type: none"> - Exact Real Estate Company Limited - Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
7.	Mr. Somchai Kanbuakaew - Director (Authorized Director) - Executive Committee Member - Risk Management Committee Member - Chairman of the Nomination and Remuneration Committee	71	- Bachelor's Degree from the School of Engineering in Mechanical Engineering, Sripatum University - Bachelor's Degree from the Faculty of Engineering in Industrial Engineering, the Institute of Technology and Vocational Education - Director Accreditation Program (DAP) Batch of 129/2016	0.00	-	2015 - Present	- Director - Executive Committee Member - Risk Management Committee Member - Chairman of the Nomination and Remuneration Committee	- CAZ (Thailand) Public Company Limited
						2016 - Present	- Director - Executive Committee Member	- Takuni Group Public Company Limited
						2015 - Present	- Director	- Takuni (Thailand) Company Limited
						2015 - Present	- Director	- G Gas Logistics Company Limited
						2015 - Present	- Director	- Ratchapruet Engineering Company Limited
						2018 - Present	- Director	- Takuni Land Company Limited
						2019 - Present	- Director	- Exact Real Estate Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
8.	Ms. Kanchana Rimpanichayakij - Director	61	- Bachelor's Degree in Business Administration, Assumption University - Director Accreditation Program (DAP) Batch of 103/2013	0.00	-She is the wife of Mr. Prasert Treeveer-anuwat and the mother of Ms. Nita Treeveer-anuwat	2018 - Present	- Director	- CAZ (Thailand) Public Company Limited
						2012 - Present	- Director	- Takuni Group Public Company Limited
						1995 - 2015	- Director	- Ratchapruet Engineering Company Limited
9.	Mr. Yeong Cheol Choi - Chief Operating Officer - Engineering and Procurement Division Manager (Acting)	56	- Bachelor's Degree from the Faculty of Engineering, Chung-Ang University - Director Accreditation Program (DAP) Batch of 146/2018	4.88	-	2014 - Present	- Chief Operating Officer - Engineering and Procurement Division Manager	- CAZ (Thailand) Public Company Limited
						Feb. 2020 - Present	- Director	
						2004 - 2014	- Senior Vice President	- Thai Woo Ree Engineering Company Limited
10.	Ms. Phornthiphat Khantheevit - Chief Financial Officer - Executive Committee Member	46	- Bachelor's Degree in Business Administration (Accounting), Rajamangala University of Technology - Master of Business Administration (MBA), Srinakharinwirot University (Prasarnmit Campus) - Master of Business Administration (MBA), Virginia International University	-None-	-	2017 - Present	- Chief Financial Officer	- CAZ (Thailand) Public Company Limited
						2014 - 2016	- Tax and Accounting Advisor	- Won Solutions Company Limited
						1997 - 2011	- Finance Manager	- Internet Thailand Public Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
11.	Mrs. Thitima Tanapakit - Executive Committee Member	39	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Commerce and Accountancy, Thammasat University - Master of Business Administration (MBA), Thammasat University - Strategic CFO Course Batch of 4 	0.00	-	2015 - Present 2013 - Present 2006 - 2012	<ul style="list-style-type: none"> - Executive Committee Member - Chief Financial Officer - Executive Committee Member - Auditor 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited - Takuni Group Public Company Limited - Pricewaterhouse Cooper ABAS
12.	Mrs. Wimol Wehanarat - Support Division Manager	48	<ul style="list-style-type: none"> - Bachelor's Degree in Accounting, Ramabhai Barni Rajabhat University - Master's Degree from the Graduate School of Commerce in Managerial Accounting, Burapha University 	-None-	-	April 2018 - Present 2004 - 2018	<ul style="list-style-type: none"> - Support Division Manager - Accounting Department Manager 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited - Thai Woo Ree Engineering Company Limited
13.	Mr. Wang Youp Jhee - Construction Division Manager	48	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Engineering in Civil Engineering, Sungkyunkwan University, Korea 	3.45	-	2014 - Present 2005 - 2014	<ul style="list-style-type: none"> - Construction Division Manager - Project Manager 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited - Thai Woo Ree Engineering Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 3 Mar 2020	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
14.	Mr. Bum Wook Kwak - Heater & Structure Department Manager	61	- Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea	4.05	-	2019 - Present 2005 - 2014 2014 - Present	- Heater & Structure Department Manager - Shop Division Manager - Shop Division Manager	- CAZ (Thailand) Public Company Limited - Thai Woo Ree Engineering Company Limited
15.	Ms. Maliwan Sriwasasom - Accounting Department Manager	40	- Bachelor's Degree from the Faculty of Management and Tourism in Accounting, Burapha University	0.00	-	2014 - Present 2017 - Present 2001 - 2012	- Accounting Department Manager - Director (Authorized Director) - Accounting Officer	- CAZ (Thailand) Public Company Limited - JKEC Company Limited - Thai Woo Ree Engineering Company Limited
16.	Ms. Nattiya Charusombat - Company Secretary - Planning Officer	37	- Bachelor's Degree from the School of Business Administration in Industrial Management, Sripatum University - Company Secretary Program (CSP) Batch of 88 / 2018	0.00	-	2015 - Present 2011 - 2015	- Company Secretary - Planning Officer - Planning Officer	- Thai Woo Ree Engineering Company Limited

Detail on Directors of the Subsidiary (JKEC Company Limited)

No.	Name-Surname / Position	Age (years)	Education / Training	Experience		
				Period	Position	Division / Company
1.	Mr. Chung Sik Hong - Director	61	<ul style="list-style-type: none"> - Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea - Director Accreditation Program (DAP) Batch of 146/2018 	2014 - Present	<ul style="list-style-type: none"> - Director - Chairman of the Executive Committee - Chief Executive Officer - Chairman of the Risk Management Committee 	<ul style="list-style-type: none"> - CAZ (Thailand) Public Company Limited
				2017 - Present	- Director	<ul style="list-style-type: none"> - JKEC Company Limited
				2004 - 2013	- Chief Executive Officer	<ul style="list-style-type: none"> - Thai Woo Ree Engineering Company Limited
				1987 - 2004	<ul style="list-style-type: none"> - Piping Engineering Team Leader - Construction Manager 	<ul style="list-style-type: none"> - SK Engineering & Construction
				1984 - 1987	<ul style="list-style-type: none"> - Project Manager - Piping Engineer 	<ul style="list-style-type: none"> - Hyundai Engineering

No.	Name-Surname / Position	Age (years)	Education / Training	Experience		
				Period	Position	Division / Company
2.	Ms. Maliwan Srivasasom - Director (Authorized Director)	40	- Bachelor's Degree from the Faculty of Management and Tourism in Accounting, Burapha University	2014 - Present	- Accounting Department Manager	- CAZ (Thailand) Public Company Limited
				2017 - Present	- Director (Authorized Director)	- JKEC Company Limited
				2001 - 2012	- Accounting Officer	- Thai Woo Ree Engineering Company Limited
3.	Mr. Jeong Kyu Choi - Director (Authorized Director) - Chief Executive Officer	47	- Bachelor's Degree from the Faculty of Engineering in Civil Engineering, Kum-Oh National Institute of Technology, Korea	2016 - Present	- Director	- JKEC Company " Limited
				2011 - 2015	- Site Manager	- Thai Woo Ree Engineering Company Limited



Corporate Governance

Corporate Governance

Good Corporate Governance Principles

The Company conducts itself in accordance with the Code of Best Practice with the awareness that such practice is vital to the Company's operations in ensuring efficient management system as well as continuous and steady expansion of the Company's business, leading to confidence for shareholders, investors, and related parties together with creating long-term greatest benefit to the Company. The Company set its Good Corporate Governance policy based on good corporate governance principles for listed companies as specified by the Stock Exchange of Thailand, with the objective to use as in the Company's corporate governance. The Board of Directors has distributed the policy to directors and personnel of all levels to create understanding and compliance, with the content covering the following key principles.

- ▶ Equitable and fair treatment of shareholders and stakeholders
- ▶ The Board of Directors aims to create long-term value to the Company, manage with caution, execute duties responsible with sufficient ability and efficiency for the greatest benefit of shareholders, ensure no conflict of interests, and take responsibility in decisions made and actions taken.
- ▶ Operate the business with transparency and moral, enabling checks, and disclosing sufficient information to all related parties
- ▶ Operate the business with caution, especially with regards to risk factors, by putting in place appropriate and regular evaluations, strategies, and improvements
- ▶ The Board of Directors set the Company's code of conduct for adherence by directors, executives, and personnel in accordance with the principles of the Stock Exchange of Thailand, namely in setting policies and corporate governance direction of the Company with emphasis on internal control system and internal audit and oversight of executives' efficient execution in accordance with the policy for long-term benefit for shareholders under the stipulated laws and business ethics.
- ▶ Encourage directors and executives in continuously attending training courses held by the Thai Institute of Directors Association (IOD) and other organizations in related courses to build on knowledge in various aspects regarding roles and responsibilities of directors and executives

To foster long-term business operations, the Company set its good corporate governance policy in accordance with principles of the Stock Exchange of Thailand, divided into the following 5 sections.

Section 1 : Rights of Shareholders

Section 2 : Equitable Treatment of Shareholders

Section 3 : Roles of Stakeholders

Section 4 : Disclosure and Transparency

Section 5 : Responsibilities of the Board of Directors

Section 1 Rights of Shareholders

The Company is aware and places emphasis on the rights of shareholders by not engaging in any activities which intrude or exempt such shareholders of their rights. The Company will respect and strictly protect the basic rights of shareholders in matters including the purchase, sale, or transfer of shares, the right to receive share certificates, the right to receive a share of the Company's profits, the right to receive sufficient information on the Company, the right to express one's opinion and vote in shareholders' meetings to collectively determine key changes in Company policies, appointment and revocation directorship, appointment of auditor, determination of audit fees, and other matters which impact the Company such as the payment of dividends, determination or modifications to the Articles of Association and Memorandum of Association, and increase or decrease of share capital.

The Board of Directors set good corporate governance policy to the Company to adhere to, covering the following principles.

1. Rights and equitability of shareholders and stakeholders
2. The Board of Directors is committed to creating value for the Company by exercising caution in management and regularly assessing risk factors for the greatest benefit for shareholders.
3. Operating with transparency and complete information disclosure
4. Operating with attention to business ethics

The Company is aware and places emphasis on the rights of shareholders and tries to protect and retain the rights of shareholders of the Company. Shareholders are rightfully entitled to the following rights.

1. The Right to Vote in One's Opinion

Shareholders have equal rights to vote, as specified in the Company's Articles of Association that a shareholder has 1 vote for 1 share in the Company, enabling participation in the Company's key decisions.

2. The Right to Acknowledge the Company's Operating Results

In the Annual General Meeting of every year, shareholders of the Company have the right to acknowledge the Company's operating results. As such, the Company has prepared documents clearly and comprehensively detailing key information on operating results for the past year.

3. The Right to Consider and Approve the Company's Financial Statements

In the Annual General Meeting of every year, shareholders of the Company have the right to consider and approve the Company's financial statements. As such, the Company has prepared financial statements of accuracy, completeness, reliability, and inclusion of key information in accordance with international accounting standards generally accepted in Thailand and with related laws. As such, the Company's auditor, independent and possessing generally established reputation, has audited and expressed opinion on the Company's financial statement.

4. The Right to Receive Dividends from the Company's Operating Results

In the Annual General Meeting of every year, shareholders of the Company have the right to consider and approve the payment of dividends. As such, the Company has prepared detailed information on dividend payment with calculation accuracy, clarity, and inclusion of key information helpful to the consideration of shareholders such as dividend policy, comparison of actual dividend payment and dividend policy, and comparison of dividend payment in the current and previous year. Should dividend payment not be in accordance with the dividend policy, the Company will provide rationale and explanation as to why that is the case. Dividend payment proposed to the shareholders' meeting for approval has been cautiously considered and approved by the Board of Directors. However, the Board of Directors may approve interim dividend

payments occasionally should the Company possess suitable profits to do so, and will notify shareholders in the next shareholders' meeting.

5. The Right to Appoint Directors and Revoke Directorship on an Individual Basis

5.1 Appointment of Directors

Shareholders of the Company have the right to consider and appoint directors on an individual basis. As such, the Company will prepare details and resume of individual members of the Board of Directors proposed for appointment with accuracy, clarity, and inclusion of key information helpful to the consideration of shareholders such as names, profile, period of directorship and past performance as director (in case of proposed appointment of current director), directorship position, guideline and recruitment methodology, shareholding portion in the company, directorship in other companies related and unrelated to the Company's business operations, as well as definition of independent director in case of appointment of an independent director. Directors proposed to the shareholders' meeting for approval will be cautiously considered and approved by the Board of Directors by the suggestion of the Nomination and Remuneration Committee before proposal to the shareholders' meeting.

5.2 Revocation of Directorship

In the revocation of directorship of a certain director before the end of the term shall be in accordance with laws and the Company's Articles of Association, which specifies that at least three-fourths (3/4) of votes from shareholders attending the meeting with voting rights and at least one-half (1/2) of the number of shares held by shareholders attending the meeting with voting rights are required for such corporate action.

6. The Right to Consider and Approve Directors' Remuneration

In the Annual General Meeting of every year, shareholders of the Company have the right to consider and approve the determination of remuneration of the Board of Directors and various subcommittees. As such, the Company will prepare remuneration of the Board of Directors and subcommittees proposed for approval with accuracy, clarity, and inclusion of key information helpful to the consideration of shareholders such as director remuneration policy, composition of remuneration divided by position and/or responsibility, comparison of directors' remuneration in the current and previous year, and the process associated with remuneration determination and proposal. Directors' remuneration proposed to the shareholders' meeting for approval has been cautiously considered and approved by the Board of Directors by the suggestion of the Nomination and Remuneration Committee.

7. The Right to Consider and Approve the Appointment of External Auditor and Determination of Auditor Remuneration

In the Annual General Meeting of every year, shareholders of the Company have the right to consider and approve the Appointment of the Company's external auditor and the determination of auditor remuneration. In the appointment of the external auditor, the shareholders' meeting may appoint the current auditor. As such, the Company will prepare information with accuracy, clarity, and inclusion of key information helpful to the consideration of shareholders such as names, Certified Public Accountant license number, audit firm, period in which such auditor performed duties as the Company's external auditor (in case of proposed appointment of current external auditor), auditor remuneration divided into audit fees and other service fees (if any), and comparison audit fees in the current and previous year. External auditor and auditor remuneration proposed to the shareholders' meeting for approval will be cautiously considered and evaluated by the Audit Committee, and approved by the Board of Directors before proposal to the shareholders' meeting.

8. The Right to Consider and Approve Related Party Transactions

For their benefit, shareholders have the right to consider and approve related party transactions of significant value. The Company's or its subsidiaries' related party transactions are for the greatest benefit of the Company and shareholders, and with approval from the Audit Committee, comprising wholly of independent directors.

9. Other Basic Rights of Shareholder in Accordance with Regulations, the Company's Articles of Association, and Related Laws

Shareholders are entitled to other basic rights such as the purchase or sale of shares, receipt of share certificates, sufficient information disclosure, expression of opinion, and voting during shareholders' meetings to participate in key decisions of the company such as determination or modifications to the Articles of Association and Memorandum of Association, and increase or decrease of share capital. As such, the Company will prepare information on such matters with accuracy, clarity, and inclusion of key information helpful to the consideration of shareholders. Such matters will also be cautiously considered and approved by the Board of Directors before proposal to the shareholders' meeting.

Section 2 Equitable Treatment of Shareholders

The Board of Directors is aware of the rights of shareholders and places emphasis on equitable and fair treatment of all shareholders, whether or not such shareholders are executives, of certain nationalities, or own a significant portion of the Company's shares. As such, the Company has a policy on treating shareholders with equitability, as well as protecting and retaining basic rights of shareholders. Shareholders have equal rights in the purchase, sale, or transfer of shares, receiving a share of the Company's profits, receiving sufficient information concerning the Company and its operations, attending shareholders' meetings to vote on various matters such as the appointment of directors or revocation of directorship, appointment of external auditor and determination of auditor remuneration, as well as key matters including dividend payment, determination or modifications to the Articles of Association and Memorandum of Association, increase or decrease of share capital, and approval of special transactions with the following details.

1. Shareholders' Meeting

- 1.1 Shareholders of the Company have equitable right to express their opinions and vote on matters as specified in the Company's Articles of Association that a shareholder has 1 vote for 1 share in the Company, enabling participation in the Company's key decisions.
- 1.2 The Company regularly discloses information to shareholders through the Stock Exchange of Thailand's communication channel as well as the Company website.
- 1.3 The Company gives shareholders the opportunity to propose matters to be included as agenda as well as to propose persons to be considered for election as director in the Annual General Meeting at least 1 month in advance before the date of the Annual General Meeting, in accordance with the Company's guidelines.
- 1.4 The Company sends out invitations to shareholders' meeting together with supporting documents in the consideration of each agenda item and the opinion of the Board of Directors for every agenda at least 7 days prior to the date of the shareholders' meeting, unless specified otherwise in the notification, announcement, order, or specification of the Stock Exchange of Thailand and Securities and Exchange Commission. The Company also discloses such invitation to shareholders' meetings on the Company website at least 1 month prior to the date of the shareholders' meeting such that shareholders have sufficient time to carefully study the information and make informed decisions. The invitation to shareholders' meeting will be prepared in Thai and disclosed together with an English translation of the whole document.

- 1.5 The Company informs shareholders of the specification and methodology in attending shareholders' meetings in the invitation to shareholders' meetings, as well as the methodology and process associated with voting, vote counting, and voting rights of different classes of shares at the start of the meeting. During the meeting, the Company will arrange for a clear process of information presentation, inquiries, voting, and resolution of each agenda. The Company gives shareholders the opportunity to submit inquiries in advance, as well as facilitates shareholders in opening registration 1 hour prior to the meeting time and enabling until the end of the meeting.
- 1.6 The Company will not deprive shareholders of the right to receive information on the Company as required in accordance with various regulations, as well as during shareholders' meetings such as unexpectedly failing to distribute additional documents containing important information, denying the addition of agenda items or modification of key information without informing shareholders in advance, and denying access to the meeting for shareholders arriving late.
- 1.7 The Company facilitates and encourages shareholders and proxies in attending shareholders' meetings and exercising votes by proceeding with the order as specified in the invitation to shareholders' meetings, denying unnecessary additions to the agenda by executives without informing shareholders in advance especially for agenda of importance which shareholders require time to consider facts before arriving at a decision, allowing shareholders and proxies attending the meeting to express opinions, provide suggestions, and make inquiries in each agenda with suitable and sufficient amount of time, and allowing shareholders to vote on the appointment of directors on an individual basis.
- 1.8 In case that shareholders are unable to attend the meeting, the Company facilitates in giving proxy to independent directors or any other persons to attend the meeting in the shareholders' place and prepares Proxy Form B, in which shareholders may specify the allocation of their votes on each agenda, available for download from the Company website. As such, the Company will propose names of at least 1 independent director for shareholders to consider and give proxy.
- 1.9 The Company will hold shareholders' meetings at a location convenient for commute and enclose a map of such location with the invitation to shareholders' meeting. The Company will also select a suitable date and time and arrange for sufficient time for the meeting to facilitate shareholders.
- 1.10 The Company arranges for the clear, accurate, and complete record of minutes of the meeting such that shareholders are able to perform checks, and will disclose such minutes of the meeting on the Company website after submission to the Stock Exchange of Thailand.

2. Conflicts of Interest

The Board of Directors and executives intend to consider proceeding in different matters by prudently eliminating conflicts of interest with honesty, rationale, and independence in accordance with good conduct for the overall benefit of the Company.

As such, to create transparency and prevent any attempts to seek personal benefits, the Company stipulates that directors, executives and related parties are to disclose information on their stakes to the Board of Directors through the Company Secretary, as well as report the ownership of the Company's securities to the Board of Directors in compliance with Securities and Exchange Law as well as notification, announcements, orders, or regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. In addition, during executive meetings and the Board of Directors' Meetings, persons with conflicts of interest or persons who may have conflicts of interest are to abstain from expressing their opinion and voting on the matter.

The Company has also set policy and approval procedure for transactions with conflicts of interest or related

party transactions, specifying the disclosure of information regarding the names and relationship between related parties, pricing policy, value of transaction, as well as the opinion of the Board of Directors on the transaction, strictly in compliance with the notification of the Stock Exchange of Thailand and Securities and Exchange Commission on related party transactions for overall equitable benefits of shareholders.

The Board of Directors are aware of the importance of entering into related party transactions, with key consideration of the greatest benefit of the Company and shareholders, in accordance with normal pricing terms and trade competition as if such transaction were done with normal persons on an arm's length basis. Related party transactions must seek the consideration and opinion of the Audit Committee, comprising wholly of independent directors, who will then report to the Board of Directors or shareholders (depending on the case) for approval before entering into such transaction in compliance with Securities and Exchange Law, notification, announcements, orders, or regulations of the Stock Exchange of Thailand, and regulations on disclosure and procedure of listed companies in relation of related party transactions. However, unless if transaction is between the Company or its subsidiary with terms of trade such that persons of ordinary prudence would enter into with a counterparty in the same situation, without bargaining power of directorship, executives, or related parties and is in accordance with the guidelines set by the Board of Directors, the Company and its subsidiaries' executives may proceed with the transaction and prepare a summary to report to the Audit Committee each quarter.

The Company will also disclose related party transactions in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) as well as in the notes to financial statements which the Company's external auditor has audited.

3. [Monitoring Use of Internal Information](#)

The Company is aware of the importance of instances where the Company's internal information is used for personal benefit. As a result, internal information policy is set to prevent directors, executives, and personnel from disclosing such information to other parties or exploiting such information for personal benefit, benefit for others, or enter into transactions which may pose conflicts of interest. The Company would like to inform directors, executives, and personnel that:

- 3.1 Directors, executives, and personnel of the Company shall retain secrets and/or internal information and shall not disclose such secrets and/or internal information or seek personal benefits or benefit for others whether directly or indirectly, and whether or not compensation is exchanged, unless such information has been publicly disclosed by the Company.
- 3.2 Directors, executives, and personnel of the Company who have access to financial information of the Company and/or information of significance which has an impact on securities price shall avoid the purchase or sale of the Company's securities 1 month before the disclosure of financial statements or internal information and 24 hours after the disclosure of such information. Information of significance are not to be disclosed to other individuals including spouse and minor children of directors, executives, and personnel of the Company. Violation of such stipulation constitutes severe wrongdoing and the Company will issue a letter of warning. Should such action continue, the Company will dismiss such individual without severance pay.

Section 3 Roles of Stakeholders

The Company places emphasis on the rights and equitable treatment of stakeholders in relation to the Company's business operations both internally, including shareholders, executives, and personnel, and externally, such as business partners, vendors, and clients. The Board of Directors is aware of the rights of stakeholders and the treatment of stakeholders in accordance with such rights, conditions, laws, and regulations such that stakeholders are treated well. The Board of

Directors will consider the arrangement of having a process which supports cooperation between the Company and stakeholders to create financial wealth and business sustainability. Corporate governance system concerning stakeholders consists of various stakeholder groups such as clients, personnel, business partners, vendors, shareholders or investors, executives, creditors, surrounding community, society, or the public sector, as well as other stakeholders such as competitors and independent external auditors. The Board of Directors has specified policy with regards to treatment of each stakeholder group, in accordance with laws or agreements made with the Company, with the following details.

Shareholders :	The Company strives to operate its business with worthwhile returns for the highest satisfaction of shareholders, considering the Company's long-term growth, good and continuous returns, and transparent and reliable disclosure of information.
Personnel :	The Company is aware of the importance of personnel in supporting the achievement of the Company's goals and thus treats its personnel with fairness and equitability, while encouraging development, building on corporate culture, promoting good working environment safe to the lives and assets of personnel, and support teamwork to create confidence and positivity with career stability.
Executives :	The Company is aware of the importance of executives as key persons in setting strategies and business plans together with monitoring the Company's business operations in accordance with the guideline, direction, and goals set by the Board of Directors. Thus, the Company proposes executives' remuneration at an amount appropriate and fair as compensation and motive for executives to undertake management of the Company with commitment and dedication to achieve set goals for the Company.
Business Partners :	The Company recognizes the importance of business partners in supporting the growth of the Company and achievement of the Company's business goals. As a result, the Company treats its business partners with consideration of fair benefits for both parties and strict compliance to the terms of trade which have been agreed upon.
Clients :	The Company places key emphasis on clients by creating constant good relationships, and strives to comply with the agreement, terms, or conditions with transparency and fairness. In addition, the Company values the retention of clients' confidential information and will not utilize such information obtained from clients for own benefits and/or the benefits of other related parties.
Vendors :	The Company treats its vendors with fairness and strictly in accordance with the agreed upon terms of trade, and will not request, accept, and provide any dishonest benefits with vendors.
Competition :	The Company operates its business under fair competition and aims to develop its competitive potential from developing its capabilities and quality of services. The Company does not seek confidential information using dishonest or in appropriate means and has no policy to destroy rivals by alluding, discrediting, or taking any dishonest action which constitutes as destroying competition.
Environment :	The Company places importance on environmental impact and will not take any action which would create adverse effects to natural resources and the surroundings exceeding

those required by law, encourage efficient use and conservation of resources for common interest, and strictly conform, cooperate, or monitor conformity to laws and regulations issued by oversight agencies.

Community / Society :	The Company considers social support activities to improve the quality of life of people in the society and community as well as instill the mindset of social responsibility to personnel of all levels in supporting activities in the society and community, with emphasis on development of the society, community, and environment.
Government Agencies and Other Related Oversight Agencies :	The Company is well aware of the roles and responsibilities of government agencies and other related oversight agencies with regards to the Company's operations. Thus, the Company Thus, the Company has the intention and cooperates in compliance to rules, regulations, and stipulations associated with the Company's operations to help relieve the burden of such agencies. Moreover, the Company has delegated the responsibility of review of compliance with rules, regulations, and stipulations associated with the Company's business operations to the Company Secretary and the responsibility of conducting checks on compliance to various standards to the internal auditor to report to the Audit Committee regularly each year.

The Company has a policy to create protection of rights and execute equitable treatment as mentioned above as the support from various stakeholder groups help expand the Company's competitive capabilities and profitability for the Company, as well as play a part in the Company success in the long-term. The Company is aware of the rights of each stakeholder group and will comply with laws, regulations, and terms of agreements which have been agreed upon and executed between the parties, will efficiently disclose sufficient information to stakeholders, and will not take any action which would deprive the rights or create adverse effect to stakeholders.

The Company also arranges for channels of communication open to notifications of leads, complaints, opinions, or suggestions which indicate that stakeholders have been affected or are at risk of being affected, which would lead to damage being inflicted on all stakeholder groups, by the Company's operations, actions of personnel regarding unlawful or unethical practices, and actions which may indicate fraud, inequitable treatment, or actions lacking caution and prudence. Such notifications or inquiries are made to the Audit Committee through the Secretary of the Audit Committee and the Company will investigate in accordance with the process without disclosing information on the whistleblower and treating as confidential to protect such whistleblower from any impact which may occur, and report to the Board of Directors.

Anti-Fraud

The Company has specified a framework for the Company's Code of Conduct on matters such as conflicts of interest, the safeguard of confidential information and use of internal information, and the acceptance of gifts, assets, or other benefits. All personnel are prohibited from requesting gifts, assets, or other benefits which contribute to motive in the execution or non-execution of wrongful duties or any action which could lead to personal benefits for oneself or family.

Section 4 Disclosure and Transparency

1. Disclosure of Information

The Company places importance on disclosure of key information crucial to the decision-making of investors and stakeholders including the disclosure of financial and non-financial information with accuracy, completeness, reliability, thoroughly distributed, timely, transparent, and in accordance with regulations of the Stock Exchange of Thailand and Securities and Exchange Commission through the Stock Exchange of Thailand's communication channel, various

publications, Annual Registration Statement (Form 56-1), and Annual Report through the Company website.

The Company has delegated to Ms. Nattiya Charusombat responsibilities as investor relations officer in the communication with shareholders, investors, analysts, and related government agencies. The Board of Directors is responsible for the preparation of financial reports and financial information, in accordance with international accounting standards generally accepted in Thailand and with related laws, which have been audited by the independent external auditor. Accounting policies chosen are appropriate and consistently applied, with preparation done with cautious discretion and sufficient disclosure of key information in the notes to financial statements. The Board of Directors has appointed the Audit Committee responsible for monitoring the quality of financial reports and internal control system, with disclosure of the opinion on such matters to be included in the Audit Committee Report section of the Annual Report together with the Report on Responsibilities of the Board of Directors to Financial Statements and the Auditor's Report.

2. Relationship with Investors

The Board of Directors values the disclosure of information crucial to the decision-making process of investors and stakeholders of the Company with regards to accuracy, transparency, reliability, thorough distribution, and timeliness of financial information, general information, and key information. Dissemination of such information and updates are done for acknowledgement by investors, analysts, and interested persons through the Stock Exchange of Thailand's communication channel and/or various publications as well as the Company website (www.caz.co.th). Shareholders and investors may contact the Company's investor relations officer, Ms. Nattiya Charusombat, through telephone at 038-606-242 or through e-mail at info@caz.co.th

Section 5 Responsibilities of the Board of Directors

1. Board of Directors' Structure

The Board of Directors consists of individuals with the knowledge, skills, and experience of benefit and value to the Company, and undertakes key roles in approving policies and business plans, monitoring quarterly operating results, and places emphasis on internal control system and internal audit for the benefit of the Company and overall shareholders. Moreover, the Board of Directors will consider ethics and impact to the society and environment in addition to the Company's financial operating results.

As at 31 December 2019, the Board of Directors consists of 9 directors, with 3 directors who are not executives, with complete qualifications as independent directors, making up no less than one-third (1/3) of the total number of directors, to serve as checks and balances in the consideration of various matters and to oversee management practices of executives for the greatest benefit of the Company.

The Board of Directors has appointed 4 subcommittees to undertake corporate governance roles including the Audit Committee, Executive Committee, Risk Management Committee, and Nomination and Remuneration Committee. The Company has clearly defined the roles and responsibilities of the Board of Directors, Audit Committee, Executive Committee, and Nomination and Remuneration Committee with regards to shareholders so as to ensure independence in the decision-making process and present their vision.

▶ Audit Committee

The Company's Audit Committee comprises of 3 Audit Committee Members undertaking specific roles and reporting to the Board of Directors for consideration or acknowledgement as specified in the Authority Index.

▶ Executive Committee

The Company's Executive Committee comprises of 6 Executive Committee Members for flexibility in proceeding with business operations, with the scope of duties delegated from the Board of Directors as specified in the Authority Index.

► Risk Management Committee

The Company's Risk Management Committee consists of 3 Risk Management Committee Members to support company-wide risk management, enabling the Company to efficiently strive towards the achievement of its objectives and goals.

► Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee consists of 3 Nomination and Remuneration Committee Members to undertake specific roles in the recruitment of individuals suitable as a director, executive committee member, and executive of the Company, as well as in the determination of remuneration for such individuals.

In addition, the Company has a policy to specify individuals assuming the position of Chairman of the Board of Directors and the Chief Executive Officer as 2 different individuals to prevent unlimited authority held by 1 person. The Board of Directors, by the advice of the Nomination and Remuneration Committee, will specify the scope of authorities and select individuals to assume such positions.

However, the Company Secretary performs the task of advising on various regulations that the Board of Directors should be aware and should ensure compliance in the Board's activities, as well as coordinate for compliance with the Board of Directors' resolution.

2. [Directors and Executives' Remuneration](#)

The Company has clearly reported directors' remuneration in accordance with the Notification of the Securities and Exchange Commission, whereby such remuneration must receive approval from the Annual General Meeting each year. In case directors of the Company are to undertake more roles and responsibilities such as assuming the position of the Audit Committee Member at the same time, remuneration suitable to the increased roles and responsibilities will be awarded, with consideration of the Company's abilities.

3. [Corporate Governance Policy](#)

The Board of Directors set corporate governance policy, approved from the Board of Directors' Meeting No. 3/2018 held on 23 March 2018. The Company is aware of the importance of corporate governance policy for the benefit of the Company's long-term business operations and steady and sustainable growth. In specifying guidelines for operations, the Company places emphasis on internal control and internal audit, whereby the Board of Directors will evaluate the sufficiency of the Company's internal control system every year in accordance with good corporate governance principles set by the Stock Exchange of Thailand.

The Board of Directors will also review policies and compliance to such policies regularly. After being listed on the Market for Alternative Investment (mai), the Company will comply with rules and regulations specified by the Securities and Exchange Commission and the Stock Exchange of Thailand.

4. [Business Ethics](#)

The Company set code of conduct for the Board of Directors, executives, and personnel as guideline for related parties to conform to in performing duties in accordance with the Company's mission with honesty, integrity, and fairness to all stakeholder groups. As such, the Company has announced and communicated to all personnel and executives for acknowledgement and strict compliance.

5. [Conflicts of Interest](#)

The Board of Directors set policy on conflicts of interest on the basis of making any operational business decisions solely for the greatest benefit of the Company and the avoidance of any actions which may pose as conflicts of interest. Related parties are to inform the Company of the nature of relationship in such transactions, abstain from the consideration of such transactions, and do not have the authority to approve such transactions.

The Audit Committee will report to the Board of Directors on related party transactions and transactions with conflicts of interest after careful and appropriate consideration. The Company is also in strict compliance with the guidelines of the Stock Exchange of Thailand and Securities and Exchange Commission with regards to the determination of price and terms with persons who may have conflicts of interest as if such transaction were done with normal persons on an arm's length basis as well as disclosure of information memorandum as specified by the Stock Exchange of Thailand. The Company will also disclose information on such transaction in the financial statements, Annual Report, and Annual Registration Statement (Form 56-1).

6. Board of Directors' Report

The Board of Directors are responsible for the Company and its subsidiaries' financial reports including information presented in the Annual Report, Annual Registration Statement (Form 56-1), and financial statements. The Audit Committee is responsible for the review of the quality of financial reports, internal control system, and sufficient disclosure of information in the notes to financial statements, and reports to the Board of Directors every quarter. Preparation of the Company's financial statements are audited by the external auditor with names on the list of auditors approved by the Office of Securities and Exchange Commission in accordance with international accounting standards generally accepted in Thailand and with related laws, with disclosure of key financial and non-financial information on the basis of accuracy, completeness, appropriateness, reliability, and suitable accounting policies.

7. Board of Directors' Meetings

The Company will hold Board of Directors' Meetings regularly at least every quarter with additional meetings as necessary. Agenda of the Board of Directors' Meetings are clearly defined in advance, with agenda on the follow-up of the Company's operations regularly. For every meeting, the Company Secretary is responsible for the preparation of meeting agenda as well as send documents of the meeting to the Board of Directors at least 7 days prior to the meeting date such that directors have sufficient time to consider and study the information. However, in the case of urgency to retain the rights or benefits of the Company, invitation to the meeting can be done through other means and the meeting date set for earlier. The Company Secretary is also responsible for taking down meeting minutes and sending the minutes of the meeting to individual directors as appropriate, as well as systematically safe-keeping minutes of the meeting approved by the Board of Directors, able to be checked by the Board of Directors and other related parties.

In the consideration of agenda, the Chairman of the Board of Directors, serve as chairman in the meeting, will allow the opportunity for directors to independently express their opinions. Thus, the majority of votes of directors attending the meeting are required for the approval of each agenda. Each director has 1 vote while directors with conflicts of interest in certain agenda will not attend or abstain from voting in such agenda. Should the results of the vote be a tie, the chairman of the meeting will conduct an additional decisive vote. The Company held 3 Board of Directors' Meetings in 2017 and 10 Board of Directors' Meetings in 2018 and 7 Board of Directors' Meetings in 2019.

8. Internal Control System and Internal Audit

The Company places emphasis on internal control system both at the management level and execution level for efficiency in business operations. As such, the Company clearly specified roles, responsibilities, and authority of officers and executives in writing, oversaw the utilization of the Company's asset for benefit, as well as separated the functions of operator, follow-up officer, monitoring officer, and evaluator. Moreover, the Company arranged for an outsourced internal auditor to conduct evaluations and checks on the Company's internal control system who then reported to the Audit Committee and Board of Directors. The Company has appointed Dharmniti Internal Audit Company Limited by Mr. Saksri Amphawon for internal auditing from 2015 - July 2017, by Ms. Lapasrada Lertpanurot for internal auditing from October 2017 - April 2018, and Ms. Korakot Wanasawat for internal auditing from July 2018 - present to review the internal control system for efficiency and effectiveness, financial controls, efficient compliance with set guidelines, and compliance with laws and

regulations related to the Company, with the result of such evaluations being directly reported to the Audit Committee and top executives of the Company.

9. Board of Directors and Subcommittees

The Company's management structure consists of the Board of Directors and 4 subcommittees, namely the Audit Committee, Executive Committee, Risk Management Committee, and Nomination and Remuneration Committee, with the roles and responsibilities of each committee specified in writing.

10. Audit fees

In 2019, the company had audit fees for PricewaterhouseCoopers ABAS Ltd. in the amount of THB 3.70 million and non-audit fee of THB 2.40 million. Non-audit fees which incurred in 2019 in the amount of 2.30 million baht are service fees related to the public offering of newly issued shares for the first time. And the Company can be deducted this transaction from the shares premium of share received from shareholders.

11. Compliance to Other Good Corporate Governance Principles

Related Party Transactions

Should there be necessity that the Company or its subsidiaries enter into transactions with related parties or persons who may pose conflicts of interest, the Company will seek the opinion of the Audit Committee with regards to necessity and appropriateness of such transaction. In case that the Audit Committee has no expertise in considering the related party transaction which may occur, the Company will seek the opinion of a specialist such as independent asset appraiser or the Company's external auditor such that the Audit Committee may consider based on information provided and report to the Board of Directors and/or shareholders (whichever may be the case) for approval before execution of such transaction.

However, for related party transactions executed with terms of trade such that persons of ordinary prudence would enter into with a counterparty in the same situation, without bargaining power of directorship, executives, or related parties and in accordance with the terms of trade approved by the Board of Directors or in accordance with guidelines set by the Board of Directors, the Company and its subsidiaries' executives may proceed with the transaction and prepare a summary to report to the Audit Committee each quarter.

The Company's policy on related party transactions can be categorized into the following key items.

- ▶ Normal business transactions and normal business support transactions which are transactions of trade that the Company or its subsidiaries engage in their ordinary business with normal terms of trade such as the purchase or sale of products, procurement of raw materials, provision of services, use of transportation services, use of advertising services, use of management services, and receiving technical assistance. The Company's policy is for the Audit Committee to consider and report its opinion on the necessity and appropriateness of such transaction, with fair pricing and terms of trade which would not constitute as transfer of benefits as compared to transactions between the Company or its subsidiaries and other parties, transactions between related parties and other parties, or transactions of similar nature of contractors in similar business. However, if necessary, the Company may seek the opinion of a specialist advisor in the evaluation of fair price and report the opinion to the Audit Committee such that the Audit Committee may use such information as basis for judgment and report to the Board of Directors and/or shareholders (whichever may be the case) for approval before execution of such transaction. In addition, the Audit Committee is to comply with Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions.

- ▶ Receipt or provision of financial support such as receipt or provision of loans and guarantees, provision of assets as collateral for a liability, and payment of fees from the use of credit line of related persons are to be of necessity, appropriateness, with fair terms and conditions, and for the greatest benefit of the Company. As for provision of guarantees arising from the necessity of utilizing credit line from financial institutions to serve as working capital, which constitutes normal terms which financial institutions in providing credit to businesses whether directly or through the placement of collateral, the Company must not incur any expenses from the guarantee and such transaction must not deprive the Company of any benefits. The receipt of guarantees shall be of necessity to business operations, whereby the Audit Committee will consider for the greatest benefit. The provision or receipt of guarantees are to be executed as if such transaction were done with normal persons. The Audit Committee will consider and report the opinion on the rationale and necessity of transactions relating to the receipt or provision of financial support, as well as fair pricing, executed in accordance with the Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions.
- ▶ Other transactions such as lease of real estate and other assets or services, the Audit Committee will consider and report the opinion on the rationale and necessity of transactions as well as execution in accordance with the Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions and acquisition or disposition of assets.

The Board of Directors will comply with the Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions and acquisition or disposition of assets to ensure that decision to enter into such transactions do not constitute conflicts of interest and are for the greatest benefit for all shareholders. Related parties and persons who may pose conflicts of interest are not to vote on such transactions, and the Company will disclose information on related party transactions in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) as well as in the notes to financial statements which the Company's external auditor has audited.



Corporate Social Responsibility

1. Overall Policy

The Company is aware of the importance of growing the business with corporate social responsibilities, exercising care to stakeholders, the economy, society, and environment with virtue, ethics, and moral. The Company aims to foster growth coupled with the greater good, and has set corporate social responsibility policy as guideline for all personnel, divided into the following 8 sections.

1.1 Fair Business Operations

The Company strives to operate its business with honesty, integrity, and ethics, to engage in fair competition in accordance with ethics governing trade and law, and to deny any behavior which obstructs fair competition such as seeking competitors' confidential information and demanding, receiving, or providing any dishonest trade benefits such as in the procurement of machinery. Moreover, the Company respects the right in intellectual property belonging to others, and stipulates that personnel shall abide by the laws or regulations in relation to intellectual property rights such as the use of licensed computer software. The Company also promotes the culture of corporate social responsibility to personnel of all levels.

1.2 Anti-Corruption

The Company operates its business on the basis of transparency, ethics, adherence to good corporate governance principles, and compliance with laws relating to anti-corruption measures and bribery given to officers of the state or the private sector. The Company's organization structure was designed such that responsibilities are clearly defined by operating process and chain of command so as to achieve appropriate balance of power and checks and balance. Thus, the Company specified anti-corruption measures to serve as a guideline for directors, executives, and personnel of the Company and its subsidiaries.

1.3 Respect for Human Rights

The Company supports and respects protection of human rights by treating relevant parties, including but not limited to its employees, communities, and society in surrounding areas, with respect for human rights, equality, and freedom and by not violating basic rights or discriminating with respect to race, nationality, religion, language, color, gender, age, education, physical condition, or social status. In addition, the Company ensures that its business had no part in violation of human rights such as child labor or sexual harassment, engages disabled workers to promote access to employment, and exercises caution in compliance to human rights regulations. The Company provides a channel whereby stakeholders may express their opinions and persons violated as a result of the Company's operations may file complaints so that the Company may provide remedies as appropriate.

1.4 Fair Treatment of Labor

The Company is aware of the importance of human resource development and fair treatment of labor, which will enhance the value, competitiveness, and sustainable growth of the Company in the future. The Company has then outlined the following guidelines.

1.4.1 Respect the rights of personnel in accordance with human rights principles and the labor laws.

1.4.2 Arrange for a fair process of recruitment, hire, specification of terms of hire including compensation determination, and evaluation

1.4.3 Encourage personnel development by hosting trainings and seminars and promoting attendance in seminars and academic trainings held by third parties to enhance knowledge and capabilities and instill moral, ethics, and teamwork

1.4.4 Arrange for benefits as required by law such as social security and other provision of benefits not required by law such as provident funds and financial support such as subventions in the event of death

1.4.5 Arrange for a safe and hygienic work environment by enforcing accident-preventive measures, instilling mindset with emphasis on safety, conducting trainings, encouraging good hygiene, and constantly monitoring for a hygienic and safe work place

1.4.6 Provide the opportunity for personnel to express their opinions or file complaints with regards to unjust behavior or misconduct, while offering protection to such personnel

1.5 Responsibility to Clients

The Company aims to develop its service offering to the satisfaction of clients, while performing its duties with responsibility and honesty by ensuring efficient manufacturing process to deliver to clients the products in the amount and by the deadline as agreed upon. Should there be significant modifications to the manufacturing plan which could impact delivery of products, the Company will discuss with clients to minimize such impact.

1.6 Care for the Environment

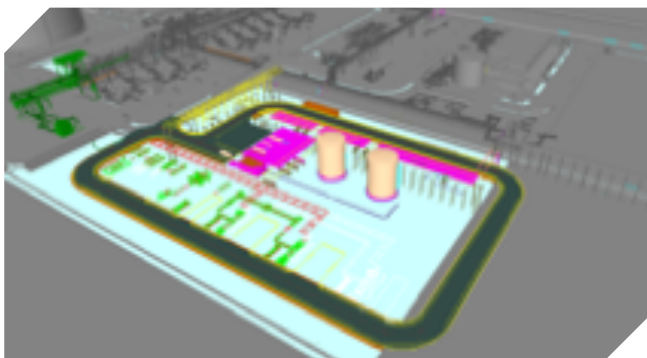
The Company places emphasis on care of the environment by strictly monitoring compliance to laws in relation to the environment, especially in the process of manufacturing and fabrication, the Company altered its operating process to minimize the impact to the environment. For instance, the polish and spray of pipes utilize metal powder in place of sand to reduce diffuse of dust into communities and enable reuse and proper disposal of iron powder.

1.7 Community or Social Development

The Company is aware that in being a part of the community or society, it has duties to perform in the support of activities for the public interest and the development of surrounding environments for better standard of living, which are achieved through care for the environment, hosting of activities, and joint community development. As such, the Company's operations will not have material impact on surrounding communities.

1.8 Innovation and Dissemination of Innovation from Operations with Responsibility to Society, Environment, and Stakeholders

The Company is aware of corporate social responsibility through the use of innovation from its operations, to which it has strictly utilized innovation in accordance with corporate social responsibility such as the design and construction of cold water system which involves the change of state from liquid natural gas delivered through pipes (PTT LNG Cold Water Project granted in a bid in 2017) for use in the cooling system of the factory's generation system to reduce the use of energy in the production of electricity and enhance the efficiency of electricity generation.



2 . Operations and reports

The Company aims to operate its business with corporate social responsibility, for benefits to the public coupled with growth of the Company. As such, the corporate social responsibility was used as a guideline in the operating process to ensure that personnel of all levels are aware and proceed in the execution of their duties in compliance with such policy with efficiency and in accordance with international standards and relevant laws and regulations.

The Company conducted the following training on different aspects of work safety to personnel.



2.1 Work safety orientation for new personnel



2.2 Work safety training on operating in air-tight environments



2.3 Basic Fire Fighting Training



2.4 Basic first aid training



The Company announced the corporate social responsibility policy through its communication channels in the form of executive meetings, division meetings, and announcement boards, as well as specified the inclusion of such topic in the orientation of new personnel and held personnel trainings regularly.

The Company set ISO 9001 as part of its regulations for personnel and all related parties, and exercised corporate so-cial responsibility from its manufacturing process and operating method to factory improvements such as

- ▶ Planting of trees around the factory and organizing green areas for visual scenery
- ▶ Use of valuable resources for the greatest benefit, promoting the conservation water, electricity, and paper



▶ Utilization of innovation created from business operations for corporate social responsibility by operating a closed-system rust polishing machine and reusing metal powder, which results in energy conservation and lower chance of dust in the area



3. CSR Activities Contributing to the Society and Environment

The Company is aware of the importance of the community and society. As such, in accordance with its corporate so-cial responsibility policy, with the aim to operate its business alongside the community with positivity and support activi-ties to improve living standards of people in surrounding communities, the Company, with utmost and constant care, held various activities categorized into education, religion, environment, health and community development with details as fol-lows.

3.1 Education

▶ The Company has supported education by providing scholarships to children of employees with academic performance and good behavior for the year 2019, totaling 11 scholarships.



▶ The Company has sponsored food and prizes in organizing the annual Children's Day event at Wat Pak Phraek School, Pluak Daeng District, Rayong Province.



3.2 Religion

▶ The Company participated in activities to support the prize at Pak Phraek Temple, Pluak Daeng District, Rayong Province, together with PTT Group of Companies, in the occasion of the annual event of the temple.

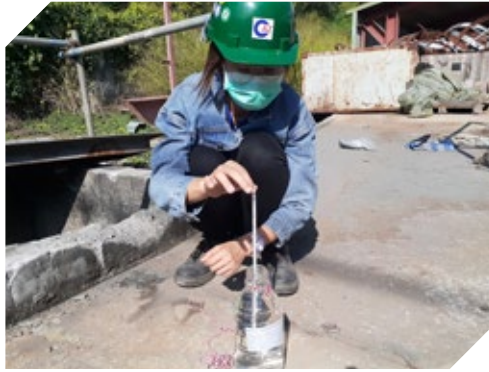


3.3 Environment and Health

▶ The Company arranges the annual fire drills and evacuation drills. In order to prevent and control it from affecting to the community.



- ▶ Check the quality of the water that is discharged from the factory to comply with standards as required by law.



- ▶ Inspect the working environment in the factory area (light, sound, heat)

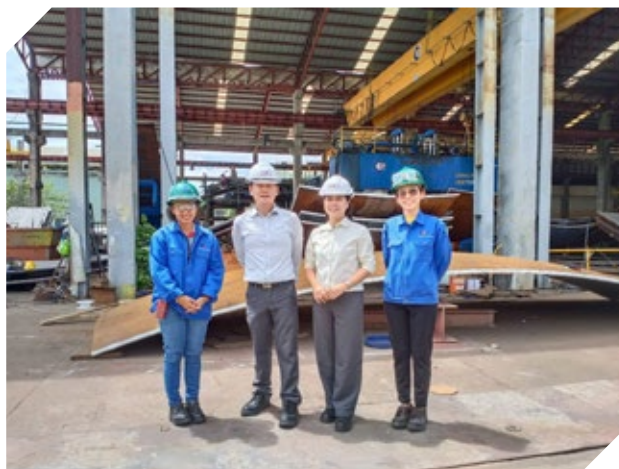


- ▶ Participated in the Green Industry Project of the Ministry of Industry, certified as Green Industry, Level 2, Green Activity.



- ▶ Join the energy conservation project of the Department of Alternative Energy and Energy Conservation by receiving the certificate of promotion of energy conservation in medium and small-sized industrial plants.

▶ Participated in the Eco Industrial City Project of the Department of Industrial Works which has been certified through the upgrading of industrial plants according to the indicator of the annual eco-industrial city (Level 2, Indicator 7.1.1 and Level 3, Indicator 10.2.1) for the year 2019.



▶ The Company has created a health promotion program for employees by having the virtual run competition of the year 2019.



3.4 Community Development

▶ The Company, together with local communities, participated in keeping the streets clean at the Huaypong Nai - Flood Bridge area to improve the scenery of the community.



▶ The company carried out road sweeping in order to clean and reduce the dust pollution from the project that the company has constructed.



4. Anti-Corruption Policy

The Company strives to operate its business with honesty, integrity, transparency, and equitability in compliance with good corporate governance principles and corporate social responsibility. The Company adheres to anti-corruption measures in any form both directly and indirectly, and has specified anti-corruption policy to serve as a guideline for its personnel.

1. Directors, executives, and personnel shall adhere to the anti-corruption policy. In compliance with such policy, adherence in any proceeding to the code of ethics, employee handbook, and any additional guidelines which the Company will issue shall be conformed to.
2. Procurement shall be performed in accordance with Company procedure in a transparent manner.
3. Financial support in any form shall be made in the name of the Company, and shall be in accordance with Company procedure.
4. The Company will announce and disseminate guidelines to ensure compliance to the policy to directors, executives, and personnel of all levels of the Company and its subsidiaries such that all parties have a clear understanding to ultimately achieve the goal of preventing corruption.

Company personnel are to understand and act in accordance with the anti-corruption policy in every operating procedure. Any action witnessed which is in violation of this policy shall immediately be reported to the supervisor.

5. Sustainability Report

The Company regularly reports its operations in compliance with corporate social responsibility policy as well as positive and negative impacts to the economy, society, and environment to the Board of Directors each year to establish a framework and budget appropriate to the Company's operations. The Company will disclose such reports in the Annual Registration Statement (Form 56-1) and Annual Report.

Internal Control

The Company is aware of the importance of effective internal control systems which can support the Company to achieve its business operations. The Audit Committee and Risk Management Committee review the appropriateness of the internal control system, in accordance with good corporate governance policies. During Audit Committee Meetings and Risk Management Committee Meetings, in agenda relating to the approval of transactions with respect to the Company's internal control system, the Company's external auditor, internal auditor, and executives are invited to attend the meeting to present to the respective committees such that the Audit Committee and Risk Management Committee acknowledge, follow-up, and explore remedial measures to promptly respond to observations in a timely manner.

The Company arranged for an independent third-party to assume the role of internal auditor, and has appointed, in June 2015, Dharmniti Internal Audit Company Limited. On 2018, Ms. Lapasrada Lertpanurot for internal auditing from October 2017 - April 2018, and Ms. Korakot Wanasawat for internal auditing from July 2018 - present. The Audit Committee has considered and is of the opinion that such internal auditors are sufficiently qualified in the knowledge with regards to accounting systems and internal control to perform duties as the Company's internal auditor.

Moreover, the Company's external auditor, PricewaterhouseCoopers ABAS Limited, reviewed the Company's internal control system with regards to the preparation and presentation of the Company's financial statements to ensure accuracy and reliability, and made observations to which the Company has been informed together with suggested improvements.

The observations, suggested improvements, and follow-ups are executed to prevent loss in the organization, with details summarized as follows.

1. The Audit Committee's Evaluation of Internal Control System Sufficiency

The Audit Committee Meeting No. 1/2020 held on 27 February 2020, with full attendance by the 3 Audit Committee Members, evaluated the Company's internal control system by inquiring executives with regards to internal control system sufficiency on 5 key areas:



The Audit Committee is of the opinion that the Company's internal control system is sufficient and appropriate, and has in place an operational control system which can prevent misuse or unauthorized use of the Company's assets by executives, as well as sufficient internal control system for transactions with major shareholders, directors, executives, or persons related to the aforementioned.

2. Assessment of internal control systems by internal auditors

Dharmniti Internal Audit Company Limited, has appointed as the internal auditor by the objective to assessment, monitor and follow up the improvement of the internal control system of the Company Since June 2015. Their responsibilities are risk assessment, preparing annual internal audit plan, auditing, and follow up the Company improvement of internal control system. As well as, continuing direct report the audit results to Audit Committee in order to assess the efficiency and appropriateness of the Company's internal control system, compliance with relevant policies and procedures. In addition, the appropriateness and reliability of the company's financial reports Internal auditors have conducted an audit to ensure confidence in the internal control system. Which covers the assessment of internal control components (COSO) and risk assessment from internal control systems in various processes. Such as; sales and bidding projects, project management and management, budgetary, procurement and procurement, human resource management, accounting and financial, petty cash and advance payment, asset control, information technology System (General control only), safety and environmental work. By each time of auditing the Internal auditors will report quarterly internal control audit results together with formulating follow-up issues that were found in previous audits (Follow up Audit). Every report has been presented to the Audit Committee in order to supervise and control the operation in accordance with the internal control system of the Company and to make continuing work effective for the Company.



Related Party Transactions

1. Nature of Relationship

The Company engages in transactions with potential conflicting parties including directors, executives, and/or shareholders with the following nature of relationship.

Potential Conflicting Parties	Nature of Relationship
Takuni Group Public Company Limited (TAKUNI)	TAKUNI is the Company's major shareholder, holding 36.64% of paid-up capital through Takuni (Thailand) Company Limited.
Takuni (Thailand) Company Limited (TT)	TT is TAKUNI's subsidiary and major shareholder of the Company, holding 36.64% of paid-up capital.
G Gas Logistics Company Limited (GG)	GG is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company).
Ratchapruet Engineering Company Limited (RE)	RE is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company).
Mr. Chung Sik Hong	Director, executive committee, executive, and major shareholder of the Company, holding 11.22% of paid-up capital
Mr. Yeong Cheol Choi	Executive and shareholder of the company, holding 4.88% of paid-up capital
Mr. Wang Youp Jhee	Executive and shareholder of the company, holding 3.45% of paid-up capital

2. Nature of Related Party Transaction

The Company has related party transactions from business dealings with persons who may have conflicts of interest, in normal business practice and fair terms of trade, with the following details.

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Necessity and Rationale	Opinion of the Audit Committee
1. Takuni Group Public Company Limited (TAKUNI)	<u>Service Income</u> ► The Company had service income from EPC of Bangpa-Kong LPG Terminal Phase 3 (WP Ball Tank) Project for Takuni Group Public Company Limited - Service income 5,949,809 - Electric income -none-			► The Company entered into an EPC contract with Takuni Group Public Company Limited for Bangpa-Kong LPG Terminal Phase 3 (WP Ball Tank) Project valued THB 206.55 million for a duration of 18 months. (Sep 2017 – Mar 2020)	► The Audit Committee is of the opinion that such transaction is normal business practice for both parties with normal pricing policy and terms of trade. TAKUNI has made price comparisons with other contractors and CAZ submitted its price based on normal terms as it would other clients. The transaction between TAKUNI and CAZ is in line with normal projects which CAZ has performed for third-party clients.
	<u>Outstanding Balance</u> - Account Receivable 54,602,100 - Retention amount 2,041,200 - Service income received in advance 85,904,191 - Unbilled receivables -none-				
	<u>Payable balance</u> - Account Payable -none-				

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Necessity and Rationale	Opinion of the Audit Committee
2. Takuni (Thailand) Company Limited (TT)	<u>Loan from Related Party</u> ▶ The Company took out loans from its parent company to serve as working capital in business operations. - Beginning amount - Additional drawdown in the period - Repayment in the period - Ending amount ▶ Interest payments (interest rate of MLR of 2 commercial banks with an average rate of 6.20%) - Accrued interest	-none- -none- -none- -none- -none- - none-	-none- 157,500,000 157,500,000 - none- 962,192 - none-	▶ For 12 months of 2018, the Company has not loan transaction with TT ▶ For 12 months of 2019, the Company loan with TT of THB 157.50 million. And repayment all total amount during period. ▶ Such transaction was incurred due to the need for short-term working capital for construction project, in which funding through bank loans was insufficient. The Company took out loans from a commercial bank at the interest rate of MLR - 0.5%, which is 0.5% lower than the rate which the Company paid to TT.	▶ The Audit Committee is of the opinion that such transaction was necessary to generate benefit for the Company in utilizing the working capital to support business operations as planned. ▶ Acknowledged no outstanding loans from related party
3. G Gas Logistics Company Limited (GG)	<u>Service Expense</u> ▶ The Company utilized GG's construction material transportation service with service expense paid at a rate comparable to what the Company has			▶ The Company utilized GG's construction material transportation service, which constitutes normal business operations with price and terms of trade comparable to 2 other	▶ The Audit Committee is of the opinion that such transaction is appropriate, based on normal business practice for both parties with normal pricing policy and terms of trade.

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Necessity and Rationale	Opinion of the Audit Committee
	<p>paid to other service providers.</p> <ul style="list-style-type: none"> - Service expense <p>▶ Outstanding Amount</p> <ul style="list-style-type: none"> - Trade payables - Accrued expense 	<p>2,112,829</p> <p>577,500</p> <p>431,805</p>	<p>3,910,381</p> <p>1,645,877</p> <p>-none-</p>	<p>service providers. GG charges a monthly fee of THB 70,000 per month and overtime of THB 291.67 per actual hours of overtime, where the 2 other service providers charge an average monthly fee of THB 70,000 per month.</p>	
4. Ratchapruerk Engineering Company Limited (RE)	<p><u>Service Expense</u></p> <p>▶ The Company utilized RE's Non-Destructive Testing – ("NDT") service with service expense paid at a rate comparable to what the Company has paid to other service providers.</p> <ul style="list-style-type: none"> - Service expense <p><u>Outstanding Amount</u></p> <ul style="list-style-type: none"> - Trade payables - Accrued expense <p><u>Office Lease and Utility Income</u></p> <p>The Company received income from office lease and utilities from Ratchapruerk Engineering Company Limited with lease price set at market rates and utility income charged in accordance</p>	<p>8,162,215</p> <p>1,991,587</p> <p>431,805</p>	<p>22,301,463</p> <p>5,380,109</p> <p>4,713,583</p>	<p>▶ The Company utilized RE's Non-Destructive Testing (NDT) service, which constitutes normal business operations with price and terms of trade comparable to 2 other service providers.</p> <p>▶ The Company leases office space of 204 square meters within the Company's factory premises for prompt execution of NDT service checks. Office lease contract is automatically renewed each year (if no notification of cancellation is made in writing) with</p>	<p>▶ The Audit Committee is of the opinion that such transaction is appropriate, based on normal business practice for both parties with normal pricing policy and terms of trade.</p> <p>▶ The Audit Committee is of the opinion that office lease made to Ratchapruerk Engineering Company Limited is making use of idle assets not used in the operations of the Company. Lease rate and utility charge are appropriate in line with market</p>

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Necessity and Rationale	Opinion of the Audit Committee
	with the electricity bill received from the electricity authority. - Office lease income - Utility income ▶ Outstanding Amount - Trade receivables	144,000 127,766 69,474	144,000 140,689 74,408	lease rate of THB 59 per square meter per month, equal to the independently-appraised rate (THB 59 per square meter) with utility charges as actually incurred	prices and of greatest benefit to all parties.

3. Guarantee on Bank Loans by Natural Persons / Juristic Persons who may have Conflicts of Interest

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Collateral	Guarantor
1. Siam Commercial Bank	<u>Guarantee</u> ▶ Letter of Guarantee - Drawdown Amount ▶ Loan Amount - Drawdown Amount - Promissory Note ▶ Overdraft - Drawdown Amount	607,000,000 362,330,687 250,000,000 169,540,000 -none- 5,000,000 -none-	607,000,000 467,665,416 250,000,000 116,220,000 50,000,000 5,000,000 -none-	▶ Land and buildings title deed numbers 111802, 111803, 111804, certificate of utilization (Nor Sor 3) located at 239 Huaypong Sub-district, Muang Rayong owned by CAZ (Thailand) Public Company Limited, mortgaged as collateral	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Mr.Chung Sik Hong (As at February 2020, the bank is in the process of releasing TAKUNI from being a guarantor.)

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Collateral	Guarantor
2. TMB Bank	<u>Guarantee</u> ▶ Letter of Guarantee - Drawdown Amount ▶ Over Draft - Drawdown Amount	200,000,000 2,200,000 - none- - none-	200,000,000 - none- 10,000,000 9,606,603	▶ For the 12-month period ended 31 December 2018, a savings account valued THB 660,000 of Takuni Group Public Company Limited was used as collateral. ▶ For the 12-month period ended 31 December 2019, has no Takuni Group Public Company Limited used as collateral.	▶ Takuni (Thailand) Company Limited ("TT") ▶ Mr.Chung Sik Hong ▶ Mr.Yeong Cheol Choi ▶ Mr.Wang Youp Jhee (In 2018, the bank released Takuni (Thailand) Company Limited from the list of guarantors of the company.)
3. Kasikorn-bank	<u>Guarantee</u> ▶ Letter of Guarantee - Drawdown Amount ▶ Overdraft - Drawdown Amount ▶ Letter of Guarantee fee	400,000,000 400,000,000 10,000,000 - none- 301,385	400,000,000 395,757,945 10,000,000 6,614,344 - none-	▶ Land and buildings title deed numbers 11943, 72755, 72756, 72757, 72758, 72759, 72760, 72761, 72762, 114774, 114777, 114778, 114779, 114780, 114781, 120079, 133885 located at Bangkhae Sub-district (Lak Song), Phasi Charoen District, Bangkok owned by Takuni (Thailand) Company Limited, mortgaged as collateral. (The company brought 79 rai, 47 square meters of land, buildings and factories, Pluak Daeng District, Rayong Province which purchase during the year 2019, by using the proceeds from IPO of 100 million baht to replace assets collateral on behalf of TT. As at February 2020, the bank is in the process.)	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Takuni (Thailand) Company Limited ("TT") ▶ G Gas Logistics Company Limited ("GG") ▶ Ratchapruerk Engineering Company Limited ("RE") ▶ Mr.Chung Sik Hong (As at February 2020, the bank is in the process of releasing TAKUNI, TT, GG, and RE from being guarantor.)

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Collateral	Guarantor
4. Kasikorn-bank	<u>Guarantee</u> ▶ Letter of Guarantee - Drawdown Amount <u>Factoring</u> ▶ Loan Amount - Drawdown Amount	160,000,000 40,507,270 100,000,000 13,177,756	160,000,000 -none- 100,000,000 32,247,285	▶ Land and buildings title deed numbers 30696 and 30697 located at Ban Pathum Sub-district, Sam Khok District, Pathum Thani owned by Takuni Group Public Company Limited, mortgaged as collateral (The company brought 79 rai, 47 square meters of land, buildings and factories, Pluak Daeng District, Rayong Province which purchase during the year 2019, by using the proceeds from IPO of 100 million baht to replace assets collateral on behalf of TT. As at February 2020, the bank is in the process.)	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Takuni (Thailand) Company Limited ("TT") ▶ Ratchapruet Engineering Company Limited ("RE") ▶ Mr.Chung Sik Hong (As at February 2020, the bank is in the process of releasing to relieve TAKUNI, TT, and RE from being guarantor.)

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2018 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Collateral	Guarantor
5. Kasikorn-bank	<u>Guarantee</u> ▶ Letter of Guarantee - Drawdown Amount	72,714,000 72,713,893	59,342,000 7,417,750	▶ For the 12-month period ended 31 December 2018 and 2019, a fixed deposit account valued THB 20,789,750 and THB 7,417,750, respectively of CAZ (Thailand) Public Company Limited was used as collateral. Divided into; 1. Letter of Guarantee line of THB 59,342,000 and guarantee amount of THB 7,417,750 for PTTGC ORP Structure Fabrication Project which will come to the end of its term on 29 February 2020 and 2. Bid bond of THB 13,372,000 (guarantee amount of THB 13,372,000) which will come to the end of its term on 28 December 2018)	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Mr.Chung Sik Hong (As at February 2020, the bank is in the process of releasing relieve TAKUNI and TT from being guarantor.)
6. Bangkok Bank	<u>Guarantee</u> - Loan Amount - Drawdown Amount	20,000,000 12,800,000	20,000,000 9,920,000	▶ Project finance guaranteed by Thai Credit Guarantee Corporation	▶ Takuni (Thailand) Company Limited ("TT") ▶ Mr.Chung Sik Hong (Both guarantors have been relieved on 29 August 2018)

4. Related Party Transaction Approval Measures or Procedures

Since 2018, the Company transformed into a Public Limited Company and listing on the Stock Exchange, the procedures for related party transaction approval will be in accordance with the Securities and Exchange Law and regulations, notifications, or mandate of the Stock Exchange of Thailand and the Securities and Exchange Commission. Moreover, the Company has set up a policy on related party transactions for future transactions, which will be in accordance with fair terms and necessity as appropriate.

5. Policy or Trend on Related Party Transaction in the Future

The Company may enter into related party transactions in the future with persons who may have conflicts of interest. For related party transactions in normal business practice and operations with general terms of trade, the Company will follow the above-mentioned procedures, in accordance with what the Board of Directors has approved and in line with the Securities and Exchange Act, strictly perform its duties as specified in the agreement which has been agreed upon, and clearly and fairly specify the price and key terms to prevent any transfer of benefits.

For future related party transactions, the Company will proceed in accordance with the aforementioned. However, in the case of related party transactions which require the opinion of the Audit Committee in accordance with rules and regulations of the Stock Exchange of Thailand on related party transactions, the Company will ask for the Audit Committee's opinion on the necessity and appropriateness of such transaction. The Company has no policy to give out loans to persons who may have conflicts of interest or persons related to such group unless such event is in line with the Company's regulation in relation to employee benefits or the Company's authority index in relation to financial aid in shareholding proportion to juristic persons which the Company is a shareholder. Moreover, should the Company engage in related party transactions as mentioned above, the Company will seek the opinion of the Audit Committee with regards to appropriateness of such transaction. In case that the Audit Committee has no expertise in considering the related party transaction which has occurred, the Company will seek the opinion of a specialist such as auditor or independent asset appraiser. The opinion of the Audit Committee or the specialist will be used to support the Board of Directors' decision, on a case-by-case basis, to ensure that such transactions are not intended to constitute any transfer of benefits between the Company or persons who may have conflicts of interest but are for the greatest benefit of shareholders.

Management Discussion and Analysis: MD&A

1. Overview of the Company's Business Operations

The Company offers a comprehensive range of Engineering, Procurement, and Construction (EPC) services in the energy sector to support client needs in all processes directly to projects owners as well as to main contractors, most of which are complicated and involve strict safety measures. As such, these projects require expertise. With the experience and expertise in its business operations leading to numerous successful projects in Thailand coupled with cost management and control systems, the Company is able to efficiently manage and control its construction costs and delivery its projects in a timely manner, earning trust and confidence from clients.

In 2019, the Company has a good management and control system. And be able to efficiently manage and control construction costs. Together with the ability of deliver the work on time which lead to customers' satisfaction. The Company has succeeded in the construction services for many projects in Thailand and has always been highly trusted by customers. Moreover, according to the government policy which stimulated investment in the Eastern region. Resulting, the Company continue to receive the confidence from customers and can win the bidding on various projects of the target customers according to the plan. In 2018, revenues from construction amounted to THB 1,387.08 million and rose to THB 2,034.46 million in 2019, considered a leap of growth

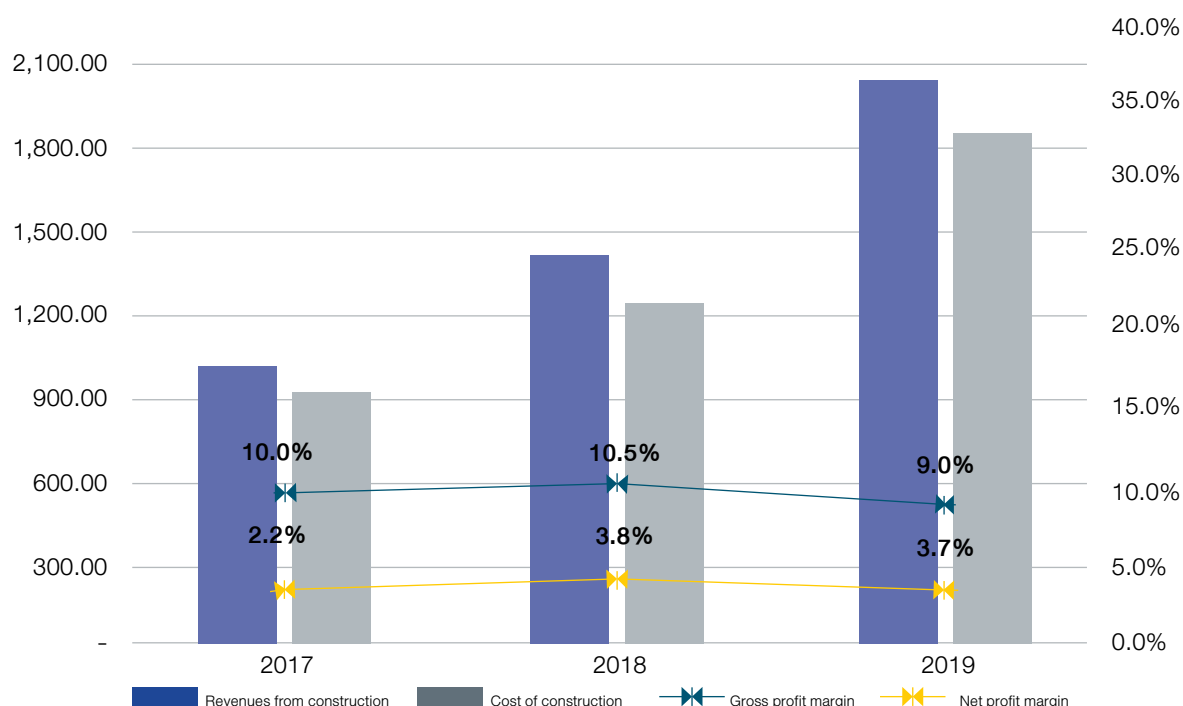
2. Analysis of Operating Performance and Profitability

The Company's operating performance for the year ended 31 December 2017 to 31 December 2019 is as follows.

Summary of Key Operating Performance Figures in 2017-2019

Unit: THB million

Unit: Percentage



Clients

The Company's clients can be divided into the following categories.

Revenue Contribution by Client	2017		2018		2019	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Clients of Korean nationality	131.90	12.94	800.20	57.69	1,451.60	71.35
Other client groups	887.39	87.06	586.88	42.31	582.86	28.65
Total	1,019.29	100.00	1,387.08	100.00	2,034.46	100.00

Revenues from Construction Service

Revenues from construction service are mainly from provision of construction service in heavy industries, comprising of the initial value of the project as agreed upon in the contract and additions to the value from changes in the contract relating to increasing the scope of work, project modifications, or damage claims should there be certainty in revenue incurrence and value can be reliably measured. Construction service revenues can be divided into the following categories.

- 1) EPC Service
- 2) Structural Mechanical Piping (SMP) and Electrical and Instrument (E&I) Service
- 3) Civil and Building Service
- 4) Fabrication and Other Service

In 2019, Thai Financial Reporting Standard No. 15 (TFRS 15); Revenue from contracts made with customers. Effective from January 1, 2019. The Company revenue recognition will reflect the transfer of control in products or services to customers with the amount that the Company expected to be received from goods and services transferred which are divided into the following;

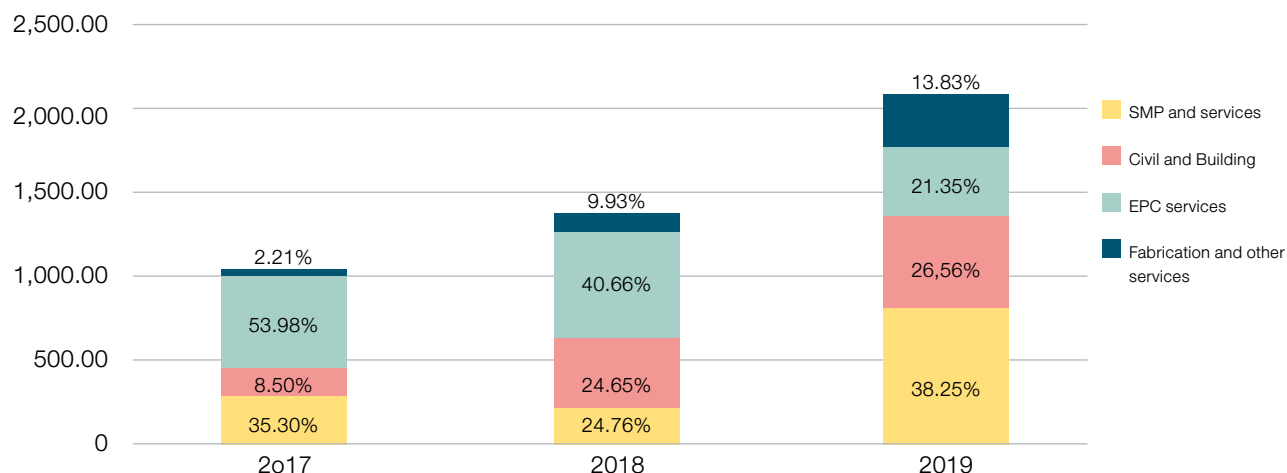
- ▶ Construction contracts in which work results are determined in proportion to the work completed such; SMP and E&I construction services, civil and building services, and fabrication and other services. The progress of completion is calculated as the proportion of total costs accumulated up to the date of the financial statements with total cost project estimation. Usually, the nature of revenue recognition based on project progress would be such that the early and near completion phases of the project would have relatively less construction work as the early phases involves site preparation and the phase near completion involves finalizing minor details. Thus, more construction work is involved in the middle phase of the project, translating into recognition of a higher amount of revenues.
- ▶ Construction contracts that consider progression based on the results of work that the client certifies, including EPC services, and construction activities are the creation or making of assets. (Construction in progress) that the customer has right to control over. Therefore, the Company can recognizes revenue over the period of the contract by reference to the stage of completion of the work from construction progress.

Regarding to, the effect of the adoption of Thai Financial Reporting Standard No. 15 from 1 January 2019, the Company used the method to recognize the cumulative effects of the adoption of financial reporting standards as an adjustment item to the beginning retained earnings (modified retrospective). Without updating the comparative data which shown adjustment transactions in notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2019 (article no. 2.2.1).

Revenue Composition by Type of Service Provided in 2017-2019

Unit: THB million

Unit: Percentage



The Company has revenue from construction services in 2018 - 2019 in the amount of THB 1,387.08 million and THB 2,034.46 million, respectively, or increased 36.08% in 2018, and increased 46.67% in 2019.

In 2018, the Company's service revenues amounted to THB 1,387.08 million, an increase from the previous year, as a result of revenue recognition of backlog from projects awarded since 2016 in accordance with project progress. Such mainly income comprising of PTT Tank, PTT LNG Cold Water, and PTT Wangnoi Compressor Station projects. The proportion of revenue from EPC services for the year 2018 is 40.66% of the total construction revenue. Then is SMP and E&I services, and Civil and Construction services which accounted for 24.76% and 24.65%, respectively.

In 2019, the Company has revenue from construction services in the amount of THB 2,034.46 million, increased of THB 647.37 million, or 46.67%, compared with previous year. Revenue derives from the transfer of right control of the construction work of the project backlog, which has continue recognized since the employment since 2017. Together with the construction contract that was signed during 2019, such revenue from PTTGC Olefins Reconfiguration SMP (package No. 2,3,4,5), PTT GC Propylene Oxide Civil work project and BCP Enclosed Ground Flare (EGF) Installation project.

Since 2018, construction projects in the petrochemical and energy sectors, are large projects with a value in excess of 10,000 million baht. Resulting in the Company having to continue receiving construction projects from the main contractor. The revenue from construction services is therefore more varieties in each service group which is according to customers' requirement. That does not focus on providing construction services for a particular service group.

Valuation of construction projects on hand (Backlog)

Unit: THB million

Details	2018	2019
Value of projects not yet recognized as revenue (beginning of period)	941.70	2,472.34
Value of projects awarded within period	2,917.72	1,849.51
Value project revenue recognition within period	1,387.08	2,034.46
Value of projects not yet recognized as revenue (end of period)	2,472.34	2,287.39

Other Revenues

Other income of the Company consists of revenue from office space rental, income from the sale of scrap metal and other properties such as tools and equipment that are no longer used, etc.

The Company's other revenues in 2018-2019 amounted to THB 2.79 million and THB 6.19 million, respectively, reflecting 0.21% and 0.30% of total revenues, respectively.

In 2019, the Company has other incomes increased of THB 3.40 million or 122.04% increase compared to the previous year. Because there is profit from the sale of scrap metal, and unused construction tools and equipment.

Cost of Construction Service

The Company's key costs of construction service include raw materials and consumable goods, subcontractor costs, salaries and personnel costs, incentives, and other costs of production.

The experience and expertise of the engineering team on project planning, coupled with integrated production control system developed by the Company to control, analyze, and adjust project costs for efficiency and compliance to set plans for material disbursements and engineer working hours and regular monitoring of indicative target costs (ITC) enabled the Company to manage its construction costs at a similar level each year. Executives hold monthly internal meetings to follow-up on the progress of each project's costs and adjust project costs each quarter for updatedness. Adjustment of budgets may also be conducted each quarter through the ITC should there be increases or decreases of costs such as changes in material prices.

In 2018-2019, the Company's cost of construction service amounted to THB 1,241.09 million and THB 1,851.87 million, respectively, reflecting 89.48% and 91.03% of construction service revenues. The slightly increased in the cost of services in 2019 is due to the is adjustment of the construction cost budget to be up to date to with current cost as much as possible.

Administrative Expenses

Key composition of the Company's administrative expenses include personnel expenses such as salaries, bonus, and other compensation, audit fees, training and seminar fees, depreciation, utility expenses, and insurance expenses. Administrative expenses in 2018-2019 amounted to THB 66.10 million and THB 78.03 million, respectively, reflecting a 4.77% and 3.84% of construction service revenues.

In 2018 - 2019, an increase in administrative were due to the increase in personnel expenses from new hires to support the increasing number of projects. As well as increase in other expenses such other costs associated with planning and improving work efficiency for being a listed company, training, and seminar fees, audit fees, director remuneration, and internal audit. In 2019, increased administrative expenses such as consulting fees and advertising expenses, including payment expenses for the initial public offering of new shares in January 2019.

Finance Costs

Finance costs are interest expenses from sourcing of funds for use in business operations. The Company took out long-term loans from a financial institution since Quarter 3 of 2016 to invest in the purchase of land, building, and equipment.

However, finance costs in 2018 - 2019, amounted to THB 12.90 million, and THB 15.31 million, or 0.93% and 0.75% of construction revenue in each year, respectively.

In 2018, the Company's finance costs amounted to THB 12.90 million, decreased from 2017, or 22.54%. Due to repayment of long term loan during the period. While, 2019, the Company's finance costs was increased amounted to THB 2.41 million. Resulted from short term loan by overdraft and promissory note from banks in order to us for the Company's working capital.

Profitability

Gross profit and net profit for 2018-2019 can be summarized as follows.

Profitability	2018		2019	
	Million Baht	%	Million Baht	%
Gross profit	145.99	10.52	182.59	8.97
Net profit attributable to Owner of the parent	52.98	3.81	75.46	3.70

Gross profit in 2018-2019 amounted to THB 145.99 million and THB 182.59 million, respectively, reflecting gross profit margin of 10.52% and 8.97% of construction service revenues, which considered to be similarly gross profit margin. As executives monitored total project costs in accordance with budget, closely reviewed and followed-up on operating results, as well as planned appropriate construction projects and personnel allocation, leading to efficient construction cost management and up to date with the most current changes.

Net profit attributable to equity holders of the Company for 2018-2019 amounted to THB 52.98 million and THB 75.46 million, respectively, reflecting net profit margin of 3.81% and 3.70% of total revenues. The increasing in net profit was due to efficient construction cost management, appropriate cost control, and continuous growth in revenues at a rate higher than that of costs.

3. Analysis of Financial Position

Components of assets 2018 – 2019 are as follows;

Detail	As at 31 Dec 2018		As at 31 Dec 2019	
	Million Baht	%	Million Baht	%
Assets				
Current Assets				
Cash and cash equivalents	35.22	3.06	31.33	2.11
Trade and other receivables	208.40	18.13	186.08	12.51
Unbilled receivable	273.72	23.81	564.88	37.97
Inventories	135.92	11.82	9.72	0.65
Withholding tax deducted at source	-	-	27.44	1.84
Other current assets	6.85	0.60	13.16	0.88
Total Current Assets	660.11	57.42	832.60	55.97
Non-Current Assets				
Restricted bank deposits	20.79	1.81	32.95	2.21
Property, plant, and equipment	357.14	31.06	527.97	35.49
Intangible asset	11.65	1.01	11.28	0.76
Retention receivables	37.25	3.24	10.57	0.71
Withholding tax deducted at source	61.31	5.33	69.04	4.64
Deposits	0.85	0.07	2.11	0.14
Deferred tax assets	0.66	0.06	1.08	0.07
Total Non-Current Assets	489.65	42.58	655.00	44.03
Total Assets	1,149.76	100.00	1,487.60	100.00

Assets

As at 31 December 2018 and 31 December 2019, the Company's assets amounted to THB 1,149.76 million and THB 1,487.60 million, respectively. The increasing of assets in 2018 – 2019 have details on changes in the Company's assets can be summarized as follows.

1. Cash and Cash Equivalents

As at 31 December 2018 and 31 December 2019, cash and cash equivalents amounted to THB 35.22 million and THB 31.33 million, respectively, reflecting 3.06% and 2.11% of total assets, respectively.

Cash and cash equivalents in 2018 decreased by THB 56.76 million from 2017 as a result of investments in fixed asset for operations such as equipment and tools used in construction as well as factory expansion to support new projects, payment of trade payables due, and payment of interim dividends amounted to THB 34.87 million.

In 2019, the Company's cash and cash equivalents amounted to THB 31.33 million. During the year, the Company paid cash to trade payables and long-term loans due from contracts. Including, dividends paid in the amount of THB 29.61 million. Moreover, the Company received cash from the public offering of newly issued shares for the first time on 8 - 15 January 2019 in the amount of THB 292.70 million (after deducting expenses directly related to the share offering). Then use the proceeds from the capital increase to buy land, property and factory in Pluak Daeng District, Rayong Province, amounted to THB 100 million and used as working capital in the amount of THB 152.70 million. As well as investing in the purchase of equipment for business operations in the amount of THB 40 million. This is according to the objectives of the capital increase shares offering.

2. Trade and Other Receivables

The Company records trade receivables in accordance with invoices issued for completed milestones after delivery of work. The Company's policy is to offer credit terms to clients of approximately 30-45 days. Thus, the Company's aging analysis of trade receivables showed most of the Company's trade receivables being those which are not yet due and those overdue within the period 3 months.

Trade and other receivables - net as at 31 December 2018 and 31 December 2018 amounted to THB 208.40 million and THB 186.08 million, comprising 18.13% and 12.51% of total assets.

Regarding to, the increasing in value of the Company's construction service projects in which trade receivables arise once the Company bills its clients. Most of the trade receivables belong to players in the petrochemical industry who have the ability to pay the amount owed, and may have detailed processes in the inspection of work and document checks which could lead to delayed payment.

Details on trade receivables are as follows.

Aging of Trade Receivables	2018		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due				
- Unrelated parties	106.11	59.34	145.83	87.60
- Related parties	54.61	30.54	10.91	6.56
Overdue				
Within 3 months				
-Unrelated parties	17.89	10.01	9.65	5.80
- Related parties	-	-	-	-
3 – 6 months				
- Unrelated parties	-	-	-	-
6 – 12 months	-	-	-	-
Over 12 months	0.20	0.11	0.08	0.04
Total Trade Receivables	178.81	100.00	166.48	100.00
Less Allowance for doubtful accounts	0.20		-	
Trade Receivables - Net	178.61		166.48	

Allowance for doubtful accounts are based on judgment of executives as to the possibility of not being able to collect from each debtor, with consideration of past payments, aging of the trade receivable, and current economic situation. The Company has the following policy on the allowance for doubtful accounts.

Period Overdue (Months)	Portion of Allowance for Bad debt allowance (Percentage)
12 – 18	25.00
18 – 24	50.00
Over 24	100.00

As at 31 December 2019, the Company write-off bad debt allowance amounted to THB 0.20 million, which is a debtor with overdue payment exceeding 24 months. The Company has followed-up on such payment and already record bad debt allowance in 2017. These write-off transaction was comply with the Company's accounting policy. Moreover, except for the aforementioned case, the Company has never set allowance for doubtful accounts for any other transaction and was able to collect from all debtors.

3. Unbilled Receivables

Unbilled receivables reflect the value of revenues in accordance with percentage of completion which have not been billed to clients comprising of projects delivered but not yet inspected by the client. In the usual case, there would be a portion of project value according to the contract which have not been billed from the client as project progress and the duration of invoice issuance for billing do not match. Invoice is only issued once the Company performs delivery of work and the client signs off on the inspection of the project by project progress (certificate of progression is divided into Mechanic Certificate (MC), Performance Acceptance Certificate (PAC), Initial Acceptance Certificate (IAC), and Final Acceptance

Certificate (FAC)). Milestone payment as specified in the contract takes approximately 7-14 days on average to perform checks (after the Company submits documentation on delivery of work at the end of every month), after which the Company would issue invoice for the clients' signature and send the Accounting Department a copy to record revenues and follow-up on payment in accordance with the credit terms. Such process of checks result in the majority of revenue by progress (calculated from actual costs) at the end of each month of value exceeding that invoiced to the clients at the end of the month.

As at 31 December 2018 and 31 December 2019, the Company's unbilled receivables amounted to THB 273.72 million and THB 564.88 million, respectively, equivalent to 23.81% and 37.97% of total revenues. As at 31 December 2018 and 2019, the total value of unbilled receivables were higher compared with previous year. Due to work in progress which has both the work delivered but not yet invoiced, and not yet delivered but able to recognize income according to the steps mentioned above.

4. Inventories

As the Company's nature of business is the provision of construction service based on client orders, the Company has no inventory in the form of finished goods. Inventories comprise of raw materials including materials and equipment awaiting installation such as steel plates and steel pipes for piping system installation. Inventories as at 31 December 2018 and 31 December 2019 amounted to THB 135.92 million and THB 9.72 million, respectively, equivalent to 11.82% and 9.72% of total assets.

As at 31 December 2018, the Company had outstanding inventories of THB 135.92 million, reflecting 11.82% of total assets, as the Company procured materials (steel for fabrication) mainly for 2 key projects in which the Company formed steel at the Company's factory in accordance with clients' request and will perform installation for clients once fabrication is complete, which would take approximately 90 – 150 days. As a result, the Company had more inventories in 2018 as compared to 2017, which had only THB 2.52 million worth of inventories.

As at 31 December 2019, the Company had outstanding inventories of THB 9.72 million was materials (steel for fabrication) used for steel structure, pipe work and consumables in construction which will be used for project work under construction project on hand.

5. Refundable Tax and Withholding Tax Deducted at Source

Refundable tax refers to withholding tax which the Company has been deducted in advance when receiving payment for construction service from clients. When calculated in conjunction with annual corporate income tax, the difference could be requested for refund. Refundable tax is categorized as current asset as such amount requested for refund are in the process of checks with a period of no more than 1 year. However, withholding tax deducted which has not reached the process of checks is classified as non-current asset.

Withholding tax categorized as non-current asset as at 31 December 2018 and 31 December 2019 amounted to THB 61.31 million and THB 96.48 million, respectively. The increase in such amount was in accordance with the increase in construction service contract each year, with a portion of construction service revenues being deducted as withholding tax for every payment by clients. Withholding tax for the year 2017 is in the process of being refunded in the amount of 27.44 million baht. And expected to be completed refund by 2020.

6. Property, Plant, and Equipment

Property, plant, and equipment mainly comprise of land, factory, office building, vehicles, construction machinery, and engineering testing devices. As at 31 December 2018 and 31 December 2019, property, plant, and equipment amounted to THB 357.14 million and THB 527.97 million, reflecting 31.06% and 35.49% of total assets.

The increase in property, plant, and equipment in 2018 and 2019, amounted to THB 42.35 million and THB 170.83 million, respectively. To continuously support the construction services of new projects, including having sufficient production capacity. The Company therefore has continue purchased more machinery, tools and trucks. In 2019, the Company used cash from the public offering of newly issued shares for the first time to buy land, buildings and factories in Pluak Daeng District, Rayong Province, approximately of THB 100 million. And invested in equipment used in business operations in the amount of THB 40 million, which is in accordance with the objectives of the offering of additional shares (IPO).

7. Retention Receivables

Retention receivables reflect the amount of money deducted by the client as project guarantee as specified in the service contract. The Company will be refunded of the amount once construction is completed and in accordance with what was agreed upon in the contract. Terms of retention receivables for most cases would be at 10.00% of project value, and refund would undergo the following processes.

- ▶ 5.00% refunded after Initial Acceptant Certificate (IAC) after inspection and commencement of guarantee period

- ▶ The remaining 5.00% refunded after Final Acceptant Certificate (FAC) after thorough inspection confirming no issues on the project and operating systems installed throughout the guarantee period and the guarantee period has ended

Refund of retention amount can only be done once IAC or FAC is issued by the client, and billing is in accordance with the clients' set schedule.

As at 31 December 2018 and 31 December 2019, the Company's retention receivables amounted to THB 37.25 million and THB 10.57 million, reflecting 3.24% and 0.71% of total assets.

Retention receivables in 2019 increased by THB 31.76 million as the Company was deducted retention amount for delivery of milestones for different projects in 2019 in accordance with the aforementioned processes. While retention receivable of year 2019 was decreased by THB 26.68 million, compared with 2018. Due to, the Company gradually delivers the work according to the percentage of work completed and able to return the retention from the customer according to the steps mentioned above.

Liabilities

As at 31 December 2018 and 31 December 2019, the Company's total liabilities amounted to THB 988.16 million and THB 993.33 million, respectively, reflecting 85.94% and 66.77% of total liabilities and equity. In 2019, the Company's total liabilities increased by THB 5.17 million, compared with 2018, equivalent to a 0.52% increase.

1. Bank overdraft and short-term borrowings from banks

The Company has short-term loans from banks to be used as working capital. In 2018, the Company had short-term loans from banks in the amount of THB 59.18 million and has already been repayment in January 2019. While as at 31 December 2019, the Company has bank overdrafts amounted of THB 16.71 million. And short-term borrowings from the bank for use as working capital amounted to THB 222.25 million which has repayment within 2020.

Liabilities components of 2018 – 2019, of the Company are as follows.

Details	As at 31 Dec 2018		As at 31 Dec 2019	
	Million Baht	%	Million	%
Current Liabilities				
Bank overdraft	-	-	16.71	1.12
Short-term borrowings from banks	59.18	5.15	222.25	14.94
Trade and other payables	286.57	24.92	327.16	21.99
Advance received form construction and Service income received in advance	422.43	36.74	217.25	14.60
Current portion of long-term borrowings from banks	38.64	3.36	36.68	2.60
Current portion of liabilities under finance lease agreements	1.45	0.13	8.34	0.56
Short-term borrowing from related party	-	-	2.50	0.17
Other Current Liabilities	22.16	1.93	21.38	1.44
Total Current Liabilities	830.43	72.23	854.22	57.42
Non-Current Liabilities				
Long-term borrowings from banks	143.70	12.50	105.06	7.06
Finance lease liabilities	3.00	0.26	20.69	1.39
Retention payables	7.96	0.69	8.30	0.56
Employee benefit obligations	3.07	0.26	5.06	0.34
Total Non-Current Liabilities	157.73	13.71	139.10	9.35
Total Liabilities	988.16	85.94	993.33	66.77

2. Trade and Other Payables

Trade and other payables comprise of materials creditors, subcontractor cost, accrued costs, provision for damage from defective service after project delivery, set up in the case of lawsuits. As at 31 December 2018 and 31 December 2019, trade and other payables amounted to THB 286.57 million and THB 327.16 million, respectively, reflecting 24.92% and 21.99% of total liabilities and equity.

In 2018 – 2019, the Company has increased trade and other payable, compared with previous year. Due to procurement of construction material and goods and employment of subcontractors in accordance with the increased number of projects of the Company. However, the Company has credit terms for payment of 45-90 days.

3. Advances received from construction contracts and construction income received in advance

As at 31 December 2018 and 31 December 2019, the Company received advance payments from construction projects and advance income received in the amount of THB 422.43 million and THB 217.25 million, respectively, representing 36.74% and 14.60% of total liabilities and equity, respectively.

Components of advance received from construction projects and construction revenue received in advance can be divided into;

Details	2017 Million Baht	2018		2019	
		Million Baht	Changed	Million Baht	Changed
- Construction income received in advance	126.32	108.92	-13.77%	1.93	-31.32%
- Advance received from construction contracts	37.49	313.51	736.26%	215.31	-98.23%
Total	163.81	422.43	157.88%	217.25	-48.57%

3.1 Construction income received in advance (income received in advance from customers in accordance with the milestone conditions in the contract which is higher than the revenue recognized in accordance with financial reporting standard no. 15 regarding revenue from contracts made with customers). When the Company has transfer control over goods and services to customers under the agreement, this transaction will be deducted and recognize as service revenue in the future. On December 31, 2017, the Company received construction income received in advance from one customer in the amount of THB 137.00 million at the end of the period. It was gradually recognizing revenue from construction services according to the progression of the work during the year 2018. On the other hand, as of 31 December 2018 and 2019, the Company has reduced advance service income in the amount of THB 108.92 million and THB 1.93 million, respectively.

3.2 Advance received from construction contracts are deposit of project hired according to contract conditions. Which will be reduced proportionally as charged to customers in the next billing invoice.

As at 31 December 2018, the Company received advance payment for construction in the amount of THB 313.51 million. It is advance received from contracts approximately 10% - 20% of the project value. And gradually recognize revenue during the year 2019 in accordance with the proportion of work that is billed to customers. As at 31 December 2019, the company has advance payment of construction remaining amount of THB 215.31 million.

The Company be able to gradually record advance payment and advance construction revenue to income according to Thai Financial Reporting Standard No. 15, without any obligation to repay back to customers.

4. Other Current Liabilities

Other current liabilities include undue sales tax, withholding tax pending delivery, and accrued social security expense, etc. As at 31 December 2018 and 31 December 2019, other current liabilities amounted to THB 22.16 million and THB 21.38 million, respectively, reflecting 1.93% and 1.44% of total liabilities and equity. Other current liabilities as at 31 December 2018 - 2019 have similar amounts due to undue sales tax and withholding tax pending delivery.

5. Long-Term Borrowings from Banks

The Company sourced its long-term funds from a Thai commercial bank with loan amount of THB 250 million and interest rate of MLR minus 0.50% to fund the purchase of land, factory, office building, vehicles, and machinery used in construction.

As at 31 December 2018 and 31 December 2019, long-term borrowings amounted to THB 182.34 million and THB 143.70 million, respectively, reflecting 15.86% and 9.66% of total liabilities and equity. The decrease of THB 38.64 million was in accordance with principal repayment specified in the contract within the time period.

Equity

Equity attributable to owners of the Company as at 31 December 2018 amounted to THB 157.85 million, reflecting a THB 20.37 million or 14.82% increase from the previous year from the Company's profitable operating results for 2018 of THB 52.98 million and dividend payment of THB 34.87 million.

Equity attributable to owners of the Company as at 31 December 2019 amounted to THB 491.02 million, reflecting a THB 333.17 million increase from the previous year. Resulted from, in January 2019, the Company offered to sell 80,000,000 new shares for IPO. The offering of new shares to the subscribers at the price of 3.90 baht per share (0.50 share capital and share premium 3.40 baht) in the amount of THB 312.00 million. And the first trading date of the Company's shares on the Stock Exchange of Thailand was 22 January 2019. The Company presented share premiums after deducting expenses directly related IPO events to share premiums.

In addition, the equity attributable to owners of the parent increased from operating profit during the year in the amount of THB 75.46 million. And decreased from dividend payment in May 2019 for the period of 1 April 2018 – 31 December 2018 in the amount of THB 28.00 million.

Dividend Payment

The Annual General Meeting of shareholders held on 10 April 2018 approved dividend payment of THB 27.83 per share, totaling THB 27.83 million, paid from the Company's operating results from 1 January 2016 to 31 December 2017. The Company paid such dividends on 9 May 2018.

The Board of Directors' Meeting held on 11 May 2018 approved dividend payment of THB 0.03518 per share, totaling THB 7.04 million, paid from the Company's operating results from 1 January 2018 to 31 March 2018. The Company paid such dividends on 8 June 2018.

The Annual General Meeting of shareholders held on 18 April 2019 approved dividend payment of THB 0.10 per share, totaling THB 28.00 million, paid from the Company's operating results from 1 April 2018 to 31 December 2018. The Company paid such dividends on 17 May 2019.

Analysis of Liquidity

Cash Flow	2018 THB million	2019 THB million
Net cash generated (used) in operating activities	33.29	(222.74)
Net cash generated (used) in investing activities	(73.16)	(186.37)
Net cash generated (used) in financing activities	(16.89)	388.51
Net increase (decrease) in cash and cash equivalents	(56.76)	(20.59)

1. Cash Flows from Operating Activities

For the 12-month period ended 31 December 2018 and 31 December 2019, the Company's net cash generated (used) in operating activities amounted to THB 33.29 million and THB (222.74) million, respectively. In 2018, most of the cash flows were used for the procurement of inventories, coupled with trade and other receivables, unbilled revenues, and restricted bank deposits. Moreover, the Company had cash flows from advances for construction project from the execution of new service contracts during the year 2018 and receipt of refundable tax in the same period.

In 2019, the Company has used operating cash flow in the amount of THB (222.74) million. Due to the use of advance received for construction costs as working capital for construction during the year. Including, the unbilled revenue increased

from the construction completed more than the collected amount. At the end of the period, the project is in the process of delivering work to collect money from customers.

2. Cash Flows from Investing Activities

For the 12-month period ended 31 December 2018 and 31 December 2019, the Company's net cash generated (used) in investing activities amounted to THB (73.16) million and THB (186.37) million, respectively. Key investments of the Company include the purchase of equipment and machinery as well as intangible assets to support the growth in construction business. In 2019, the Company used of cash received from IPO to purchase land, buildings and factories in Pluak Daeng District, Rayong Province, approximately of THB 100 million as mentioned above.

3. Cash Flows from Financing Activities

For the 12-month period ended 31 December 2018 and 31 December 2019, the Company's net cash generated (used) in financing activities amounted to THB (16.89) million and THB 388.51 million, respectively.

In 2018 – 2019, Cash flows from financing activities used to repay long-term loans from banks. And dividend payment of THB 34.87 million and THB 29.61 million, respectively.

Moreover, in 2019, the Company had mainly received cash flow from financing activities from the offering of newly issued shares to the general public for the first time in 2019, together with short-term loans to be used as working capital for the Company operating.

Key Financial Ratios

1. Liquidity Ratio

As at 31 December 2018 and 31 December 2019, the current ratio calculated from the Company's consolidated financial statements was at 0.79 times and 0.97 times, respectively, and quick ratio was at 0.29 times and 0.25 times respectively. The main reason that the Company liquidity ratios was low due to the utilization of cash in repaying loans from financial institution and payment made for trade payables due. Moreover, the Company had higher trade payables from the purchase of materials to support the increase in construction projects.

As discussed in other current liabilities, which consists of liabilities that do not have any obligation to repay, which are advance received from construction contracts and construction income received in advance. The Company has other current liabilities of THB 854.22 million at 31 December 2019. If deducting by advance received from construction contracts and construction income received in advance of THB 217.25 million, liabilities balance will be THB 636.97 million. Comparing with total current assets of THB 832.60, lead current ratio turn to be 1.31 times.

2. Return on Equity

In 2018 – 2019, the Company's return on equity was at 35.88% and 23.26%, respectively. In 2019, Return on Equity is likely to decrease by shareholders' equity, compared to the same period last year. Resulted from, increased capital by the offering of newly issued shares as mention previously.

3. Return on Assets

In 2018 – 2019, the Company's return on assets was at 8.80% and 8.40%, respectively. In 2019, Return on Assets was increase, mainly due to growth of operations and from the operating profit that increased significantly when compared to the previous period.



Report on the Board of Directors' **Responsibilities for Financial Statements**

Board of Directors is responsible for consolidated financial statements of CAZ (Thailand) Public Company Limited and its subsidiaries which prepared in accordance with generally accepted accounting principles, under Accounting Act, B.E. 2543 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535. The board has thoroughly selected appropriate accounting policies and exercised it in a consistent manner. Including, Thai Financial Reporting Standard 15: Revenue from contracts with customers (TFRS 15) which amendment for the financial statement period beginning on 2019. The Company used the modified retrospective approach that disclosed in notes to this financial statement for the year ended 31 December 2019. As well as disclosed adequate information in notes to financial statements. In addition, the company's auditor has audited the consolidated financial statements and independently gives an opinion in the auditor's report.

Board of Directors is responsible for supervising, establishing and maintaining risk management and internal control system. This is to ensure that transaction records are such accurate, complete, timely and adequate for protecting the company's assets and preventing corruption or materially abnormal operation. The board also has appointed the Audit Committee which consists of independent directors who are responsible for governing the consolidated financial statements, evaluating and reviewing the internal control system to ensure its efficiency and effectiveness. The opinion of the Audit Committee also appears in the Audit Committee's report which is presented in the annual report.

Board of Directors is of the opinion that company has efficiency internal control system and internal audit process. It can provide confidence for all stakeholders that the consolidated and company financial statements of CAZ (Thailand) Public Company Limited and its subsidiaries present fairly the consolidated and company financial position, results, and cash flows of CAZ (Thailand) Public Company Limited and its subsidiaries and of CAZ (Thailand) Public Company Limited in all material aspects.

(Mr. Narongrit Tavorntvisitporn)
Chairman of Director

(Mr. Chung Sik Hong)
Chairman of the Executive



GAZ (THAILAND) PUBLIC COMPANY LIMITED

**CONSOLIDATED
AND SEPARATE FINANCIAL
STATEMENTS**

31 DECEMBER 2019



Independent Auditor's Report

Independent Auditor's Report

To the Shareholders and the Board of Directors of CAZ (Thailand) Public Company Limited

My opinion

In my opinion, the consolidated financial statements of CAZ (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated and separate financial statements comprise:

- ▶ the consolidated and separate statements of financial position as at 31 December 2019;
- ▶ the consolidated and separate statements of comprehensive income for the year then ended;
- ▶ the consolidated and separate statements of changes in equity for the year then ended;
- ▶ the consolidated and separate statements of cash flows for the year then ended; and
- ▶ the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Revenue recognition</p> <p>Refer to Note 2.17 'Revenue recognition' and Note 4 'critical accounting estimates and judgements' to the financial statements.</p> <p>The Group has adopted Thai Financial Reporting Standard 15: Revenue from contracts with customers (TFRS 15) for the financial statements period beginning on 1 January 2019 using the modified retrospective approach. The cumulative effect of initially applying the standard was disclosed in Note 2.2.1 to financial statements.</p> <p>Recognition of the Group's revenue is complex due to the Group provide various services such as EPC services and SMP services, the several contract types and difference condition of each customers from each project. Revenues recognised when the Group transfers control of services to the customer as it performs and satisfies its performance obligation over time. The Group needs to consider the appropriate method for the measurement progress toward satisfaction of a performance obligation for each project and on any potential provision for project loss.</p> <p>I focused on this area as revenue recognition involves significant judgement and estimates made by management including:</p> <ul style="list-style-type: none"> ▶ whether contracts contain multiple performance obligations which should be accounted for separately; ▶ allocating the transaction price to the separate performance obligations; ▶ choosing the most appropriate method for revenue recognition for each identified performance obligation; and ▶ preparing budget costs and assessing the stage of completion of contracts, which are accounted for over time for each project and the consideration on any potential provision for project loss. 	<p>My key audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> ▶ understanding the Group's implementation of TFRS15, including recognition of the effect on the opening equity; ▶ discussing the group accounting policy with management, including the key accounting estimates and judgements made by management; ▶ testing internal controls over the revenue and receivable cycle, and the purchase and payable cycle for projects; ▶ reading a sample of contracts to assess whether the revenue recognition method was relevant and consistent with TFRS15 and had been applied consistently. I focused on the allocation of income and cost to individual performance obligations; ▶ testing a sample of revenues whether management applies the revenue recognition accounting policy to separable performance obligations by obtaining evidence to support them including original contracts, client acceptance certificates, invoices, and delivery notes; ▶ evaluating the data used to calculate the ratio of revenue recognition provided by the management to the supporting evidence and the management's judgement; and ▶ making enquiries with management and investigating any losses associated with contracts, and considered whether a provision was adequate. <p>Based on these procedures, I found that the revenue recognition of each selected contract was reasonable and consistent with supporting documents.</p>

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- ▶ Identify and assess the risks of material misstatement of the 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 and the Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern.
If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated and separate 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

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

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

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Boonlert Kamolchanokkul

Certified Public Accountant (Thailand) No. 5339

Bangkok

27 February 2020

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	31,329,793	35,218,564	30,134,476	34,786,190
Trade and other receivables	8	186,078,384	208,401,279	282,017,784	245,052,247
Unbilled receivables	9	564,883,334	273,718,443	564,883,334	273,718,443
Inventories	10	9,718,690	135,916,596	9,465,013	135,916,596
Short-term loans to related parties	25	-	-	40,000,000	18,000,000
Withholding tax deducted at source		27,436,727	-	25,676,473	-
Other current assets		13,156,095	6,854,810	12,054,452	6,246,101
Total current assets		832,603,023	660,109,692	964,231,532	713,719,577
Non-current assets					
Restricted bank deposits	7	32,947,959	20,789,750	2,947,959	20,789,750
Investment in subsidiary	11	-	-	7,390,200	3,000,000
Property, plant and equipment	12	527,967,349	357,135,633	506,221,585	341,843,888
Intangible asset	13	11,282,370	11,647,006	11,232,894	11,590,389
Retention receivables	9	10,566,628	37,250,508	10,566,628	37,250,508
Withholding tax deducted at source		69,044,004	61,305,975	55,686,740	55,313,948
Deposits		2,106,657	850,779	1,798,507	609,779
Deferred tax assets	14	1,084,751	667,802	965,054	604,079
Total non-current assets		654,999,718	489,647,453	626,809,567	471,002,341
Total assets		1,487,602,741	1,149,757,145	1,591,041,099	1,184,721,918

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

		Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdraft	15	16,706,125	-	6,706,125	-
Short-term borrowings from banks	15	222,247,286	59,179,723	222,247,286	59,179,723
Trade and other payables	16	327,157,440	286,574,663	438,128,141	331,174,240
Advance received from construction contracts and construction income received in advance	9	217,247,942	422,434,493	217,247,942	422,434,493
Short-term borrowings from related party	25	2,500,000	-	-	-
Current portion of long-term borrowings from banks	15	38,640,000	38,640,000	38,640,000	38,640,000
Current portion of liabilities under finance lease agreements	15	8,344,665	1,446,742	6,223,319	1,306,878
Other current liabilities		21,380,188	22,158,531	16,159,187	19,726,251
Total current liabilities		854,223,646	830,434,152	955,352,000	872,461,585
Non-current liabilities					
Long-term borrowings from banks	15	105,060,000	143,700,000	105,060,000	143,700,000
Finance lease liabilities	15	20,687,782	2,995,331	13,033,179	2,593,983
Retention payables		8,299,191	7,959,970	22,095,265	11,277,273
Employee benefit obligations	17	5,056,704	3,066,053	4,473,406	2,756,194
Total non-current liabilities		139,103,677	157,721,354	144,661,850	160,327,450
Total liabilities		993,327,323	988,155,506	1,100,013,850	1,032,789,035

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

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share Capital	18				
Authorised share capital					
280,000,000 ordinary shares					
at par value of Baht 0.5 each					
(2018 : 280,000,000 ordinary shares					
paid-up of Baht 0.50 each)		140,000,000	140,000,000	140,000,000	140,000,000
Issued and paid-up					
280,000,000 ordinary shares					
paid-up of Baht 0.5 each					
(2018 : 200,000,000 ordinary shares					
paid-up of Baht 0.50 each)		140,000,000	100,000,000	140,000,000	100,000,000
Share premium		246,105,067	-	246,105,067	-
Retained earnings					
Appropriated - Legal reserve	19	9,149,381	5,085,302	9,149,381	5,085,302
Unappropriate		87,313,205	44,311,681	89,402,801	40,477,581
Other components of equity		8,452,827	8,452,827	6,370,000	6,370,000
Equity attributable to owners of the parent		491,020,480	157,849,810	491,027,249	151,932,883
Non-controlling interests		3,254,938	3,751,829	-	-
Total equity		494,275,418	161,601,639	491,027,249	151,932,883
Total liabilities and equity		1,487,602,741	1,149,757,145	1,591,041,099	1,184,721,918

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

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Revenues from construction contracts		2,034,457,973	1,387,084,241	2,034,457,973	1,387,084,241
Cost of construction contracts		1,851,868,870)	(1,241,093,993)	(1,862,004,737)	(1,256,461,359)
Gross profit		182,589,103	145,990,248	172,453,236	130,622,882
Other income	20	6,192,560	2,788,963	14,466,309	5,428,656
Administrative expenses		(78,027,462)	(66,100,711)	(70,026,989)	(60,660,370)
Finance cost		(15,310,676)	(12,895,133)	(15,149,402)	(12,870,651)
Profit before income tax		95,443,525	69,783,367	101,743,154	62,520,517
Income tax	22	(20,440,956)	(14,095,795)	(20,461,564)	(12,685,402)
Profit for the year		75,002,569	55,687,572	81,281,590	49,835,115
Other comprehensive income:					
Item that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	17	(787,681)	211,598	(610,851)	211,598
Income tax on items that will not be reclassified		157,536	(42,320)	122,170	(42,320)
Total items that will not be reclassified to profit or loss		(630,145)	169,278	(488,681)	169,278
Total comprehensive income for the year		74,372,424	55,856,850	80,792,909	50,004,393
Profit attributable to:					
Owners of the parent		75,461,403	52,980,264	81,281,590	49,835,115
Non-controlling interests		(458,834)	2,707,308	-	-
		75,002,569	55,687,572	81,281,590	49,835,115
Total comprehensive income attributable to:					
Owners of the parent		74,869,213	53,149,542	80,792,909	50,004,393
Non-controlling interests		(496,789)	2,707,308	-	-
		74,372,424	55,856,850	80,792,909	50,004,393
Earnings per share					
Basic earnings per share (Baht)	23	0.27	0.26	0.29	0.25

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

Consolidated financial statements													
Attributable to owners of the parent			Retained earnings				Other components of equity			Total owners of the parent		Non-controlling interests	
Notes	Issued and paid-up share capital	Share Premium	Appropriated Legal reserve		Unappropriated	Share-based payment	Change in parent's ownership interest in subsidiary	Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity		
			Baht	Baht								Baht	Baht
	100,000,000	-	1,128,546		29,984,974	6,370,000	-	6,370,000	137,483,520	4,027,348	141,510,868		
11	-	-	-		-	-	2,082,827	2,082,827	2,082,827	2,982,827	(900,000)		
19	-	-	3,956,756		(3,956,756)	-	-	-	-	-	-		
24	-	-	-		(34,866,079)	-	-	-	(34,866,079)	-	(34,866,079)		
	-	-	-		53,149,542	-	-	-	53,149,542	2,707,308	55,856,850		
	100,000,000	-	5,085,302		44,311,681	6,370,000	2,082,827	8,452,827	157,849,810	3,751,829	161,601,639		
	100,000,000	-	5,085,302		44,311,681	6,370,000	2,082,827	8,452,827	157,849,810	3,751,829	161,601,639		
2.2.1	-	-	-		196,390	-	-	-	196,390	-	196,390		
	100,000,000	-	5,085,302		44,508,071	6,370,000	2,082,827	8,452,827	158,046,200	3,751,829	161,798,029		
18	40,000,000	-	-		-	-	-	-	40,000,000	-	40,000,000		
11	-	-	-		-	-	-	-	-	1,609,800	1,609,800		
18	-	246,105,067	-		-	-	-	-	246,105,067	-	246,105,067		
24	-	-	-		(28,000,000)	-	-	-	(28,000,000)	-	(28,000,000)		
19	-	-	4,064,079		(4,064,079)	-	-	-	-	-	-		
	-	-	-		-	-	-	-	-	-	-		
	-	-	-		74,869,213	-	-	-	74,869,213	(496,789)	74,372,424		
	140,000,000	246,105,067	9,149,381		87,313,205	6,370,000	2,082,827	8,452,827	491,020,480	3,254,938	494,275,418		

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

	Notes	Separate financial statements						
		Issued and paid-up share capital	Share Premium	Retained earnings		Other components of equity		
		Baht	Baht	Appropriated- Legal reserve	Unappropriated	Share-based payment	Total other components of equity	Total equity
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance at 1 January 2018		100,000,000	-	1,128,546	29,296,023	6,370,000	6,370,000	136,794,569
Legal reserve	19	-	-	3,956,756	(3,956,756)	-	-	-
Dividend	24	-	-	-	(34,866,079)	-	-	(34,866,079)
Total comprehensive income for the year		-	-	-	50,004,393	-	-	50,004,393
Closing balance as at 31 December 2018		100,000,000	-	5,085,302	40,477,581	6,370,000	6,370,000	151,932,883
Opening balance at 1 January 2019		100,000,000	-	5,085,302	40,477,581	6,370,000	6,370,000	151,932,883
Retrospectives adjustments from changes in accounting policy	2.2.1	-	-	-	196,390	-	-	196,390
Transaction with owners during the year		100,000,000	-	5,085,302	40,673,971	6,370,000	6,370,000	152,129,273
Ordinary share issued	18	40,000,000	-	-	-	-	-	40,000,000
Share premium	18	-	246,105,067	-	-	-	-	246,105,067
Dividend	24	-	-	-	(28,000,000)	-	-	(28,000,000)
Legal reserve	19	-	-	4,064,079	(4,064,079)	-	-	-
Total comprehensive income for the year		-	-	-	80,792,909	-	-	80,792,909
Closing balance as at 31 December 2019		140,000,000	246,105,067	9,149,381	89,402,801	6,370,000	6,370,000	491,027,249

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

	Notes	Consolidated financial statements		Separate financial statements	
		2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash flows from operating activities					
Profit before income tax		95,443,525	69,783,367	101,743,154	62,520,517
Adjustments for:					
Depreciation and amortisation	12,13	44,806,583	31,414,015	39,131,185	28,280,359
Gains on disposals of property, plant and equipment		(459,942)	253,587	(925,036)	134,259
Tax penalty and surcharge		-	480,941	-	480,941
Employee benefit obligations		1,202,970	1,483,630	1,106,361	1,222,186
Interest income	20	(228,370)	(54,554)	(2,475,312)	(598,627)
Interest expenses		15,310,676	12,870,651	15,149,402	12,870,651
Dividends income		-	-	(4,390,098)	-
Cash flows before changes in operating assets and liabilities		156,075,442	116,231,637	149,339,656	104,910,286
Changes in operating assets and liabilities					
Trade and other receivables		16,943,014	(42,857,270)	(40,244,740)	(74,299,838)
Unbilled receivables		(296,700,421)	(184,871,173)	(296,700,421)	(184,871,173)
Inventories		135,291,870	(133,399,588)	135,545,547	(133,399,588)
Other current assets		(6,301,285)	(2,017,273)	(5,808,351)	(1,524,173)
Restricted bank deposits		(12,158,209)	(20,789,750)	(12,158,209)	(20,789,750)
Retention receivables		26,683,880	(31,756,797)	26,683,880	(31,756,797)
Deposits		(1,255,878)	97,574	(1,188,728)	207,574
Trade and other payables		38,644,570	115,300,940	105,069,199	144,021,777
Advance received from coustruction contracts and construction income received in advance		(208,548,595)	258,622,004	(208,548,595)	258,622,004
Other current liabilities		(778,343)	634,508	(3,567,064)	(212,268)
Retention payables		339,221	2,473,259	10,817,992	5,597,407
Cash generated from operations		(151,764,734)	77,668,071	(140,759,834)	66,505,461
Cash paid for interest expenses		(15,096,449)	(12,711,104)	(15,007,711)	(12,733,985)
Cash paid for income tax		(55,875,125)	(48,242,078)	(46,749,634)	(42,546,400)
Cash receipt for refunded tax		-	16,574,563	-	15,436,418
Net cash (used in) generated from operating activities		(222,736,309)	33,289,452	(202,517,179)	26,661,494

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

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Payment on short-term loans to related parties	25	-	-	(22,000,000)	(13,000,000)
Acquisition of property, plant and equipment		(187,552,515)	(69,539,437)	(184,094,144)	(51,735,317)
Acquisition of intangible assets		(1,076,916)	(3,806,865)	(1,076,916)	(3,806,865)
Proceeds from disposal of property, plant and equipment		2,032,980	133,696	1,773,254	2,267,349
Dividends income		-	-	4,390,098	-
Cash paid from additional investment in subsidiary	11	-	-	(4,390,200)	(900,000)
Interest income received		228,370	54,554	374,634	318,206
Net cash used in investing activities		(186,368,081)	(73,158,052)	205,023,274)	(66,856,627)
Cash flows from financing activities					
Finance lease principal payments	15	(1,902,915)	(1,665,382)	(1,729,897)	(1,506,490)
Proceeds from borrowings from related parties		161,000,000	-	157,500,000	-
Payment on borrowings from related parties		(158,500,000)	-	(157,500,000)	-
Proceeds from short-term borrowings from banks	15	163,067,563	59,179,723	163,067,563	59,179,723
Payments on long-term borrowings from banks	15	(38,640,000)	(38,640,000)	(38,640,000)	(38,640,000)
Proceeds from short-term borrowings from third party		5,000,000	-	-	-
Payments on short-term borrowings from third party		(5,000,000)	-	-	-
Payments for dividend	24	(29,609,902)	(34,866,079)	(28,000,000)	(34,866,079)
Payments on directly attributable expenses of the initial public offering		(20,515,052)	-	(20,515,052)	-
Proceeds from non-controlling interests		1,609,800	-	-	-
Cash paid from additional investment in subsidiary	11	-	(900,000)	-	-
Proceeds from issue of ordinary shares	18	312,000,000	-	312,000,000	-
Net cash generated from (used in) financing activities		388,509,494	(16,891,738)	386,182,614	(15,832,846)
Net (decrease) in cash and cash equivalents		(20,594,896)	(56,760,338)	(21,357,839)	(56,027,979)
Cash and cash equivalents at the beginning of the year		35,218,564	91,978,902	34,786,190	90,814,169
Cash and cash equivalents at the end of the year	7	14,623,668	35,218,564	13,428,351	34,786,190
Cash and cash equivalents at the end of the year					
Cash and cash equivalents	7	31,329,793	35,218,564	30,134,476	34,786,190
Bank overdraft	15	(16,706,125)	-	(16,706,125)	-
		14,623,668	35,218,564	13,428,351	34,786,190
Non-cash transactions					
Purchase of property, plant and equipment for which no cash has been paid		7,110,359	5,156,405	7,110,359	5,156,405
Purchase of property, plant and equipment under leases contracts		27,573,534	3,529,384	17,797,585	3,529,384
Transfer directly attributable expense of the initial public offering to shareholder		5,379,881	-	5,379,881	-

1. General information

CAZ (Thailand) Public Company Limited (“the Company”) is a limited company incorporated on 6 February 2014 and domiciled in Thailand. The address of the Company’s registered office is as follows:

239 Huaipong-Nongbon Road, Tambol Huaipong, Amphur Muang-rayong, Rayong.

For reporting purposes, the Company and its subsidiary are referred to as the Group.

The principal business operations of the Group are summarized as follows:

EPC Service:	Such Engineering, Procurement, Construction, Construction management including pre-commissioning and commissioning for Industrial, Energy and Petrochemical/ Chemical Business Structure Machanic
Piping (SMP) services:	Structure Erection, Piping fabrication & Erection, Equipment Erection, Electric and Instrument work including pre-commissioning and commissioning for Industrial, Energy and Petrochemical/ Chemical Business
Civil & Building services:	Civil and Building construction works including Engineering work for Industrial, Energy Petrochemical/ Chemical Business, and Infrastructure Business
Fabrication and other services:	Mechanical Fabrication work (Structure, Vessel, Heat Exchanger, Tanks) including Procurement of materials for Energy and Petrochemical/ Chemical Business

The Company has registered as a public limited company and changed the Company’s name from “CAZ (Thailand) Company Limited” to “CAZ (Thailand) Public Company Limited” on 3 May 2018.

These Group consolidated and company financial statements were authorized for issue by the Board of Directors on 27 February 2020.

2. Accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act. The consolidated and separate financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with TFRS requires the use of certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

Thai Financial Reporting Standard no.15 (TFRS 15), *Revenue from contracts with customers*

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 18, *Revenue* and TAS 11, *Construction contracts*.

The Group has adopted the new TFRS 15, *Revenue from contracts with customers* from 1 January 2019 (initial application date) by applying the modified retrospective approach and the comparative figures have not been restated. The Group applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of TFRS 15.

	Consolidated financial information		
	As at		As at
	31 December		1 January
	2018		2019
	Previously reported	Adjustments	Restated
Statement of financial position	Baht	Baht	Baht
Unbilled receivables	273,718,443	(5,535,530)	268,182,913
Inventories	135,916,596	9,093,964	145,010,560
Advance received from construction contracts and construction income received in advance	422,434,493	3,362,044	425,796,537
Retained earnings - Unappropriate	44,311,681	196,390	44,508,071

	Separate financial information		
	As at		As at
	31 December		1 January
	2018		2019
	Previously reported	Adjustments	Restated
	Baht	Baht	Baht
Statement of financial position			
Unbilled receivables	273,718,443	(5,535,530)	268,182,913
Inventories	135,916,596	9,093,964	145,010,560
Advance received from construction contracts and construction income received in advance	422,434,493	3,362,044	425,796,537
Retained earnings - Unappropriate	40,477,581	196,390	40,673,971

The adjustment made upon adoption of TFRS 15 are mainly attributable to:

- ▶ unbilled receivables of Baht 5,535,530 that, under TFRS 15, would have resulted in later revenue recognition;
- ▶ inventories of Baht 9,093,964 that, under TFRS 15, would have resulted in the later recognition of cost of construction contracts;
- ▶ advance received from construction contracts and construction income received in advance of Baht 3,362,044 that, under TFRS 15, would have resulted in the later revenue recognition.

The following tables show the amounts of affected line items in the current year from the adoption of TFRS 15 compared to the previous revenue standards.

	Consolidated financial information		
	Impacts from	Balance under	Balance
	as reported	TFRS 15	the previous revenue standards
	Baht	Baht	Baht
Statement of financial position			
as at 31 December 2019			
Unbilled receivables	564,883,334	(14,955,706)	549,927,628
Withholding tax deducted at source	96,480,731	2,991,141	99,471,872
Advance received from construction contracts and construction income received in advance	217,247,942	-	217,247,942
Statement of comprehensive income			
for the year ended 31 December 2019			
Revenues from construction contracts	2,034,457,973	(14,955,706)	2,019,502,267
Cost of construction contracts	(1,851,868,870)	-	(1,851,868,870)
Income tax	(20,440,956)	2,991,141	(17,449,815)

	Separate financial information		
	Balance	Impacts from	Balance under the
	as reported	TFRS 15	previous revenue
	Baht	Baht	Baht
Statement of financial position			
as at 31 December 2019			
Unbilled receivables	564,883,334	(14,955,706)	549,927,628
Withholding tax deducted at source	81,363,213	2,991,141	84,354,354
Advance received from construction contracts and construction income received in advance	217,247,942	-	217,247,942
Statement of comprehensive income			
for the year ended 31 December 2019			
Revenues from construction contracts	2,034,457,973	(14,955,706)	2,019,502,267
Cost of construction contracts	(1,862,004,737)	-	(1,862,004,737)
Income tax	(20,461,564)	2,991,141	(17,470,423)

The adoption of TFRS 15 mainly affects the Group's accounting treatment as follows;

Overtime revenue recognition

In previous periods, the Group measured completion stage for revenue recognition using cost incurred relative to total estimated costs (the cost-to-cost method). Under TFRS 15, the Group measures progress towards completion on each performance obligation separately. The nature of the products or services provided and the terms of the contract are used to determine the best method to account for the transfer of goods or services to the customer. Where the Group applies costs incurred relative to total estimated costs to determine progress of work, under TFRS 15, the Group has to adjust the progress percentage to exclude delivered but uninstalled materials. As a result, in terms of progress, revenue recognition is not proportionate to the cost incurred relative to total estimated costs.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

The Group is currently assessing the impact of certain new and amended financial reporting standards that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Group.

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

c) Other new/amended standards

The new and amended financial reporting standards that will not have significant impact on the Group are:

TAS 12	Income tax
TAS 19	Employee benefits
TFRS 9	Financial instruments
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation) - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- ▶ that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored.
- ▶ that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.

- ▶ That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

2.3 Principles of consolidation and equity accounting

a) Subsidiaries

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

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

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

c) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the first-in, first-out method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and directly attributable costs in bringing the inventories to their present location and condition.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group capitalised where there is future economic benefits. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to their residual values over their estimated useful lives, as follows:

Building and building improvements	20 years
Assets for construction project	According to term of contract
Machinery, tool and equipment	5 years
Furniture and fixtures	5 years
Office equipment	3, 5 years
Motor vehicles	5 years
Motor vehicles for construction projects	5 years

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Intangible assets

Computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives of 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.11 Leases

Leases - where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

Leases - where the Group is the lessor

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.12 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

2.13 Current and deferred income taxes

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

Current tax

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

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- ▶ initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- ▶ investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Employee benefit obligations

a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care (revise as appropriate) for current employees are recognised in respect of employee's services up to the end of the reporting period. The liabilities are measured at the amount expected to be paid by the Group.

b) Defined contribution plan

The Group pays contributions to a separate fund on a mandatory voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

c) Defined benefit plans

Amount of retirement benefits depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are charged or credited to other comprehensive income in the period in which they arise.

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

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Share capital

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

2.17 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Services

The Group recognised service contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

Contract assets and contract liabilities

A contract asset is recognised where the Group recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before the requirements for billing.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

For each customer contract, contract liabilities is set off against contract assets.

Percentage of completion

Revenue from construction contracts or construction-type service contracts or service contracts where a defined output is promised, is recognised using the percentage of completion method. The stage of

completion is generally determined as the percentage of cost incurred up until the reporting date relative to total estimated cost, adjusted with uninstalled materials that the customer accepts and takes control but not yet installed. Where the stage of completion is not reliably measured, revenue is only recognised up to the amount of contract costs expensed, provided it is recoverable.

Revenue from construction

Revenue from construction includes EPC service. Under the contracts, the Group's construction activities creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and hence revenue is recognised over time by reference to the progress towards completing the construction works. Under this method, the revenue recognised is based on the latest estimate of the total value of the contract and actual completion rate determined by reference to the physical state of progress of the works.

Claims, variations and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

Interest income

Interest income is recognised using the effective interest method.

2.18 Dividend distribution

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

2.19 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. Risk management is carried out and approved by the board of directors when management expect that there are some significant changes in the financial risk factors. The board provides written principles for overall risk management, as well as written policies covering specific areas.

3.1.1 Interest rate risk

The Group enters into the long-term borrowing agreements from domestic financial institutions which some of them bear floating interest rates. Therefore the Group has interest rate risk arises from changes in interest rates, which may have an effect on the Group's and Company's operations in the current reporting period and in future years. Management does not use any financial instruments to manage interest rate risk because the Group assesses that the changes in interest rate will not be moved significantly under the current situation.

3.1.2 Credit risk

The Group are exposed to credit risk primarily with respect to construction contract debtors. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Since majority of construction services are made to good financial position customers, the Group do not anticipate material losses from its debt collection. The maximum exposure to credit risk is limited to carrying amount of receivables, other receivables and loans as presented in the statement of financial position.

3.1.3 Liquidity risk

The Group manages sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

3.2 Fair value estimation

Fair value measurement of financial instruments is classified by valuation method. The different levels have been defined as follows:

- Level 1: The fair value of financial instruments is based on the [current bid price / closing price] by reference to [the Stock Exchange of Thailand / the Thai Bond Dealing Centre].
- Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3: The fair value of financial instruments is not based on observable market data.

The disclosure of borrowings that are measured at fair value is presented in note 15.

4 Critical accounting estimates and judgements

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

Revenue recognition

Recognition of the Group's revenue is complex due to the Group provide various services, the several contract types and difference condition of each customers from each project including consideration of the appropriate method for the measurement progress toward satisfaction of a performance obligation for each project. Construction revenue are recognised by using the percentage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of the contract work performed as assessed by the project engineers and customers.

5 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Segment information

Operating segment information is reported in a manner consistent with the internal report that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the Group's operating segment, has been identified as the Board of Directors of the Group.

The Group is principally engaged in the services relating to engineering, procurement, construction management, commissioning of operation and maintenance. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as presented in the financial statements pertain exclusively to this geographical reportable segment.

Major customers

The Group has 2 customers in EPC services, SMP services and Civil services which each generated revenues more than 10% of total revenues in the consolidated financial statements for the period ended 31 December 2019, totalling Baht 1,513.13 million (2018: 2 customers, totalling Baht 1,167.40 million).

Timing of revenue recognition

Revenues of the Group are recognised when a performance obligation is satisfied over time.

7. Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Cash on hand	363,725	252,917	204,162	190,163
Cash at bank - Current accounts	30,506,410	34,868,098	29,472,276	34,500,092
- Savings accounts	458,612	96,511	456,492	94,897
- Short-term fixed accounts	1,046	1,038	1,046	1,038
Total	31,329,793	35,218,564	30,134,476	34,786,190
Restricted bank deposits (Note 26)	32,947,959	20,789,750	32,947,959	20,789,750

The effective interest rate on short-term bank deposits was 0.65% to 0.90% per annum (2018: 0.13% to 0.85% per annum). The short-term deposits have maturity of 3 months.

8. Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade receivables-third parties	155,555,221	124,207,049	155,555,221	124,207,049
Trade receivables-related parties (Note 25)	10,920,420	54,602,100	11,305,618	54,602,100
Less Allowance for impairment of trade receivables	-	(201,588)	-	(201,588)
Trade receivables - net	166,475,641	178,607,561	166,860,839	178,607,561
Receivables from related parties (Note 25)	73,409	69,474	5,914,177	6,995,441
Other receivables	202,020	-	70,977	-
Prepaid expenses	10,127,468	28,265,220	10,044,020	27,799,931
Advance payments to subcontractors	9,199,846	1,459,024	9,199,846	1,347,744
Advance payments to subcontractors - related parties (Note 25)	-	-	89,927,925	30,301,570
Trade and other receivables - net	186,078,384	208,401,279	282,017,784	245,052,247

Aging analysis of trade accounts receivable as at 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
- Not due yet	145,830,278	106,113,397	145,830,278	106,113,397
- Up to 3 months	9,646,194	17,892,064	9,646,194	17,892,064
- 3 - 6 months	-	-	-	-
- 6 - 12 months	-	-	-	-
- Over 12 months	78,749	201,588	78,749	201,588
Total	155,555,221	124,207,049	155,555,221	124,207,049
Less Allowance for impairment of trade receivables	-	(201,588)	-	(201,588)
Trade accounts receivable - net	155,555,221	124,005,461	155,555,221	124,005,461

Aging analysis of related parties receivable as at 31 December are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
- Not due yet	10,920,420	54,602,100	10,920,420	54,602,100
- Up to 3 months	-	-	-	-
- 3 - 6 months	-	-	156,242	-
- 6 - 12 months	-	-	198,498	-
- Over 12 months	-	-	30,458	-
Total	10,920,420	54,602,100	11,305,618	54,602,100
Less Allowance for impairment of trade receivables	-	-	-	-
Trade accounts receivable - net	10,920,420	54,602,100	11,305,618	54,602,100

As at 31 December 2019, the Group pledge Baht 41.47 million of trade receivables as collateral for short-term borrowings from banks - factoring loan (2018: Baht 16.47 million).

9 Assets and liabilities of construction contracts

9.1 Contract assets

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Project value as per contracts	4,657,808,173	3,419,467,092	4,657,808,173	3,419,467,092
Accumulated amount recognised as revenue on percentage of completion basis	2,455,515,544	1,582,599,373	2,455,515,544	1,582,599,373
Less Value of total billed	(1,890,632,210)	(1,308,880,930)	(1,890,632,210)	(1,308,880,930)
Unbilled receivables	564,883,334	273,718,443	564,883,334	273,718,443
Retention receivables	10,566,628	37,250,508	10,566,628	37,250,508

9.2 Contract liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Project value as per contracts	1,313,547,353	1,795,930,086	1,313,547,353	1,795,930,086
Value of total billed	1,237,641,187	1,269,380,705	1,237,641,187	1,269,380,705
Less Accumulated amount recognised as revenue on percentage of completion basis	(1,235,707,780)	(1,160,455,892)	(1,235,707,780)	(1,160,455,892)
Construction income received in advance	1,933,407	108,924,813	1,933,407	108,924,813
Advance received from construction contracts	215,314,535	313,509,680	215,314,535	313,509,680
Total	217,247,942	422,434,493	217,247,942	422,434,493

10. Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Raw materials	9,718,690	62,337,899	9,465,013	62,337,899
Goods in transit	-	73,578,697	-	73,578,697
Less Allowance for net realisable value of inventories	-	-	-	-
Total	9,718,690	135,916,596	9,465,013	135,916,596

11. Investments in subsidiaries

11.1 Subsidiaries

The Group comprises of a subsidiary listed below as at 31 December 2019. All subsidiaries are included in the consolidation and have share capital consisting solely of ordinary shares that are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group.

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by				Separate Financial Statements	
			Proportion of ordinary		non- controlling interests		Cost method, net	
			%		%		(Bant)	
			2019	2018	2019	2018	2019	2018
JKEC Co., Ltd. (JKEC)	Thailand	Construction contractor	73.17	73.17	26.83	26.83	7,390,200	3,000,000

Additional of investment in JKEC

On 1 October 2019, the company made additional investment by acquiring additional 43,902 ordinary shares with a par value of Baht 100 per share, totalling Baht 4,390,200 to maintain the same ownership interest in subsidiary.

On 28 September 2018, CAZ (Thailand) Public Company Limited made additional investment in JKEC of 9,000 shares totalling Baht 900,000. The acquisition resulted in the change in shareholding percentage from 51.22% to 73.17%. The difference between consideration paid and carrying value of acquired shares of Baht 2.08 million was recognised in the owners of the parent and presented in other components of equity.

Dividend income

On 30 September 2019, CAZ (Thailand) Public Company Limited received dividends from the subsidiary (JKEC Co.,Ltd.) which were included in "Other income" in the separate statement of Separate financial information of comprehensive income amount Baht of 4,390,098.

12. Property, plant and equipment

	Consolidated financial statements									
	Building and building improvements		Assets for construction project		Machinery, tools and equipment		Furniture and fixtures		Office equipment	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2018										
Cost	183,800,000	73,768,049	-	-	79,174,254	1,518,412	3,568,984	7,881,661	5,790,075	-
Less Accumulated depreciation	-	(4,873,996)	-	-	(27,711,678)	(551,398)	(2,015,014)	(4,581,211)	(979,927)	-
Net book amount	183,800,000	68,894,053	-	-	51,462,576	967,014	1,553,970	3,300,450	4,810,148	-
For the year ended 31 December 2018										
Opening net book amount	183,800,000	68,894,053	-	-	51,462,576	967,014	1,553,970	3,300,450	4,810,148	-
Additions	-	340,537	3,031,030	38,737,409	-	218,301	1,607,935	2,558,346	9,032,559	17,216,009
Transfer - in (out)	-	7,513,869	-	5,292,184	-	-	1,838,059	-	-	(14,644,112)
Disposals and written offs - net	-	-	-	(261,343)	-	-	(4,444)	-	-	(265,787)
Depreciation charge	-	(3,766,873)	(505,172)	(20,225,425)	(326,000)	(988,848)	(1,831,246)	(2,485,353)	-	(30,128,917)
Closing net book amount	183,800,000	72,981,586	2,525,858	75,005,401	859,315	4,006,672	4,027,550	11,357,354	2,571,897	357,135,633
At 31 December 2018										
Cost	183,800,000	81,622,455	3,031,030	122,299,486	1,736,713	6,990,270	10,440,007	14,822,634	2,571,897	427,314,492
Less Accumulated depreciation	-	(8,640,869)	(505,172)	(47,294,085)	(877,398)	(2,983,598)	(6,412,457)	(3,465,280)	-	(70,178,859)
Net book amount	183,800,000	72,981,586	2,525,858	75,005,401	859,315	4,006,672	4,027,550	11,357,354	2,571,897	357,135,633

Consolidated financial statements																		
	Building and building improvements		Assets for construction project		Machinery, tools and equipment		Furniture and fixtures		Office equipment		Motor vehicles		Motor Vehicles for constructionpr jects		Asset under installation		Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
For the year ended 31 December 2019																		
Opening net book amount	183,800,000	72,981,586	2,525,858	75,005,401	859,315	4,006,672	4,027,550	11,357,354	2,571,897	357,135,633								
Additions	76,522,165	21,163,977	220,935	82,694,430	459,274	2,625,692	4,938,000	10,695,252	16,450,060	215,769,785								
Transfer- in (out)	-	3,849,930	-	4,051,946	-	(28,537)	-	(1,014,739)	(6,858,600)	-								
Disposals and written offs - net	-	-	-	(384,147)	-	(44,111)	-	(1,144,780)	-	(1,573,038)								
Depreciation charge	-	(4,570,813)	(2,194,253)	(30,397,398)	(344,863)	(1,821,856)	(1,520,300)	(2,515,548)	-	(43,365,031)								
Closing net book amount	260,322,165	93,424,680	552,540	130,970,232	973,726	4,737,860	7,445,250	17,377,539	12,163,357	527,967,349								
At 31 December 2019																		
Cost	260,322,165	106,636,362	3,251,965	208,661,715	2,195,987	9,543,314	15,378,007	23,358,367	12,163,357	641,511,239								
Less Accumulated depreciation	-	(13,211,682)	(2,699,425)	(77,691,483)	(1,222,261)	(4,805,454)	(7,932,757)	(5,980,828)	-	(113,543,890)								
Net book amount	260,322,165	93,424,680	552,540	130,970,232	973,726	4,737,860	7,445,250	17,377,539	12,163,357	527,967,349								

CAZ (Thailand) Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2019

Seperate financial statements														

	Separate financial statements															
	Land	Building and building improvements		Machinery, tools and equipment		Furniture and fixtures		Office equipment		Motor vehicles		Vehicles for construction projects		Asset under installation		Total
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht			
For the year ended 31 December 2019																
Opening net book amount	183,800,000	73,092,073	72,474,986	859,315	3,782,863	3,342,850	1,781,047	2,710,754	341,843,888							
Additions	76,522,165	21,302,834	81,257,854	459,274	2,166,915	4,259,000	115,887	16,838,760	202,922,689							
Transfer - in (out)	-	3,849,930	3,037,207	-	(28,537)	-	-	(6,858,600)	-							
Disposals and written offs - net	-	-	(273,798)	-	(36,517)	-	(537,903)	-	(848,218)							
Depreciation charge	-	(4,579,113)	(29,377,995)	(344,863)	(1,671,607)	(1,297,619)	(425,577)	-	(37,696,774)							
Closing net book amount	260,322,165	93,665,724	127,118,254	973,726	4,213,117	6,304,231	933,454	12,690,914	506,221,585							
At 31 December 2019																
Cost	260,322,165	106,885,955	203,477,944	2,195,987	8,577,919	13,740,008	1,937,330	12,690,914	609,828,222							
Less Accumulated depreciation	-	(13,220,231)	(76,359,690)	(1,222,261)	(4,364,802)	(7,435,777)	(1,003,876)	-	(103,606,637)							
Net book amount	260,322,165	93,665,724	127,118,254	973,726	4,213,117	6,304,231	933,454	12,690,914	506,221,585							

Net book value of land and buildings of Baht 256.69 million (2018: Baht 256.73 million) have been pledged for long-term borrowings from bank (Note 15).

Additions include Baht 18.18 million (2018: Baht 3.86 million) assets leased under finance leases where the Group is leasee.

Leased assets where the Group is a leasee under a finance lease, comprise motor vehicles:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
At 31 December				
Cost	23,672,121	11,361,346	22,034,121	10,402,346
<u>Less</u> Accumulated depreciation	(2,216,677)	(6,312,086)	(1,719,697)	(6,037,786)
Net book amount	21,455,444	5,049,260	20,314,424	4,364,560

13. Intangible assets

	Consolidated financial statements		
	Software under		Total
	Software	installation	
	Baht	Baht	Baht
At 1 January 2018			
Cost	6,458,194	3,642,657	10,100,851
<u>Less</u> Accumulated amortisation	(975,611)	-	(975,611)
Net book amount	5,482,583	3,642,657	9,125,240
For the year ended 31 December 2018			
Opening net book amount	5,482,853	3,642,657	9,125,240
Additions	1,342,060	2,464,805	3,806,865
Transfer - in (out)	5,724,657	(5,724,657)	-
Amortisation charge	(1,285,099)	-	(1,285,099)
Closing net book amount	11,264,201	382,805	11,647,006
At 31 December 2018			
Cost	13,524,911	382,805	13,907,716
<u>Less</u> Accumulated amortisation	(2,260,710)	-	(2,260,710)
Net book amount	11,264,201	382,805	11,647,006

	Consolidated financial statements		
	Software under		Total
	Software	installation	
	Baht	Baht	Baht
For the year ended 31 December 2019			
Opening net book amount	11,264,201	382,805	11,647,006
Additions	511,250	565,666	1,076,916
Transfer - in (out)	948,471	(948,471)	-
Amortisation charge	(1,441,552)	-	(1,441,552)
Closing net book amount	11,282,370	-	11,282,370
At 31 December 2019			
Cost	14,984,632	-	14,984,632
<u>Less</u> Accumulated amortisation	(3,702,262)	-	(3,702,262)
Net book amount	11,282,370	-	11,282,370
	Seperate financial statements		
	Software under		Total
	Software	installation	
	Baht	Baht	Baht
At 1 January 2018			
Cost	6,386,794	3,642,657	10,029,451
<u>Less</u> Accumulated amortisation	(967,967)	-	(967,967)
Net book amount	5,418,827	3,642,657	9,061,484
For the year ended 31 December 2018			
Opening net book amount	5,418,827	3,642,657	9,061,484
Additions	1,342,060	2,464,805	3,806,865
Transfer - in (out)	5,724,657	(5,724,657)	-
Amortisation charge	(1,277,960)	-	(1,277,960)
Closing net book amount	11,207,584	382,805	11,590,389
At 31 December 2018			
Cost	13,453,511	382,805	13,836,316
<u>Less</u> Accumulated amortisation	(2,245,927)	-	(2,245,927)
Net book amount	11,207,584	382,805	11,590,389

	Seperate financial statements		
	Software under		Total
	Software Baht	installation Baht	
For the year ended 31 December 2019			
Opening net book amount	11,207,584	382,805	11,590,389
Additions	511,250	565,666	1,076,916
Transfer - in (out)	948,471	(948,471)	-
Amortisation charge	(1,434,411)	-	(1,434,411)
Closing net book amount	11,232,894	-	11,232,894
At 31 December 2019			
Cost	14,913,232	-	14,913,232
Less Accumulated amortisation	(3,680,338)	-	(3,680,338)
Net book amount	11,232,894	-	11,232,894

14. Deferred tax assets

The analysis of deferred tax assets is as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Deferred tax assets to be recovered within 12 months	904,470	467,075	904,470	464,735
Deferred tax assets to be recovered after more than 12 months	180,281	200,727	60,584	139,344
	1,084,751	667,802	965,054	604,079

The movements on deferred income taxes during the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Opening net book value	667,802	421,752	604,079	411,541
Charged to profit or loss (Note 22)	259,413	288,370	238,805	234,858
Charged (credited) to other comprehensive income (Note 22)	157,536	(42,320)	122,170	(42,320)
Closing net book value	1,084,751	667,802	965,054	604,079

The movements in deferred tax assets during the year is as follows:

	Consolidated financial statements			
	1 January	Charged	Charged (credited)	31 December
		(credited)	to other	
		to profit	comprehensive	
	2019	or loss	income	2019
	Baht	Baht	Baht	Baht
Allowances for doubtful accounts	40,318	(40,318)	-	-
Employee benefits obligations	613,210	240,595	157,536	1,011,341
Assets under finance lease	14,274	59,136	-	73,410
	667,802	259,413	157,536	1,084,751
	Consolidated financial statements			
	1 January	Charged	Charged (credited)	31 December
		(credited)	to other	
		to profit	comprehensive	
	2018	or loss	income	2018
	Baht	Baht	Baht	Baht
Allowances for doubtful accounts	40,318	-	-	40,318
Employee benefits obligations	358,804	296,726	(42,320)	613,210
Assets under finance lease	22,630	(8,356)	-	14,274
	421,752	288,370	(42,320)	667,802
	Separate financial statements			
	1 January	Charged	Charged (credited)	31 December
		(credited)	to other	
		to profit	comprehensive	
	2019	or loss	income	2019
	Baht	Baht	Baht	Baht
Allowances for doubtful accounts	40,318	(40,318)	-	-
Employee benefits obligations	551,238	221,273	122,170	894,681
Assets under finance lease	12,523	57,850	-	70,373
	604,079	238,805	122,170	965,054

	Separate financial statements		
	1 January 2018 Baht	Charged (credited) to profit or loss Baht	Charged (credited) to other comprehensive income Baht
		31 December 2018 Baht	
Allowances for doubtful accounts	40,318	-	-
Employee benefits obligations	349,121	244,437	(42,320)
Assets under finance lease	22,102	(9,579)	-
	411,541	234,858	(42,320)
			604,079

15. Borrowings

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Current				
Bank overdrafts	16,706,125	-	16,706,125	-
Short-term borrowings from banks:				
- Factoring loan	32,247,286	13,179,723	32,247,286	13,179,723
- Promissory note	190,000,000	46,000,000	190,000,000	46,000,000
Short-term borrowings from banks	238,953,411	59,179,723	238,953,411	59,179,723
Current portion of long-term borrowings:				
- Bank borrowing	38,640,000	38,640,000	38,640,000	38,640,000
- Finance lease liabilities	8,344,665	1,446,742	6,223,319	1,306,878
Total current borrowings	285,938,076	99,266,465	283,816,730	99,126,601
Non-current				
Long-term borrowings from banks	105,060,000	143,700,000	105,060,000	143,700,000
Finance lease liabilities	20,687,782	2,995,331	13,033,179	2,593,983
Total non-current borrowings	125,747,782	146,695,331	118,093,179	146,293,983
Total borrowings	411,685,858	245,961,796	401,909,909	245,420,584

The effective interest rates at the statement of financial position date were as follows:

	Consolidated		Sperate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term borrowings from banks	5.00% - 6.87%	5.00% - 6.87%	5.00% - 6.87%	5.00% - 6.87%
Long-term borrowings from banks	4.00% - 6.25%	4.00% - 6.25%	4.00% - 6.25%	4.00% - 6.25%
Financial lease liabilities	0.00% - 7.34%	3.98% - 7.34%	4.25% - 7.34%	4.43% - 7.34%

15.1 Short-term borrowings from third party

The movements of short-term borrowings from third party during the year are as follows:

For the years ended 31 December	Consolidated		Sperate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Beginning balance	-	-	-	-
Addition	5,000,000	-	-	-
Repayments	(5,000,000)	-	-	-
Ending balance	-	-	-	-

This borrowing bears the interest rate at 5.25% per annum and was fully repaid during the year 2019.

15.2 Long-term borrowings from banks

The movements of long-term borrowings from banks during the year are as follows:

For the years ended 31 December	Consolidated		Sperate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Beginning balance	182,340,000	220,980,000	182,340,000	220,980,000
Repayments	(38,640,000)	(38,640,000)	(38,640,000)	(38,640,000)
Ending balance	143,700,000	182,340,000	143,700,000	182,340,000

On 15 January 2016, the Company entered into the loan agreement with a local financial institution amounting to Baht 10 million, which required the repayment of Baht 720,000 every 6 months, totalling 14 periods. This borrowing bears the interest rate at 4% per annum and is pledged by its director.

On 15 January 2016, the Company entered into the loan agreement with a local financial institution amounting to Baht 10 million, which required the repayment of Baht 720,000 every 6 months, totalling 14 periods. This borrowing bears the interest rate at MLR% per annum and is pledged by its director.

On 10 August 2016, the Company entered into the loan agreement with a local financial institution amounting to Baht 250 million, which required the repayment of Baht 2.98 million per month, totalling 84 periods and the outstanding amount for the last month. This borrowing bears the interest rate at MLR - 0.50% per annum. The borrowing is pledged by its land and buildings (Note 12), its director, and its ultimate parent.

The carrying amounts and fair values of certain long-term borrowings from banks are as follows:

	Consolidated and Separate financial statements			
	Book value		Fair value	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Long-term borrowings from banks	143,700,000	182,340,000	143,520,252	181,563,071

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

The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.53% to 6.00% per annum (2018: 5.53% to 6.25% per annum) which are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings from banks and financial lease liabilities is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Maturity of long-term borrowings:				
Within 1 year	38,640,000	38,640,000	38,640,000	38,640,000
Between 1 and 2 years	38,640,000	38,640,000	38,640,000	38,640,000
Between 2 years and 5 years	66,420,000	105,060,000	66,420,000	105,060,000
Total borrowings	143,700,000	182,340,000	143,700,000	182,340,000

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Minimum lease payments of finance lease liabilities:				
Not later than one year	9,687,801	1,648,261	6,943,773	1,489,369
Later than 1 year but not later than 5 years	22,161,808	3,223,052	13,653,170	2,799,340
Less Future finance charges on finance leases	(2,817,162)	(429,240)	(1,340,445)	(387,848)
Present value of finance lease liabilities	29,032,447	4,442,073	19,256,498	3,900,861
Representing lease liabilities:				
- Short-term	9,687,801	1,648,261	6,943,773	1,489,369
- Long-term	22,161,808	3,223,052	13,653,170	2,799,340
The present value of finance lease liabilities:				
Not later than one year	8,344,665	1,446,742	6,223,319	1,306,878
Later than 1 year but not later than 5 years	20,687,782	2,995,331	13,033,179	2,593,983
	29,032,447	4,442,073	19,256,498	3,900,861

15.3 Change in liabilities arising from financing activities

	Consolidated financial statements				
	Non-cash changes				
	Additions		Amortised		
	1 January		under	deferred	31 December
	2018	Cash flow	finance lease	Interest	2018
	Baht	Baht	Baht	Baht	Baht
Short-term borrowings	-	59,179,723	-	-	59,179,723
Long-term borrowings	220,980,000	(38,640,000)	-	-	182,340,000
Finance lease liabilities	2,501,416	(1,665,382)	3,529,384	76,655	4,442,073

	Consolidated financial statements				
	Non-cash changes				
			Additions	Amortised	
	1 January		under	deferred	31 December
	2019	Cash flow	finance lease	Interest	2019
	Baht	Baht	Baht	Baht	Baht
Short-term borrowings	59,179,723	163,067,563	-	-	222,247,286
Long-term borrowings	182,340,000	(38,640,000)	-	-	143,700,000
Finance lease liabilities	4,442,073	(1,902,915)	26,263,316	229,973	29,032,447
	Separate financial statements				
	Non-cash changes				
			Additions	Amortised	
	1 January		under	deferred	31 December
	2018	Cash flow	finance lease	Interest	2018
	Baht	Baht	Baht	Baht	Baht
Short-term borrowings	-	59,179,723	-	-	59,179,723
Long-term borrowings	220,980,000	(38,640,000)	-	-	182,340,000
Finance lease liabilities	1,825,795	(1,506,490)	3,529,384	52,172	3,900,861
	Separate financial statements				
	Non-cash changes				
			Additions	Amortised	
	1 January		under	deferred	31 December
	2019	Cash flow	finance lease	Interest	2019
	Baht	Baht	Baht	Baht	Baht
Short-term borrowings	59,179,723	163,067,563	-	-	222,247,286
Long-term borrowings	182,340,000	(38,640,000)	-	-	143,700,000
Finance lease liabilities	3,900,861	(1,729,897)	16,874,591	210,943	19,256,498

16. Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade accounts payable	180,363,003	181,691,055	168,540,127	165,041,635
Trade accounts payable				
- related parties (Note 25)	8,289,973	2,569,087	64,390,737	23,924,294
Accrued expenses	127,360,753	101,491,145	118,930,336	95,940,564
Accrued expenses				
- related parties (Note 25)	4,713,583	431,806	79,848,416	45,901,216
Other payables	6,430,128	391,570	6,418,525	366,531
Total trade and other payables	327,157,440	286,574,663	438,128,141	331,174,240

17. Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Retirement benefit obligations				
Statement of financial position				
Employee benefit obligations	5,056,704	3,066,053	4,473,406	2,756,194
Profit or loss charge included				
in operating profit for:				
Employee benefit obligations	1,202,970	1,485,036	1,106,361	1,223,592
Remeasurement for:				
Employee benefit obligations	787,681	(213,004)	610,851	(213,004)

Retirement benefits

The plans are final salary retirement plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Opening balance	3,066,053	1,794,021	2,756,194	1,745,606
Current service cost	1,089,801	1,405,837	1,013,832	1,153,593
Past service cost	18,778	-	2,048	-
Interest cost	94,391	79,199	90,481	69,999
Remeasurement				
Loss (gain) from change in financial assumptions	(668,903)	(213,004)	(772,892)	(213,004)
Experience (gain)/loss	1,456,584	-	1,383,743	-
Closing balance	5,056,704	3,066,053	4,473,406	2,756,194

The principal actuarial assumptions used were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.40 - 1.50%	2.40 - 3.06%	1.40%	2.40%
Salary growth rate	3.46 - 3.83%	4.84 - 5.00%	3.46%	4.84%

Sensitivity analysis for each significant assumption used is as follows:

Consolidated financial statements						
Impact on defined benefit obligation						
Change in assumption	Increase in assumption		Decrease in assumption			
2019	2018	2019	2018	2019	2018	
Discount rate	0.5%	0.5%	Decrease by 1.44%	Decrease by 2 - 6%	Increase by 1.51%	Increase by 2 - 6%
Salary growth rate	0.5%	0.5%	Increase by 1.43%	Increase by 2 - 7%	Decrease by 1.37%	Decrease by 2 - 6%
Turnover rate	0.5%	0.5%	Decrease by 1.41%	Increase by 2 - 7%	Increase by 1.49%	Decrease by 2 - 8%
Seperate financial statements						
Impact on defined benefit obligation						
Change in assumption	Increase in assumption		Decrease in assumption			
2019	2018	2019	2018	2019	2018	
Discount rate	0.5%	0.5%	Decrease by 1.01%	Decrease by 2%	Increase by 1.04%	Increase by 2%
Salary growth rate	0.5%	0.5%	Increase by 1.01%	Increase by 2%	Decrease by 0.99%	Decrease by 2%
Turnover rate	0.5%	0.5%	Decrease by 0.91%	Increase by 2%	Increase by 0.96%	Decrease by 2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not been changed when compared to the previous year.

The weighted average duration of the defined benefit obligation is 7 years (2018: 7 years).

Expected maturity analysis of undiscounted retirement are as follows:

	Consolidated financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2019					
Retirement benefits	4,680,347	490,496	2,565,862	5,138,035	12,874,740

	Consolidated financial statements				Total Baht
	Less than a	Between	Between	Over	
	year	1 - 2 years	2 - 5 years	5 years	
	Baht	Baht	Baht	Baht	
At 31 December 2018					
Retirement benefits	-	2,190,309	1,927,523	4,273,398	8,391,230

	Separate financial statements				Total Baht
	Less than a	Between	Between	Over	
	year	1 - 2 years	2 - 5 years	5 years	
	Baht	Baht	Baht	Baht	
At 31 December 2019					
Retirement benefits	4,505,913	353,415	2,132,662	1,899,777	8,891,767

	Separate financial statements				Total Baht
	Less than a	Between	Between	Over	
	year	1 - 2 years	2 - 5 years	5 years	
	Baht	Baht	Baht	Baht	
At 31 December 2018					
Retirement benefits	-	2,108,602	1,489,193	3,468,811	7,066,606

18.Share capital

	Consolidated and Separate financial statements				
	Authorised share capital		Issued and paid-up capital		
	Number of Shares	Ordinary shares	Number of Shares	Ordinary shares	Shared Premium
	Shares	Baht	Shares	Baht	Baht
At 1 January 2018	1,000,000	100,000,000	1,000,000	100,000,000	-
Change in par value of ordinary share (Change from par value of Baht 100 each to par value of Baht 0.50 each)	199,000,000	-	199,000,000	-	-
Number of ordinary shares and ordinary shares at par value of Baht 0.50 each	200,000,000	100,000,000	200,000,000	100,000,000	-
Issue of shares	80,000,000	40,000,000	-	-	-
At 31 December 2018	280,000,000	140,000,000	200,000,000	100,000,000	-
Issue of shares	-	-	80,000,000	40,000,000	-
Share premium	-	-	-	-	246,105,067
At 31 December 2019	280,000,000	140,000,000	280,000,000	140,000,000	246,105,067

The total number of authorised ordinary shares is 280,000,000 shares (2018: 280,000,000 shares) with a par value of Baht 0.50 per share (2018: Baht 0.50 per share). All issued shares, 280,000,000 authorised ordinary shares are fully paid (2018: 200,000,000 shares) with a par value of Baht 0.50 per share (2018: Baht 0.50 per share).

On 11-15 January 2019, the Company offered its ordinary shares to the initial public offering by issuing 80,000,000 ordinary shares. The new shares were sold to the subscribers at the price of Baht 3.90 per share (Baht 0.50 for paid up capital and Baht 3.40 for share premium) totalling Baht 312 million. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 17 January 2019 and the shares of the Company began trading in the Stock Exchange of Thailand on 22 January 2019. Directly attributable expenses of the initial public offering of Baht 25.89 million were deducted from the share premium received from the shareholders.

At the Annual General Meeting 1/2018 held on 10 April 2018, the shareholders approved to register the decrease in authorised share capital with the Ministry of Commerce from a par value of Baht 100 per share with total shares of 1,000,000 shares to a par value of Baht 0.50 per share with total shares of 200,000,000 shares. In addition, the shareholders approved to increase authorised share capital 80,000,000 ordinary shares from 200,000,000 with a par value of Baht 0.50 per share to 280,000,000 ordinary shares with a par value of Baht 0.50 per share, totalling Baht 140,000,000. These changes is to support offering shares to the public.

19. Legal reserve

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
At 1 January	5,085,302	1,128,546	5,085,302	1,128,546
Appropriation during the year	4,064,079	3,956,756	4,064,079	3,956,756
At 31 December	9,149,381	5,085,302	9,149,381	5,085,302

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

20. Other income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Rental income	144,000	152,438	578,169	1,873,168
Interest income	228,370	54,554	2,475,312	598,627
Dividend income	-	-	4,390,098	-
Others	5,820,189	2,581,971	7,022,730	2,956,861
	6,192,559	2,788,963	14,466,309	5,428,656

21 Expense by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the years ended 31 December				
Material cost	627,917,576	449,359,942	602,422,500	426,255,503
Subcontractor cost	262,949,706	172,492,354	549,991,472	374,143,279
Depreciation and amortisation (Note 12 and 13)	44,806,583	31,414,015	39,131,185	28,280,359
Employee salaries and wages	686,699,032	433,275,382	480,125,907	305,971,709
Employee benefit expense (Note 17)	1,202,970	1,485,036	1,106,361	1,223,592

22. Income tax

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Current tax	20,700,369	14,384,165	20,700,369	12,920,260
Deferred income tax expense (Note 14)	(259,413)	(288,370)	(238,805)	(234,858)
Income tax	20,440,956	14,095,795	20,461,564	12,685,402

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic weighted average tax rate applicable to profit of the Company as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Profit before income tax	95,443,525	69,783,367	101,743,154	62,520,518
Tax effect :				
Tax calculated at the tax rate of 20%	19,088,705	13,956,673	20,348,631	12,504,104
Expenses not deductible for tax purposes	127,179	182,197	127,179	161,803
Deferred tax expense relating to the origination and reversal of temporary difference	(14,245)	-	(14,245)	-
Tax loss for which no deferred income tax asset was recognised	321,427	(43,075)	-	19,495
Unrealized gains from intercompany transaction	917,891	-	-	-
Income tax	20,440,956	14,095,795	20,461,564	12,685,402

The weighted average applicable tax rate was 21.41% and 20.11% (2018: 20.20% and 20.29%) for the consolidated and separate financial statements, respectively.

The tax (charge) credit relating to component of other comprehensive income is as follows:

	Consolidated financial statements					
	2019			2018		
	Tax (charge)			Tax (charge)		
	Before tax	credit	After tax	Before tax	credit	After tax
	Baht	Baht	Baht	Baht	Baht	Baht
At 31 December						
Remeasurement for:						
Employee benefit obligations	787,681	(157,536)	630,145	211,598	(42,320)	169,278
Other comprehensive income	787,681	(157,536)	630,145	211,598	(42,320)	169,278
Deferred tax (note 14)		(157,536)			(42,320)	
	Separate financial statements					
	2019			2018		
	Tax (charge)			Tax (charge)		
	Before tax	credit	After tax	Before tax	credit	After tax
	Baht	Baht	Baht	Baht	Baht	Baht
At 31 December						
Remeasurement for:						
Employee benefit obligations	610,851	(122,170)	488,681	211,598	(42,320)	169,278
Other comprehensive income	610,851	(122,170)	488,681	211,598	(42,320)	169,278
Deferred tax (note 14)		(122,170)			(42,320)	

23. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares (Note 18).

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net profit attributable to ordinary shareholders of the parent (Baht)	75,461,403	52,980,264	81,281,590	49,835,115
Weighted average number of ordinary shares outstanding (Shares)	276,493,151	200,000,000	276,493,151	200,000,000
Basic earnings per share (Baht)	0.27	0.26	0.29	0.25

The company has no diluted ordinary shares during the year.

24.Dividends per share

The Company's dividend paid and dividend per share consist of:

The operation for the period	Approved by	Approved date	Dividend paid (million Baht)	Dividend per share (Baht)	Payment date
2019					
1 April 2018 to 31 December 2018	The Shareholders' Meeting	18 April 2019	28.00	0.10	17 May 2019
2018					
1 January 2018 to 31 March 2018	The Board of director Meeting	11 May 2018	7.04	0.04	8 June 2018
1 January 2016 to 31 December 2017	The Shareholders' Meeting	10 April 2018	27.83	27.83	9 May 2018

25.Related-party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

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

The Group is controlled by Takuni (Thailand) Co., Ltd. ("the parent") incorporated in Thailand which owns 36.64% of the Company's shares. The remaining 63.36% of the shares is widely held. The Group's ultimate parent is Takuni Group Public Company Limited ("the ultimate parent"). The Group's ultimate controlling party is Treeweeranuwat family.

Lists of related parties and nature of relationship are summarised as follow:

- | | |
|---------------------------------------|---------------------|
| - JKEC Co., Ltd. | Subsidiary |
| - Takuni (Thailand) Co., Ltd. | The parent |
| - Takuni Group Public Company Limited | The ultimate parent |
| - Ratchaphruek Engineering Co., Ltd. | Related party |
| - G Gas Logistics Co.,Ltd. | Related party |
| - Takuni Land Co., Ltd. | Related party |

The following transactions were significant to subsidiary and related parties:

a) Revenues from sales of goods/services, interest income and other income

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Revenue from construction contracts				
The ultimate parent	190,988,004	5,949,809	190,988,004	5,949,809
Rental income				
Related parties	144,000	144,000	144,000	144,000
Subsidiary	-	-	1,326,401	1,412,378
	144,000	144,000	1,470,401	1,556,378
Interest income				
Subsidiary	-	-	2,246,949	544,073
Service income				
Related parties	140,689	127,766	140,689	127,766
Subsidiary	-	-	290,169	308,352
	140,689	127,766	430,858	436,118
Other income				
Related parties	-	-	-	-
Subsidiary	-	-	20,141	340,359
	-	-	20,141	340,359

b) Purchases of goods and services, and interest expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
For the years ended 31 December				
Cost of constution contracts				
The ultimate parent	1,228,921	-	1,228,921	-
Related parties	26,211,845	10,275,044	26,211,845	10,275,044
Subsidiary	-	-	304,271,747	164,366,319
Interest expenses				
The ultimate parent	962,192	-	962,192	-
	28,402,958	10,275,044	332,674,705	174,641,363

c) Outstanding balances arising from sales/purchases of goods/services

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Receivable				
The ultimate parent	10,920,420	54,602,100	11,305,618	54,602,100
Receivable				
(include in receivable from related parties)				
Related parties	73,409	69,474	73,409	69,474
Subsidiary	-	-	3,227,648	6,413,526
	73,409	69,474	3,301,057	6,483,000
Accrued interest income				
(include in receivable from related parties)				
Subsidiary	-	-	2,613,120	512,442
Advance payments to subcontract				
Subsidiary	-	-	89,927,925	30,301,570

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Retention receivable				
The ultimate parent	-	2,041,200	-	2,041,200
Trade accounts payable				
The ultimate parent	1,263,985	-	1,263,985	-
Related parties	7,025,988	2,569,087	7,025,988	2,569,087
Subsidiary	-	-	56,100,764	21,355,207
	8,289,973	2,569,087	64,390,737	23,924,294
Accrued expenses				
Related parties	4,713,583	431,806	4,713,583	431,806
Subsidiary	-	-	75,134,833	45,469,410
	4,713,583	431,806	79,848,416	45,901,216
Construction income received in advance				
The ultimate parent	17,643,946	85,904,191	17,643,946	85,904,19

d) Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Subsidiary	-	-	40,000,000	18,000,000

The movement of short-term loans to related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Opening balance	-	-	18,000,000	5,000,000
Additions	-	-	22,000,000	13,000,000
Repayments	-	-	-	-
Ending balance	-	-	40,000,000	18,000,000

The Company has short-term loan to a subsidiary. The loan is unsecured loan and carry interest at the rate of 5.10% to 6.52% per annum (2018: 6.13% to 6.52% per annum). The loan is due for repayment on demand.
No provision has been required for the loans to related parties.

The fair values of short-term loans to related parties approximate to their carrying amount, as the impact of discounting is not significant.

e) Short-term borrowings from related party

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term borrowing from:				
Parent company	-	-	-	-
Related party	2,500,000	-	-	-
Total	2,500,000	-	-	-

	Consolidated financial statements	Separate financial statements
For the year period ended 31 December	2019 Baht	2019 Baht
Parent company		
Beginning balance	-	-
Addition	157,500,000	157,500,000
Repayment	(157,500,000)	(157,500,000)
Related party		
Beginning balance	-	-
Addition	3,500,000	-
Repayment	(1,000,000)	-
Ending balance	2,500,000	-

The loans from ultimate parent company and related party were provided with bear interest at the rate 5% and 5.25% per annum, and the loan is due for repayment on demand.

f) Key management compensation

Key management includes directors (executive and non-executive), the compensation paid or payable to key management is shown below:

Consolidated		Separate	
financial statements		financial statements	
2019	2018	2019	2018
Baht	Baht	Baht	Baht

For the year ended 31 December

Salaries and other short-term

employee benefits	18,211,543	16,124,173	14,914,886	11,905,107
Employee benefit obligations	413,682	304,618	413,682	304,618
	18,625,225	16,428,791	15,328,568	12,209,725

26. Commitments

a) Letters of guarantees

The Group has outstanding bank guarantees issued by the banks on behalf of the Company to guarantee its contractual performance, electricity usage, and purchase of supplies as follows:

Consolidated		Separate	
financial statements		financial statements	
2019	2018	2019	2018

Currency :

- Thai Baht	869,423,361	877,551,849	869,423,361	877,551,849
- USD	-	1,840,500	-	1,840,500

The Group has credit facilities for letter of credit or trust receipt, letter of guarantee and forward contract. These credit facilities are pledged by the assets and bank accounts of the Company and the ultimate parent (note 7 and note 12).

b) Operating lease commitments - where a Group Company is the lessee

The Group has operating equipments, land and room rentals under operating lease agreements. The lease terms are between 1 year to 4 years.

The future aggregate minimum lease payments under operating lease in respect of operating equipments, land and room rentals are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Within 1 year	1,991,200	2,352,000	1,102,000	1,068,000
Within 2 to 5 years	1,014,500	1,756,500	906,500	702,500
Over 5 years	-	-	-	-
Total	3,005,700	4,108,500	2,008,500	1,770,500

c) Commitment from purchasing construction materials

The Group has operating construction materials under operating lease agreements. The future aggregate minimum lease payments under operating lease in respect of operating construction materials are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Currency:				
- Thai Baht	20,166,836	25,260,821	20,166,836	25,260,821
- USD	-	528,351	-	528,351

27. Contingent liabilities

The Company has been sued for a damage case by a company ("plaintiff") for breach of service contract in amount of Baht 18.31 million. The Company received a subpoena from the Civil Court on 30 November 2019 with the date of mediation between the parties on 16 January 2020 and specifying the date of the settlement point, including the determination of prosecution or witness examination of the plaintiff on 27 January 2020. In this regard, the Company submitted a petition requesting and counterclaims on 27 January 2020. The court ordered the plaintiff to file a counterclaim within 20 days and set the date for the settlement to determine the method of prosecution or the date of hearing of the plaintiff on 2 March 2020.

The Company has already recorded a provision of certain contingent liabilities from the lawsuit and management believes that the damage that will occur will not exceed the estimated provision already recorded.

28. Events after the reporting period

Dividend payment

On 27 February 2020, the Board of Director's meeting passed a resolution to approve the dividend payment in respect of the operating results for the year ended 31 December 2019 at the rate of Baht 0.1071 per share, totalling Baht 30.00 million. The approval of the dividend payment will be presented to the shareholders' meeting for approval in April 2020.



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